

NOTES TO THE COMPANY ANNUAL FINANCIAL STATEMENTS

continued

For the year ended 31 May 2016

	2016 R'000	2015 R'000
6. Investments in Group companies and related loans		
6.1 Investments in and loans to subsidiaries		
Shares at cost less amounts written off	3 390 958	3 240 227
Non-current loans owing by subsidiaries less amounts written off	160 560	—
Current loans owing by subsidiaries less amounts written off	976	976
	3 552 494	3 241 203

In the current year Velociti Proprietary Limited was disposed of. Refer to note 2.2 of the Group annual financial statements.

Details are reflected below:

	Shares at cost	Loans owing by subsidiaries R'000	Provision for impairment R'000
2016			
Activi Deployment Services Proprietary Limited	5 060	—	—
Africa Prepaid Services Proprietary Limited	61 520	90 394	(151 914)
Africa Prepaid Services Nigeria Limited	14 000	28 740	(42 740)
Blue Label Distribution Proprietary Limited**	194 000	—	—
Blue Label One Proprietary Limited	40 000	—	—
BLT USA Inc.	307	—	—
Budding Trade Proprietary Limited**	6 000	—	—
Cellfind SA Proprietary Limited	290 000	—	—
Cigicell Proprietary Limited	295	—	—
Datacel Direct Proprietary Limited	150 000	—	—
Gold Label Investments Proprietary Limited	137 816	256 245***	(121 148)
Kwikpay SA Proprietary Limited**	22 500	—	—
Panacea Mobile Proprietary Limited	27 480	—	—
Simigenix Proprietary Limited	*	—	—
The Post Paid Company Proprietary Limited**	1 500	—	—
The Prepaid Company Proprietary Limited**	2 150 215	—	—
TicketPros Proprietary Limited**	14 700	—	—
Transaction Junction Proprietary Limited	4 200	—	—
Uninex Proprietary Limited	*	976	—
Ventury Group Proprietary Limited**	98 406	—	—
Viamedia Proprietary Limited	229 158	—	—
Virtual Voucher Proprietary Limited**	44 784	—	—
	3 491 941	376 355	(315 802)

* Less than R1 000.

** These investments have been pledged as security to Investec Bank Limited in terms of the facility. For details on percentage held, country of incorporation and issued shares, refer to note 2.4 in the Group notes. Refer to notes 15 and 21 for details on impairments.

*** This loan in substance forms part of the Company's investment into Gold Label Investments Proprietary Limited. Refer to note 21 for the terms of these loans.

NOTES TO THE COMPANY ANNUAL FINANCIAL STATEMENTS

continued

For the year ended 31 May 2016

6. Investments in Group companies and related loans continued

6.1 Investments in and loans to subsidiaries continued

	Shares at cost	Loans owing by subsidiaries R'000	Provision for impairment R'000
2015			
Activi Deployment Services Proprietary Limited	5 060	—	—
Africa Prepaid Services Proprietary Limited	61 520	87 898	(149 418)
Africa Prepaid Services Nigeria Limited	14 000	28 740	(42 740)
Blue Label Distribution Proprietary Limited**	194 000	—	—
Blue Label Investments Proprietary Limited	108 416	—	—
Blue Label One Proprietary Limited	40 000	—	—
BLT USA Inc.	307	—	—
Budding Trade Proprietary Limited**	6 000	—	—
Cellfind SA Proprietary Limited	290 000	—	(141 841)
Cigicell Proprietary Limited	295	—	—
Datacel Direct Proprietary Limited	150 000	—	(16 073)
Gold Label Investments Proprietary Limited	29 400	95 683	(121 148)
Kwikpay SA Proprietary Limited**	22 500	—	—
Matragon Proprietary Limited**	*	—	—
Panacea Mobile Proprietary Limited	27 480	—	—
Simigenix Proprietary Limited	*	—	—
The Post Paid Company Proprietary Limited**	1 500	—	—
The Prepaid Company Proprietary Limited**	2 150 215	—	—
TicketPros Proprietary Limited**	14 700	—	—
Transaction Junction Proprietary Limited	4 200	—	—
Uninex Proprietary Limited	*	976	—
Velociti Proprietary Limited	7 185	—	—
Ventury Group Proprietary Limited**	98 406	—	—
Viamedia Proprietary Limited	229 158	—	—
Virtual Voucher Proprietary Limited**	44 784	—	—
	3 499 126	213 297	(471 220)

* Less than R1 000.

** These investments have been pledged as security to Investec Bank Limited in terms of the facility. For details on percentage held, country of incorporation and issued shares, refer to note 2.4 in the Group notes. Refer to notes 15 and 21 for details on impairments.

All loans are interest-free and repayable on demand.

NOTES TO THE COMPANY ANNUAL FINANCIAL STATEMENTS

continued

For the year ended 31 May 2016

6. Investments in Group companies and related loans continued

6.2 Investments in and loans to joint ventures and associates

	2016 R'000	2015 R'000
Investments in and loans to joint ventures and associates		
Shares as at the beginning of the year	304 175	254 142
Acquisition of joint venture and associate	42 654	50 033
Shares as at the end of the year	346 829	304 175
Loans at the beginning of the year	—	1 054
Loan granted to joint venture capitalised	—	(50 033)
Loans granted to joint venture	—	48 979
Loans at the end of the year	—	—
Closing net book value	346 829	304 175

There was no impairment of investment in joint ventures. The terminal growth rate applied was 3.5% (2015: 3.5%). The weighted average cost of capital used to discount these cash flows was 16.44% (2015: 18.46%). The discount rates used are post-tax and reflect specific risks relating to the relevant companies.

The discount rate used when calculating the value-in-use calculations would need to be increased by 13% before any impairments would need to be recognised. Refer to note 2.1. of the Group annual financial statements.

Shares in associate and joint venture acquired during the current year:

		Date acquired	Country of incorporation	Percentage interest acquired
Blue Label Mexico S.A. de C.V.	Joint venture	1 September 2015	Mexico	0.92
Banosign Proprietary Limited	Joint venture	1 April 2016	South Africa	50.1

Refer to note 2.1 of the Group financial statements for details of other associates held directly by the Company.

NOTES TO THE COMPANY ANNUAL FINANCIAL STATEMENTS

continued

For the year ended 31 May 2016

6. Investments in Group companies and related loans continued

6.2 Investments in and loans to joint ventures and associates continued

	Assets R'000	Liabilities R'000	Revenues R'000	Loss R'000
2016				
Blue Label Mexico S.A. de C.V.	338 163	129 495	4 016 614	(130 024)
Lornanox Proprietary Limited	152 196	97 626	149 044	(11 389)
Banosign Proprietary Limited	5 474	6 238	2 414	(764)
2015				
Blue Label Mexico S.A. de C.V.	334 270	94 773	3 526 421	(186 156)
Lornanox Proprietary Limited	—	—	—	—

	2016 R'000	2015 R'000
7. Loan receivable		
Interest-bearing loan receivable	115 678	80 672
	115 678	80 672

Interest-bearing loans earn interest at 10% per annum.

The loans receivable are neither past due nor impaired with a low risk of default. Loan receivable balance is from a related party (refer to note 21).