

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS CONTINUED

For the year ended 31 May 2014

30. SEGMENTAL SUMMARY

The Group's segment reporting follows the organisational structure as reflected in its internal management reporting systems, which are the basis for assessing the financial performance of the business segments and for allocating resources to these segments. Management's assessment of the Group's organisational structure takes the geographical location of the segments into account. All reporting segments located outside South Africa are included in the International distribution segment. Operations included in all other segments are located within South Africa.

Operating segments are reported internally to the chief operating decision-maker in a manner consistent with the financial statements. In addition, the chief operating decision-maker uses core net profit as a non-IFRS measure in evaluating the Group's performance on a segmental level. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors, who are responsible for making strategic decisions on behalf of the Group.

Transactions between reportable segments are conducted on the same terms as other transactions of a similar nature.

The segment results for the year ended 31 May are as follows:

	Total		South African distribution	
	2014 R'000	2013 R'000	2014 R'000	2013 R'000
Total segment revenue	25 354 475	24 720 865	24 837 763	24 363 215
Inter-segment revenue	(5 952 809)	(5 736 655)	(5 734 111)	(5 651 135)
Revenue	19 401 666	18 984 210	19 103 652	18 712 080
Segment result				
Operating profit/(loss) before depreciation, amortisation and impairment charges	787 993	713 622	821 310	796 439
Depreciation and amortisation	(62 175)	(56 143)	(48 401)	(48 450)
Impairment of property, plant and equipment	(128)	(3 408)	—	(3 408)
Impairment of intangible assets	(1 073)	—	—	—
Impairment of loans	(1 761)	(8 400)	(1 487)	(1 150)
Finance costs	(166 876)	(167 096)	(165 647)	(166 592)
Finance income	156 250	173 260	140 942	162 459
Share of (losses)/profits from associates and joint ventures	(56 873)	(47 326)	—	543
Taxation	(206 442)	(196 404)	(186 664)	(175 675)
Net profit/(loss) for the year	448 915	408 105	560 053	564 166

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS CONTINUED

For the year ended 31 May 2014

At 31 May 2014, the Group is managed on the basis of five main business segments:

- South African distribution, which includes the distribution of physical and virtual prepaid airtime and electricity of the South African mobile/fixed-line network operators and utility suppliers, and the distribution of starter packs in South Africa.
- International distribution, which includes international distribution of physical and virtual prepaid airtime in India and Mexico, and payment solutions in India and United Kingdom. This segment also incorporates the Africa Prepaid Services group.
- Mobile, which includes the provision of a complete mobile transactional ecosystem and services-provisioning platform delivering mobile-centric products and services through any mobile channel, including location-based and WASP services, and music and digital content provision.
- Solutions, which includes marketing of cellular and financial products and services through outbound telemarketing and other channels, provides inbound customer care and technical support, and markets data and analytics services.
- Corporate, which performs the head office administration function.

International distribution		Mobile		Solutions		Corporate	
2014 R'000	2013 R'000	2014 R'000	2013 R'000	2014 R'000	2013 R'000	2014 R'000	2013 R'000
—	—	350 783	220 393	165 929	137 257	—	—
—	—	(198 165)	(68 973)	(20 533)	(16 547)	—	—
—	—	152 618	151 420	145 396	120 710	—	—
(13 961)	(31 000)	34 273	37 055	29 257	24 703	(82 886)	(113 575)
—	—	(3 407)	(3 275)	(3 331)	(3 336)	(7 036)	(1 082)
—	—	—	—	(128)	—	—	—
—	—	(1 073)	—	—	—	—	—
(274)	—	—	—	—	(889)	—	(6 361)
(392)	(30)	(61)	(69)	(1)	(5)	(775)	(400)
11 274	8 593	1 478	541	485	482	2 071	1 185
(56 249)	(49 036)	—	—	(624)	1 167	—	—
(3 700)	(5 997)	(7 672)	(9 157)	(9 049)	(5 266)	643	(309)
(63 302)	(77 470)	23 538	25 095	16 609	16 856	(87 983)	(120 542)

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS CONTINUED

For the year ended 31 May 2014

	Total		South African distribution	
	2014 R'000	2013 R'000	2014 R'000	2013 R'000
30. SEGMENTAL SUMMARY (continued)				
Reconciliation of net profit for the year to core net profit for the year				
Net profit/(loss) for the year	448 915	408 105	560 053	564 166
Amortisation of intangibles raised through business combinations net of tax	10 625	13 293	6 323	8 281
Core net profit/(loss) for the year	459 540	421 398	566 376	572 447
Core net profit/(loss) for the year attributable to:				
Equity holders of parent	460 602	437 516	558 996	570 766
Non-controlling interest	(1 062)	(16 118)	7 379	1 681
Non-cash items				
Net profit/(loss) on sale of subsidiaries	—	120	—	2 147
Net profit on disposal of associates	—	2 273	—	1 400
Discounting of receivables	117 444	127 773	116 783	127 773
Discounting of payables	(143 882)	(143 329)	(143 882)	(143 329)
The segment assets and liabilities at 31 May are as follows:				
Assets excluding investments in associates and joint ventures	5 904 778	5 196 385	5 651 680	4 950 040
Investments in associates and joint ventures	598 109	524 162	—	—
Total assets	6 502 887	5 720 547	5 651 680	4 950 040
Additions to non-current assets				
Property, plant and equipment	47 038	20 042	42 678	15 862
Intangible assets and goodwill	397 203	297 501	388 280	294 331
Investment in associates	—	138 174	—	—
Investment in joint ventures	—	—	—	—
Total liabilities	(2 978 898)	(2 477 694)	(2 838 621)	(2 331 195)

SEGMENTAL SUMMARY

The company is domiciled in the Republic of South Africa. The result of its revenue from external customers in South Africa is R19.402 billion (2013: R18.984 billion), and the total revenue from external customers from other countries is nil (2013: nil).

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS CONTINUED

For the year ended 31 May 2014

International distribution		Mobile		Solutions		Corporate	
2014 R'000	2013 R'000	2014 R'000	2013 R'000	2014 R'000	2013 R'000	2014 R'000	2013 R'000
(63 302)	(77 470)	23 538	25 095	16 609	16 856	(87 983)	(120 542)
3 315	4 176	987	798	—	38	—	—
(59 987)	(73 294)	24 525	25 893	16 609	16 894	(87 983)	(120 542)
(47 862)	(50 685)	24 904	24 787	12 547	13 190	(87 983)	(120 542)
(12 125)	(22 609)	(378)	1 106	4 062	3 704	—	—
—	—	—	(2 027)	—	—	—	—
—	—	—	—	—	873	—	—
—	—	661	—	—	—	—	—
—	—	—	—	—	—	—	—
(40 235)	(40 633)	96 420	94 581	134 592	144 172	62 321	48 225
596 611	522 345	—	—	1 498	1 817	—	—
556 376	481 712	96 420	94 581	136 090	145 989	62 321	48 225
—	—	3 306	2 530	912	781	142	869
—	—	7 239	2 500	1 651	661	33	9
—	138 174	—	—	—	—	—	—
—	—	—	—	—	—	—	—
(24 401)	(22 238)	(76 359)	(39 036)	(15 767)	(32 086)	(23 750)	(53 139)

The total non-current assets other than financial instruments and deferred tax assets located in South Africa is R1.164 billion (2013: R0.841 billion), and the total non-current assets located in other countries is R555 million (2013: R481 million).

The South African distribution segment includes revenue earned from a single external customer totalling R2.789 billion (2013: R3.577 billion).