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PROMINENT NOTICE

These annual financial statements have been audited by our external auditor PricewaterhouseCoopers Inc. in compliance with the applicable requirements of the Companies Act, No 71 of 2008. Dean Suntup, Financial Director, supervised the preparation of the annual financial statements.



DA Suntup CA(SA)
Financial Director

The Directors are responsible for the maintenance of adequate accounting records and the preparation, integrity and fair presentation of the Group and Company financial statements of Blue Label Telecoms Limited. The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act, No 71 of 2008.

The Directors consider that having applied IFRS in preparing the Group and Company financial statements they have selected the most appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all IFRS statements that they consider to be applicable have been followed.

The Directors are satisfied that the information contained in the Group and Company financial statements fairly presents the results of operations for the year and the financial position of the Group at year-end. The Directors also prepared the other information included in the Group and Company financial statements and are responsible for both its accuracy and its consistency.

In addition, the Directors are responsible for the Company's system of internal financial control. This is designed to provide reasonable, but not absolute, assurance as to the reliability of the financial statements, and to adequately safeguard, verify and maintain accountability of the assets, and to prevent and detect misstatement and loss. Nothing has come to the attention of the Directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

The Group and Company financial statements have been prepared on the going concern basis, since the Directors have every reason to believe that the Group and Company have adequate resources in place to continue in operation for the foreseeable future, based on forecasts and available cash resources. These Group and Company financial statements support the viability of the Group and the Company.

The Group and Company financial statements have been audited by the independent auditors, PricewaterhouseCoopers Inc., who were given unrestricted access to all financial records and related data, including minutes of all meetings of shareholders, the Board of Directors and Committees of the Board. The Directors believe that all representations made to the independent auditors during their audit are valid and appropriate.

APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements which appear on pages 116 to 247 were produced and approved by the Board of Directors on 18 August 2015 and are signed on its behalf by:



LM Nestadt
Non-executive Chairman



DA Suntup
Financial Director



BM Levy
Joint Chief Executive Officer



MS Levy
Joint Chief Executive Officer

DECLARATION BY THE COMPANY SECRETARY

For the year ended 31 May 2015

In terms of section 88(2)(e) of the Companies Act, No 71 of 2008 (the Act), I confirm that for the year ended 31 May 2015, Blue Label Telecoms Limited has lodged with the Companies and Intellectual Property Commission all such returns and notices as are required of a public company in terms of the Act and that all such returns and notices are true, correct and up to date.



J van Eden

Group Company Secretary

Sandton

18 August 2015



The Audit, Risk and Compliance Committee (ARCC) is pleased to present its report for the financial year ended 31 May 2015.

The Committee is an independent statutory committee appointed by the shareholders of the Company. In addition to its statutory duties the Board has delegated further duties to the Committee. This report covers both these sets of duties and responsibilities.

MANDATE AND TERMS OF REFERENCE

The Committee has adopted comprehensive and formal terms of reference which have been approved by the Board and which are reviewed on an annual basis. The responsibilities of the ARCC include:

- examining and reviewing the Group's financial statements and reporting of interim and final results;
- reviewing and considering, for recommendation to the Board, the consolidated budget for the ensuing financial year;
- overseeing integrated reporting;
- overseeing the Internal Risk and Compliance Committee function;
- monitoring the risk management framework and assess the risks impacting the Group's ability to achieve its strategic objectives;
- reviewing and satisfying itself of the expertise, resources and experience of the Blue Label finance function;
- overseeing the internal audit function and internal financial control process;
- recommending the appointment of the external auditor and overseeing the external audit process including their audit fee, independence, nature and extent of any non-audit services; and
- monitoring compliance activities.

MEMBERSHIP AND MEETINGS HELD

In accordance with the requirements of the Companies Act, No 71 of 2008 (the Act) Messrs JS Mthimunye, GD Harlow and SJ Vilakazi were appointed to the Committee by shareholders at the Annual General Meeting held on 28 November 2014.

Membership of the Committee remained unchanged during the year under review:

JS Mthimunye (Independent Non-Executive Chairman)

GD Harlow (Independent Non-Executive Director)

SJ Vilakazi (Independent Non-Executive Director)

The members of the Committee collectively have experience in audit, accounting, commerce, economics, law, corporate governance and general industry. All of the members of the ARCC are independent non-executive directors.

The Committee meets quarterly and the quorum for each meeting is three members present throughout the meeting. Mandatory attendees at the meetings are the Joint Chief Executive Officers and the Financial Director of Blue Label. The external audit partner from PricewaterhouseCoopers Inc. (PwC) and a director from KPMG Services Proprietary Limited (KPMG), to whom Blue Label outsources its internal audit function, are also attendees. Both internal and external auditors are afforded the opportunity to address the meeting and have unlimited access to the Committee. During the year, the Committee met with the external and internal auditors respectively without the presence of management. The internal audit function reports directly to the ARCC and is also responsible to the Financial Director on day-to-day administrative matters.

STATUTORY DUTIES DISCHARGED

In execution of its statutory duties during the year under review, the Committee:

- nominated and recommended to shareholders the reappointment of PwC as independent external auditors, with Deon Storm the audit partner as the registered independent auditor;
- approved the fees to be paid to PwC and other external auditors, where applicable, and approved the terms of engagement;
- maintained a non-audit services policy which determines the nature and extent of any non-audit services that PwC may provide to the Group;
- discharged those statutory duties as prescribed by section 94 of the Act acting in its capacity as the appointed audit committee of the subsidiary companies of Blue Label;
- considered the Committee's report describing how duties have been discharged; and
- submitted matters to the Board concerning the Company's accounting policies, financial controls, records and reporting, as appropriate.

OTHER DUTIES DISCHARGED**Financial statements and reporting**

The Committee:

- monitored compliance with accounting standards and legal requirements and ensured that all regulatory compliance matters had been considered in the preparation of the financial statements;
- reviewed the external auditor's report to the Committee and management's responses thereto and made appropriate recommendations to the Board of Directors regarding actions to be taken;
- reviewed and commented on the annual financial statements, interim reports, paid advertisements, announcements and the accounting policies and recommended these to the Board for approval;
- reviewed and recommended to the Board for adoption the consolidated budget for the ensuing financial year; and
- considered the going concern status of the Company and Group on the basis of review of the annual financial statements and the information available to the Committee and recommended such going concern status for adoption by the Board. The Board statement on the going concern status of the Group and Company is contained on page 111 in the Directors' report.

External audit and non-audit services

The ARCC has satisfied itself as to the independence of the external auditor, PwC, as set out in section 94(7) of the Act, which includes consideration of compliance with criteria relating to independence or conflicts of interest as prescribed by the Independent Regulatory Board for Auditors. Requisite assurance was sought from and provided by PwC that internal governance processes within the firm support and demonstrate its claim to independence.

To assess the effectiveness of the external auditors, the Committee considered PwC's fulfilment of the agreed audit plan and variations from the plan, and the robustness and perceptiveness of PwC in its handling of key accounting treatments and disclosures.



The Committee, in consultation with executive management, agreed to the engagement letter, terms, audit plan and budgeted audit fees for the 2015 financial year.

Any non-audit services to be provided by the external auditors are governed by a formal written policy which incorporates a monetary delegation of authority in terms of non-audit services to be provided. The non-audit services rendered by the external auditors during the year ended 31 May 2015 comprised tax advisory services, tax compliance services and general advisory services. The fees applicable to the aforementioned services totalled R0.5 million (2014: R1.6 million).

The ARCC has nominated, for approval at the Annual General Meeting, the reappointment of PwC as registered auditors for the 2016 financial year. The Committee also satisfied itself that PwC is accredited and appears on the JSE List of Accredited Auditors as contemplated in paragraph 3.86 of the Listings Requirements.

Internal audit and internal controls

The Committee:

- reviewed the co-operation and co-ordination between the internal and external audit functions to avoid duplication of work. This will be further formalised through a combined assurance facilitation;
- examined and reviewed the progress made by internal audit against the approved 2014/15 audit plan;
- approved the internal audit plan for the 2015/16 financial year;
- considered the effectiveness of internal audit;
- considered internal audit findings and corrective actions taken in response to such findings; and
- reviewed the effectiveness of the systems of internal control, including internal financial control and risk management.

Risk management and compliance

The Committee:

- reviewed the integrity of the risk, compliance and control systems and ensured that the risk policies and strategies of the Company are effectively managed;
- made recommendations to the Board concerning the levels of tolerance and risk appetite;
- monitored bi-annual risk assessments;
- ensured that management considered and implemented appropriate risk responses;
- reviewed legal matters that could have a material impact on the Group; and
- reviewed developments in corporate governance and best practice and considered their impact and implications across the Group with particular reference to the principles of King III.

EXPERTISE AND EXPERIENCE OF THE FINANCIAL DIRECTOR AND FINANCE FUNCTION

The Committee considered the appropriateness of the expertise and experience of the Financial Director and finance function in accordance with the Listings Requirements and governance best practice. The ARCC concluded that the finance function is adequately resourced with technically competent individuals and is effective. The Committee confirms that it is satisfied that Dean Suntup possesses the appropriate expertise and experience to discharge his responsibilities as Financial Director.

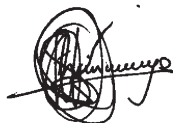
ANNUAL FINANCIAL STATEMENTS

The Committee has reviewed the accounting policies and financial statements of the Company and the Group and is satisfied that they are appropriate and comply with International Financial Reporting Standards and the requirements of the Act.

The Committee recommended the approval of the adoption of the annual financial statements to the Board.

The ARCC is satisfied that it complied with its legal, regulatory and other responsibilities as per its terms of reference.

On behalf of the ARCC:

A handwritten signature in black ink, appearing to read 'JS Mthimunye', with a large circular flourish at the end.

JS Mthimunye
Chairman

18 August 2015



The Directors have pleasure in presenting the Group and Company annual financial statements of Blue Label Telecoms Limited (Blue Label Telecoms or the Company) and its subsidiary, associate and joint venture companies (the Group) for the year ended 31 May 2015.

PRINCIPAL ACTIVITIES AND STRATEGY

Blue Label Telecoms' core business is the virtual distribution of secure electronic tokens of value and transactional services across its global footprint of touch points. The Group's stated strategy is to extend its global footprint of touch points, both organically and acquisitively, to meet the significant demand for the delivery of multiple prepaid products and services through a single distributor, across various delivery mechanisms and via numerous merchants or vendors.

FINANCIAL RESULTS

The Group recorded a net profit after tax attributable to equity holders for the year ended 31 May 2015 of R578 million (2014: R450 million). Full details of the financial position and results of the Company, the Group and its segments are set out in the annual financial statements and Group annual financial statements. The Group and Company annual financial statements for the year ended 31 May 2015 were approved by the Board and signed on its behalf on 18 August 2015.

GOING CONCERN

The financial statements have been prepared on the going concern basis, since the Directors have every reason to believe that the Blue Label Telecoms Group and the Company have adequate resources in place to continue in operation for the foreseeable future.

ACQUISITIONS

In September 2014 Blue Label Telecoms Limited purchased the 75% of Viamedia Proprietary Limited (Viamedia). The purchase consideration was for an initial sum of R144.4 million plus additional amounts totalling up to R103.1 million if warranted profits are achieved by Viamedia. If the warranted profits are not achieved, the above additional payments will be abated on a pro-rata basis. A further R112.5 million or part thereof will be payable if stretched targets over and above the warranted accumulated profits are achieved. Refer to note 26 of the Group annual financial statements for further information.

In March 2015 Viamedia Proprietary Limited purchased 50% of Supa Pesa Africa (Mauritius) Limited for R0.1 million plus an additional amount of R29.5 million if certain profit warranties are achieved. A further R8 million will be payable if stretched targets over and above the warranted accumulated profits are achieved. Refer to note 6 of the Group annual financial statements for further information.

In September 2014 Blue Label Telecoms Limited advanced a further R49 million to Blue Label Mexico S.A. de C.V. This amount was capitalised resulting in the Group's shareholding in Blue Label Mexico S.A. de C.V. increasing to 46.64%. Refer to note 6 of the Group annual financial statements for further information.

DISPOSAL

In April 2015 Gold Label Investments Proprietary Limited disposed of its interest in Smart Voucher Limited trading as Ukash for an initial sum of R94.9 million plus additional amounts totalling R17.5 million if certain warranties are achieved. Refer to note 6 of the Group annual financial statements for further information.

SHARE CAPITAL

Full details of the authorised, issued and unissued capital of the Company at 31 May 2015 are contained in note 13 of the Group annual financial statements. There were no shares issued during the financial year ended 31 May 2015 (2014: nil).

SUBSEQUENT EVENTS

Subsequent to year-end, dividend number 6 was declared and approved by the Board.

DIVIDEND

On 18 August 2015 the Board approved a dividend of 31 cents per ordinary share. The dividend in respect of ordinary shares for the year ended 31 May 2015 of R209 097 803 has not been recognised in the financial statements as it was declared after this date. The salient dates are as follows:

Last date to trade cum dividend	Friday, 4 September 2015
Shares commence trading ex dividend	Monday, 7 September 2015
Record date	Friday, 11 September 2015
Payment of dividend	Monday, 14 September 2015

Share certificates may be dematerialised or rematerialised between Monday, 7 September 2015 and Friday, 11 September 2015, both days inclusive.

Before declaring the final dividend the Board applied the solvency and liquidity test on the Company and reasonably concluded that the Company will satisfy the solvency and liquidity test immediately after payment of the final dividend. The final dividend will be paid 26 days after the Directors have performed the solvency and liquidity testing.

Dividends tax is provided for at 15% of the amount of any dividend paid by Blue Label Telecoms, subject to certain exemptions. The dividends tax is a tax borne by the beneficial owner of the dividend and will be withheld by either the issuer of the dividend or by regulated intermediaries.

DIRECTORATE

The following are the details of the Company's Directors:

Name	Office	Appointment date	Date and nature of change
Larry M Nestadt	Independent Non-Executive Director	5 October 2007	—
Brett M Levy	Joint Chief Executive Officer	1 February 2007	—
Mark S Levy	Joint Chief Executive Officer	1 February 2007	—
Kevin M Ellerin	Non-Executive Director	8 December 2009	—
Gary D Harlow	Independent Non-Executive Director	5 October 2007	—
Neil N Lazarus SC	Non-Executive Director	5 October 2007	Resigned 27 January 2015
Yusuf Mahomed	Independent Non-Executive Director	18 August 2015	Appointed 18 August 2015
Joe S Mthimunye	Independent Non-Executive Director	5 October 2007	—
Mark V Pamensky	Chief Operating Officer	5 October 2007	—
Dean A Suntup	Financial Director	14 November 2013	—
Jeremiah S Vilakazi	Independent Non-Executive Director	19 October 2011	—

DIRECTORS' INTERESTS

The individual interests declared by Directors and officers in the Company's share capital as at 31 May 2015, held directly or indirectly, were as follows:

Director/officer	Nature of interest			
	Direct beneficial		Indirect beneficial	
	2015	2014	2015	2014
BM Levy	62 548 690	75 078 183	21 272 778	8 272 778
MS Levy	55 141 282	67 670 775	21 272 777	8 272 777
KM Ellerine	—	—	266 667	266 667
GD Harlow	—	—	2 414 815	2 414 815
JS Mthimunya	30 000	30 000	—	—
NN Lazarus	—	3 803 424	—	177 779
LM Nestadt	—	—	8 204 674	8 204 674
MV Pamensky	—	—	5 565 738	5 565 738
DA Suntup	394 176	189 037	3 877 778	3 877 778
JS Vilakazi	—	—	—	—

* Y Mahomed appointed post year-end.

The aggregate interest of the current Directors and officers in the capital of the Company was as follows:

Director/officer	Number of shares	
	2015	2014
Beneficial	180 989 375	183 824 425

The beneficial interest held by Directors and officers of the Company constitutes 27.20% (2014: 27.69%) of the issued share capital of the Company.

Details of Directors' and prescribed officer's emoluments and equity compensation benefits are set out in note 30 of the Group annual financial statements and details of the forfeitable share plan are set out in note 32.

RESOLUTIONS

On 28 November 2014 the Company passed and filed with the Companies and Intellectual Property Commission the following special resolutions:

- Approving the remuneration of non-executive directors.
- Granting a general authority to repurchase the Company's shares.
- Approval to grant financial assistance in terms of section 44 and 45 of the Companies Act, No 71 of 2008.

Except for the aforementioned, no other special resolutions, the nature of which might be significant to shareholders in their appreciation of the state of affairs of the Group, were passed by the Company or its subsidiaries during the period covered at the date of signing these Group and Company annual financial statements.

COMPANY SECRETARY

The Board is satisfied that Ms van Eden has the requisite knowledge and experience to carry out the duties of a company secretary of a public company in accordance with section 88 of the Act and is not disqualified to act as such. She is not a director of the Board and maintains an arm's-length relationship with the Board.

The business and postal address of the Company secretary appear on the Company's website.

AMERICAN DEPOSITORY RECEIPT FACILITY

Blue Label Telecoms has a sponsored American depository receipt facility. The facility is sponsored by BNY Mellon and details of the administrators are reflected on the Company's website.

AUDITORS

PricewaterhouseCoopers Inc. will continue in office in accordance with section 90(6) of the Companies Act.



Larry Nestadt
Chairman

We have audited the Group and separate financial statements of Blue Label Telecoms Limited set out on pages 116 to 247, which comprise the statements of financial position as at 31 May 2015, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Company's directors are responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated and separate financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated and separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the Group and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Blue Label Telecoms Limited as at 31 May 2015, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

OTHER REPORTS REQUIRED BY THE COMPANIES ACT

As part of our audit of the consolidated and separate financial statements for the year ended 31 May 2015, we have read the Directors' report, the Audit, Risk and Compliance Committee's report and the Declaration by the Company Secretary for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated and separate financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited consolidated and separate financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.

Director: **D Storm**

Registered Auditor

Johannesburg
18 August 2015

GROUP STATEMENT OF FINANCIAL POSITION

As at 31 May 2015

	Notes	2015 R'000	2014 R'000
ASSETS			
Non-current assets		2 040 214	1 798 307
Property, plant and equipment	4	106 684	97 200
Intangible assets	5	648 284	582 550
Goodwill	5	606 609	423 384
Investments in and loans to associates and joint ventures	6	548 572	598 109
Loans receivable	7	29 733	18 501
Starter pack assets	8	4 449	2 307
Trade and other receivables	9	65 085	51 604
Deferred taxation assets	10	30 798	24 652
Current assets		4 986 606	4 704 580
Starter pack assets	8	1 938	1 010
Inventories	11	1 433 104	1 306 206
Loans receivable	7	44 569	27 850
Trade and other receivables	9	2 712 165	2 181 973
Current tax assets		6 419	3 410
Cash and cash equivalents	12	788 411	1 184 131
Total assets		7 026 820	6 502 887
EQUITY AND LIABILITIES			
Capital and reserves		3 917 981	3 523 989
Share capital	13	*	*
Share premium		4 012 359	4 012 359
Treasury shares		(68 471)	(66 527)
Restructuring reserve		(1 843 912)	(1 843 912)
Foreign currency translation reserve		100 722	128 648
Non-distributable reserve		7 821	10 150
Transactions with non-controlling interest reserve		(965 861)	(957 230)
Equity compensation benefit reserve		39 297	32 368
Share-based payment reserve		—	1 292
Retained earnings		2 622 558	2 222 685
		3 904 513	3 539 833
Non-controlling interest		13 468	(15 844)
Non-current liabilities		197 673	92 400
Deferred taxation liabilities	10	54 451	41 510
Trade and other payables	14	143 222	50 178
Provisions	15	—	712
Current liabilities		2 911 166	2 886 498
Trade and other payables	14	2 831 000	2 818 898
Provisions	15	21 491	23 777
Current tax liabilities		42 588	28 733
Borrowings	16	16 087	15 090
Total equity and liabilities		7 026 820	6 502 887

* Less than R1 000.

The notes on pages 121 to 217 are an integral part of these consolidated financial statements.

GROUP STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 May 2015

	Notes	2015 R'000	2014 R'000
Revenue	17	22 044 222	19 401 666
Other income		99 972	26 692
Changes in inventories of finished goods		(20 399 882)	(18 052 132)
Employee compensation and benefit expense	18	(407 448)	(332 542)
Depreciation, amortisation and impairment charges		(94 019)	(65 137)
Other expenses		(256 699)	(255 691)
Operating profit	19	986 146	722 856
Finance costs	20	(233 165)	(166 876)
Finance income	20	173 047	156 250
Share of losses from associates and joint ventures	6	(79 338)	(56 873)
Net profit before taxation		846 690	655 357
Taxation	21	(265 497)	(206 442)
Net profit for the year		581 193	448 915
Other comprehensive income:			
Items reclassified to profit or loss			
Foreign currency translation reserve reclassified to profit or loss*		(18 467)	—
Items that may be subsequently reclassified to profit or loss			
Share of other comprehensive income of associates and joint ventures*		(10 497)	26 099
Foreign exchange profit/(loss) on translation of foreign operations*		5 863	(462)
Other comprehensive (loss)/income for the year, net of tax		(23 101)	25 637
Total comprehensive income for the year		558 092	474 552
Net profit for the year attributable to:			
Equity holders of the parent		577 617	450 230
Non-controlling interest		3 576	(1 315)
Total comprehensive income for the year attributable to:			
Equity holders of the parent		549 691	475 889
Non-controlling interest		8 401	(1 337)
Earnings per share for profit attributable to:			
Equity holders (cents)			
– Basic	22	86.86	67.88
– Diluted	22	85.03	66.86

* These components of other comprehensive income do not attract any tax.

The notes on pages 121 to 217 are an integral part of these consolidated financial statements.

GROUP STATEMENT OF CHANGES IN EQUITY

For the year ended 31 May 2015

	Notes	Share capital R'000	Share premium R'000	Treasury shares R'000	Retained earnings R'000
Balance as at 31 May 2013		*	4 012 359	(72 468)	1 941 082
Net profit for the year		—	—	—	450 230
Other comprehensive income		—	—	—	—
Total comprehensive income		—	—	—	450 230
Treasury shares purchased	13	—	—	(11 120)	—
Equity compensation benefit scheme shares vested		—	—	17 061	—
Equity compensation benefit movement		—	—	—	—
Share of equity movement in associates		—	—	—	—
Dividends		—	—	—	(168 627)
Transaction with non-controlling interest reserve movement		—	—	—	—
Non-controlling interest movement		—	—	—	—
Balance as at 31 May 2014		*	4 012 359	(66 527)	2 222 685
Net profit for the year		—	—	—	577 617
Other comprehensive loss		—	—	—	—
Total comprehensive income		—	—	—	577 617
Treasury shares purchased	13	—	—	(19 131)	—
Equity compensation benefit scheme shares vested		—	—	17 187	—
Equity compensation benefit movement		—	—	—	—
Share of equity movement in associates		—	—	—	—
Associate disposed		—	—	—	3 081
Dividends		—	—	—	(182 117)
Transaction with non-controlling interest reserve movement		—	—	—	—
Non-controlling interest acquired		—	—	—	1 292
Non-controlling interest disposed of		—	—	—	—
Balance as at 31 May 2015		*	4 012 359	(68 471)	2 622 558

* Less than R1 000.

The notes on pages 121 to 217 are an integral part of these consolidated financial statements.

¹ The restructuring reserve arose as a result of the restatement of Group comparatives, as required in terms of the principles of predecessor accounting. This reserve represents the difference between the fair value of the entities under the Group's control and their respective net asset values, as at the assumed restructure date of 1 June 2006.

² The non-distributable reserve arose as a result of BLT's share of share premium issued by associate companies pre-2010.

³ The transactions with non-controlling interest reserve relates to the excess payments over the carrying amounts arising on transactions with non-controlling shareholders as these are treated as equity participants. Refer to note 28.

⁴ This relates to the Group's movement in equity compensation benefit (refer to note 32) as well as the Group's share of the movement in equity compensation benefit of associate companies (refer to note 6).

⁵ The share-based payment reserve relates to a BEE transaction concluded by Cigicell Proprietary Limited, a subsidiary of BLT. In September 2009 Ventury Proprietary Limited sold 26% of its stake in Cigicell Proprietary Limited to Sangrilor Proprietary Limited. The Group previously did not recognise this disposal and accounted for Cigicell Proprietary Limited as a wholly owned subsidiary until the purchase consideration was settled by Sangrilor Proprietary Limited. The purchase consideration was settled through the declaration of dividends by Cigicell Proprietary Limited on 1 April 2015. On this date the share-based payment reserve was released to retained earnings. The Group accounted for this sale on that date.

Restructuring reserve ¹ R'000	Foreign currency translation reserve R'000	Non-distributable reserve ² R'000	Transactions with non-controlling interest reserve ³ R'000	Equity compensation benefit reserve ⁴ R'000	Share-based payment reserve ⁵ R'000	Total ordinary share-holders' equity R'000	Non-controlling interest R'000	Total equity R'000
(1 843 912)	102 989	10 150	(931 125)	38 204	1 292	3 258 571	(15 718)	3 242 853
—	—	—	—	—	—	450 230	(1 315)	448 915
—	25 659	—	—	—	—	25 659	(22)	25 637
—	25 659	—	—	—	—	475 889	(1 337)	474 552
—	—	—	—	—	—	(11 120)	—	(11 120)
—	—	—	—	(16 792)	—	269	(269)	—
—	—	—	—	10 792	—	10 792	277	11 069
—	—	—	—	164	—	164	—	164
—	—	—	—	—	—	(168 627)	(1 805)	(170 432)
—	—	—	(26 105)	—	—	(26 105)	3 760	(22 345)
—	—	—	—	—	—	—	(752)	(752)
(1 843 912)	128 648	10 150	(957 230)	32 368	1 292	3 539 833	(15 844)	3 523 989
—	—	—	—	—	—	577 617	3 576	581 193
—	(27 926)	—	—	—	—	(27 926)	4 825	(23 101)
—	(27 926)	—	—	—	—	549 691	8 401	558 092
—	—	—	—	—	—	(19 131)	—	(19 131)
—	—	—	—	(16 949)	—	238	(238)	—
—	—	—	—	24 082	—	24 082	208	24 290
—	—	—	—	548	—	548	—	548
—	—	(2 329)	—	(752)	—	—	—	—
—	—	—	—	—	—	(182 117)	(4 874)	(186 991)
—	—	—	(1 499)	—	—	(1 499)	—	(1 499)
—	—	—	(7 132)	—	(1 292)	(7 132)	21 529	14 397
—	—	—	—	—	—	—	4 286	4 286
(1 843 912)	100 722	7 821	(965 861)	39 297	—	3 904 513	13 468	3 917 981

GROUP STATEMENT OF CASH FLOWS

For the year ended 31 May 2015

	Notes	2015 R'000	2014 R'000
Cash flows from operating activities			
Cash received from customers		21 499 455	18 708 547
Cash paid to suppliers and employees		(21 069 649)	(17 579 539)
Cash generated by operations	23	429 806	1 129 008
Interest received		15 995	24 613
Interest paid		(67 811)	(22 751)
Taxation paid	24	(245 495)	(223 538)
Net cash generated from operating activities		132 495	907 332
Cash flows from investing activities			
Acquisition of intangible assets	5	(125 366)	(102 778)
Warranty refund		—	15 501
Proceeds on disposal of intangible assets		308	1 209
Disposal of subsidiaries net of cash disposed	25	2 334	—
Acquisition of subsidiaries net of cash acquired	26	(157 460)	(273 242)
Acquisition of associate and joint venture	6	(100)	*
Proceeds on disposal of associate	6	94 897	—
Loans advanced to Blue Label Mexico**		(48 979)	(85 765)
Loans advanced to associates and joint ventures		(14 353)	(603)
Loans granted		(17 837)	(16 155)
Loans receivable repaid		7 522	28 662
Settlement of contingent consideration		(19 515)	—
Dividends received from associates and joint ventures		—	11 118
Proceeds on disposal of property, plant and equipment		3 116	1 144
Acquisition of property, plant and equipment		(53 318)	(46 311)
Net cash utilised in investing activities		(328 751)	(467 220)
Cash flows from financing activities			
Interest-bearing borrowings repaid		(3 573)	(112)
Interest-bearing borrowings raised		4 419	962
Acquisition of non-controlling interest		—	(16 190)
Acquisition of treasury shares	13	(19 131)	(11 120)
Dividends paid to non-controlling interest		(4 874)	(1 805)
Dividends paid		(182 117)	(168 627)
Net cash utilised in financing activities		(205 276)	(196 892)
Net (decrease)/increase in cash and cash equivalents		(401 532)	243 220
Cash and cash equivalents at the beginning of the year		1 184 131	941 282
Translation difference		5 812	(371)
Cash and cash equivalents at the end of the year	12	788 411	1 184 131

* Less than R1 000.

** These loans were subsequently capitalised. Refer to note 6.

The notes on pages 121 to 217 are an integral part of these consolidated financial statements.



1. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The principal accounting policies applied in the preparation of the Group and Company annual financial statements are set out below in the related notes and are consistent with those adopted in the prior year, unless otherwise specified.

The Group and Company annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by Financial Reporting Standards Council, the JSE Listings Requirements and the Companies Act, No 71 of 2008.

The term IFRS includes International Financial Reporting Standards (IFRS), International Accounting Standards (IAS) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) or the former Standing Interpretations Committee (SIC). The standards referred to are set by the International Accounting Standards Board (IASB).

The Group and Company annual financial statements are prepared under the historical cost convention, except for certain financial and equity instruments which have been measured at fair value. Amounts are rounded to the nearest thousand with the exception of earnings per share, ordinary share capital and equity compensation benefit. The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 2.

Going concern

The Group and Company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group and Company should be able to operate within their current funding levels into the foreseeable future.

After making enquiries, the Directors have a reasonable expectation that the Group and Company have adequate resources to continue in operational existence for the foreseeable future. The Group and Company therefore continue to adopt the going concern basis in preparing the financial statements.

1. SIGNIFICANT ACCOUNTING POLICIES continued**Standards, interpretations and amendments effective in 2015**

The following standards, interpretations and amendments are effective for the first time for the year ended 31 May 2015 and have not had an impact on the Group's and Company's financial statements:

- Amendments to IFRS 10, IFRS 12 and IAS 27 for investment entities
- Amendments to IAS 32 – *Financial Instruments: Presentation* – requirements for offsetting financial assets and financial liabilities
- Amendment to IAS 36 – *Impairment of Assets* regarding recoverable amount disclosures
- Amendment to IAS 39 – *Financial Instruments: Recognition and Measurement* – novation of derivatives and hedge accounting
- Amendment to IAS 19 – *Employee benefits* regarding defined benefit plan
- IFRIC 21 – *Accounting for Levies*

Standards, amendments and interpretations not yet effective

The Group has evaluated the effect of all new standards, amendments and interpretations that have been issued but which are not yet effective. Based on the evaluation, management does not expect these standards, amendments and interpretations to have a significant impact on the Group's results and disclosures. The expected implications of applicable standards, amendments and interpretations are dealt with below.

IFRS 9 – Financial Instruments

IFRS 9 – Financial Instruments addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in other comprehensive income not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the "hedged ratio" to be the same as the one management actually uses for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39.

The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The Group is currently considering the impact on the consolidated financial statements.



1. SIGNIFICANT ACCOUNTING POLICIES continued

Standards, amendments and interpretations not yet effective continued

Amendments to IFRS 10 – Consolidated Financial Statements and IAS 28 – Investments in Associates and Joint Ventures – on sale or contribution of assets

The IASB has issued this amendment to eliminate the inconsistency between IFRS 10 and IAS 28. If the non-monetary assets sold or contributed to an associate or joint venture constitute a “business”, then the full gain or loss will be recognised by the investor. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

This statement is effective for periods beginning on or after 1 January 2016. The Group is currently considering the impact on the consolidated financial statements.

Amendments to IFRS 10 – Consolidated Financial Statements and IAS 28 – Investments in Associates and Joint Ventures – on applying the consolidation exemption

The amendments clarify the application of the consolidation exception for investment entities and their subsidiaries.

This statement is effective for periods beginning on or after 1 January 2016. The Group does not believe the statement will have a significant impact, given that the Group does not apply the exemption currently.

Amendment to IFRS 11 – Joint Arrangement – on acquisition of an interest in a joint operation

This amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendments specify the appropriate accounting treatment for such acquisitions.

This statement is effective for periods beginning on or after 1 January 2016. The Group is currently considering the impact on the consolidated financial statements.

IFRS 14 – Regulatory Deferral Accounts

The IASB has issued IFRS 14 – *Regulatory Deferral Accounts* (IFRS 14), an interim standard on the accounting for certain balances that arise from rate-regulated activities (regulatory deferral accounts).

This statement is effective for periods beginning on or after 1 January 2016 and is not applicable to the Group.

Amendments to IAS 1 – Presentation of Financial Statements – disclosure initiative

In December 2014 the IASB issued amendments to clarify guidance in IAS 1 on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies.

This statement is effective for periods beginning on or after 1 January 2016. The Group is currently considering the impact on the consolidated financial statements.

1. SIGNIFICANT ACCOUNTING POLICIES continued**Standards, amendments and interpretations not yet effective continued****Amendment to IAS 16 – Property, Plant and Equipment and IAS 38 – Intangible Assets – on depreciation and amortisation**

In this amendment the IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The IASB has also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset.

This statement is effective for periods beginning on or after 1 January 2016. The Group is currently considering the impact on the consolidated financial statements.

Amendments to IAS 16 – Property, Plant and Equipment and IAS 41 – Agriculture – on bearer plants

This statement is effective for periods beginning on or after 1 January 2016 and is not applicable to the Group.

Amendments to IAS 27 – Separate Financial Statements – on equity accounting

In this amendment the IASB has restored the option to use the equity method to account for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements.

This statement is effective for periods beginning on or after 1 January 2016 and is not applicable to the Group. The Company does not believe the statement will have a significant impact, given that the Company does intend on applying this option.

IFRS 15 – Revenue From Contracts with Customers

This statement establishes principles for reporting useful information to users of the financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers.

This statement is effective for periods beginning on or after 1 January 2017. The Group is currently considering the impact on the consolidated financial statements.



1. SIGNIFICANT ACCOUNTING POLICIES continued

Annual improvements project

The IASB decided to initiate an annual improvements project in 2007 as a method of making necessary, but non-urgent, amendments to IFRS that will not be included as part of another major project. The IASB's objective was to ease the burden for all concerned.

Improvements to IFRS were issued by the IASB as part of the "annual improvements process" resulting in the following amendments to standards issued, but not effective for 31 May 2015 year-ends:

IFRS 5 – Non-current Assets Held-for-Sale and Discontinued Operations

This is an amendment to the changes in methods of disposal – Assets (or disposal groups) are generally disposed of either through sale or through distribution to owners. The amendment to IFRS 5 clarifies that changing from one of these disposal methods to the other should not be considered a new plan of disposal, rather it is a continuation of the original plan. There is therefore no interruption of the application of the requirements in IFRS 5.

The amendment also clarifies that changing the disposal method does not change the date of classification.

IFRS 7 – Financial Instruments: Disclosures

Applicability of the offsetting disclosures to condensed interim financial statements – The amendment removes the phrase "and interim periods within those annual periods" from paragraph 44R, clarifying that these IFRS 7 disclosures are not required in the condensed interim financial report. However, the Board noted that IAS 34 requires an entity to disclose an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the entity since the end of the last annual reporting period. Therefore, if the IFRS 7 disclosures provide a significant update to the information reported in the most recent annual report, the Board would expect the disclosures to be included in the entity's condensed interim financial report.

IFRS 7 – Financial Instruments: Disclosures

Servicing contracts – The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance for continuing involvement in paragraphs IFRS 7.B30 and IFRS 7.42C in order to assess whether the disclosures are required.

IAS 19 – Employee Benefits

Discount rate: regional market issue – The amendment to IAS 19 clarifies that market depth of high-quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high-quality corporate bonds in that currency, government bond rates must be used.

1. SIGNIFICANT ACCOUNTING POLICIES continued**Annual improvements project continued****IAS 34 – Interim Financial Reporting**

Disclosure of information “elsewhere in the interim financial report” – The amendment states that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report (e.g. in the management commentary or risk report).

The Board specified that the other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. If users do not have access to the other information in this manner, the interim financial report is incomplete.

Management is currently considering the effect of the changes.

Basis of consolidation**(a) Subsidiaries**

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date; any gains or losses arising from such remeasurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability are recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

1. SIGNIFICANT ACCOUNTING POLICIES continued

Basis of consolidation continued

(a) Subsidiaries continued

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the statement of comprehensive income.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions, i.e. transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(d) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

1. SIGNIFICANT ACCOUNTING POLICIES continued**Basis of consolidation continued****(d) Associates continued**

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to share of profit/(loss) from associates in the statement of comprehensive income.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investors' interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Dilution gains and losses arising in investments in associates are recognised in the statement of comprehensive income.

The Company financial statements account for investments in associates at cost less any accumulated impairment.

(e) Joint arrangements

Under IFRS 11, investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture.

The Group determines at each reporting date whether there is any objective evidence that the investment in the joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to share of profit/(loss) from joint ventures in the statement of comprehensive income.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

The Company financial statements account for investments in joint ventures at cost less any accumulated impairment.



1. SIGNIFICANT ACCOUNTING POLICIES continued

Foreign currencies

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The Group financial statements are presented in South African rand (ZAR), which is the functional and presentation currency of the parent company.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

(c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities are translated at the closing rate as at statement of financial position date.
- Income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions).
- All resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to other comprehensive income. When a foreign operation is partially disposed of or sold, such exchange differences are recognised in the statement of comprehensive income as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as the foreign entity's assets and liabilities and are translated at the closing rate.

Financial instruments

Financial instruments carried on the statement of financial position include:

Financial assets

- Loans receivable.
- Trade and other receivables.
- Cash and cash equivalents.

Financial liabilities

- Borrowings.
- Trade and other payables.

1. SIGNIFICANT ACCOUNTING POLICIES continued**Financial instruments continued****Financial liabilities continued**

The particular recognition methods adopted are disclosed in the individual accounting policy statements associated with each item.

Regular way purchases and sales of financial assets that require delivery are recognised on trade date, being the date on which the Group commits to purchase or sell the asset.

The Group recognises a financial asset or a financial liability on its statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the instrument.

Financial assets are derecognised when the rights to receive cash flows from the financial asset have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Financial liabilities (or a part of a financial liability) are removed from its statement of financial position when, and only when, they are extinguished, i.e. when the obligation specified in the contract is discharged, cancelled or expires.

Financial assets

The Group classifies its financial assets in the following categories: loans and receivables, and cash and cash equivalents. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its investments at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. This category does not include those loans and receivables that the Group intends to sell in the short term or that it has designated as at fair value through profit or loss or available-for-sale. These assets are included in current assets, except for maturities greater than 12 months after the statement of financial position date, which are classified as non-current assets.

Financial assets classified as loans and receivables are initially recognised at fair value plus transaction costs. Subsequent to initial recognition, loans and receivables are carried at amortised cost using the effective interest rate method, less any provision for impairment.

Loans and receivables comprise loans receivable, trade and other receivables (excluding prepayments and VAT) and cash and cash equivalents.



1. SIGNIFICANT ACCOUNTING POLICIES continued

Impairment of financial assets

A financial asset is impaired if its carrying amount is greater than its estimated recoverable amount.

The Group assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A provision for impairment is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Objective evidence that receivables are impaired includes observable data that comes to the attention of the Group about the following events:

- Significant financial difficulty of the debtor;
- A breach of contract, such as default or delinquency in payments; or
- It becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

The amount of the provision is the difference between the carrying amount and the recoverable amount of the assets being the present value of expected cash flows discounted at the original effective interest rate. The amount of the provision is recognised as a charge in the statement of comprehensive income.

When a receivable is uncollectible, it is written off against the provision. Subsequent recoveries of amounts previously written off are credited to the statement of comprehensive income.

Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Refer to accounting policies on borrowings and trade and other payables for financial liabilities (which exclude employee-related liabilities and VAT), and share capital for equity instruments issued by the Group.

Property, plant and equipment

Property, plant and equipment is initially recorded at historical cost, being the purchase cost plus any cost to prepare the assets for their intended use. Historical cost includes expenditure that is directly attributable to the acquisition of the item. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the statement of comprehensive income during the financial year in which they are incurred.

Property, plant and equipment is subsequently carried at historical cost less accumulated depreciation and any accumulated impairment losses.

Property, plant and equipment is depreciated on the straight-line basis over each asset's estimated useful life.

1. SIGNIFICANT ACCOUNTING POLICIES continued**Property, plant and equipment continued**

Depreciation is calculated on the straight-line basis to write off the cost of the assets to their residual values over their estimated useful lives as follows:

Motor vehicles	20% – 25%
Furniture and fittings	16.67% – 25%
Office equipment	25%
Computer equipment	25% – 33.3%
Terminals and vending machines	16.67%
Media equipment	33.33%
Plant and machinery	20%
Buildings	8.33%

Major leasehold improvements are amortised over the shorter of their respective lease periods and estimated useful lives.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised as part of the cost of those assets. No such qualifying assets exist at year-end.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at year-end. Where the assets' residual value is higher than the carrying value, no depreciation is provided.

Gains and losses on disposal of property, plant and equipment are determined as the difference between the carrying amount and the fair value of the sale proceeds, and are included in operating profit.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Intangible assets**(a) Computer software**

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Computer software has a finite useful life and is subsequently carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of the computer software over its estimated useful life (three to 10 years).

Costs associated with the maintenance of existing computer software programmes are expensed as incurred.

(b) Trademarks

Trademarks are shown at historical cost. Trademarks have a finite useful life and are subsequently carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of trademarks over their estimated useful lives (10 years).

Trademarks are initially shown at fair value as determined in accordance with IFRS 3 – *Business Combinations*, and are subsequently carried at the initially determined fair value less accumulated amortisation and impairment losses.

1. SIGNIFICANT ACCOUNTING POLICIES continued

Intangible assets continued

(c) Franchise fees

Franchise fees are shown at historical cost. Franchise fees have a finite useful life and are subsequently carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of franchise fees over their estimated useful lives (20 years).

Franchise fees are initially shown at fair value as determined in accordance with IFRS 3 – *Business Combinations*, and are subsequently carried at the initially determined fair value less accumulated amortisation and impairment losses.

(d) Databases, customer listings, distribution agreements and customer relationships

Databases, customer listings, distribution agreements and customer relationships acquired through business combinations are initially shown at fair value as determined in accordance with IFRS 3 – *Business Combinations*, and are subsequently carried at the initially determined fair value less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method to allocate the value of these assets over their estimated useful lives (three to 10 years).

Distribution agreements purchased are initially shown at cost, and are subsequently carried at the initial cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method to allocate the value of these assets over their estimated useful lives (10 years).

(e) Research and development

Costs incurred on development projects are recognised as intangible assets when the following criteria are fulfilled:

- It is technically feasible to complete the intangible asset and that it will be available for use or sale;
- Management intends to complete the intangible asset and use or sell it;
- There is an ability to use or sell the intangible asset;
- It can be demonstrated how the intangible asset will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and
- The expenditure attributable to the intangible asset during its development can be reliably measured.

Research expenditure is recognised as an expense as incurred. Other development expenditures that do not meet these criteria are recognised as an expense as incurred.

Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is available for use (i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management) on a straight-line basis over its useful life (five to 10 years). Direct costs include the product development employee costs and an appropriate portion of relevant overheads. Costs associated with the maintenance of existing products are expensed as incurred.

1. SIGNIFICANT ACCOUNTING POLICIES continued

Intangible assets continued

(f) Purchased starter pack bases and postpaid bases

Purchased starter pack bases represent the right to earn future revenue from starter packs already distributed and are initially recognised at the cost to the Group. Starter pack bases have a finite life and are subsequently carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over their estimated useful lives (seven years).

Purchased postpaid bases represent the right to earn revenue from the cellular network in respect of contracts forming part of the acquired base. Postpaid bases have a finite life and are subsequently carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over their estimated useful lives (10 years). Where the Group is entitled to a warranty refund on the initial cost of a base, this is disclosed as a reduction in the cost of the asset.

(g) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary, associate or jointly controlled entity at the date of acquisition. Goodwill is attributable to synergies that the Group expects to derive from the transaction. If the cost of acquisition is less than the net assets of the subsidiary acquired, the difference is recognised directly in the statement of comprehensive income. Goodwill on the acquisition of subsidiaries is included in "goodwill" in the statement of financial position. Goodwill on acquisitions of associates and joint ventures is included in "investments in and loans to associates and joint ventures".

Goodwill is allocated to cash-generating units for the purpose of impairment testing. Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment is recognised.

Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.



1. SIGNIFICANT ACCOUNTING POLICIES continued

Impairment of non-financial assets

The Group evaluates the carrying value of assets with finite useful lives when events and circumstances indicate that the carrying value may not be recoverable and when there are indicators of impairment. Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment.

An impairment loss is recognised in the statement of comprehensive income when the carrying amount of an asset exceeds its recoverable amount. An asset's recoverable amount is the higher of the fair value less cost of disposal (the amount obtainable from the sale of an asset in an arm's-length transaction between knowledgeable willing parties), or its value-in-use. Value-in-use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. The estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

An impairment loss recognised for an asset, other than goodwill, in prior years is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised and the recoverable amount exceeds the new carrying amount. The reversal of the impairment is limited to the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in prior years. The reversal of such an impairment loss is recognised in the statement of comprehensive income in the same line item as the original impairment charge.

Leases

(a) Finance leases

Lease agreements that transfer substantially all the risks and rewards of ownership are classified as finance leases at inception of the lease. The asset is capitalised at the lower of the fair value of the asset or the present value of the minimum lease payments at inception of the lease, with an equivalent amount being stated as a finance lease liability. Finance lease liabilities are classified as non-current or current liabilities, as appropriate. Each lease payment is allocated between the liability and finance charges using the effective interest rate. Finance costs are charged to the statement of comprehensive income over the lease period.

The capitalised asset is depreciated over the shorter of the useful life of the asset or the lease term to its residual value.

(b) Operating leases

Leases in which a significant portion of the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Payments under operating leases, net of incentives, are charged to the statement of comprehensive income on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

1. SIGNIFICANT ACCOUNTING POLICIES continued**Starter pack assets**

A starter pack is a tool which enables the connection of a mobile device to a mobile network operator, also known as a subscriber identity module (SIM) card.

The starter pack asset represents starter packs which have been distributed but not yet activated. On activation of the starter pack, the Group has a right to receive cash. Starter packs are stated at cost less provision for impairment and are determined by means of the weighted average cost basis. Provision for impairments are made for starter packs distributed but not expected to be activated.

Inventories

Inventories are stated at the lower of cost or estimated net realisable value. Cost comprises direct materials and, where applicable, overheads that have been incurred in bringing the inventories to their present location and condition, excluding borrowing costs. The cost of inventory is determined by means of the weighted average cost basis. Net realisable value is the estimate of the selling price in the ordinary course of business, less selling expenses. Provisions are made for obsolete, unusable and unsaleable inventory and for latent damage first revealed when inventory items are taken into use or offered for sale.

Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection is expected in the normal operating cycle of the business, they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the provision is recognised in the statement of comprehensive income.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

Share capital

Ordinary shares are classified as equity and the shares are fully paid up.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Share issue costs incurred directly in connection with a business combination are shown as a deduction from equity.

Shares acquired by Blue Label Telecoms for its own employees' equity compensation benefit scheme, as well as the shares procured by the subsidiaries in terms of this scheme, are accounted for as treasury shares in the Group statement of financial position.



1. SIGNIFICANT ACCOUNTING POLICIES continued

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Provisions are not recognised for future operating expenses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

The increase in the provision due to the passage of time is recognised as an interest expense.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred, when the relevant contracts are entered into. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest rate method.

Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expired.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after year-end.

Normal taxation

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at year-end in the countries where the Company's subsidiaries, associates and joint ventures operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

The tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity respectively.

Uncertain tax positions are considered by the Group at the level of the individual uncertainty or group of related uncertainties.

1. SIGNIFICANT ACCOUNTING POLICIES continued**Deferred taxation**

Deferred taxation is provided using the liability method for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by year-end and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Dividend tax

Dividend tax is provided for at 15% of the amount of any dividend paid, subject to certain exemptions. The dividend tax is a tax borne by the beneficial owner of the dividend and will be withheld by either the issuer of the dividend or by regulated intermediaries.

Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within the normal operating cycle of the business. If not, they are presented as non-current liabilities.

Trade payables are measured initially at fair value and are subsequently measured at amortised cost, using the effective interest rate method.

Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of indirect taxes, estimated returns, rebates and discounts, and after eliminated sales within the Group.

Revenue from the sale of goods and the rendering of services is recognised when it is probable that the economic benefits associated with a transaction will flow to the Group and the amount of revenue, and associated costs incurred or to be incurred, can be measured reliably.

Consideration received in advance of goods sold or services rendered is recorded in trade and other payables as deferred revenue. The liability is reversed and the associated revenue is recognised only when the risks and rewards of ownership of the goods are transferred to the customer or the service has been rendered.

1. SIGNIFICANT ACCOUNTING POLICIES continued

Revenue recognition continued

The main categories of revenue and the bases of recognition are as follows:

(a) Prepaid and postpaid SIM cards

Revenue is recognised when the significant risks and rewards of ownership are transferred to the customer, and when the entity no longer retains continuing managerial involvement to the degree usually associated with ownership.

Activation bonuses received from the networks are recognised when the SIM card is activated on the relevant cellular network. Ongoing revenue and other incentives are recognised once certain criteria have been met. The point of activation is determined by the relevant cellular networks. For this category of revenue the Group acts as a principal.

(b) Sales of prepaid airtime

Sales of prepaid airtime are recognised when the Group sells the airtime to the customer. Sales are recorded based on the price specified in the sales contracts, net of discounts at the time of sale. The Group accounts for the sale of prepaid airtime based on the substance of the arrangement. Where the Group acts in its capacity as principal for the sale of airtime (for instance where the Group bears inventory risk), revenue is recognised as the fair value of the consideration receivable net of discounts and taxes. Revenue is recognised at the point at which risks and rewards are transferred to the customer and the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the prepaid airtime.

Where the Group is acting in its capacity as an agent in the sale of prepaid airtime (for instance where the Group does not bear any inventory risk), the amount of revenue recorded is the fair value of commission received or receivable.

(c) Sales of postpaid airtime

Sales of postpaid airtime are recognised on airtime contracted to be delivered to customers for a period of time and billed on a monthly basis in arrears. Revenue is recognised when the significant risks and rewards of ownership are transferred to the customer, and when the entity no longer retains continuing managerial involvement to the degree usually associated with ownership.

Where the Group acts in its capacity as principal for the sale of postpaid airtime, revenue is recognised as the fair value of the consideration receivable net of discounts. Where the Group is acting in its capacity as an agent in the sale of postpaid airtime, revenue is recorded upfront as the fair value of commission received or receivable.

(d) Sales of handsets, tablets and other devices

Revenue is recognised at the point at which risks and rewards are transferred to the customer and the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the handsets. For this category of revenue the Group acts as a principal.

(e) Sales of services

Sales of services are recognised in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided. These services include location-based services, SMS transaction services, media, call centre and data transaction revenue, and technology revenue. For this category of revenue the Group acts as a principal.

1. SIGNIFICANT ACCOUNTING POLICIES continued

Revenue recognition continued

(f) Electricity commission

Commissions on the sale of prepaid electricity are recognised when the Group sells electricity to the customer on behalf of the utility suppliers. Commissions are recorded based on agreed rates per the contracts. For this category of revenue the Group acts as an agent.

Employee benefits

(a) Equity compensation benefit

The Group operates an equity-settled forfeitable share incentive plan, under which the entity receives services from employees as consideration for equity instruments of the Group. The fair value of the services received in exchange for the grant of forfeitable shares is recognised as an expense. The total amount to be expensed is determined by the fair value of the forfeitable shares granted. The total amount expensed is recognised over the vesting period, which is the period over which all of the vesting conditions are to be satisfied. At each reporting date, the entity recognises the impact of any shares that have been forfeited prior to the end of the vesting period, if any, in the statement of comprehensive income with a corresponding adjustment to equity.

The subsidiaries procure the shares in order to settle the award, but these are accounted for as a purchase of shares in the holding company, and only once the shares vest as the performance conditions are met would the share be derecognised. When shares are derecognised, the investment in shares in BLT will be credited and equity will be debited as a contribution to the shareholder.

(b) Bonus plans

The Group recognises a liability and an expense for bonuses. A liability is recognised where the Group is contractually obliged or where there is a past practice that has created a constructive obligation.

(c) Leave pay accrual

The Group recognises a liability and an expense for leave. The accrued liability is determined by valuing all future leave expected to be taken and payments expected to be made in respect of benefits.

Interest income

Interest income is recognised on a time-proportion basis using the effective interest rate method.

When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group and Company's financial statements in the period in which they are approved by the shareholders.

Distributions of non-cash assets received from subsidiary companies are recognised as a dividend at the fair value of the non-cash assets received.

Core net profit

Core net profit is a non-IFRS measure used by the Group in evaluating the Group's performance. This supplements the IFRS measures. Core net profit is calculated by adjusting net profit for the year with the amortisation of intangible assets that arise as a consequence of the purchase price allocations completed in terms of IFRS 3 – *Business Combinations*.

Reconciliation of core net profit to relevant IFRS measures are presented in note 22 (core HEPS) and note 31 (segmental summary).



2. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Assessment of goodwill for impairment

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates. Refer to note 5 for details on these estimates.

(b) Equity compensation benefit

In determining the number of forfeitable shares that will vest due to performance conditions being met, management assesses the attrition rates of staff based on the grades of staff that have been granted awards as well as the historic staff turnover.

(c) Income taxes

As with any enterprise, the Group faces uncertainties in the markets in which it operates and over which it has little or no control. The Group is subject to income tax in numerous jurisdictions and judgement is required in determining the provision for tax.

There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Amounts accrued are based on management's interpretation of country-specific tax law and the likelihood of settlement. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current income tax and deferred tax provisions in the period in which such determination is made.

Deferred tax assets are recognised to the extent that it is probable that taxable income will be available in the future against which these can be utilised. Future taxable profits are estimated based on business plans which include estimates and assumptions regarding economic growth, interest rates, inflation and competitive forces.

Changes in the estimates of the consideration could result in the recognition of material adjustments in future periods.

(d) Valuation of intangible assets acquired as part of a business combination

The fair values of all identifiable intangible assets acquired as part of a business combination are determined using recognised valuation techniques. Such techniques often rely on forecasts of future cash flows and the use of appropriate discount rates that reflect the risk factors associated with the cash flows.

2. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS continued

(d) Valuation of intangible assets acquired as part of a business combination continued

These valuations are based on information at the time of the acquisition and the expectations and assumptions that have been deemed reasonable by the Group's management. The risk exists that the underlying assumptions or events associated with such assets will not occur as projected. For these reasons, among others, the actual cash flows may vary from forecasts of future cash flows.

(e) Assessment of principal versus agent

Details of whether Blue Label Telecoms acts as a principal or an agent in certain of its transactions is set out in the revenue recognition note. This assessment requires an analysis of whether Blue Label Telecoms carries inventory risk and the customer's credit risk, whether Blue Label Telecoms has the latitude to establish pricing and whether Blue Label Telecoms has the primary responsibility for providing the goods or services to the customer.

(f) Purchased starter pack bases and postpaid starter pack bases

The relative size of the Group's purchased starter pack bases and postpaid starter pack bases makes the judgements surrounding the estimated useful lives and residual values critical to the Group's financial position and performance. Useful lives are reviewed on an annual basis with the effects of any changes in estimate accounted for on a prospective basis. The residual values of these assets are assumed to be zero. The current useful life of these bases is estimated to be seven to 10 years, based on management's estimates and taking into account historical experience as well as future events which may impact the useful lives.

(g) Assessment of investment in joint ventures for impairment

The Group tests annually whether investment in joint ventures has suffered any impairment, in accordance with the accounting policy. The recoverable amounts of the investment in joint ventures has been determined based on value-in-use calculations. These calculations require the use of estimates. Refer to note 6 for details on these estimates.

(h) Applicability of IFRS 10 – Consolidated Financial Statements

The Group has assessed the requirements of IFRS 10 against shareholder and management agreements and concluded that it does not change the reporting on subsidiary companies that are consolidated.

(i) Assessment of investments for impairment

The Company tests annually whether investments have suffered any impairment, in accordance with the accounting policy. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates. Refer to note 6 of the Company financial statements for details on these estimates.



2. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS continued

(j) Classification of significant joint arrangements

Joint arrangements are all arrangements where two or more parties contractually agree to share control of the arrangement, which only exists when decisions about the relevant activities require unanimous consent of the parties sharing control. Joint ventures are joint arrangements whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

The Group exercises judgement in determining the classification of its joint arrangements.

Blue Label Mexico S.A. de C.V.

The Group holds an effective interest of 46.64% in the issued ordinary share capital of Blue Label Mexico S.A. de C.V. The joint arrangement provides the Group and the other parties to the agreement with rights to the net assets of the entity. The investment is classified as a joint venture as unanimous approval of the shareholders is required for decisions.

2DFine Holdings Mauritius

The Group holds an effective interest of 50% in the issued ordinary share capital of 2DFine Holdings Mauritius. The joint arrangement provides the Group and the other parties to the agreement with rights to the net assets of the entity. The investment is classified as a joint venture as unanimous approval of the shareholders is required for decisions.

Supa Pesa Africa (Mauritius) Limited

The Group holds an effective interest of 50% in the issued ordinary share capital of Supa Pesa (Mauritius) Limited. The joint arrangement provides the Group and the other parties to the agreement with rights to the net assets of the entity. The investment is classified as a joint venture as unanimous approval of the shareholders is required for decisions.

(k) Classification of significant associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights.

Oxygen Services India Private Limited (Oxygen Services India)

Blue Label Telecoms acting through its wholly owned subsidiary, Gold Label Investments, acquired a 50% interest in 2DFine Holdings Mauritius. The investment is classified as a joint venture as unanimous approval of the shareholders is required for decisions. 2DFine Holdings Mauritius holds 37.22% of Oxygen Services India. In terms of IFRS, an entity does not aggregate its interests held through associates and joint ventures when assessing for control as BLT through this relationship cannot direct the financial and operating policies of Oxygen Services India. Therefore, even though BLT has an effective interest of 55.83% in Oxygen Services India, the Group neither controls nor jointly controls Oxygen Services India.

The Group has the right to appoint two directors out of a total of five. Therefore we have concluded that the Group has significant influence over the financial and operating policies of Oxygen Services India.

(l) Assessment of probabilities on contingent purchase arrangements

Management has assessed the probabilities on the contingent purchase arrangements. Refer to note 6 and note 26 for details.

3. FINANCIAL RISKS

In the course of its business, the Group is exposed to a number of financial risks: credit risk, liquidity risk and market risk (including foreign currency, interest rate and other price risks). This note presents the Group's objectives, policies and processes for managing its financial risk and capital.

Risk management is monitored and managed by key personnel of each entity in the Group on a daily basis based on their specific operational requirements.

Credit risk

Credit risk arises because a counterparty may fail to meet its obligations to the Group.

The Group is exposed to credit risk on financial assets mainly in respect of trade receivables, loan receivables and cash and cash equivalents.

Trade receivables consist primarily of invoiced amounts from normal trading activities. The Group has a diversified customer base and policies are in place to ensure sales are made to customers with an appropriate credit history and payment history. Individual credit limits are set for each customer and the utilisation of these credit limits is monitored regularly. Customers cannot exceed their set credit limit, without specific Senior Management approval. Such approval is assessed and granted on a case-by-case basis. Management regularly reviews the debtors age analysis and follows up on long-outstanding debtors. Where necessary, a provision for impairment is made. A portion of the Group's customer base is made up of major retailers and wholesalers with the balance of the customer base being widely dispersed.

The risk of starter pack receivables is assessed as low due to the fact that annuity income can be utilised in the settlement of the receivable balances and are recoverable within a period which may exceed 12 months.

Loans are only granted to holders with an appropriate credit history, taking into account the holder's financial position and past experience.

The Group places cash and cash equivalents with major banking groups and quality institutions that have high credit ratings.

The Group has significant concentrations of credit risk with Investec Bank Limited in line with its treasury function.

The Group's maximum credit risk exposure is the carrying amount of all financial assets on the statement of financial position and sureties provided with the maximum amount the Group could have to pay if the sureties are called on, amounting to R62 million (2014: R1.9 million). The Group holds collateral in the form of sureties in respect of 50% of the loan receivable from 2DFine Holdings Mauritius. Refer to note 29.

3. FINANCIAL RISKS continued

The Group considers its maximum exposure per class, without taking into account any collateral and financial guarantees, to be as follows:

	2015 R'000	2014 R'000
Loans receivable		
Group 1	—	—
Group 2	74 083	44 973
Group 3	219	1 378
	74 302	46 351
Loans to associates and joint ventures		
Group 1	13 900	—
Group 2	193 186	153 800
Group 3	—	—
	207 086	153 800
Trade receivables		
Group 1	10 699	14 783
Group 2	2 619 334	2 117 891
Group 3	18 504	18 113
Total unimpaired trade receivables	2 648 537	2 150 787

Refer to note 9 for a breakdown of the provision raised for trade receivables. The effect of discounting of the trade receivables is not taken into account in the table above.

The Group has subordinated a portion of its loan to a joint venture in favour of other creditors, to the value of R45 million.

The rating groups for counterparties are categorised as follows:

Group 1 – New customers/related parties (less than six months).

Group 2 – Existing customers/related parties (more than six months) with no defaults in the past.

Group 3 – Existing customers/related parties (more than six months) with some defaults in the past.

All defaults were fully recovered or are in the process of being recovered.

	2015 R'000	2014 R'000
3. FINANCIAL RISKS continued		
Cash at bank and short-term bank deposits		
Credit rating based on latest Fitch local currency long-term issuer default ratings		
AAA	1	1
A+	1 045	363
A-	102 822	82 287
BBB	210 523	—
BBB-	473 299	1 100 758
Other	593	655
	788 283	1 184 064

Liquidity risk

Liquidity risk arises when a company encounters difficulties in meeting commitments associated with liabilities and other payment obligations. The Group's objective is to maintain prudent liquidity risk management by maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the Group aims to maintain flexibility in funding by keeping committed credit lines available.

Cash flow forecasting is performed in the operating entities of the Group to ensure sufficient cash to meet operational needs while maintaining sufficient headroom to ensure that borrowing limits (where applicable) are not breached.

Surplus cash held by the operating entities over and above the balance required for working capital management is transferred to the Group treasury. Group treasury invests surplus cash in interest-bearing accounts, identifying instruments with sufficient liquidity to provide adequate headroom as determined by the above mentioned forecasts.

The Group has a short-term loan facility with Investec Bank Limited of R1.5 billion (2014: R1 billion). The facility was unutilised. Drawdowns were made and fully repaid during the year.

3. FINANCIAL RISKS continued

Liquidity risk continued

The facility bears certain debt covenants. The Group has not been in breach in respect of these covenants. The Group has pledged certain securities in respect of this facility. Refer to notes 9, 11 and 12.

The Company and a subsidiary company issued a cross surety in respect of an overdraft facility in the amount of R19.85 million (2014: R19.85 million) in favour of FNB, a division of FirstRand Bank Limited (FNB). This facility was unutilised as at 31 May 2015. In addition, the Company and four of its subsidiaries issued a cross surety in the amount of R1.3 million in respect of credit card facilities granted by FNB.

The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date.

The amounts disclosed in the table are the contractual undiscounted cash flows.

Maturity of financial liabilities	Payable in:				
	Less than one month or on demand R'000	More than one month but not exceeding one year R'000	More than one year but not exceeding two years R'000	More than two years but not exceeding five years R'000	More than five years R'000
2015					
Non-interest-bearing borrowings	16 087	—	—	—	—
Trade and other payables*	1 947 194	904 244	89 650	73 133	—
Total	1 963 281	904 244	89 650	73 133	—
2014					
Non-interest-bearing borrowings	12 437	—	—	—	—
Interest-bearing borrowings	2 653	—	—	—	—
Trade and other payables*	1 580 441	1 258 679	46 408	4 482	—
Total	1 595 531	1 258 679	46 408	4 482	—

* Trade and other payables exclude non-financial instruments, being VAT and certain amounts included within accruals and sundry creditors.

3. FINANCIAL RISKS continued

Market risk

Market risk is the risk that changes in market prices (interest rate and currency risk) will affect the Group's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Group is exposed to risks from movements in foreign exchange rates and interest rates that affect its assets, liabilities and anticipated future transactions. The Group is not exposed to significant levels of price risk.

Fair value estimation

Fair value measurement hierarchy:

- Level 1: fair value based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: fair value based on inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); or
- Level 3: fair value based on inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

Contingent consideration, included in trade and other payables, are level 3 financial liabilities.

Changes in level 3 instruments are as follows:

	2015 R'000	2014 R'000
Contingent consideration		
Opening balance	22 607	3 030
Acquisition of Panacea Proprietary Limited	—	6 155
Acquisition of Retail Mobile Credit Specialists Proprietary Limited	—	15 132
Acquisition of Viamedia Proprietary Limited	84 783	—
Acquisition of Supa Pesa Africa (Mauritius) Limited	29 851	—
Acquisition of Supa Pesa South Africa Proprietary Limited	100	—
Settlements	(19 515)	(1 800)
Gains or losses recognised in profit or loss	6 076	90
Closing balance	123 902	22 607
Total gains or losses for the period included in profit or loss for liabilities held at the end of the reporting period, under:		
Other income	(923)	(827)
Interest paid	6 999	917
Change in unrealised gains or losses for the period included in profit or loss for liabilities held at the end of the reporting period	2 052	917



3. FINANCIAL RISKS continued

Cash flow and fair value interest rate risk

The Group's cash flow interest rate risk arises from loans receivable, cash and cash equivalents and borrowings carrying interest at variable rates. The Group is not exposed to fair value interest rate risk as the Group does not have any fixed interest-bearing instruments carried at fair value.

As part of the process of managing the Group's exposure to interest rate risk, interest rate characteristics of new borrowings and the refinancing of existing borrowings are positioned according to expected movements in interest rates.

Foreign currency risk

The Group is exposed to foreign currency risk from transactions and translation. Transaction exposure arises because affiliated companies undertake transactions in currencies other than their functional currency. Translation exposure arises where affiliated companies have a functional currency other than the rand.

The Group manages its exposure to foreign currency risk by ensuring that the net foreign currency exposure remains within acceptable levels. Hedging instruments may be used in certain instances to reduce risks arising from foreign currency fluctuations.

IFRS 7 – Sensitivity Analysis

The Group has used a sensitivity analysis technique that measures the estimated change to the statement of comprehensive income of either an instantaneous increase or decrease of 1% (100 basis points) in market interest rates or a 10% strengthening or weakening of the rand against all other currencies, from the rates applicable at 31 May 2015, for each class of financial instrument with all other variables remaining constant. This analysis is for illustrative purposes only, as in practice market rates rarely change in isolation.

Interest rate sensitivity

The interest rate sensitivity analysis is based on the following assumptions:

- Changes in market interest rates affect the interest income or expense of variable interest financial instruments;
- Changes in market interest rates only affect interest income or expense in relation to financial instruments with fixed interest rates if these are recognised at fair value; and
- Under these assumptions, a 1% increase or decrease in market interest rates at 31 May 2015 would increase or decrease profit before tax by R8.5 million (2014: R13.6 million).

3. FINANCIAL RISKS continued**Foreign currency sensitivity****Financial instruments by currency**

	ZAR R'000	USD R'000	NgN R'000	GBP R'000	Total R'000
2015					
Financial assets					
Cash and cash equivalents	787 365	1 045	1	—	788 411
Trade and other receivables*	2 723 842	97	—	18 071	2 742 010
Loans receivable	74 302	—	—	—	74 302
Loans to associates and joint ventures	13 900	193 186	—	—	207 086
	3 599 409	194 328	1	18 071	3 811 809
Financial liabilities					
Non-interest-bearing borrowings	16 087	—	—	—	16 087
Trade and other payables*	3 013 412	171	638	—	3 014 221
	3 029 499	171	638	—	3 030 308
Net financial position	569 910	194 157	(637)	18 071	781 501
2014					
Financial assets					
Cash and cash equivalents	1 183 767	363	1	—	1 184 131
Trade and other receivables*	2 190 568	262	—	—	2 190 830
Loans receivable	46 351	—	—	—	46 351
Loans to associates and joint ventures	305	153 495	—	—	153 800
	3 420 991	154 120	1	—	3 575 112
Financial liabilities					
Non-interest-bearing borrowings	12 437	—	—	—	12 437
Interest-bearing borrowings	2 653	—	—	—	2 653
Trade and other payables*	2 888 914	261	730	105	2 890 010
	2 904 004	261	730	105	2 905 100
Net financial position	516 987	153 859	(729)	(105)	670 012

* Trade and other receivables and trade and other payables exclude non-financial instruments.

With a 10% strengthening or weakening in the rand against all other currencies, profit before tax would have decreased or increased by R21.2 million. In the prior year, with a 10% strengthening or weakening in the rand against all other currencies, profit before tax would have decreased or increased by R15.3 million.



3. FINANCIAL RISKS continued

Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust this capital structure, the Company may issue new shares, adjust the amount of dividends paid to shareholders, return capital to shareholders or sell assets to reduce debt.

The Group defines capital as capital and reserves and non-current borrowings. The Group is not subject to externally imposed capital requirements.

There were no changes to the Group's approach to capital management during the year.

	Computer equipment R'000	Furniture and fittings R'000	Motor vehicles R'000
4. PROPERTY, PLANT AND EQUIPMENT			
Year ended 31 May 2015			
Opening carrying amount	16 561	2 245	7 342
Additions	17 834	1 202	3 992
Acquisition of subsidiary	1 428	89	—
Disposals	(116)	—	(875)
Disposal of subsidiary	(64)	—	—
Depreciation charge	(12 596)	(976)	(2 616)
Closing carrying amount	23 047	2 560	7 843
At 31 May 2015			
Cost	72 529	10 835	14 974
Accumulated depreciation	(49 312)	(7 571)	(7 131)
Accumulated impairments	(170)	(704)	—
Carrying amount	23 047	2 560	7 843
Year ended 31 May 2014			
Opening carrying amount	13 772	3 157	7 509
Additions	11 755	438	2 558
Acquisition of subsidiary	503	116	—
Disposals	(337)	(18)	(226)
Depreciation charge	(9 114)	(1 337)	(2 499)
Impairment charges*	(18)	(111)	—
Closing carrying amount	16 561	2 245	7 342
At 31 May 2014			
Cost	54 808	9 551	13 492
Accumulated depreciation	(38 077)	(6 602)	(6 150)
Accumulated impairments	(170)	(704)	—
Carrying amount	16 561	2 245	7 342

* All impairment charges in the prior year related to Datacel Direct Proprietary Limited, the fixed assets of which were considered not recoverable and scrapped at net book value. These impairment charges solely related to the Solutions segment.

There are no property, plant and equipment assets that are encumbered.

The residual values of buildings are estimated to be higher than the carrying value and therefore there is no depreciation charge.

Office equipment R'000	Leasehold improve- ments R'000	Terminals and vending machines R'000	Media equipment R'000	Plant and machinery R'000	Buildings R'000	Total R'000
1 033	17 447	46 713	106	798	4 955	97 200
338	1 145	25 516	3 128	163	—	53 318
50	12	—	—	—	—	1 579
(23)	—	(2 666)	—	—	(856)	(4 536)
—	—	—	—	—	—	(64)
(414)	(6 644)	(17 361)	(9)	(197)	—	(40 813)
984	11 960	52 202	3 225	764	4 099	106 684
7 254	48 275	124 391	3 242	1 026	4 099	286 625
(5 850)	(35 877)	(68 602)	(17)	(262)	—	(174 622)
(420)	(438)	(3 587)	—	—	—	(5 319)
984	11 960	52 202	3 225	764	4 099	106 684
1 202	23 606	36 891	114	42	1 832	88 125
518	710	26 396	—	813	3 123	46 311
108	—	—	—	—	—	727
(42)	—	(235)	—	—	—	(858)
(753)	(6 869)	(16 339)	(8)	(57)	—	(36 976)
—	—	—	—	—	—	(129)
1 033	17 447	46 713	106	798	4 955	97 200
7 014	47 584	112 793	114	864	4 955	251 175
(5 561)	(29 699)	(61 493)	(8)	(66)	—	(147 656)
(420)	(438)	(4 587)	—	—	—	(6 319)
1 033	17 447	46 713	106	798	4 955	97 200

	Goodwill R'000	Trademarks R'000	Customer listing R'000
5. INTANGIBLE ASSETS AND GOODWILL			
Year ended 31 May 2015			
Opening carrying amount	423 384	1 298	1 031
Additions	—	—	—
Acquisition of subsidiary	185 967	—	—
Disposals	—	—	—
Disposal of subsidiary	(2 742)	—	—
Amortisation charge	—	(677)	(265)
Closing carrying amount	606 609	621	766
At 31 May 2015			
Cost	637 476	6 835	33 306
Accumulated amortisation	(4 747)	(6 214)	(32 540)
Accumulated impairments	(26 120)	—	—
Carrying amount	606 609	621	766
Year ended 31 May 2014			
Opening carrying amount	217 635	1 975	1 482
Additions	—	—	159
Acquisition of subsidiary	205 749	—	—
Disposals	—	—	—
Amortisation charge	—	(677)	(610)
Impairment charges	—	—	—
Closing carrying amount	423 384	1 298	1 031
At 31 May 2014			
Cost	454 250	6 835	33 306
Accumulated amortisation	(4 746)	(5 537)	(32 275)
Accumulated impairments	(26 120)	—	—
Carrying amount	423 384	1 298	1 031

* Included in the amortisation charge is an amount of R73.5 million (2014: R69.8 million) in respect of the purchased starter pack bases and postpaid bases, which is charged to the changes in inventories of finished goods line in the statement of comprehensive income.

** The postpaid base acquired included a warranty clause pertaining to the initial performance of the base. The Group was entitled to a warranty refund on the initial cost of the base, which is disclosed as a reduction in the cost of the asset.

*** This represents independently distributed starter pack bases and postpaid bases purchased. The remaining amortisation periods range between 19 months and 91 months.

Distribution agreement R'000	Computer software R'000	Internally generated software development costs R'000	Franchise fees R'000	Customer relationships R'000	Purchased*** starter pack bases and postpaid bases R'000	Total R'000
180 257	32 351	16 500	1 351	4 500	345 262	1 005 934
35 907	22 146	14 073	—	—	53 240	125 366
61 448	1 314	—	—	—	—	248 729
—	(308)	—	—	—	—	(308)
—	(267)	—	—	—	—	(3 009)
(24 104)	(11 663)	(11 327)	(261)	—	(73 522)*	(121 819)
253 508	43 573	19 246	1 090	4 500	324 980	1 254 893
299 694	103 431	58 954	3 118	131 023	563 908	1 837 745
(44 308)	(59 448)	(25 141)	(2 028)	(125 908)	(238 928)	(539 262)
(1 878)	(410)	(14 567)	—	(615)	—	(43 590)
253 508	43 573	19 246	1 090	4 500	324 980	1 254 893
723	25 550	21 669	1 611	4 789	430 584	706 018
89 359	10 306	2 954	—	—	(15 501)**	87 277
101 174	24	2 979	—	—	—	309 926
—	—	(1 210)	—	—	—	(1 210)
(10 999)	(3 452)	(9 095)	(260)	(90)	(69 821)*	(95 004)
—	(77)	(797)	—	(199)	—	(1 073)
180 257	32 351	16 500	1 351	4 500	345 262	1 005 934
202 339	82 078	44 881	3 118	131 023	510 668	1 468 498
(20 204)	(49 240)	(13 814)	(1 767)	(125 709)	(165 406)	(418 698)
(1 878)	(487)	(14 567)	—	(814)	—	(43 866)
180 257	32 351	16 500	1 351	4 500	345 262	1 005 934

5. INTANGIBLE ASSETS AND GOODWILL continued

The carrying amount of goodwill and intangible assets was reduced to their recoverable amounts through recognition of an impairment loss when required (2015: nil (2014: 1 073)).

The cash-generating units to which goodwill is allocated are presented below:

	2015 R'000	2014 R'000
Blue Label Distribution Proprietary Limited	36 364	36 364
Cellfind Proprietary Limited	21 406	21 406
Viamedia Proprietary Limited ¹	185 967	—
Retail Mobile Credit Specialists Proprietary Limited	205 749	205 749
The Prepaid Company Proprietary Limited ²	62 113	62 113
Blue Label Engage Proprietary Limited ³	—	2 742
Panacea Mobile Proprietary Limited	6 883	6 883
TicketPros Proprietary Limited	5 104	5 104
Datacel Group	83 023	83 023
	606 609	423 384

¹ Viamedia Proprietary Limited was acquired in the current year (refer to note 26).

² Previously this goodwill was allocated to Crown Cellular Proprietary Limited. Crown Cellular Proprietary Limited was deregistered and the business divisionalised into The Prepaid Company Proprietary Limited.

³ Blue Label Engage Proprietary Limited was disposed of in the current year (refer to note 25).

Goodwill is allocated to cash-generating units for the purpose of impairment testing.

The recoverable amount, which is the higher of fair value less cost of disposal and the value-in-use of CGUs, has been determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by the Board of Directors for the forthcoming year and forecasts for up to five years which are based on assumptions of the business, industry and economic growth. Cash flows beyond this period are extrapolated using terminal growth rates, which do not exceed the expected long-term economic growth rate.

The key assumptions used for the value-in-use calculations are as follows:

	2015		2014	
	Terminal growth rate %	Discount rate %	Terminal growth rate %	Discount rate %
Blue Label Distribution Proprietary Limited	4.2	17.33	4.2	15.28
Cellfind Proprietary Limited	4.0	18.88	4	18.42
Viamedia Proprietary Limited	4.0	17.38	—	—
Retail Mobile Credit Specialists Proprietary Limited	4.2	17.33	4.2	15.28
The Prepaid Company Proprietary Limited	4.5	16.33	4.5	16.78
Blue Label Engage Proprietary Limited	—	—	4	18.92
Panacea Mobile Proprietary Limited	4.0	18.88	4	18.42
TicketPros Proprietary Limited	4.2	17.33	4.2	15.28
Datacel Group	2.5	21.87	2.5	21.42

5. INTANGIBLE ASSETS AND GOODWILL continued

The discount rates used are pre-tax and reflect specific risks relating to the relevant companies. The growth rate is used to extrapolate cash flows beyond the budget period.

For The Prepaid Company Proprietary Limited and TicketPros Proprietary Limited if one or more of the inputs were changed to a reasonable possible alternative assumption, there would be no impairments that would have to be recognised.

For the remaining balances of goodwill, the discount rate used when calculating the value-in-use calculations would need to be increased by the following amounts before any impairments would need to be recognised:

	Increase in discount rate %
Blue Label Distribution Proprietary Limited	7.3
Cellfind Proprietary Limited	1.7
Viamedia Proprietary Limited	3.8
Retail Mobile Credit Specialists Proprietary Limited	11.1
Panacea Mobile Proprietary Limited	15.3
Datacel Group	6.7

The goodwill balances did not result in impairment charges for the year when compared to recoverable amounts (2014: nil).

6. INVESTMENTS IN AND LOANS TO ASSOCIATES AND JOINT VENTURES

	2015 R'000	2014 R'000
Cost and share of reserves at the beginning of the year	444 309	396 721
Acquisition of associates and joint ventures	81 475	89 316
Share of losses from associates and joint ventures	(79 338)	(56 873)
Share of results after tax	(75 745)	(53 558)
Amortisation of intangible assets	(4 990)	(4 604)
Deferred tax on intangible assets amortisation	1 397	1 289
Foreign currency translation reserve	(10 497)	26 099
Equity compensation benefit	548	164
Dividends received	(1 388)	(11 118)
Disposal of associate	(93 623)	—
Cost and share of reserves at the end of the year	341 486	444 309
Loans at the beginning of the year	153 800	127 441
Loans granted to associates and joint ventures	77 601	99 217
Loan granted to joint venture capitalised	(50 033)	(89 316)*
Unrealised foreign exchange profit on loans to associates and joint ventures	25 718	16 458
Loans at the end of the year	207 086	153 800
Closing net book value	548 572	598 109

* On 10 September 2013, a loan of R85.8 million was advanced to Blue Label Mexico S.A. de C.V. (BLM). This loan was capitalised on 18 December 2013. The difference of R3.5 million relates to foreign exchange movements.

6. INVESTMENTS IN AND LOANS TO ASSOCIATES AND JOINT VENTURES continued

Investments in associates and joint ventures include goodwill to the value of R260 million (2014: R273 million).

There was no impairment of investment in associates and joint ventures. This was tested by comparing the recoverable amount against the carrying value of the investment in associates and joint ventures.

The recoverable amount, which is the higher of fair value less cost of disposal and the value-in-use, has been determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by the Board of Directors for the forthcoming year and forecasts for up to five years which are based on assumptions of the business, industry and economic growth. Cash flows beyond this period are extrapolated using terminal growth rates, which do not exceed the expected long-term economic growth rate.

The key assumptions used for the value-in-use calculations are as follows:

	2015			2014	
	Growth rate %	Discount rate %	Growth rate %	Terminal value price multiple x	Discount rate %
Oxygen Services India Private Limited	5	21	*	7.4	29
Supa Pesa Africa (Mauritius) Limited	4	17.38	—	—	—
Blue Label Mexico S.A. de C.V.	3.5	18.46	3.5	*	17.44

* Not applicable.

For Supa Pesa Africa (Mauritius) Limited, if one or more of the inputs were changed to a reasonable possible alternative, there would be no impairments that would have to be recognised.

For the remaining companies, the inputs used when calculating the value-in-use would need to be increased or decreased by the following amounts before any impairment would need to be recognised:

	2015			2014	
	Growth rate %	Discount rate %	Growth rate %	Terminal value price multiple x	Discount rate %
Oxygen Services India Private Limited	(9)	4.1	*	(5.1)	31.5
Blue Label Mexico S.A. de C.V.	(3.56)	2.25	(4.6)	*	2.8

* Not applicable.

6. INVESTMENTS IN AND LOANS TO ASSOCIATES AND JOINT VENTURES continued

Loans to associates and joint ventures

	Interest rate	2015 R'000	2014 R'000
Oxygen Services India Private Limited	Libor + 1.50%	29 552	25 068
Blue Label Mexico S.A. de C.V.	4.50%	—	1 054
2DFine Holdings Mauritius*	10%	163 634	127 373
Supa Pesa South Africa Proprietary Limited	11%	7 900	—
Lornanox Proprietary Limited	0%	6 000	—
Forensic Intelligence Data Solutions Proprietary Limited		—	305
		207 086	153 800

* Refer to note 29 for details on the surety relating to this loan.

The loans are neither past due nor impaired with a low risk of default. Refer to note 3 for more details.

Loans to associates and joint ventures are repayable on demand.

Shares in associates and joint ventures acquired during the year

		Date acquired	Effective percentage
Supa Pesa Africa (Mauritius) Limited	Joint venture	1 March 2015	50
Supa Pesa South Africa Proprietary Limited	Joint venture	1 March 2015	50
Lornanox Proprietary Limited	Associate	22 January 2015	40
Mpower Softcomm Private Limited	Associate	1 June 2014	21.6
Blue Label Mexico S.A. de C.V.	Joint venture	1 September 2014	1.07

During the year, Supa Pesa Africa (Mauritius) Limited and Supa Pesa South Africa Proprietary Limited were acquired for a consideration of R30 million and R50 000 respectively. Lornanox Proprietary Limited was acquired for a consideration of 80 cents.

The R30 million acquisition price of Supa Pesa Africa (Mauritius) Limited includes a cash element of R0.1 million and a contingent consideration of R37.5 million if certain profit warranties are achieved. The first three amounts of R9.83 million (R29.5 million in total) are based on the profit of Supa Pesa Africa (Mauritius) Limited for the years ended 31 May 2016, 31 May 2017 and 31 May 2018. The fourth amount of R8 million is based on the cumulative profits for the year ending 31 May 2018.

The potential undiscounted amount of all future payments that the Group could be required to make under this arrangement is between Rnil and R37.5 million.

The fair value of the contingent consideration arrangement of R29.9 million was estimated by applying the income approach. The fair value estimates are based on a discount rate of 9.25%. For all profit targets management has assumed a probability of 100%. In determining these probabilities management has assessed the cash flow projections based on financial budgets approved by the Board and Directors for the forthcoming three years which are based on assumptions of the business, industry and economic growth.

Gold Label Investments Proprietary Limited and 2DFine Holdings Investments Mauritius each received 14.4% shares in Mpower Softcomm Private Limited as part of a demerger transaction in Oxygen Services India Private Limited. This was received by way of a dividend to the value of R1.4 million each.

In the current year, there was a further capital contribution of R50 million to BLM. This comprised R49 million loaned in September 2014 together with the R1 million loan outstanding at the beginning of the financial year. This resulted in a dilution of shares held by an outside shareholder increasing our shareholding to 46.64%.

6. INVESTMENTS IN AND LOANS TO ASSOCIATES AND JOINT VENTURES continued**Shares in associates and joint ventures acquired during the prior year continued**

		Date acquired	Effective percentage
Forensic Intelligence Data Solutions Proprietary Limited	Associate	1 June 2013	25
Blue Label Mexico S.A. de C.V.	Joint venture	1 January 2014	0.57

During the prior year Forensic Intelligence Data Solutions Proprietary Limited was acquired for a consideration of 25 cents.

In the prior year, there was a further capital contribution of R89.3 million to BLM. This resulted in a dilution of shares held by an outside shareholder increasing our shareholding to 45.57%.

Shares in associates disposed of during the current year

		Date disposed	Effective percentage
Smart Voucher Limited trading as Ukash	Associate	1 April 2015	17.25

Ukash was disposed of in April 2015. The proceeds on this disposal was R112.4 million and the profit recorded in the statement of comprehensive income was R37.2 million including the foreign currency translation reserve that was recycled to profit or loss.

The proceeds of R112.4 million include a cash component of R94.9 million and a contingent receivable of R17.5 million. The contingent consideration arrangement requires the acquirer to pay in cash to the Group an additional amount of R18.1 million if certain warranties are achieved. The amounts are receivable in four six-month intervals commencing 30 September 2015.

The potential undiscounted amount of all future receipts that the Group could receive is between Rnil and R18.1 million (Enil and £1 million).

The fair value of the contingent consideration arrangement of R17.5 million was estimated by applying the income approach. The fair value estimates are based on a discount rate of 1.5% based on the United Kingdom prime lending rate. For all four warranties management has assumed a probability of 98% based on the historical knowledge of the business and the warranties appearing achievable.

6. INVESTMENTS IN AND LOANS TO ASSOCIATES AND JOINT VENTURES continued

Associates

The Group's interests in its principal significant associates, which are unlisted, are as follows:

Associate	Smart Voucher Limited trading as Ukash Online cash payment provider United Kingdom	Oxygen Services India Private Limited Airtime and payment solution provider India	
Principal activity			
Country of incorporation			
	2014 R'000	2015 R'000	2014 R'000
Statement of financial position			
Non-current assets	22 174	129 691	117 463
Current assets	797 626	226 721	166 965
Cash and cash equivalents	611 510	119 757	77 159
Other current assets	186 116	106 964	89 806
	819 800	356 412	284 428
Total equity	206 098	75 737	75 037
Non-current liabilities	—	36 687	32 085
Current liabilities	613 702	243 988	177 306
	819 800	356 412	284 428
Effective percentage held			
	17.25	55.83	55.83
Net assets	206 098	75 737	75 037
Interest in associate	35 552	42 284	41 893
Goodwill	44 224	39 663	36 828
Movements in share premium not accounted for*	—	(20 404)	(20 404)
Balance at the end of the year	79 776	61 543	58 317
Statement of comprehensive income			
Revenue	498 975	4 858 126	3 860 132
Operating profit before depreciation, amortisation and impairment charges	93 337	25 219	10 803
Depreciation and amortisation	(13 747)	(16 030)	(15 212)
Finance costs	(5)	(10 132)	(6 282)
Finance income	891	4 679	3 914
Net profit/(loss) before taxation	80 476	3 736	(6 777)
Taxation	(17 621)	957	940
Net profit/(loss) after taxation	62 855	4 693	(5 837)
Other comprehensive (loss)/income	27 645	(2 484)	(326)
Total comprehensive income/(loss)	90 500	2 209	(6 163)
Effective percentage held			
	17.25	55.83	55.83
Share of total comprehensive income/(loss)	15 611	1 233	(3 441)

* IAS 28 – Investment in Associates was amended to allow only movements in the associates' other comprehensive income to be accounted for.

6. INVESTMENTS IN AND LOANS TO ASSOCIATES AND JOINT VENTURES continued**Associates continued**

The Group's interest in its other associates, which are unlisted, are as follows:

Associates	Country of incorporation	Non- current assets R'000	Current assets R'000
2015			
Lornanox Proprietary Limited	South Africa	—	6 000
Mpower Softcomm Private Limited	India	17 700	7 288
Forensic Intelligence Data Solutions Proprietary Limited	South Africa	1 328	3 063
2014			
Forensic Intelligence Data Solutions Proprietary Limited	South Africa	1 932	1 911

There are no contingent liabilities relating to the Group's interest in associates.

For details on related party transactions, refer to note 29.



Non-current liabilities R'000	Current liabilities R'000	Revenues R'000	Profit/(loss) R'000	Total comprehensive profit/(loss) R'000	Effective percentage interest held R'000	Carrying value of investment R'000
—	6 000	—	—	—	40	6 000
282	12 801	23 262	1 323	2 227	21.6	1 711
—	2 011	2 641	11 908	11 908	20.25	—
—	13 372	3 260	(9 529)	(9 529)	20.25	—

6. INVESTMENTS IN AND LOANS TO ASSOCIATES AND JOINT VENTURES continued

Set out below is the summarised financial information of the Group's significant joint ventures

Joint venture	Blue Label Mexico S.A. de C.V.		2DFine Holdings Mauritius		Supa Pesa Africa (Mauritius) Limited
Principal activity	Distributor of terminals to vend e-tokens of value		Investment holding company		Content provider
Country of incorporation	Mexico		Mauritius		Mauritius
	2015 R'000	2014 R'000	2015 R'000	2014 R'000	2015 R'000
Statement of financial position					
Non-current assets	214 368	268 512	118 463	102 171	8 207
Current assets	150 609	160 525	45	1	6 906
Cash and cash equivalents	46 320	79 353	1	1	—
Other current assets	104 289	81 172	44	—	6 906
	364 977	429 037	118 508	102 172	15 113
Total equity	261 721	359 853	(47 611)	(26 965)	5 380
Non-current liabilities	8 482	10 407	—	—	8 207
Current liabilities	94 773	58 777	166 120	129 137	1 526
Trade and other payables	93 564	58 487	191	456	1 154
Other current liabilities	1 209	290	165 929	128 681	372
	103 255	429 037	166 120	102 172	9 733
Effective percentage held	46.64	45.57	50	50	50
Net assets	261 721	359 853	(47 611)	(26 965)	5 380
Share capital and share premium	(737 792)	637 728	*	*	*
	(476 071)	(277 875)	(47 611)	(26 965)	5 380
Interest in joint venture	(222 040)	(126 628)	(23 806)	(13 483)	2 690
Goodwill	185 434	190 994	—	—	31 215
Capital funding	304 175	254 142	—	—	—
Balance at the end of the year	267 569	318 508	(23 806)	(13 483)	33 905

* Less than R1 000.

6. INVESTMENTS IN AND LOANS TO ASSOCIATES AND JOINT VENTURES continued

Joint venture	Blue Label Mexico S.A. de C.V.		2DFine Holdings Mauritius		Supa Pesa Africa (Mauritius) Limited
Principal activity	Distributor of terminals to vend e-tokens of value		Investment holding company		Content provider
Country of incorporation	Mexico		Mauritius		Mauritius
	2015 R'000	2014 R'000	2015 R'000	2014 R'000	2015 R'000
Statement of comprehensive income					
Revenue	3 526 421	2 865 340	—	—	8 110
Operating loss before depreciation, amortisation and impairment charges	(124 452)	(78 915)	(907)	(685)	5 900
Depreciation, amortisation and impairment	(68 275)	(50 386)	—	—	—
Finance costs	—	(5 955)	(14 240)	(11 786)	(420)
Finance income	1 719	1 194	—	—	—
Net (loss)/profit before taxation	(191 008)	(134 062)	(15 147)	(12 471)	5 480
Taxation	(2 671)	(430)	—	—	(164)
Net (loss)/profit after taxation	(193 679)	(134 492)	(15 147)	(12 471)	5 316
Other comprehensive (loss)/income	(14 765)	15 265	(5 499)	(959)	64
Total comprehensive (loss)/income	(208 444)	(119 227)	(20 646)	(13 430)	5 380
Effective percentage held	46.64	45.57	50	50	50
Share of total comprehensive income	(92 749) [#]	(53 942) [#]	(10 323)	(6 715)	2 690

During the year BLT increased its holding by 1.07% to 46.64% in BLM. In the prior year BLT increased its shareholding by 0.57% to 45.57% in BLM.

Blue Label Telecoms Limited has guaranteed 45% of the amount owed by BLM to Radiomovil Dipsa S.A. de C.V. (trading as Telcel). At year-end there is no balance due to them by BLM.

There are no other contingent liabilities relating to the Group's interest in joint ventures.

For details on related party transactions, refer to note 29.

6. INVESTMENTS IN AND LOANS TO ASSOCIATES AND JOINT VENTURES continued

The Group's interests in its other joint ventures, which are unlisted, are as follows:

	Country of incorporation	Non- current assets R'000	Current assets R'000
2015			
Supa Pesa South Africa Proprietary Limited	South Africa	142	1 186
Datacision Proprietary Limited	South Africa	*	14 513
2014			
Datacision Proprietary Limited	South Africa	455	11 350

* Less than R1 000.



Non-current liabilities R'000	Current liabilities R'000	Revenues R'000	Profit R'000	Total comprehensive profit/(loss) R'000	Effective percentage interest held R'000	Carrying value of investment R'000
8 429	378	2 180	*	*	37.5	8 000
2	4 199	22 454	3 174	3 174	40.5	464
—	4 667	22 961	3 516	3 516	40.5	1 494

	2015 R'000	2014 R'000
7. LOANS RECEIVABLE		
Interest-free loans	41 041	25 710
Interest-bearing loans receivable	33 261	20 641
	74 302	46 351
Less: Amounts included in current portion of loans receivable	(44 569)	(27 850)
	29 733	18 501
All loans receivable are unsecured. Interest-bearing loans bear interest at a range of between prime and prime + 2%. Interest-free loans amounting to R32.1 million and interest-bearing loans amounting to R1.3 million are repayable within five years. The loans receivable are neither past due nor impaired with a low risk of default. Of this amount, R19 million (2014: R24 million) relates to loans receivable from related parties, which are interest free. Refer to note 29.		
8. STARTER PACK ASSETS		
Balance at the beginning of the year	3 317	3 688
Additions	5 951	1 513
Impairments*	(1 419)	(1 520)
Disposals*	(1 462)	(364)
At the end of the year	6 387	3 317
Less: Amounts included in current portion of starter pack assets	(1 938)	(1 010)
	4 449	2 307

* These impairments and disposals are charged to the statement of comprehensive income and are included in changes in inventories of finished goods. The impairments represent the value of starter packs that management considers the probability of activation to be low. The disposals represent starter packs that have activated during the year.



	2015 R'000	2014 R'000
9. TRADE AND OTHER RECEIVABLES		
Trade receivables	2 642 059	2 152 107
Less: Provision for impairment	(10 927)	(15 665)
	2 631 132	2 136 442
Sundry debtors	34 265	22 456
Contingent consideration receivable*	17 757	—
Prepayments	68 958	12 544
VAT	15 960	55 255
Receivables from related parties (refer to note 29)	9 178	6 880
	2 777 250	2 233 577
Less: Amounts included in current portion of trade and other receivables**	(2 712 165)	(2 181 973)
	65 085	51 604

* This relates to the contingent consideration receivable for the disposal of Ukash. Refer to note 6 for further details.

** Included in the amount above are starter pack debtors that have a cycle period which may be in excess of 12 months.

The Group's exposure to credit and currency risk relating to trade and other receivables is disclosed in note 3.

	Gross R'000	Impairment R'000	Net R'000
9. TRADE AND OTHER RECEIVABLES continued			
31 May 2015			
Fully performing	2 515 633	—	2 515 633
Past due by one to 30 days	50 545	111	50 434
Past due by 31 to 60 days	28 742	98	28 644
Past due by 61 to 90 days	26 154	310	25 844
Past due by more than 90 days	38 390	9 408	28 982
	2 659 464	9 927	2 649 537
Portfolio impairment		1 000	(1 000)
	2 659 464	10 927	2 648 537
31 May 2014			
Fully performing	2 127 087	—	2 127 087
Past due by one to 30 days	18 045	166	17 879
Past due by 31 to 60 days	4 349	601	3 748
Past due by 61 to 90 days	3 010	406	2 604
Past due by more than 90 days	13 961	8 030	5 931
	2 166 452	9 203	2 157 249
Portfolio impairment		6 462	(6 462)
	2 166 452	15 665	2 150 787

Receivables in respect of starter pack debtors are included in fully performing debtors above.

Trade receivables are discounted at a discount rate of 9.25% per annum (2014: 9% per annum) based on average debtors' days outstanding. The effect of discounting of the trade receivables balance which amounts to R8.227 million (2014: R7.465 million) is not taken into account in the above table.

The trade receivables that are neither past due nor impaired relate to independent customers for whom there is no recent history of default.

Sundry debtors are considered to be fully performing.



	2015 R'000	2014 R'000
9. TRADE AND OTHER RECEIVABLES continued		
Provision for impairment of receivables		
Balance at the beginning of the year	15 665	7 639
Allowances made during the year	6 994	5 097
Acquisition/(disposal) of subsidiaries	—	6 462
Amounts utilised and reversal of unutilised amounts	(11 732)	(3 533)
At 31 May	10 927	15 665

Impairment of receivables is determined after assessing the nature of the customer, their geographic location and specific circumstances.

The Group believes that the above provision for impairment of receivables sufficiently covers the risk of default.

There is a cession of trade receivables of R2.485 billion (2014: R2.011 billion) in favour of Investec Bank Limited as security for facilities referred to in note 3.

	Capital allowances R'000	Fair value gains R'000
10. DEFERRED TAXATION		
At 31 May 2013	(85)	13 308
Charge/(credited) to statement of comprehensive income	511	(3 907)
Acquisition of subsidiary	—	28 329
At 31 May 2014	426	37 730
Charge/(credited) to statement of comprehensive income	(104)	(6 950)
Disposal of subsidiary	—	—
Acquisition of subsidiary	—	17 205
At 31 May 2015	322	47 985



Provisions R'000	Tax losses R'000	Prepayments R'000	Unrealised foreign exchange differences R'000	Other R'000	Total R'000
(17 066)	(10 947)	1 802	6 056	342	(6 590)
8 394	(9 110)	528	1 479	(449)	(2 554)
(2 327)	—	—	—	—	26 002
(10 999)	(20 057)	2 330	7 535	(107)	16 858
(8 084)	(1 275)	395	6 875	(1 128)	(10 271)
51	159	(371)	—	161	—
(139)	—	—	—	—	17 066
(19 171)	(21 173)	2 354	14 410	(1 074)	23 653

	2015 R'000	2014 R'000
10. DEFERRED TAXATION continued		
Deferred tax asset comprises:		
Capital allowances	(121)	(344)
Provisions	(19 681)	(10 999)
Tax losses	(21 173)	(20 057)
Other	(1 967)	(2 525)
Total deferred tax asset	(42 942)	(33 925)
Deferred tax liability comprises:		
Capital allowances	443	770
Fair value gains	47 985	37 730
Provisions	510	—
Prepayments	2 354	2 330
Unrealised foreign exchange differences	14 410	7 535
Other	893	2 418
Total deferred tax liability	66 595	50 783
Net deferred tax liability	23 653	16 858
The analysis of deferred tax assets and deferred tax liabilities is as follows:		
Deferred tax assets		
Deferred tax assets to be recovered after more than 12 months	(561)	96
Deferred tax assets to be recovered within 12 months	(30 237)	(24 748)
Net deferred tax asset	(30 798)	(24 652)
Deferred tax liabilities		
Deferred tax liabilities to be recovered after more than 12 months	42 306	28 758
Deferred tax liabilities to be recovered within 12 months	12 145	12 752
Net deferred tax liability	54 451	41 510
Net deferred tax liability	23 653	16 858

Where deferred tax assets have been recognised in respect of entities which have incurred losses in the current or prior years, a formal process of assessment of the future profitability of the entity has been performed based on detailed budgets and cash flow forecasts. As a result, management believes that the current tax losses will be utilised within one to five years.

Deferred tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Group did not recognise deferred income tax assets of R42.6 million (2014: R37.1 million) in respect of losses amounting to R152.3 million (2014: R132.6 million) that can be carried forward against future taxable income.

There is no withholding tax that would be payable on any dividends received from the Group's associates and joint ventures and therefore no deferred tax has been raised in this regard.



	2015 R'000	2014 R'000
11. INVENTORIES		
Finished goods – airtime and related products	1 433 104	1 306 206
	1 433 104	1 306 206
Inventory impairments of Rnil (2014: R0.4 million) have been charged to the statement of comprehensive income and are included in other expenses.		
Inventories with a cost of R20.4 billion (2014: R18.1 billion) were sold during the year and have been charged to the statement of comprehensive income and are included in changes of inventories of finished goods.		
A general notarial bond is held by Investec Bank Limited over airtime up to R1.5 billion (2014: R1 billion).		
12. CASH AND CASH EQUIVALENTS		
Cash at bank	788 283	1 184 064
Cash on hand	128	67
	788 411	1 184 131
Guarantees to the value of R131 million (2014: R104 million) are issued by the Group's bankers in favour of suppliers on behalf of the Group.		
Included in this balance is restricted cash of R2.3 million (2014: R9.8 million).		

	2015 Number of shares	2014 Number of shares	2015 Number of shares	2014 Number of shares
13. SHARE CAPITAL				
Authorised				
Total authorised share capital of ordinary shares (par value of R0.000001 each)	1 000 000 000	1 000 000 000	1	1
Issued				
Balance at the beginning of the year	663 896 358	661 635 258	*	*
Shares acquired during the year	(2 252 420)	(1 368 822)	*	*
Shares vested during the year	3 819 408	3 629 922	*	*
Balance at the end of the year	665 463 346	663 896 358	*	*

* Less than R1 000.

All issued shares are fully paid up.

The total number of shares in issue including shares held as treasury shares as at 31 May 2015 is 674 509 042 (2014: 674 509 042).

The Company acquired 2 252 420 (2014: 1 368 822) shares at an average price of R8.49 (2014: R8.12) on the JSE in order to grant forfeitable shares to employees and directors as part of the Group's forfeitable share plan.

The amount paid to acquire these shares was R19 131 983 (2014: R11 120 071) and has been deducted from shareholders' equity.

These shares are held as "treasury shares".

Refer note 32 for details on the forfeitable shares.



	2015 R'000	2014 R'000
14. TRADE AND OTHER PAYABLES		
Trade payables	2 671 779	2 702 789
Accruals	70 103	69 103
Employee benefits	61 740	32 269
Sundry creditors	20 974	14 299
Deferred revenue	1 221	16 343
Contingent consideration (refer to note 3)	123 902	22 607
VAT	16 675	5 850
Payables to related parties (refer to note 29)	7 828	5 816
	2 974 222	2 869 076
<i>Less: Amounts included in current portion of trade and other payables</i>	(2 831 000)	(2 818 898)
	143 222	50 178

Trade payables are discounted at a discount rate of 9.25% per annum (2014: 9% per annum) based on average creditors' days outstanding. The effect of discounting of the trade receivables balance amounts to R18.513 million (2014: R22.172 million).

	2015 R'000	2014 R'000
15. PROVISIONS		
Unredeemed electricity provision		
Opening balance	17 504	19 029
Additions	687 421	617 853
Used during the year	(686 051)	(619 378)
	18 874	17 504
Less: Amounts included in current portion of provisions	(18 874)	(17 504)
	—	—
The unredeemed electricity provision raised represents the value of electricity vouchers sold and unredeemed as at year-end, payable by the Group to the municipalities on redemption by the end customer. Redemption is dependent on activation by customers. This is expected to occur within the first quarter of the following financial year.		
Onerous contracts		
Opening balance	6 985	—
Acquisition of subsidiary	—	7 406
Additions	3 621	—
Used during the year	(6 647)	(421)
Reversed	(1 342)	—
	2 617	6 985
Less: Amounts included in current portion of provisions	(2 617)	(6 273)
	—	712

The onerous contracts relate to line subscriptions for which the Group is contracted to incur unavoidable charges that are expected to exceed the related economic benefits to be received. A provision is raised due to the uncertainty associated with the amount of net outflow for each subscription.

The provision will be used over the period of each subscription which in no case exceeds 12 months.

	2015 R'000	2014 R'000
16. BORROWINGS		
Interest-bearing borrowings	—	2 653
Non-interest-bearing borrowings	16 087	12 437
	16 087	15 090
Less: Amounts included in current portion of borrowings	(16 087)	(15 090)
	—	—
The Group did not default on any loans or breach any terms of the underlying agreements during the period. Borrowings are unsecured and are repayable on demand. Interest-bearing borrowings in the prior year bore interest at prime +2%. Included in borrowings is R4.7 million owing to related parties, which is interest free (refer to note 29).		
17. REVENUE		
Prepaid airtime	20 203 059	18 187 650
Postpaid airtime	127 030	38 294
Prepaid and postpaid SIM cards	701 223	582 618
Services	442 600	276 018
Electricity commission	201 170	153 460
Handsets, tablets and other devices	178 886	83 570
Other revenue*	190 254	80 056
	22 044 222	19 401 666
* Other revenue primarily comprises, meter installations, data, device rentals and ticket sales.		
18. EMPLOYEE COMPENSATION AND BENEFIT EXPENSE		
Salaries and wages	329 447	286 212
Bonuses	53 038	34 563
Equity compensation benefit	24 290	11 069
Other	673	698
	407 448	332 542
Average number of employees for the year was 1 271 (2014: 1 186).		

	2015 R'000	2014 R'000
19. OPERATING PROFIT		
The following items have been charged/(credited) in arriving at operating profit:		
Acquisition-related costs	1 971	2 901
Advertising and promotional expenses	14 252	19 173
Amortisation of intangible assets**	121 819	95 004
Audit fees – services as auditors	14 188	14 367
Audit fees – other	491	1 578
Bank charges	6 478	7 670
Communication costs	7 394	5 143
Consulting fees	29 645	25 230
Courier and postage	3 962	4 103
Depreciation	40 813	36 976
Foreign exchange profit*	(20 443)	(16 458)
Impairment of loans	4 907	1 761
Impairment of trade receivables	14 463	4 164
Impairment of trade receivables – provision	(4 738)	1 564
Impairment of intangible assets	—	1 073
Impairment of property, plant and equipment	—	129
Impairment of inventory	—	411
Insurance	7 067	7 081
IT infrastructure costs and computer-related costs	21 117	22 756
Legal fees	14 701	25 311
Local travel	6 559	6 157
Profit on disposal of subsidiaries*	(3 962)	—
Profit on disposal of associates*	(37 238)	—
Management fees paid	5 624	5 324
Management fees received*	(736)	(879)
Motor vehicle expenses	9 484	9 500
Operating lease rentals – equipment	1 731	2 367
Operating lease rentals – premises	33 692	31 093
Overseas travel	5 536	3 194
Printing and stationery	1 547	1 826
Profit on disposal of property, plant and equipment*	(1 707)	(287)
Repairs and maintenance	5 759	11 273

* Included in other income on the Group statement of comprehensive income.

** Included in the amortisation charge is an amount of R73.5 million (2014: R69.8 million) in respect of the purchased starter pack bases and postpaid bases, which is charged to the changes in inventories of finished goods line in the statement of comprehensive income.

	2015 R'000	2014 R'000
20. FINANCE COSTS/(INCOME)		
Finance costs		
– Bank	54	71
– Loans	60 557	21 465
– Other	7 353	1 457
– Discounting of payables	165 201	143 883
	233 165	166 876
Finance income		
– Bank	(13 458)	(24 153)
– Loans	(2 522)	(1 449)
– Other	(14 741)	(13 205)
– Discounting of receivables	(142 326)	(117 443)
	(173 047)	(156 250)
Net finance costs	60 118	10 626
21. TAXATION		
Current tax	275 768	208 996
Current year	276 297	209 055
Adjustment in respect of prior years	(529)	(59)
Deferred tax	(10 271)	(2 554)
Current year	(9 845)	(2 278)
Adjustment in respect of prior years	(426)	(276)
	265 497	206 442
Profit before tax	846 690	655 357
Tax at 28%	237 073	183 500
Income not subject to tax	(16 116)	(8 852)
Expenses not deductible for tax purposes	6 681	7 053
Capital gains tax	8 698	(840)
Utilisation of previously unrecognised tax losses	—	(71)
Tax effect of assessed losses not recognised	7 901	9 695
Share of losses from associates and joint ventures	22 215	15 924
Adjustment in respect of prior years	(955)	(335)
Effect of different tax dispensations	—	368
Tax charge	265 497	206 442
Effective tax rate	31%	32%

	2015	2014
22. EARNINGS PER SHARE		
(a) Basic		
Basic earnings per share are calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.		
Profit attributable to equity holders of the Company (R'000)	577 617	450 230
Weighted average number of ordinary shares in issue (thousands)	665 030	663 298
Basic earnings per share (cents per share)	86.86	67.88

(b) Headline

Headline earnings are calculated applying the principles contained in SAICA circular 2/2013.

The weighted average number of ordinary shares used is the same as that used for the basic earnings per share.

	2015			
	Profit before tax and non- controlling interest R'000	Tax R'000	Non- controlling interest R'000	Headline earnings R'000
Profit attributable to equity holders of the Company	846 690	(265 497)	(3 576)	577 617
Profit on disposal of property, plant and equipment	(1 707)	478	4	(1 225)
Impairment of property, plant and equipment in joint venture	3 264	—	—	3 264
Profit on disposal of subsidiary	(3 962)	—	—	(3 962)
Profit on disposal of associate	(37 238)	8 595	—	(28 643)
Headline earnings				547 051
Weighted average number of ordinary shares in issue (thousands)				665 030
Headline earnings per share (cents per share)				82.26



22. EARNINGS PER SHARE continued

(b) Headline continued

	2014			
	Profit before tax and non- controlling interest R'000	Tax R'000	Non- controlling interest R'000	Headline earnings R'000
Profit attributable to equity holders of the Company	655 357	(206 442)	1 315	450 230
Profit on disposal of property, plant and equipment	(287)	80	—	(207)
Impairment of property, plant and equipment	129	(36)	—	93
Impairment of intangible assets	1 073	(300)	—	773
Headline earnings				450 889
Weighted average number of ordinary shares in issue (thousands)				663 298
Headline earnings per share (cents per share)				67.98

22. EARNINGS PER SHARE continued

(c) Diluted – basic and headline

Diluted earnings per share are calculated by adjusting the number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The dilutive potential ordinary shares of the Company are the forfeitable shares granted. For this calculation, an adjustment is made for the number of shares that would be issued on vesting under the forfeitable share plan.

	2015 R'000	2014 R'000
Basic earnings (R'000)	577 617	450 230
Dilutive instrument (R'000)	(5 603)	(695)
Diluted earnings (R'000)	572 014	449 535
Weighted average number of ordinary shares in issue (thousands)	665 030	663 298
Adjusted for forfeitable shares (thousands)	7 672	9 014
Weighted average number of ordinary shares for diluted earnings (thousands)	672 702	672 312
Diluted basic earnings per share (cents per share)	85.03	66.86
Headline earnings (R'000)	547 051	450 889
Dilutive instrument (R'000)	(5 603)	(695)
Diluted headline earnings (R'000)	541 448	450 194
Weighted average number of ordinary shares for diluted headline earnings (thousands)	672 702	672 312
Diluted headline earnings per share (cents)	80.49	66.96

(d) Core

Core earnings per share is calculated after adding back the amortisation of intangible assets as a consequence of the purchase price allocations completed in terms of IFRS 3(R) – *Business Combinations*.

Reconciliation between net profit for the period and core net profit for the period:

Net profit for the period (R'000)	577 617	450 230
Amortisation on intangibles raised through business combinations net of tax and non-controlling interest (R'000)	18 961	10 372
Core net profit for the period (R'000)	596 578	460 602
Weighted average number of ordinary shares in issue (thousands)	665 030	663 298
Core earnings per share (cents per share)	89.71	69.44

	2015 R'000	2014 R'000
23. CASH GENERATED BY OPERATIONS		
Reconciliation of operating profit to cash generated by operating activities:		
Operating profit	986 146	722 856
Adjustments for:		
Depreciation of property, plant and equipment	40 813	36 976
Amortisation of intangible assets	121 819	95 004
Impairment of property, plant and equipment	—	129
Impairment of intangible assets	—	1 073
Discounting of receivables recognised in revenue	142 326	117 443
Discounting of payables recognised in changes in inventories of finished goods	(165 201)	(143 883)
Impairment of loans	4 907	1 761
Profit on disposal of property, plant and equipment	(1 707)	(287)
Profit on disposal of subsidiary	(3 962)	—
Profit on disposal of associates	(37 238)	—
Equity compensation benefit expense	24 290	11 069
Net unrealised forex profit	(25 718)	(16 458)
Changes in working capital (excluding the effects of acquisitions and disposals):		
(Increase)/decrease in inventories	(123 152)	552 305
Increase in trade and other receivables	(538 269)	(669 602)
Increase in trade and other payables	2 500	423 461
Decrease/(increase) in loans receivable	5 322	(3 209)
(Increase)/decrease in starter pack assets	(3 070)	370
	429 806	1 129 008
24. TAXATION PAID		
Balance outstanding at the beginning of the year	25 323	36 071
Taxation charge	275 768	208 996
Acquisition of subsidiaries	(19 403)	3 726
Translation differences	(24)	68
Balance outstanding at the end of the year	(36 169)	(25 323)
	245 495	223 538

25. DISPOSAL OF SUBSIDIARIES**31 May 2015**

Date disposed	14 December 2014
% disposed	50.1
	Blue Label Engage Proprietary Limited R'000
The carrying/fair value of the net assets disposed of:	
Cash and cash equivalents	66
Property, plant and equipment	64
Intangible assets	267
Financial assets at fair value through profit and loss	1 389
Receivables	8 484
Loans receivable	1 328
Deferred tax	—
Borrowings	(12 934)
Payables	(7 254)
Carrying/fair value of subsidiary disposed of	(8 590)
Non-controlling interest	4 286
Carrying/fair value of net assets disposed of	(4 304)
Goodwill	2 742
Carrying/fair value of net assets disposed of	(1 562)
Profit on disposal of subsidiary	3 962
Total proceeds on disposal received in cash	2 400
Less: Cash and cash equivalents in subsidiary	(66)
Cash inflow on disposal	2 334

On 14 December 2014, Blue Label Telecoms Limited sold its 50.1% shareholding in Blue Label Engage Proprietary Limited to management for an amount of R2.4 million. The profit on disposal of R3.962 million has been recognised in the statement of comprehensive income.



26. BUSINESS COMBINATIONS

Acquisition of subsidiary

	Viamedia Proprietary Limited R'000 Mobile content and value-added services provider 1 September 2014 75
Date acquired	
% acquired	
At 31 May 2015	
Assets	103 383
Liabilities	53 917
Revenue since acquisition	153 754
Profit after tax since acquisition	34 826

Had the acquisition of subsidiary taken place at the beginning of the financial year, it would have contributed R191.2 million to revenue and R47.5 million to net profit after tax. The actual contribution to revenue and net profit after tax for the year was R153.8 million and R34.8 million respectively.

The fair value of the net assets approximated the assets acquired on acquisition date.

26. BUSINESS COMBINATIONS continued

Acquisition of subsidiary continued

	Viamedia Proprietary Limited R'000
Bank overdraft	(13 086)
Property, plant and equipment	1 579
Intangible assets**	62 762
Receivables	15 800
Inventories	619
Receiver of revenue receivable	19 403
Deferred tax**	(17 066)
Payables	(12 424)
Fair value of subsidiaries acquired	57 587
Non-controlling interests*	(14 397)
Fair value of net assets acquired	43 190
Goodwill	185 967
Total purchase consideration	229 157
Contingent consideration	(84 783)
Settled in cash	144 374
Plus: Bank overdraft of subsidiary	13 086
Cash flow on acquisition	157 460

* The non-controlling interest acquired is measured using the proportionate share of the recognised amounts of Viamedia's identifiable net assets.

** Included in additions in note 5 is R61.4 million of Databases which relate to the purchase price allocations performed for Viamedia Proprietary Limited in terms of IFRS 3(R) – Business Combinations. Deferred tax to the value of R17.2 million was raised on recognition of this intangible asset.

**26. BUSINESS COMBINATIONS continued****Acquisition of subsidiary continued**

Viamedia Proprietary Limited (Viamedia) was purchased with the objective of affording the Group access to new channels for the distribution of both Viamedia and Group products and services.

In most business acquisitions, there is a part of the cost that is not capable of being attributed in accounting terms to identifiable assets and liabilities acquired and is therefore recognised as goodwill. In the case of the acquisition of Viamedia, this goodwill is underpinned by a number of elements, which individually cannot be quantified. Most significant among these is the opportunity that the distribution network affords the Group.

The contingent consideration arrangement requires Blue Label Telecoms Limited to pay in cash the former owner of Viamedia, an additional amount of R215.6 million if certain profit warranties are achieved. The first three amounts of R24.1 million are based on the profits of Viamedia for the year ended 31 May 2015 and years ending 31 May 2016 and 31 May 2017. The fourth and fifth amounts of R30.9 million and R112.5 million are based on the profits of Viamedia for the three years ending 31 May 2017.

The potential undiscounted amount of all future payments that the Group could be required to make under this arrangement is between Rnil and R215.6 million.

The fair value of the contingent consideration arrangement of R84.8 million was estimated by applying the income approach. The fair value estimates are based on a discount rate of 9%. For the first, second, third and fourth profit targets management has assumed a probability of 100%. For the fifth profit target management has assumed a probability of 0%. In determining these probabilities management has assessed the cash flow projections based on financial budgets approved by the board of directors for the forthcoming three years which are based on assumptions of the business, industry and economic growth.

27. NON-CONTROLLING INTERESTS

Set out below is the summarised financial information relating to each subsidiary that has non-controlling interests that are material to the Group. The amounts disclosed for each subsidiary are before inter-company eliminations with other companies in the Group.

Subsidiary Principal place of business Segment	Transaction junction RSA SA distribution	
	2015 40 R'000	2014 40 R'000
NCI %		
Summarised balance sheet as at 31 May		
Non-current assets	15 956	17 496
Current assets	22 744	25 421
Total assets	38 700	42 917
Capital and reserves	32 653	16 598
Non-current liabilities	791	1 263
Current liabilities	5 256	25 056
Total equity and liabilities	38 700	42 917
Accumulated NCI	13 061	6 639
Summarised statement of comprehensive income for the period ended 31 May		
Revenue	54 040	41 524
Total comprehensive income/(loss) for the year	16 055	17 810
Comprehensive income/(loss) allocated to NCI	6 422	7 124
Summarised cash flows for the period ended 31 May		
Cash flows from operating activities	17 299	15 501
Cash flows from investing activities	(883)	(2 160)
Cash flows from financing activities	(21 817)	(5 276)
Net (decrease)/increase in cash and cash equivalents	(5 401)	8 065
Dividends paid to NCI	—	—

* The APS group consists of African Prepaid Services Proprietary Limited and African Prepaid Services Nigeria Limited. The NCI % is 10% and 30.09% respectively.

** Viamedia was acquired 1 September 2014. These results reflect the nine-month period ended May 2015.

APS Group RSA and Nigeria International distribution		Blue Label Data Solutions RSA Solutions		Viamedia** RSA Mobile	
2015 * R'000	2014 * R'000	2015 19 R'000	2014 19 R'000	2015 25 R'000	2014 — R'000
—	—	6 973	3 166	105 307	—
38	720	36 825	30 038	57 220	—
38	720	43 798	33 204	162 527	—
(129 088)	(109 108)	27 518	23 973	92 050	—
51 700	26 222	680	856	16 560	—
77 426	83 606	15 600	8 375	53 917	—
38	720	43 798	33 204	162 527	—
(29 187)	(26 000)	5 228	4 555	23 013	—
—	—	100 170	92 111	153 754	—
(19 980)	(34 019)	22 198	21 385	33 167	—
(7 688)	(12 125)	4 217	4 063	8 292	—
(19 539)	(31 341)	26 398	13 509	33 929	—
—	—	(75)	(603)	(1 506)	—
19 530	31 321	(19 446)	(9 350)	(5 755)	—
(9)	(20)	6 877	3 556	26 668	—
—	—	3 544	1805	—	—

28. TRANSACTIONS WITH NON-CONTROLLING INTERESTS

Disposal of interest in subsidiary without loss of control

In September 2009 Ventury Proprietary Limited sold 26% of its stake in Cigicell Proprietary Limited to Sangrilor Proprietary Limited. The Group previously did not recognise this disposal and accounted for Cigicell Proprietary Limited as a wholly owned subsidiary until the purchase consideration was settled by Sangrilor Proprietary Limited. The purchase consideration was settled through the declaration of dividends by Cigicell Proprietary Limited on 1 April 2015.

The effect of changes in the ownership interest of Cigicell Limited on the equity attributable to owners of the company during the year is summarised as follows:

	2015 R'000
Carrying amount of non-controlling interest acquired	(7 132)
Consideration received from non-controlling interest	—
Decrease in Group's capital and reserves before non-controlling interest	(7 132)

29. RELATED PARTY TRANSACTIONS

For details of subsidiaries, associates and joint ventures, refer to note 33. For details of the Company's Directors, refer to the Directors' report. ZOK Cellular Proprietary Limited, BSC Technologies Proprietary Limited, Black Ginger 59 Proprietary Limited, Dataforce Trading 240 Proprietary Limited, Moneyline 311 Proprietary Limited, PLL Investments Proprietary Limited, aloeCap Proprietary Limited, Unihold Group Proprietary Limited, Wildekrans Trust, Stylco Proprietary Limited, Wildekrans Wine Estate Proprietary Limited, Wireless Business Solutions Proprietary Limited, iBurst Proprietary Limited, Parkrun Southern Africa Proprietary Limited, Bordelo Properties Proprietary Limited, Blu's Brothers Proprietary Limited, Liquid NFC Proprietary Limited, Stax Technologies Proprietary Limited, and Ellerine Bros. Proprietary Limited are related parties due to Directors' shareholdings and the companies having certain common directorships.

For details of the shareholdings in the Company, refer to the Directors' report.

For details of emoluments to Directors, who are regarded as key management, refer to note 30.

The following transactions were carried out with related parties and all relate to continued operations:

	2015 R'000	2014 R'000
Sales to related parties		
BSC Technologies Proprietary Limited	—	443
Blue Label Mexico S.A. de C.V.	9 922	5 053
Datacision Proprietary Limited	206	112
iBurst Proprietary Limited	752	732
Mpower Softcomm Private Limited	4	—
Smart Voucher Limited trading as Ukash	—	24
Stax Technologies Proprietary Limited	272	49
Stylco Proprietary Limited	636	2 907
ZOK Cellular Proprietary Limited	2 428	3 448

	2015 R'000	2014 R'000
29. RELATED PARTY TRANSACTIONS continued		
Purchases from related parties		
Black Ginger 59 Proprietary Limited	14 074	12 498
Blu's Brothers Proprietary Limited	—	245
BSC Technologies Proprietary Limited	—	211
Datacision Proprietary Limited	293	—
Forensic Intelligence Data Solutions Proprietary Limited	2	—
Mpower Softcomm Private Limited	1	—
PLL Investments Proprietary Limited	27	—
Smart Voucher Limited trading as Ukash	—	28
Stax Technologies Proprietary Limited	252	62
Stylco Proprietary Limited	7 939	3 935
Wildekrans Wine Estate Proprietary Limited	4	5
Wireless Business Solutions Proprietary Limited	6 292	16 593
ZOK Cellular Proprietary Limited	69 946	62 947
Interest received from related parties		
2DFine Holdings Mauritius (refer to note 6)	14 269	11 795
Blue Label Mexico S.A. de C.V. (refer to note 6)	—	1 017
Supa Pesa South Africa Proprietary Limited (refer to note 6)	217	—
Management fees received from related parties		
Blue Label Mexico S.A. de C.V.	—	250
Datacision Proprietary Limited	545	387
Forensic Intelligence Data Solutions Proprietary Limited	192	270
Rent paid to related parties		
Ellerine Bros. Proprietary Limited	6 875	6 222
Dataforce Trading 240 Proprietary Limited	253	2 776
Moneyline 311 Proprietary Limited	6 875	6 222
PLL Investments Proprietary Limited	1 526	1 363
Wildekrans Trust	3 087	—

	2015 R'000	2014 R'000
29. RELATED PARTY TRANSACTIONS continued		
Contributions to related parties		
Parkrun Southern Africa Proprietary Limited	—	538
Purchases of property, plant and equipment from related parties		
Bordelo Properties Proprietary Limited	—	3 123
Purchases of intangible assets from related parties		
Liquid NFC Proprietary Limited	13 000	—
Mpower Softcomm Private Limited	3 580	—
Loans to related parties		
2DFine Holdings Mauritius* (refer to note 6)	163 634	127 373
Blue Label Mexico S.A. de C.V. (refer to note 6)	—	1 054
Forensic Intelligence Data Solutions Proprietary Limited (refer to note 6)	—	305
Lornanox Proprietary Limited (refer to note 6)	6 000	—
Oxigen Services India Private Limited (refer to note 6)	29 552	25 068
Supa Pesa South Africa Proprietary Limited (refer to note 6)	7 900	—
ZOK Cellular Proprietary Limited (refer to note 7)	18 768	24 091

* B Levy and M Levy have signed personal sureties for the loan owed by 2DFine Holdings Mauritius to Gold Label Investments Proprietary Limited. Their liability is limited to the difference between the sum of 50% of the loan owing and the value of 18.61% of the shares in Oxigen Services India Private Limited on the 30th day after which the loan becomes due and payable or extended date as may be agreed in writing by Gold Label Investments Proprietary Limited.

	2015 R'000	2014 R'000
29. RELATED PARTY TRANSACTIONS continued		
Amounts due from related parties included in trade receivables		
Black Ginger 59 Proprietary Limited	3 987	1 456
Blue Label Mexico S.A. de C.V.	1 943	5 314
Datacision Proprietary Limited	3 165	46
iBurst Proprietary Limited	57	62
Stax Technologies Proprietary Limited	24	—
ZOK Cellular Proprietary Limited	2	2
	9 178	6 880
Amounts due to related parties included in trade payables		
aloeCap Proprietary Limited	—	44
Black Ginger 59 Proprietary Limited	4 517	131
Datacision Proprietary Limited	98	1 149
KM Ellerine	—	84
LM Nestadt	—	211
Moneyline 311 Proprietary Limited	2 110	—
Mpower Softcomm Private Limited	901	—
NN Lazarus	—	133
PLL Investments Proprietary Limited	141	2
Smart Voucher Limited trading as Ukash	—	360
Stylco Proprietary Limited	3	—
Unihold Group Proprietary Limited	—	195
JS Vilakazi	—	71
Wireless Business Solutions Proprietary Limited	58	3 436
	7 828	5 816

30. DIRECTORS' AND PRESCRIBED OFFICER'S EMOLUMENTS

	Blue Label Services as Directors of Blue Label Telecoms Limited R'000	Salary and allowances R'000	Bonuses and performance- related payments R'000	Other benefits R'000	Subtotal R'000
For the year ended 31 May 2015					
Executive directors					
BM Levy	—	7 073	6 917	132	14 122
MS Levy	—	7 083	6 917	122	14 122
M Pamensky	—	5 962	3 402	112	9 476
DA Suntut	—	3 694	2 137	122	5 953
	—	23 812	19 373	488	43 673
Non-executive directors					
LM Nestadt	984	—	—	—	984
K Ellerine	286	—	—	—	286
G Harlow	593	—	—	—	593
NN Lazarus*	373	—	—	—	373
J Mthimunya	498	—	—	—	498
JS Vilakazi	341	—	—	—	341
	3 075	—	—	—	3 075
	3 075	23 812	19 373	488	46 748

* NN Lazarus resigned with effect from 27 January 2015.



Services as Directors of subsidiaries of Blue Label Telecoms Limited R'000	Salary and allowances from subsidiaries R'000	Bonuses and performance- related payments from subsidiaries R'000	Retirement and related benefits from subsidiaries R'000	Corporate finance and legal fees for services rendered to Blue Label Telecoms Group R'000	Total R'000	Fair value of forfeitable shares R'000
—	—	—	—	—	14 122	7 189
—	—	—	—	—	14 122	7 189
—	—	—	—	—	9 476	6 061
—	—	—	—	—	5 953	3 349
—	—	—	—	—	43 673	23 788
—	—	—	—	—	984	
—	—	—	—	—	286	
473	—	—	—	—	1 066	
—	—	—	—	7 524	7 897	
21	—	—	—	—	519	
—	—	—	—	—	341	
494	—	—	—	7 524	11 093	
494	—	—	—	7 524	54 766	23 788

30. DIRECTORS' AND PRESCRIBED OFFICER'S EMOLUMENTS continued

	Blue Label Services as Directors of Blue Label Telecoms Limited R'000	Salary and allowances R'000	Bonuses and performance- related payments R'000	Other benefits R'000	Subtotal R'000
For the year ended 31 May 2014					
Executive directors					
BM Levy	—	6 677	—	120	6 797
MS Levy	—	6 686	—	111	6 797
M Pamensky	—	5 637	—	94	5 731
DB Rivkind*	—	1 455	—	27	1 482
DA Suntup	—	1 530	—	58	1 588
	—	21 985	—	410	22 395
Non-executive directors					
LM Nestadt	843	—	—	—	843
K Ellerine	264	—	—	—	264
G Harlow	540	—	—	—	540
NN Lazarus	523	—	—	—	523
J Mthimunya	373	—	—	—	373
JS Vilakazi	309	—	—	—	309
	2 852	—	—	—	2 852
Prescribed officer					
DA Suntup*	—	1 428	—	54	1 482
	—	1 428	—	54	1 482
	2 852	23 413	—	464	26 729

* DB Rivkind resigned with effect from 14 November 2013. DA Suntup was appointed a Director on 14 November 2013.

The fair value of forfeitable shares per Director has been included.

No Director has a notice period of more than one year.

No Directors' service contract includes predetermined compensation as a result of termination that would exceed one year's salary and benefits.



Services as Directors of subsidiaries of Blue Label Telecoms Limited R'000	Salary and allowances from subsidiaries R'000	Bonuses and performance- related payments from subsidiaries R'000	Retirement and related benefits from subsidiaries R'000	Corporate finance and legal fees for services rendered to Blue Label Telecoms Group R'000	Total R'000	Fair value of forfeitable shares R'000
—	—	—	—	—	6 797	10 069
—	—	—	—	—	6 797	10 069
—	—	—	—	—	5 731	8 489
—	—	—	—	—	1 482	4 390
—	—	—	—	—	1 588	4 390
—	—	—	—	—	22 395	37 407
—	—	—	—	—	843	—
—	—	—	—	—	264	—
460	—	—	—	—	1 000	—
—	—	—	—	10 874	11 397	—
—	—	—	—	—	373	—
—	—	—	—	—	309	—
460	—	—	—	10 874	14 186	—
—	—	—	—	—	1 482	—
—	—	—	—	—	1 482	—
460	—	—	—	10 874	38 063	37 407

30. DIRECTORS' AND PRESCRIBED OFFICER'S EMOLUMENTS continued

	Issue date	Issue price	Vesting date
Forfeitable share scheme per Director and prescribed officer For the year ended 31 May 2015			
BM Levy	1 October 2011	4.5	31 August 2014
BM Levy	3 September 2012	6.71	31 August 2015
BM Levy	2 September 2013	8.75	31 August 2016
BM Levy	3 September 2014	8.9	31 August 2017
MS Levy	1 October 2011	4.5	31 August 2014
MS Levy	3 September 2012	6.71	31 August 2015
MS Levy	2 September 2013	8.75	31 August 2016
MS Levy	3 September 2014	8.9	31 August 2017
MV Pamensky	1 October 2011	4.5	31 August 2014
MV Pamensky	3 September 2012	6.71	31 August 2015
MV Pamensky	2 September 2013	8.75	31 August 2016
MV Pamensky	3 September 2014	8.9	31 August 2017
DA Suntup	1 October 2011	4.5	31 August 2014
DA Suntup	3 September 2012	6.71	31 August 2015
DA Suntup	2 September 2013	8.75	31 August 2016
DA Suntup	3 September 2014	8.9	31 August 2017



Awards outstanding as at the beginning of the year	Number of shares awarded	Awards forfeited during the year	Awards vested during the year	Balance as at the end of the year
470 507	—	—	(470 507)	—
334 474	—	—	—	334 474
271 883	—	—	—	271 883
—	283 339	—	—	283 339
1 076 864	283 339	—	(470 507)	889 696
470 507	—	—	(470 507)	—
334 474	—	—	—	334 474
271 883	—	—	—	271 883
—	283 339	—	—	283 339
1 076 864	283 339	—	(470 507)	889 696
396 667	—	—	(396 667)	—
281 982	—	—	—	281 982
229 214	—	—	—	229 214
—	238 872	—	—	238 872
907 863	238 872	—	(396 667)	750 068
205 139	—	—	(205 139)	—
145 829	—	—	—	145 829
118 540	—	—	—	118 540
—	150 067	—	—	150 067
469 508	150 067	—	(205 139)	414 436

30. DIRECTORS' AND PRESCRIBED OFFICER'S EMOLUMENTS continued

	Issue date	Issue price	Vesting date
Forfeitable share scheme per Director and prescribed officer			
For the year ended 31 May 2014			
BM Levy	1 September 2010	4.7	31 August 2013
BM Levy	1 October 2011	4.5	31 August 2014
BM Levy	3 September 2012	6.71	31 August 2015
BM Levy	2 September 2013	8.75	31 August 2016
MS Levy	1 September 2010	4.7	31 August 2013
MS Levy	1 October 2011	4.5	31 August 2014
MS Levy	3 September 2012	6.71	31 August 2015
MS Levy	2 September 2013	8.75	31 August 2016
MV Pamensky	1 September 2010	4.7	31 August 2013
MV Pamensky	1 October 2011	4.5	31 August 2014
MV Pamensky	3 September 2012	6.71	31 August 2015
MV Pamensky	2 September 2013	8.75	31 August 2016
DB Rivkind	1 September 2010	4.7	31 August 2013
DB Rivkind	1 October 2011	4.5	31 August 2014
DB Rivkind	3 September 2012	6.71	31 August 2015
DB Rivkind	2 September 2013	8.75	31 August 2016
DA Suntup	1 September 2010	4.7	31 August 2013
DA Suntup	1 October 2011	4.5	31 August 2014
DA Suntup	3 September 2012	6.71	31 August 2015
DA Suntup	2 September 2013	8.75	31 August 2016

Awards outstanding as at the beginning of the year	Number of shares awarded	Awards forfeited during the year	Awards vested during the year	Balance as at the end of the year
450 486	—	(16 910)	(433 576)	—
470 507	—	—	—	470 507
334 474	—	—	—	334 474
—	271 883	—	—	271 883
1 255 467	271 883	(16 910)	(433 576)	1 076 864
450 486	—	(16 910)	(433 576)	—
470 507	—	—	—	470 507
334 474	—	—	—	334 474
—	271 883	—	—	271 883
1 255 467	271 883	(16 910)	(433 576)	1 076 864
379 787	—	(14 256)	(365 531)	—
396 667	—	—	—	396 667
281 982	—	—	—	281 982
—	229 214	—	—	229 214
1 058 436	229 214	(14 256)	(365 531)	907 863
196 409	—	(7 372)	(189 037)	—
205 139	—	—	—	205 139
145 829	—	—	—	145 829
—	118 540	—	—	118 540
547 377	118 540	(7 372)	(189 037)	469 508
196 409	—	(7 372)	(189 037)	—
205 139	—	—	—	205 139
145 829	—	—	—	145 829
—	118 540	—	—	118 540
547 377	118 540	(7 372)	(189 037)	469 508

31. 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.

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 similar terms as other transactions of a similar nature.

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

	Total		South African distribution	
	2015 R'000	2014 R'000	2015 R'000	2014 R'000
Total segment revenue	27 780 173	25 354 475	27 364 493	24 837 763
Inter-segment revenue	(5 735 951)	(5 952 809)	(5 706 602)	(5 734 111)
Revenue	22 044 222	19 401 666	21 657 891	19 103 652
Segment result				
Operating profit/(loss) before depreciation, amortisation and impairment charges	1 080 165	787 993	1 038 252	821 310
Depreciation and amortisation	(89 112)	(62 175)	(72 649)	(48 401)
Impairment of property, plant and equipment	—	(128)	—	—
Impairment of intangible assets	—	(1 073)	—	—
Impairment of loans	(4 907)	(1 761)	(219)	(1 487)
Finance costs	(233 165)	(166 876)	(225 994)	(165 647)
Finance income	173 047	156 250	156 703	140 942
Share of (losses)/profits from associates and joint ventures	(79 338)	(56 873)	—	—
Taxation	(265 497)	(206 442)	(222 905)	(186 664)
Net profit/(loss) for the year	581 193	448 915	673 188	560 053

At 31 May 2015, 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. 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 include 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	
2015 R'000	2014 R'000	2015 R'000	2014 R'000	2015 R'000	2014 R'000	2015 R'000	2014 R'000
—	—	251 085	350 783	164 595	165 929	—	—
—	—	(10 917)	(198 165)	(18 432)	(20 533)	—	—
—	—	240 168	152 618	146 163	145 396	—	—
35 379	(13 961)	51 359	34 273	40 831	29 257	(85 656)	(82 886)
—	—	(7 068)	(3 407)	(2 877)	(3 331)	(6 518)	(7 036)
—	—	—	—	—	(128)	—	—
—	—	—	(1 073)	—	—	—	—
(4 688)	(274)	—	—	—	—	—	—
(152)	(392)	(733)	(61)	(2)	(1)	(6 284)	(775)
7 190	11 274	1 322	1478	449	485	7 383	2 071
(81 267)	(56 249)	2 658	—	(729)	(624)	—	—
(14 701)	(3 700)	(15 732)	(7 672)	(9 480)	(9 049)	(2 679)	643
(58 239)	(63 302)	31 806	23 538	28 192	16 609	(93 754)	(87 983)

		Total	South African distribution	
	2015 R'000	2014 R'000	2015 R'000	2014 R'000
31. SEGMENTAL SUMMARY continued				
Reconciliation of net profit for the year to core net profit for the year				
Net profit/(loss) for the year	581 193	448 915	673 188	560 053
Amortisation of intangibles raised through business combinations net of tax	19 628	10 625	13 389	6 323
Core net profit/(loss) for the year	600 821	459 540	686 577	566 376
Core net profit/(loss) for the year attributable to:				
Equity holders of parent	596 578	460 602	684 756	558 996
Non-controlling interest	4 243	(1 062)	1 821	7 379
Non-cash items				
Net profit/(loss) on sale of subsidiaries	3 691	—	—	—
Net profit on disposal of associates	18 771	—	—	—
Discounting of receivables	142 326	117 444	142 326	116 783
Discounting of payables	(165 201)	(143 882)	(165 201)	(143 882)
The segment assets and liabilities at 31 May are as follows:				
Assets excluding investments in associates and joint ventures	6 478 248	5 904 778	5 890 188	5 651 680
Investments in associates and joint ventures	548 572	598 109	—	—
Total assets	7 026 820	6 502 887	5 890 188	5 651 680
Additions to non-current assets				
Property, plant and equipment	54 897	47 038	44 673	42 678
Intangible assets and goodwill	374 095	397 203	344 909	388 280
Investment in associates	51 424	—	—	—
Investment in joint ventures	30 051	—	—	—
Total liabilities	(3 108 839)	(2 978 898)	(2 781 588)	(2 838 621)

Segmental summary

The Company is domiciled in the Republic of South Africa. The result of its revenue from external customers in South Africa is R22.044 billion (2014: R19.402 billion), and the total revenue from external customers from other countries is nil (2014: nil).

International distribution		Mobile		Solutions		Corporate	
2015 R'000	2014 R'000	2015 R'000	2014 R'000	2015 R'000	2014 R'000	2015 R'000	2014 R'000
(58 239)	(63 302)	31 806	23 538	28 192	16 609	(93 754)	(87 983)
3 593	3 315	2 646	987	—	—	—	—
(54 646)	(59 987)	34 452	24 525	28 192	16 609	(93 754)	(87 983)
(46 958)	(47 862)	28 559	24 904	23 975	12 547	(93 754)	(87 983)
(7 688)	(12 125)	5 893	(378)	4 217	4 062	—	—
—	—	—	—	—	—	3 691	—
18 771	—	—	—	—	—	—	—
—	—	—	661	—	—	—	—
—	—	—	—	—	—	—	—
(22 250)	(40 235)	407 401	96 420	151 077	134 592	51 832	62 321
500 203	596 611	41 905	—	464	1 498	6 000	—
477 953	556 376	449 306	96 420	151 541	136 090	57 832	62 321
—	—	8 257	3 306	1 657	912	310	142
—	—	27 722	7 239	1 445	1 651	19	33
51 424	—	—	—	—	—	—	—
—	—	30 051	—	—	—	—	—
(26 792)	(24 401)	(147 536)	(76 359)	(18 011)	(15 767)	(134 912)	(23 750)

The total non-current assets other than financial instruments and deferred tax assets located in South Africa is R1.483 billion (2014: R1.164 billion), and the total non-current assets located in other countries is R459 million (2014: R555 million).

The South African distribution segment includes revenues of R3.717 billion and R3.541 billion earned from two external customers.

32. EQUITY COMPENSATION BENEFIT**Forfeitable shares**

During the year 2 937 836 (2014: 2 782 541) forfeitable shares were granted to executive directors and qualifying employees (participant). The participant will forfeit the forfeitable shares if he/she ceases to be an employee of an employer company before the vesting date or if the specified performance conditions have not been met, unless otherwise specified by the rules or determined by the Board. In the event that the participant is not in the employ of the Group, or the performance conditions are not met, the shares allocated to the participant will be forfeited and will either be sold on the open market by the escrow agent and the proceeds will be returned to the participating employer, or may be retained by the Group for future awards.

Dividends declared in respect of these forfeitable shares are held in escrow until such time as the performance conditions are met and the shares have vested. Shares forfeited during the vesting period will forfeit any dividends pertaining to such shares. A dividend of 27 cents (2014: 25 cents) per ordinary share was declared on 19 August 2014 (2014: 18 August 2013).

The performance condition for the fourth award of forfeitable shares vesting on 31 August 2014 is as follows:

- 25% of the shares constituting the allocation are awarded for retention purposes and shall vest if the employee is still employed within the Group at the vesting date (31 August 2014).
- 25% of the shares constituting the allocation will vest on the achievement by individual employees of their individual key performance indicators.
- 50% of shares constituting the allocation will vest if the Group's core HEPS are equal to or exceed the core HEPS per ordinary share at the beginning of the performance period, 1 June 2011, by the percentage change in the CPI over the performance period, plus 15%. There is no linear vesting to this portion of the allocation.

The performance condition for the fifth award vesting on 31 August 2015 of forfeitable shares is as follows:

- 40% of the awards are allocated towards retention. In order to receive this portion of the allocation the employee is required to be employed within the Group at the vesting date (31 August 2015).
- 60% of the awards are allocated on the basis of 50% for growth in core headline earnings per share and 10% for shareholder returns.

The 50% for growth in core headline earnings will be based on the following achievements:

- If growth is 5% above CPI over three years, 20% of the 50% will vest.
- If growth is 10% above CPI over three years, an additional 50% (i.e. a total of 70%) of the 50% will vest.
- If growth is 25% above CPI over three years, a further 30% (i.e. a total of 100%) of the 50% will vest.

The 10% for shareholder return will be based on a 10% compounded growth in the share price over the three-year vesting period measured with reference to the weighted average price per share during the month of the commencement of the allocation and the weighted average share price for the month during which the vesting takes place, plus dividends over the three-year period.



32. EQUITY COMPENSATION BENEFIT continued

The performance condition for the sixth award vesting on 31 August 2016 of forfeitable shares is as follows:

- 40% of the awards are allocated towards retention. In order to receive this portion of the allocation the employee is required to be employed within the Group at the vesting date (31 August 2016).
- 60% of the awards are allocated on the basis of 50% for growth in core headline earnings per share and 10% for shareholder returns.

The 50% for growth in core headline earnings will be based on the following achievements:

- If growth is 5% above CPI over three years, 20% of the 50% will vest.
- If growth is 10% above CPI over three years, an additional 50% (i.e. a total of 70%) of the 50% will vest.
- If growth is 25% above CPI over three years, a further 30% (i.e. a total of 100%) of the 50% will vest.

The 10% for shareholder return will be based on a 10% compounded growth in the share price over the three-year vesting period measured with reference to the weighted average price per share during the month of the commencement of the allocation and the weighted average share price for the month during which the vesting takes place, plus dividends over the three-year period.

The performance condition for the seventh award vesting on 31 August 2017 of forfeitable shares is as follows:

- 40% of the awards are allocated towards retention. In order to receive this portion of the allocation the employee is required to be employed within the Group at the vesting date (31 August 2017).
- 60% of the awards are allocated on the basis of 50% for growth in core headline earnings per share and 10% for shareholder returns.

The 50% for growth in core headline earnings will be based on the following achievements:

- If growth is 5% above CPI over three years, 20% of the 50% will vest.
- If growth is 10% above CPI over three years, an additional 50% (i.e. a total of 70%) of the 50% will vest.
- If growth is 25% above CPI over three years, a further 30% (i.e. a total of 100%) of the 50% will vest.

The 10% for shareholder return will be based on a 10% compounded growth in the share price over the three-year vesting period measured with reference to the weighted average price per share during the month of the commencement of the allocation and the weighted average share price for the month during which the vesting takes place, plus dividends over the three-year period.

32. EQUITY COMPENSATION BENEFIT continued

Movements in the number of forfeitable shares outstanding during the year are as follows:

	Grant date	Vesting date	Number of shares	Fair value of grant R'000
At 31 May 2013			11 636 710	60 857
Third award			3 824 824	17 977
Fourth award			4 315 783	19 421
Fifth award			3 496 103	23 459
Granted during the year			2 782 541	24 347
Sixth award	2 September 2013	31 August 2016	2 782 541	24 347
Shares forfeited during the year			(1 074 880)	(5 724)
Third award			(194 902)	(916)
Fourth award			(496 374)	(2 234)
Fifth award			(383 604)	(2 574)
Shares vested during the year			(3 629 922)	(17 061)
Third award		31 August 2013	(3 629 922)	(17 061)
At 31 May 2014			9 714 449	62 419
Fourth award			3 819 409	17 187
Fifth award			3 112 499	20 885
Sixth award			2 782 541	24 347
Granted during the year			2 937 836	26 147
Seventh award	3 September 2014	31 August 2017	2 937 836	26 147
Shares forfeited during the year			(419 998)	(3 346)
Fifth award			(161 233)	(1 082)
Sixth award			(258 765)	(2 264)
Shares vested during the year			(3 819 409)	(17 187)
Fourth award		31 August 2014	(3 819 409)	(17 187)
At 31 May 2015			8 412 878	68 033
Fifth award			2 951 266	19 803
Sixth award			2 523 776	22 083
Seventh award			2 937 836	26 147

Refer to note 18 for the expense recognised in the statement of comprehensive income relating to the equity compensation benefits.

The fair value of the shares is based on the value paid for the shares on the open market at grant date.

The total number of forfeitable shares issued to executive directors during the period is 955 617 (2014: 1 010 060).

The share-based payment expense in relation to these executive directors is R8.9 million (2014: R5.6 million).

Refer to note 29 for details per Director.



33. COMMITMENTS

Future operating lease commitments

The Group leases various offices under non-cancellable operating lease agreements.

The lease terms are between one and five years, and the majority of lease agreements are renewable at the end of the lease period at market rates.

The Group also leases various equipment under cancellable operating lease agreements.

The Group is required to give six months' notice for the termination of the majority of these agreements.

The lease expenditure charged to the statement of comprehensive income during the year is disclosed in note 19.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	2015 R'000	2014 R'000
Premises		
Payable within one year	27 512	29 434
Payable in two to five years	29 663	53 526
Payable in greater than five years	—	348
Equipment		
Payable within one year	293	416
Payable in two to five years	204	342
Payable in greater than five years	—	—
	57 672	84 066

Future funding commitments

The Group has committed to provide funding of R109.4 million to certain joint ventures and associates.

The commitments are non-binding but have been undertaken with a reasonable expectation of fulfilment.

**34. INTEREST IN SUBSIDIARIES, ASSOCIATES
AND JOINT VENTURES**

2015

Subsidiaries

Directly held:

Subsidiaries of Blue Label Telecoms Limited

	Country	Number of issued ordinary shares	Percentage held
Activi Deployment Services Proprietary Limited	RSA	100	100
Africa Prepaid Services Proprietary Limited	RSA	420	90
Africa Prepaid Services Nigeria Limited	Nigeria	10 000 000	24.01
Airtime Xpress Proprietary Limited	RSA	200	100
Blue Label Distribution Proprietary Limited	RSA	100	100
Blue Label One Proprietary Limited	RSA	300	100
Blue Label Investments Proprietary Limited	RSA	1 200 000	100
BLT USA Inc.	USA	100	100
Budding Trade 1170 Proprietary Limited	RSA	100	100
Cellfind Proprietary Limited	RSA	1 000	100
Datacel Direct Proprietary Limited	RSA	100	100
Kwikpay SA Proprietary Limited	RSA	100	100
Panacea Mobile Proprietary Limited	RSA	100	100
Simigenix Proprietary Limited	RSA	120	100
The Prepaid Company Proprietary Limited	RSA	10 000	100
The Post Paid Company Proprietary Limited	RSA	200	100
TicketPros Proprietary Limited	RSA	250	100
Transaction Junction Proprietary Limited	RSA	120	60
Uninex Proprietary Limited	RSA	100	100
Ventury Group Proprietary Limited	RSA	2 000	100
Viamedia Proprietary Limited	RSA	3 230 000	75
Virtual Voucher Proprietary Limited	RSA	200	100

34. INTEREST IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES continued

2015 continued

Subsidiaries continued

Indirectly held:

Subsidiary of Blue Label Investments Proprietary Limited

Gold Label Investments Proprietary Limited

RSA 1 000 100

Subsidiary of The Prepaid Company Proprietary Limited

Retail Mobile Credit Specialists Proprietary Limited

RSA 42 431 100

Subsidiary of Ventury Group Proprietary Limited

Cigicell Proprietary Limited

RSA 100 74

Subsidiary of Africa Prepaid Services Proprietary Limited

Africa Prepaid Services Nigeria Limited

Nigeria 10 000 000 51

Subsidiaries of Datacel Direct Proprietary Limited

Blue Label Call Centre Proprietary Limited

RSA 300 100

CNS Call Centre Proprietary Limited

RSA 1 000 100

Velociti Proprietary Limited

RSA 1 000 100

Blue Label Data Solutions Proprietary Limited

RSA 100 81

Subsidiary of 2DFine Holdings Mauritius

2DFine Investments Mauritius

Mauritius 1 100

Subsidiaries of Blue Label Mexico S.A. de C.V.

SGC Servicios Y Gestion Corporation S.A. de C.V.

Mexico 500 99.8

Connecta Systems LLC

USA 1 000 100

Pagacel S.A. de C.V.

Mexico 500 99.8

Transipago S.A. de C.V.

Mexico 500 99.8

Associate of Blue Label Telecoms Limited

Lornanox Proprietary Limited

RSA 120 40

34. INTEREST IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES continued

2015 continued

Subsidiaries continued

Indirectly held:

Associates of Gold Label Investments Proprietary Limited

Oxygen Services India Private Limited

India 14 244 294 37.22

Mpower Softcomm Private Limited

India 16 286 14.4*

Associate of Blue Label Data Solutions Proprietary Limited

Forensic Intelligence Data Solutions Proprietary Limited

RSA 100 25

Associate of 2DFine Investments Mauritius

Mpower Softcomm Private Limited

India 16 286 14.4*

Joint ventures

Joint venture of Blue Label Telecoms Limited

Blue Label Mexico S.A. de C.V.

Mexico 9 200 46.64**

Joint venture of Blue Label Data Solutions Proprietary Limited

Datascion Proprietary Limited

RSA 100 50

Joint venture of Gold Label Investments Proprietary Limited

2DFine Holdings Mauritius

Mauritius 2 50

Joint venture of 2DFine Investments Mauritius

Oxygen Services India Private Limited

India 14 244 294 37.22**

Joint venture of Viamedia Proprietary Limited

Supa Pesa Africa (Mauritius) Limited

Mauritius 100 50

Supa Pesa South Africa Proprietary Limited

RSA 200 50

	Country	Number of issued ordinary shares	Percentage held
34. INTEREST IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES continued			
2014			
Subsidiaries			
Directly held:			
Subsidiaries of Blue Label Telecoms Limited			
Activi Deployment Services Proprietary Limited	RSA	100	100
Activi Technology Services Proprietary Limited	RSA	300	100
Africa Prepaid Services Proprietary Limited	RSA	420	90
Africa Prepaid Services Nigeria Limited	Nigeria	10 000 000	24.01
Airtime Xpress Proprietary Limited	RSA	200	100
Blue Label Distribution Proprietary Limited	RSA	100	100
Blue Label Engage Proprietary Limited	RSA	1 000	50.1
Blue Label One Proprietary Limited	RSA	300	100
Blue Label Investments Proprietary Limited	RSA	1 200 000	100
BLT USA Inc.	USA	100	100
Budding Trade 1170 Proprietary Limited	RSA	100	100
Cellfind Proprietary Limited	RSA	1 000	100
Datacel Direct Proprietary Limited	RSA	100	100
Kwikpay SA Proprietary Limited	RSA	100	100
Matragon Proprietary Limited	RSA	100	100
Panacea Mobile Proprietary Limited	RSA	100	100
Simigenix Proprietary Limited	RSA	120	100
The Prepaid Company Proprietary Limited	RSA	10 000	100
The Post Paid Company Proprietary Limited	RSA	200	100
TicketPros Proprietary Limited	RSA	250	100
Transaction Junction Proprietary Limited	RSA	120	60
Uninex Proprietary Limited	RSA	100	100
Ventury Group Proprietary Limited	RSA	2 000	100
Virtual Voucher Proprietary Limited	RSA	200	100

	Country	Number of issued ordinary shares	Percentage held
34. INTEREST IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES continued			
2014 continued			
Subsidiaries continued			
Indirectly held:			
Subsidiary of Blue Label Investments Proprietary Limited			
Gold Label Investments Proprietary Limited	RSA	1 000	100
Subsidiary of The Prepaid Company Proprietary Limited			
Retail Mobile Credit Specialists Proprietary Limited	RSA	42 431	100
Subsidiary of Ventury Group Proprietary Limited			
Cigicell Proprietary Limited (refer to note 5 included in Group statement of changes in equity)	RSA	100	100
Subsidiary of Africa Prepaid Services Proprietary Limited			
Africa Prepaid Services Nigeria Limited	Nigeria	10 000 000	51
Subsidiaries of Datacel Direct Proprietary Limited			
Blue Label Call Centre Proprietary Limited	RSA	300	100
CNS Call Centre Proprietary Limited	RSA	1 000	100
Velociti Proprietary Limited	RSA	1 000	100
Blue Label Data Solutions Proprietary Limited	RSA	100	81
Subsidiary of 2DFine Holdings Mauritius			
2DFine Investments Mauritius	Mauritius	1	100
Subsidiaries of Blue Label Mexico S.A. de C.V.			
SGC Servicios Y Gestion Corporation S.A. de C.V.	Mexico	500	99.8
Connecta Systems LLC	USA	1 000	100
Pagacel S.A. de C.V.	Mexico	500	99.8
Transipago S.A. de C.V.	Mexico	500	99.8

	Country	Number of issued ordinary shares	Percentage held
34. INTEREST IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES continued			
2014 continued			
Subsidiaries continued			
Indirectly held:			
Associates of Gold Label Investments Proprietary Limited			
Smart Voucher Limited trading as Ukash	United Kingdom	57 375 861	17.25*
Oxygen Services India Private Limited	India	14 244 294	37.22
Associates of Blue Label Data Solutions Proprietary Limited			
Dual Data Proprietary Limited	RSA	100	50
Forensic Intelligence Data Solutions Proprietary Limited	RSA	100	25
Joint ventures			
Joint venture of Blue Label Telecoms Limited			
Blue Label Mexico S.A. de C.V.	Mexico	9 200	45.57**
Joint venture of Blue Label Data Solutions Proprietary Limited			
Datacision Proprietary Limited	RSA	100	50
Joint venture of Gold Label Investments Proprietary Limited			
2DFine Holdings Mauritius	Mauritius	2	50
Joint venture of 2DFine Investments Mauritius			
Oxygen Services India Private Limited	India	14 244 294	37.22**

* Significant influence is demonstrated by the Company as a result of representation on the Board of Directors.

** Joint control is demonstrated by the composition of and decision-making powers afforded to the Board of Directors.

35. SUBSEQUENT EVENTS

A final dividend of R209.1 million (31 cents per ordinary share) was declared for the year ended 31 May 2015, payable on Monday, 14 September 2015, to shareholders recorded in the register at the close of business on Friday, 11 September 2015.

COMPANY STATEMENT OF FINANCIAL POSITION

For the year ended 31 May 2015

	Notes	2015 R'000	2014 R'000
ASSETS			
Non-current assets		3 640 112	3 354 441
Property and equipment	3	10 911	16 916
Intangible assets	4	69	253
Deferred taxation asset	5	4 058	6 737
Investment in subsidiaries	6.1	3 240 227	3 012 304
Investment in and loans to joint ventures and associates	6.2	304 175	255 196
Loan receivable	7	80 672	63 035
Current assets		7 739	35 450
Loans to subsidiaries	6.1	976	31 565
Trade and other receivables	8	4 209	2 467
Current tax assets		271	—
Cash and cash equivalents	9	2 283	1 418
Total assets		3 647 851	3 389 891
EQUITY AND LIABILITIES			
Capital and reserves		2 758 134	2 891 274
Share capital	10	*	*
Share premium		4 012 359	4 012 359
Treasury shares		(30 295)	(30 887)
		3 982 064	3 981 472
Equity compensation benefit reserve		15 366	12 246
Share-based payment reserve		295	295
Accumulated loss		(1 239 591)	(1 102 739)
Non-current liabilities		90 121	498 617
Trade and other payables	12	90 121	—
Current liabilities		799 596	498 617
Trade and other payables	12	44 705	23 291
Loans from subsidiaries	13	754 891	474 949
Current tax liabilities		—	377
Total equity and liabilities		3 647 851	3 389 891

* Less than R1 000.

The notes on pages 223 to 247 are an integral part of these financial statements.

COMPANY STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 May 2015



	Notes	2015 R'000	2014 R'000
Other income		142 245	96 837
Employee compensation and benefit expense	14	(85 186)	(55 702)
Depreciation, amortisation and impairment charges		(6 518)	(7 019)
Other expenses		(8 110)	(64 389)
Operating profit/(loss)	15	42 431	(30 273)
Finance costs	16	(6 284)	(775)
Finance income	16	11 797	7 806
Net profit/(loss) before taxation		47 944	(23 242)
Taxation	17	(2 679)	535
Net profit/(loss) for the year		45 265	(22 707)
Other comprehensive income for the year, net of tax		—	—
Total comprehensive profit/(loss) for the year		45 265	(22 707)

The notes on pages 223 to 247 are an integral part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 31 May 2015

	Share capital R'000	Share premium R'000
Balance as at 31 May 2013	*	4 012 359
Net loss for the year	—	—
Other comprehensive income	—	—
Total comprehensive loss	—	—
Shares purchased during the year	—	—
Shares awarded to Group companies as part of equity compensation scheme	—	—
Shares forfeited by Group companies as part of equity compensation scheme	—	—
Equity compensation scheme shares vested	—	—
Equity compensation movements	—	—
Dividends	—	—
Balance as at 31 May 2014	*	4 012 359
Net profit for the year	—	—
Other comprehensive income	—	—
Total comprehensive profit	—	—
Shares purchased during the year	—	—
Shares awarded to Group companies as part of equity compensation scheme	—	—
Shares forfeited by Group companies as part of equity compensation scheme	—	—
Equity compensation scheme shares vested	—	—
Equity compensation movements	—	—
Dividends	—	—
Balance as at 31 May 2015	*	4 012 359

*Less than R1 000.

The notes on pages 223 to 247 are an integral part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY CONTINUED

For the year ended 31 May 2015



Treasury shares	Equity compensation benefit reserve R'000	Share-based payment reserve	Accumulated loss	Total equity
(39 403)	15 815	295	(911 405)	3 077 661
—	—	—	(22 707)	(22 707)
—	—	—	—	—
—	—	—	(22 707)	(22 707)
(11 120)	—	—	—	(11 120)
14 370	—	—	—	14 370
(3 275)	—	—	—	(3 275)
8 541	(8 541)	—	—	—
—	4 972	—	—	4 972
—	—	—	(168 627)	(168 627)
(30 887)	12 246	295	(1 102 739)	2 891 274
—	—	—	45 265	45 265
—	—	—	—	—
—	—	—	45 265	45 265
(19 131)	—	—	—	(19 131)
14 915	—	—	—	14 915
(3 346)	—	—	—	(3 346)
8 154	(8 154)	—	—	—
—	11 274	—	—	11 274
—	—	—	(182 117)	(182 117)
(30 295)	15 366	295	(1 239 591)	2 758 134

COMPANY STATEMENT OF CASH FLOWS

For the year ended 31 May 2015

	Notes	2015 R'000	2014 R'000
Cash flows from operating activities	18	47 833	(17 969)
Interest received		250	527
Interest paid		(6 284)	(775)
Taxation paid	19	(648)	(8 254)
Cash generated by operations		41 151	(26 471)
Cash flows from investing activities			
Acquisition of property, plant and equipment	3	(310)	(141)
Proceeds on sale of property, plant and equipment		1	63
Acquisition of intangible assets	4	(19)	(34)
Loans repaid by subsidiaries		99 431	21 227
Loans advanced to subsidiaries		(22 416)	(27 714)
Acquisition of subsidiaries		(144 975)	(25 201)
Loans advanced to Blue Label Mexico	6	(48 979)	(85 765)
Settlement of contingent consideration		(4 113)	—
Proceeds from disposal of subsidiary		2 400	—
Net cash utilised in investing activities		(118 980)	(117 565)
Cash flows from financing activities			
Borrowings raised from subsidiaries	13	279 942	324 091
Dividends paid		(182 117)	(168 627)
Treasury shares acquired	10	(19 131)	(11 120)
Net cash generated from financing activities		78 694	144 344
Net increase in cash and cash equivalents		865	308
Cash and cash equivalents at the beginning of the period		1 418	1 110
Cash and cash equivalents at the end of the period	9	2 283	1 418

The notes on pages 223 to 247 are an integral part of these financial statements.



1. ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The accounting policies and critical accounting estimates and assumptions applied to the Company annual financial statements are consistent with the Group accounting policies as detailed on pages 121 to 141.

2. FINANCIAL RISKS

In the course of its business, the Company is exposed to a number of financial risks: credit risk, liquidity risk and market risk (including foreign currency and other price risk). This note presents the Company's objectives, policies and processes for managing its financial risk and capital.

Credit risk

Credit risk arises because a counterparty may fail to meet its obligations to the Company. The Company is exposed to credit risks on financial instruments such as receivables, loans receivable and cash.

Trade and other receivables consist primarily of invoiced amounts owing from related parties. The recoverability of these amounts are regularly monitored with reference to the counterparties' financial performance. Where necessary, a provision for impairment is made.

The Company places cash and cash equivalents with major banking groups and quality institutions that have high credit ratings.

Loans are only granted to holders with an appropriate credit history, taking into account the holder's financial position and past experience.

The Company's maximum credit risk exposure is the carrying amount of all financial assets on the statement of financial position and sureties provided with the maximum amount the Company could have to pay if the sureties are called on amounting to R1.5 billion (2014: R1 billion).

	2015 R'000	2014 R'000
2. FINANCIAL RISKS continued		
Loans to subsidiaries and joint venture		
Group 1	—	—
Group 2	976	32 619
Group 3	—	—
	976	32 619
Loans receivable		
Group 1	—	—
Group 2	80 672	63 035
Group 3	—	—
	80 672	63 035
Trade receivables		
Counterparties without external credit rating		
Group 1	—	—
Group 2	3 592	—
Group 3	—	—
Total unimpaired trade receivables	3 592	—

The rating groups for counterparties without external credit ratings are categorised as follows:

Group 1 – New customers/related parties (less than six months).

Group 2 – Existing customers/related parties (more than six months) with no defaults in the past.

Group 3 – Existing customers/related parties (more than six months) with some defaults in the past. All defaults were fully recovered.

Cash at bank and short-term bank deposits

Credit rating based on latest Fitch local currency long-term issuer default ratings.

	2015 R'000	2014 R'000
BBB	2 088	—
BBB-	195	1 418
	2 283	1 418

2. FINANCIAL RISKS continued**Liquidity risk**

Liquidity risk arises when a company encounters difficulties to meet commitments associated with liabilities and other payment obligations. The Company's objective is to maintain prudent liquidity risk management by maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Company finance monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs. Due to the dynamic nature of the underlying businesses, the Company aims to maintain flexibility in funding by keeping committed credit lines available.

Management is satisfied as to the liquidity of the Company since the majority of the current liabilities relate to the loans from subsidiaries. These subsidiaries are 100% held by the Company and therefore the Company has control of their assets including cash resources.

The Company and a subsidiary company have issued a cross surety in respect of a guarantee for an overdraft facility in the amount of R19.85 million in favour of FNB, a division of FirstRand Bank Limited. This facility was unutilised as at 31 May 2015. In addition, the Company and four of its subsidiaries have issued a cross surety in the amount of R1.3 million.

The Company has issued a surety in respect of a guarantee in the amount of R80.7 million in favour of third parties, for normal trade obligations of group companies.

Maturity of financial liabilities

	Less than one month or on demand R'000	More than one month but not exceeding one year R'000	Payable in: More than one year but not exceeding two years R'000	More than two years but not exceeding five years R'000	More than five years R'000
2015					
Loans from subsidiaries	754 891	—	—	—	—
Trade and other payables*	2 785	10 946	48 425	55 300	—
Total	757 676	10 946	48 425	55 300	—
2014					
Loans from subsidiaries	474 949	—	—	—	—
Trade and other payables*	2 512	11 557	—	—	—
Total	477 461	11 557	—	—	—

* Trade and other payables exclude non-financial instruments being VAT and certain amounts within accruals and sundry creditors.

2. FINANCIAL RISKS continued

Market risk

Market risk is the risk that changes in market prices (interest rate and currency risk) will affect the Company's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Company is exposed to risks from movements in foreign exchange rates and interest rates that affect its assets, liabilities and anticipated future transactions.

Fair value measurement hierarchy:

- Level 1: fair value based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: fair value based on inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); or
- Level 3: fair value based on inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

Contingent consideration, included in trade and other payables are level 3 financial liabilities.

Changes in level 3 instruments are as follows:

	2015 R'000	2014 R'000
Contingent consideration		
Opening balance	7 256	3 030
Acquisition of Panacea Proprietary Limited	—	6 155
Acquisition of Viamedia Proprietary Limited	84 783	—
Settlements	(4 113)	(1 800)
Gains and losses recognised in profit or loss	5 354	(129)
Closing balance	93 280	7 256
Total gains or losses for the period included in profit or loss for liabilities held at the end of the reporting period, under:		
Other income	(923)	(827)
Interest paid	6 277	698
Change in unrealised gains or losses for the period included in profit or loss for liabilities held at the end of the reporting period	1 382	698



2. FINANCIAL RISKS continued

Cash flow and fair value interest rate risk

The Company's cash flow interest rate risk arises from loans receivable and cash and cash equivalents. The Company is not exposed to fair value interest rate risk as the Company does not have any fixed interest-bearing instruments carried at fair value nor any interest-bearing borrowings.

As part of the process of managing the Company's exposure to interest rate risk, interest rate characteristics of new borrowings and the refinancing of existing borrowings are positioned according to expected movements in interest rates.

Foreign currency risk

The Company is exposed to foreign currency risk from transactions. Transaction exposure arises due to the Company granting loans to affiliated companies in foreign currencies.

The Company manages its exposure to foreign currency risk by ensuring that the net foreign currency exposure remains within acceptable levels. Hedging instruments are used in certain instances to reduce risks arising from foreign currency fluctuations. The Company did not enter into any forward exchange contracts during the period under review.

IFRS 7 – Sensitivity Analysis

The Company has used a sensitivity analysis technique that measures the estimated change to the statement of comprehensive income of either an instantaneous increase or decrease of 1% (100 basis points) in market interest rates or a 10% strengthening or weakening of the rand against all other currencies, from the rates applicable at 31 May 2015, for each class of financial instrument with all other variables remaining constant. This analysis is for illustrative purposes only, as in practice market rates rarely change in isolation.

Interest rate risks

The interest rate sensitivity analysis is based on the following assumptions:

- Changes in market interest rates affect the interest income or expense of variable interest financial instruments; and
- Changes in market interest rates only affect interest income or expense in relation to financial instruments with fixed interest rates if these are recognised at fair value.

Under these assumptions, a 1% increase or decrease in market interest rates at 31 May 2015 would increase or decrease profit before tax by R22 830 (2014: R655 070).

2. FINANCIAL RISKS continued**Foreign currency risk****Financial instruments by currency**

	ZAR R'000	2015 USD R'000	Total R'000	ZAR R'000	2014 USD R'000	Total R'000
Financial assets						
Cash	2 283	—	2 283	1 418	—	1 418
Trade and other receivables*	3 592	—	3 592	177	—	177
Loans to subsidiaries and associates	976		976	31 565	1 054	32 619
Loans receivable	—	80 672	80 672	—	63 035	63 035
	6 851	80 672	87 523	33 160	64 089	97 249
Financial liabilities						
Non-interest-bearing borrowings	754 891	—	754 891	474 949	—	474 949
Trade and other payables*	117 456	—	117 456	14 069	—	14 069
	872 347	—	872 347	489 018	—	489 018
Net financial position	(865 496)	80 672	(784 824)	(455 858)	64 089	(391 769)

* Trade and other receivables and trade and other payables exclude non-financial instruments.

With a 10% strengthening or weakening in the rand against the US dollar, profit before tax would increase or decrease by R8.1 million respectively.

Capital risk

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. Although the Company is in a deficit position, the value of its significant subsidiary exceeds the carrying value.

In order to maintain or adjust this capital structure, the Company may issue new shares, adjust the amount of dividends paid to shareholders, return capital to shareholders or sell assets to reduce debt.

The Company defines capital as capital and reserves and non-current borrowings.

The Company is not subject to externally imposed capital requirements. There were no changes to the Company's approach to capital management during the year.

Fair value measurement

For all short-term financial assets and liabilities, the carrying amount is regarded as an approximation of the fair value.

	Computer equip- ment R'000	Furniture and fittings R'000	Motor vehicles R'000	Office equip- ment R'000	Leasehold improve- ments R'000	Total R'000
3. PROPERTY AND EQUIPMENT						
Year ended 31 May 2015						
Opening carrying amount	92	388	620	111	15 705	16 916
Additions	131	20	66	93	—	310
Disposals	—	—	—	—	—	—
Depreciation charge	(62)	(194)	(233)	(110)	(5 716)	(6 315)
Closing carrying amount	161	214	453	94	9 989	10 911
At 31 May 2015						
Cost	1 017	2 083	1 261	2 430	39 008	45 799
Accumulated depreciation	(856)	(1 869)	(808)	(2 336)	(29 019)	(34 888)
Carrying amount	161	214	453	94	9 989	10 911
Year ended 31 May 2014						
Opening carrying amount	69	665	907	539	21 421	23 601
Additions	81	36	—	24	—	141
Disposals	(1)	—	(39)	—	—	(40)
Depreciation charge	(57)	(313)	(248)	(452)	(5 716)	(6 786)
Closing carrying amount	92	388	620	111	15 705	16 916
At 31 May 2014						
Cost	886	2 062	1 196	2 337	39 008	45 489
Accumulated depreciation	(794)	(1 674)	(576)	(2 226)	(23 303)	(28 573)
Carrying amount	92	388	620	111	15 705	16 916

There are no property and equipment assets that are encumbered.

	Computer software R'000	Other R'000	Total R'000
4. INTANGIBLE ASSETS			
Year ended 31 May 2015			
Opening carrying amount	78	175	253
Additions	19	—	19
Amortisation charge	(63)	(140)	(203)
Closing carrying amount	34	35	69
At 31 May 2015			
Cost	2 606	700	3 306
Accumulated amortisation	(2 572)	(665)	(3 237)
Carrying amount	34	35	69
Year ended 31 May 2014			
Opening carrying amount	137	315	452
Additions	34	—	34
Amortisation charge	(93)	(140)	(233)
Closing carrying amount	78	175	253
At 31 May 2014			
Cost	2 587	700	3 287
Accumulated amortisation	(2 509)	(525)	(3 034)
Carrying amount	78	175	253

	2015 R'000	2014 R'000
5. DEFERRED TAXATION		
At the beginning of the year	(6 737)	(5 698)
Credited/(charged) to the statement of comprehensive income:		
Provisions	(5 876)	6 850
Tax losses	5 355	(8 121)
Capital allowances	(49)	(49)
Equity compensation benefit	3 237	(105)
Other	12	386
At the end of the year	(4 058)	(6 737)
Deferred taxation comprises:		
Provisions	(6 817)	(941)
Tax losses	(2 766)	(8 121)
Capital allowances	87	136
Equity compensation benefit	6 486	3 249
Other	(1 048)	(1 060)
	(4 058)	(6 737)
The analysis of deferred tax assets and deferred tax liabilities is as follows:		
Deferred tax assets		
Deferred tax assets to be recovered after more than 12 months	3 398	458
Deferred tax assets to be recovered within 12 months	(7 456)	(7 195)
	(4 058)	(6 737)
Deferred tax liabilities		
Deferred tax liabilities to be recovered after more than 12 months	—	—
Deferred tax liabilities to be recovered within 12 months	—	—
	—	—
Net deferred tax asset	(4 058)	(6 737)

Where deferred tax assets have been recognised, a formal process of assessment of the future profitability of the Company has been performed based on detailed budgets and cash flow forecasts. As a result, management believes that the current tax losses will be utilised within one to five years. There are no unrecognised tax losses in the current year (2014: Nil).

For the year ended 31 May 2015

	2015 R'000	2014 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	3 240 227	3 012 304
Loans owing by subsidiaries less amounts written off	976	31 565
	3 241 203	3 043 869

In the current year Viamedia Proprietary Limited was acquired. Refer to note 26 of the Group annual financial statements.

In the current year Blue Label Engage Proprietary Limited was disposed of for R2.4 million. The loss on disposal of R333 676 is included in other expenses in the statement of comprehensive income. Refer to note 25 of the Group annual financial statements.

Details are reflected below:

	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 34 in the Group notes. Refer to notes 15 and 21 for details on impairments.

All loans are interest free and repayable on demand.

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
2014			
Activi Technology Services Proprietary Limited	*	—	—
Activi Deployment Services Proprietary Limited	5 060	—	—
Africa Prepaid Services Proprietary Limited ¹	61 520	75 644	(137 164)
Africa Prepaid Services Nigeria Limited ¹	14 000	17 510	(31 510)
Blue Label Distribution Proprietary Limited**	194 000	—	—
Blue Label Engage Proprietary Limited	2 735	—	—
Blue Label Investments Proprietary Limited	108 416	—	—
Blue Label One Proprietary Limited	40 000	—	—
BLT USA Inc. ²	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	180 201	(175 075)
Kwikpay SA Proprietary Limited**	22 500	—	—
Matragon Proprietary Limited**	*	—	—
Panacea Mobile Proprietary Limited	27 479	—	—
Simigenix Proprietary Limited	*	—	—
The Post Paid Company Proprietary Limited**	*	—	—
The Prepaid Company Proprietary Limited**	2 150 214	—	—
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	—	—
Virtual Voucher Proprietary Limited**	44 784	—	—
	3 271 201	274 331	(501 663)

* 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 34 in the Group notes. Refer to notes 15 and 21 for details on impairments.

¹ These loans bear interest at prime + 2% and are repayable on demand. All other loans are interest free and are repayable on demand.

² On 1 April 2014 BLT USA Inc. distributed its loan to 2DFine Holdings Mauritius of R63 million to Blue Label Telecoms Limited as a dividend in anticipation of deregistration. 2DFine Holdings Mauritius is a joint venture of Gold Label Investments Proprietary Limited. This loan receivable is disclosed in note 7. The excess of R10 million represents dividends received from BLT USA Inc. and is included in other income. Refer to note 15.

6. INVESTMENTS IN GROUP COMPANIES AND RELATED LOANS continued**6.1 Investments in and loans to subsidiaries continued**

In the current year Viamedia Proprietary Limited was acquired. Refer to note 26 in the Group notes for details of these acquisitions.

In the current year Blue Label Engage was disposed of for R2.4 million. The loss on disposal of R333 676 is included in other expenses in the statement of comprehensive income. Refer to note 25 of the Group notes for further details.

	2015 R'000	2014 R'000
6.2 Investments in and loans to joint ventures and associates		
Shares as at the beginning of the year	254 142	164 826
Acquisition of joint venture and associate	50 033	89 316
Shares as at the end of the year	304 175	254 142
Loans at the beginning of the year	1 054	—
Loan granted to joint venture capitalised	(50 033)	(89 316)
Loans granted to joint venture	48 979	86 819
Unrealised foreign exchange profit on loans to joint ventures	—	3 551
Loans at the end of the year	—	1 054
Closing net book value	304 175	255 196

On 10 September 2013 a loan of R85.8 million was advanced to Blue Label Mexico S.A. de C.V. (BLM). This loan was capitalised on 18 December 2013. The difference of R3.5 million relates to foreign exchange movements.

There was no impairment of investment in joint ventures. The terminal growth rates applied was 3.5% (2014: 3.5%). The weighted average cost of capital used to discount these cash flows was 18.46% (2014: 17.44%). The discount rates used are pre-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 2.25% before any impairments would need to be recognised. Refer to note 6 of the Group annual financial statements.

6. INVESTMENTS IN GROUP COMPANIES AND RELATED LOANS continued

6.2 Investments in and loans to joint ventures and associates continued

Loans to joint venture

	Interest rate	2015 R'000	2014 R'000
Blue Label Mexico S.A. de C.V.	4.50%	—	1 054
	—	—	1 054

The loans are neither past due nor impaired with a low risk of default.

Loans to joint ventures have no fixed terms of repayment.

Shares in associate and joint venture acquired during the year:

		Date acquired	Country of incorporation	Percentage interest acquired
Lornanox Proprietary Limited	Associate	22 January 2015	South Africa	40
Blue Label Mexico S.A. de C.V.*	Joint venture	1 September 2014	Mexico	1.07

* In the current year, there was a further capital contribution of R50 million to BLM. This comprised R49 million loaned in September 2014 together with the R1 million loan outstanding at the beginning of the financial year. This resulted in a dilution of shares held by an outside shareholder increasing our shareholding to 46.64%.

	Assets R'000	Liabilities R'000	Revenues R'000	Loss R'000
2015				
Blue Label Mexico S.A. de C.V.	334 270	94 773	3 526 421	(186 156)
Lornanox Proprietary Limited	—	—	—	—
2014				
Blue Label Mexico S.A. de C.V.	393 801	58 777	2 865 340	(131 465)

	2015 R'000	2014 R'000
7. LOAN RECEIVABLE		
Interest-bearing loan receivable	80 672	63 035
	80 672	63 035

Interest-bearing loans bear 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).

	2015 R'000	2014 R'000
8. TRADE AND OTHER RECEIVABLES		
Trade receivables	—	—
Sundry debtors	26	211
Prepayments	591	535
VAT	—	1 721
Amounts due from related parties (refer to note 21)	3 592	—
	4 209	2 467

The ageing of trade receivables, including amounts due from related parties, at the reporting date is as follows:

	Gross R'000	Impairment R'000	Net R'000
31 May 2015			
Fully performing	3 592	—	3 592
Past due by one to 30 days	—	—	—
Past due by 31 to 60 days	—	—	—
Past due by 61 to 90 days	—	—	—
Past due by more than 90 days	—	—	—
	3 592	—	3 592
31 May 2014			
Fully performing	—	—	—
Past due by one to 30 days	—	—	—
Past due by 31 to 60 days	—	—	—
Past due by 61 to 90 days	—	—	—
Past due by more than 90 days	—	—	—
	—	—	—

Based on the financial performance of the relevant debtors, management does not consider there to be any indications of potential default in respect of the fully performing book.

	2015 R'000	2014 R'000
9. CASH AND CASH EQUIVALENTS		
Cash at bank	2 283	1 418
	2 283	1 418



	2015 Number of shares	2014 Number of shares	2015 R'000	2014 R'000
10. SHARE CAPITAL				
Authorised				
Total authorised share capital of ordinary shares (par value of R0.000001 each)	1 000 000 000	1 000 000 000	1	1
Issued				
Balance at the beginning of the year	663 896 358	661 635 258	*	*
Shares acquired during the year	(2 252 420)	(1 368 822)	*	*
Shares vested during the year – Blue Label Telecoms Limited	1 811 995	1 817 292	*	*
Shares vested during the year – Blue Label Telecoms Limited subsidiaries	2 007 413	1 812 630	*	*
Balance at the end of the year	665 463 346	663 896 358	*	*

* Less than R1 000.

All issued shares are fully paid up.

The total number of shares in issue, including shares held as treasury shares as at 31 May 2015, is 674 509 042 (2014: 674 509 042).

The Company acquired 2 252 420 (2014: 1 368 822) shares at an average price of R8.49 (2014: R8.12) on the JSE in order to grant forfeitable shares to employees and Directors.

The amount paid to acquire these shares was R19 131 983 (2014: R11 120 071) and has been deducted from shareholders' equity.

These shares are held as "treasury shares". Refer to note 11 for details on the forfeitable shares.

11. EQUITY COMPENSATION BENEFIT**Forfeitable shares**

During the year 1 261 973 (2014: 1 140 180) forfeitable shares were granted to executive directors and qualifying employees (participant). The participant will forfeit the forfeitable shares if he/she ceases to be an employee of an employer company before the vesting date or if the specified performance conditions have not been met, unless otherwise specified by the rules or determined by the Board. In the event that the participant is not in the employ of the Group, or the performance conditions are not met, the shares allocated to the participant will be forfeited and will either be sold on the open market by the escrow agent and the proceeds will be returned to the participating employer, or may be retained by the Group for future awards.

Dividends declared in respect of these forfeitable shares are held in escrow until such time as the performance conditions are met and the shares have vested. Shares forfeited during the vesting period will forfeit any dividends pertaining to such shares. A dividend of 27 cents (2014: 25 cents) per ordinary share was declared on 19 August 2014 (2014: 18 August 2013).

The performance condition for the fourth award of forfeitable shares vesting on 31 August 2014 was as follows:

- 25% of the shares constituting the allocation are awarded for retention purposes and shall vest if the employee is still employed within the Group at the vesting date (31 August 2014).
- 25% of the shares constituting the allocation will vest on the achievement by individual employees of their individual key performance indicators.
- 50% of shares constituting the allocation will vest if the Group's core HEPS are equal to or exceed the core HEPS per ordinary share at the beginning of the performance period, 1 June 2011, by the percentage change in the CPI over the performance period, plus 15%. There is no linear vesting to this portion of the allocation.

The performance condition for the fifth award vesting on 31 August 2015 of forfeitable shares is as follows:

- 40% of the awards are allocated towards retention. In order to receive this portion of the allocation the employee is required to be employed within the Group at the vesting date (31 August 2015).
- 60% of the awards are allocated on the basis of 50% for growth in core headline earnings per share and 10% for shareholder returns.
- The 50% for growth in core headline earnings will be based on the following achievements.
- If growth is 5% above CPI over three years, then 20% of the 50% will vest.
- If growth is 10% above CPI over three years, then an additional 50% (i.e. a total of 70%) of the 50% will vest.
- If growth is 25% above CPI over three years, then a further 30% (i.e. a total of 100%) of the 50% will vest.

The 10% for shareholder return will be based on a 10% compounded growth in the share price over the three-year vesting period measured with reference to the weighted average price per share during the month of the commencement of the allocation and the weighted average share price for the month during which the vesting takes place, plus dividends over the three-year period.



11. EQUITY COMPENSATION BENEFIT

Forfeitable shares

The performance condition for the sixth award vesting on 31 August 2016 of forfeitable shares is as follows:

- 40% of the awards are allocated towards retention. In order to receive this portion of the allocation the employee is required to be employed within the Group at the vesting date (31 August 2016).
- 60% of the awards are allocated on the basis of 50% for growth in core headline earnings per share and 10% for shareholder returns.

The 50% for growth in core headline earnings will be based on the following achievements:

- If growth is 5% above CPI over three years, then 20% of the 50% will vest.
- If growth is 10% above CPI over three years, then an additional 50% (i.e. a total of 70%) of the 50% will vest.
- If growth is 25% above CPI over three years, then a further 30% (i.e. a total of 100%) of the 50% will vest.

The 10% for shareholder return will be based on a 10% compounded growth in the share price over the three-year vesting period measured with reference to the weighted average price per share during the month of the commencement of the allocation and the weighted average share price for the month during which the vesting takes place, plus dividends over the three-year period.

The performance condition for the seventh award vesting on 31 August 2017 of forfeitable shares is as follows:

- 40% of the awards are allocated towards retention. In order to receive this portion of the allocation the employee is required to be employed within the Group at the vesting date (31 August 2017).
- 60% of the awards are allocated on the basis of 50% for growth in core headline earnings per share and 10% for shareholder returns.

The 50% for growth in core headline earnings will be based on the following achievements:

- If growth is 5% above CPI over three years, 20% of the 50% will vest.
- If growth is 10% above CPI over three years, an additional 50% (i.e. a total of 70%) of the 50% will vest.
- If growth is 25% above CPI over three years, a further 30% (i.e. a total of 100%) of the 50% will vest.

The 10% for shareholder return will be based on a 10% compounded growth in the share price over the three-year vesting period measured with reference to the weighted average price per share during the month of the commencement of the allocation and the weighted average share price for the month during which the vesting takes place, plus dividends over the three-year period.

For the year ended 31 May 2015

11. EQUITY COMPENSATION BENEFIT continued**Forfeitable shares continued**

Movements in the number of forfeitable shares outstanding during the year are as follows:

	Grant date	Vesting date	Number of shares	Fair value of grant R'000
At 31 May 2013			5 379 330	27 792
Third award			1 888 167	8 874
Fourth award			2 039 590	9 178
Fifth award			1 451 573	9 740
Granted during the year			1 140 180	9 977
Sixth award	2 September 2013	31 August 2016	1 140 180	9 977
Shares forfeited during the year			(461 206)	(2 449)
Third award			(70 875)	(333)
Fourth award			(227 595)	(1 024)
Fifth award			(162 737)	(1 092)
Shares vested during the year			(1 817 292)	(8 541)
Third award		31 August 2013	(1 817 292)	(8 541)
At 31 May 2014			4 241 011	26 779
Fourth award			1 811 995	8 154
Fifth award			1 288 836	8 648
Sixth award			1 140 180	9 977
Granted during the year			1 261 973	11 232
Seventh award	3 September 2014	31 August 2017	1 261 973	11 232
Shares vested during the year			(1 811 995)	(8 154)
Fourth award		31 August 2014	(1 811 995)	(8 154)
At 31 May 2015			3 690 989	29 857
Fifth award			1 288 836	8 648
Sixth award			1 140 180	9 977
Seventh award			1 261 973	11 232

Refer to note 14 for the expense recognised in the statement of comprehensive income relating to the equity compensation benefits.

The fair value of the shares is based on the value paid for the shares on the open market at grant date.

The total number of forfeitable shares issued to executive directors during the period is 955 617 (2014: 1 010 060).

The share-based payment expense in relation to these executive directors is R8.9 million (2014: R5.6 million).

Included in this is R659 000 (2014: R659 000) paid by subsidiaries.

Refer to note 29 of the Group annual financial statements for details per Director.



	2015 R'000	2014 R'000
12. TRADE AND OTHER PAYABLES		
Trade payables	726	738
Accruals	4 520	4 501
Employee benefits	26 620	5 278
Sundry creditors	4 843	4 880
Contingent consideration	93 280	7 256
VAT	983	—
Payables to related parties (refer to note 21)	3 854	638
	134 826	23 291
Less: Amounts included in current portion of trade and other payables	44 705	(23 291)
	90 121	—
13. LOANS FROM SUBSIDIARIES		
Blue Label Investments Proprietary Limited	3 638	3 638
The Prepaid Company Proprietary Limited	703 253	423 311
Ventury Group Proprietary Limited	48 000	48 000
	754 891	474 949
Loans are unsecured, interest-free and are repayable on demand.		

	2015 R'000	2014 R'000
14. EMPLOYEE COMPENSATION AND BENEFIT EXPENSE		
Salaries and wages	48 416	44 878
Bonuses	24 753	3 583
Equity compensation benefit	11 274	4 972
Other	743	2 269
	85 186	55 702
The average number of employees for the year is 34 (2014: 36).		
15. OPERATING PROFIT/(LOSS)		
The following items have been charged/(credited), in arriving at operating profit/(loss):		
Acquisition-related costs	1 971	2 901
Audit fees – other	128	867
Audit fees – services as auditors	3 962	5 217
Consulting fees	9 909	7 147
Dividend received**	—	(10 107)
Foreign exchange profit**	(10 559)	(2 908)
Impairment of loans and investments*	23 484	30 136
Reversal of impairment of loans and investments***	(53 927)	—
Insurance	890	1 041
Legal fees	914	623
Management fees received**	(108 272)	(79 944)
Operating lease rentals – premises	(1 298)	(1 826)
Rental paid	12 358	12 358
Rental recovery	(13 656)	(14 184)
Overseas travel	2 266	1 671
Profit on disposal of property, plant and equipment**	(1)	(23)
Loss on disposal of subsidiary	334	—

* An impairment loss of R23.5 million (2014: R30.1 million) was recognised in the current year relating to the impairment of related party loans in line with our stated accounting policies (refer to note 21). The related party loans have been fully impaired due to the continuing trading losses in these entities which are not considered to be immediately recoverable.

** Included in other income.

*** The reversal of impairment relates to the loan to Gold Label Investments Proprietary Limited (Gold Label). The reversal arose due to Gold Label repaying a portion of the loan previously impaired.

	2015 R'000	2014 R'000
16. FINANCE COSTS/(INCOME)		
Finance costs		
– Bank	1	1
– Other	6 283	774
	6 284	775
Finance income		
– Bank	(210)	(527)
– Loans	(11 586)	(7 279)
– Other	—	—
	(11 797)	(7 806)
Net finance income	(5 513)	(7 031)
17. TAXATION		
Current tax	—	505
Current year	—	—
Adjustment in respect of prior year	—	505
Deferred tax	2 679	(1 040)
Current year	2 608	(1 040)
Adjustment in respect of prior year	71	—
	2 679	(535)
Tax rate reconciliation		
Net profit/(loss) before tax	47 944	(23 242)
Tax at 28%	13 424	(6 508)
Income not subject to tax	(309)	(3 882)
Income of a capital nature	(6 219)	—
Impairment reversal	(8 524)	—
Expenditure not deductible for tax purposes	4 236	10 190
Adjustment in respect of prior year	71	505
Capital gains tax	—	(840)
	2 679	(535)
Effective tax rate	6%	2%

	2015 R'000	2014 R'000
18. CASH GENERATED/(UTILISED) BY OPERATIONS		
Reconciliation of operating loss to cash flows from operating activities		
Operating profit/(loss)	42 431	(30 273)
Adjustments for:		
Dividends received	—	(10 107)
Depreciation of property, plant and equipment	6 315	6 786
Amortisation on intangible assets	203	233
Impairment of loans and investments	23 484	30 136
Reversal of impairment of loans and investments	(53 927)	—
Profit on disposal of property, plant and equipment	(1)	(23)
Loss on disposal of subsidiaries	334	—
Equity compensation benefit expense	11 274	4 972
Net unrealised foreign exchange profit	(10 503)	(2 864)
Changes in working capital:		
(Increase)/decrease in trade and other receivables	(1 742)	4 723
Increase/(decrease) in trade and other payables	29 965	(21 552)
	47 833	(17 969)
19. TAXATION PAID		
Balance outstanding at the beginning of the year	377	8 126
Taxation charge	—	505
Balance outstanding at the end of the year	271	(377)
	648	8 254
20. COMMITMENTS		
Future operating lease commitments for:		
Premises		
Payable within one year	15 195	13 751
Payable in two to five years	12 270	27 465
Payable in greater than five years	—	—
	27 465	41 216

Future funding commitments

The Company has committed to provide funding of R36.4 million to a joint venture.

The commitment is non-binding but has been undertaken with a reasonable expectation of fulfilment.



21. RELATED PARTY TRANSACTIONS

Related party relationships

For details of subsidiaries and joint ventures, refer to note 33 in the Group notes.

For details of the Company's Directors, refer to the Directors' report.

ZOK Cellular Proprietary Limited, BSC Technologies Proprietary Limited, Black Ginger 59 Proprietary Limited, Moneyline 311 Proprietary Limited, aloeCap Proprietary Limited, Stylco Proprietary Limited, Wildekrans Wine Estate Proprietary Limited, Stax Technologies Proprietary Limited, and Ellerine Bros. Proprietary Limited are related parties due to Directors' shareholdings and the companies having certain common directorships.

For details of the shareholdings in the Company, refer to the Directors' report.

For details of emoluments to Directors, who are regarded as key management, refer to note 29 of the Group annual financial statements and remuneration report.

The following transactions were carried out with related parties:

	2015 R'000	2014 R'000
Purchases from related parties		
Black Ginger 59 Proprietary Limited	6 659	6 115
BSC Technologies Proprietary Limited	—	65
Cellfind SA Proprietary Limited	15	14
Stax Technologies Proprietary Limited	144	26
Stylco Proprietary Limited	50	—
The Prepaid Company Proprietary Limited	—	2
Wildekrans Wine Estate Proprietary Limited	—	1
ZOK Cellular Proprietary Limited	11	20
Interest received from related parties		
Africa Prepaid Services Proprietary Limited	3 128	4 462
Africa Prepaid Services Nigeria Limited	1 286	1 273
2DFine Holdings Mauritius	7 135	527
Blue Label Mexico S.A. de C.V.	(18)	1 017
Management fees received from related parties		
Activi Deployment Services Proprietary Limited	106	97
Blue Label Distribution Proprietary Limited	3 678	3 343
Blue Label Mexico S.A. de C.V.	—	250
Blue Label One Proprietary Limited	540	1 200
Cellfind SA Proprietary Limited	3 827	3 479
Cigicell Proprietary Limited	3 295	2 996
Datacel Direct Proprietary Limited	720	483
The Prepaid Company Proprietary Limited	96 000	68 000
Transaction Junction Proprietary Limited	106	97

	2015 R'000	2014 R'000
21. RELATED PARTY TRANSACTIONS continued		
Rent received from related parties		
Black Ginger 59 Proprietary Limited	13 866	13 545
Rent paid to related parties		
Ellerine Bros. Proprietary Limited	6 875	6 222
Moneyline 311 Proprietary Limited	6 875	6 222
Impairment of related party loans		
Africa Prepaid Services Proprietary Limited	12 254	17 740
Africa Prepaid Services Nigeria Limited	11 231	12 397
Gold Label Investments Proprietary Limited	(53 927)	—
Loans to related parties		
Blue Label Mexico S.A. de C.V.	—	1 054
<i>Loan is repayable on demand and bears interest at 4.25% per annum.</i>		
Gold Label Investments Proprietary Limited	—	30 589
<i>Loan is repayable on demand and is interest free.</i>		
2DFine Holdings Mauritius	80 672	63 035
<i>Loan is repayable on demand and bears interest at 10% per annum.</i>		
Uninex Proprietary Limited	976	976
<i>Loan is repayable on demand and is interest free.</i>		
Loans from related parties		
Blue Label Investments Proprietary Limited	3 638	3 638
<i>Loan is repayable on demand and is interest free.</i>		
The Prepaid Company Proprietary Limited	703 253	423 311
<i>Loan is repayable on demand and is interest free.</i>		
Ventury Group Proprietary Limited	48 000	48 000
<i>Loan is repayable on demand and is interest free.</i>		
Amounts due from related parties included in trade receivables		
Black Ginger 59 Proprietary Limited	3 592	—
	3 592	—



	2015 R'000	2014 R'000
21. RELATED PARTY TRANSACTIONS continued		
Amounts due to related parties included in trade payables		
aloeCap Proprietary Limited	—	44
Black Ginger 59 Proprietary Limited	1 745	—
KM Ellerin	—	84
NN Lazarus	—	133
LM Nestadt	—	211
Moneyline 311 Proprietary Limited	2 110	—
Unihold Group Proprietary Limited	—	95
JS Vilakazi	—	71
	3 855	638

SHAREHOLDER ANALYSIS

Shareholder spread	Number of shareholdings	%	Number of Shares	%
1 – 1 000 shares	767	32.83	340 220	0.05
1 001 – 10 000 shares	962	41.18	3 502 312	0.52
10 001 – 100 000 shares	342	14.64	12 061 420	1.79
100 001 – 1 000 000 shares	181	7.75	63 723 702	9.45
1 000 001 shares and over	84	3.60	594 881 388	88.19
Totals	2 336	100.00	674 509 042	100.00
Distribution of shareholders				
Banks	49	2.10	83 926 458	12.44
Close corporations	27	1.16	273 234	0.04
Empowerment	1	0.04	6 863	0.00
Endowment funds	18	0.77	1 875 582	0.28
Individuals	1 768	75.68	144 703 959	21.45
Insurance companies	24	1.03	13 226 946	1.96
Investment companies	8	0.34	13 388 324	1.98
Medical schemes	7	0.30	999 035	0.15
Mutual funds	87	3.72	170 124 195	25.22
Other corporations	10	0.43	47 199	0.01
Private companies	58	2.48	134 813 653	19.99
Public companies	4	0.17	2 413 723	0.36
Retirement funds	117	5.01	64 122 348	9.51
Treasury stock	2	0.09	9 059 727	1.34
Trusts	156	6.68	35 527 796	5.27
Totals	2 336	100.00	674 509 042	100.00
Public/non-public shareholders				
Non-public shareholders	22	0.95	290 049 102	43.00
Directors and associates	19	0.82	180 989 375	26.83
Strategic holdings (more than 10%)	1	0.04	100 000 000	14.83
Treasury stock	2	0.09	9 059 727	1.34
Public shareholders	2 314	99.05	384 459 940	57.00
Totals	2 336	100.00	674 509 042	100.00



SHAREHOLDER ANALYSIS continued

Major Holders holding 2% or more (directly or indirectly)	Number of Shares	%
Allan Gray Asset Management	158 372 252	23.48
Shotput Investments Proprietary Limited*	100 000 000	14.83
Levy, BM (includes CFDs)	83 821 468	12.43
Levy, MS (includes CFDs)	76 414 059	11.33
Sanlam	21 072 820	3.12
Nedbank Group	18 723 574	2.78
Deutsche Bank	16 189 510	2.40
Peregrine	15 049 854	2.23
36ONE Asset Management	14 907 865	2.21
Grandeur Peak Global Advisors	14 480 320	2.15
Dimensional Fund Advisors	14 418 661	2.14
Government Employees Pension Fund	13 488 848	2.00
Totals	546 939 231	81.09