

notes to the group annual financial statements

audited results as at 31 May 2008

Blue Label Telecoms Limited ("the company") and its subsidiaries (together referred to as "the group") is involved in the procurement, selling and distribution of prepaid products for inter-alia fixed and mobile networks and all business ancillary thereto.

The annual financial statements comprise the consolidated financial statements of the group and the stand-alone financial statements of the company and were authorised by the board of directors, as indicated on page 69.

1. Significant accounting policies

Statement of compliance

The annual financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and its interpretations adopted by the International Accounting Standards Board ("IASB") and the Companies Act, No. 61 of 1973, as amended. These financial statements are prepared in accordance with IFRS, issued and effective as at 31 May 2008. The group has early adopted IFRS 8 – *Operating Segments*.

Basis of preparation

The annual financial statements and group financial statements are prepared under the historical cost convention, as modified by the revaluation of certain financial instruments. 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.

The comparative balances in the group financial statements arise from the application of predecessor accounting.

The accounting policies set out below are consistent with the accounting policies applied by BLI, with the exception of common control transactions and

transactions with minorities. Transactions with minorities were accounted for in BLI under the parent company model, and are accounted for under the economic entity method in BLT. Details of the accounting policies are included below.

Standards, interpretations and amendments to published standards that are not yet effective

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the financial year commencing 1 June 2009, but which the group has not early adopted, are as follows:

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.

IAS 1 (Revised) Presentation of Financial Statements

The main objective of IAS 1 was to aggregate information in the financial statements on the basis of shared characteristics. With this in mind, the International Accounting Standards Board ("IASB") considered it useful to separate changes in equity (net assets) of an entity during a period arising from transactions with owners in their capacity as owners from other changes in equity. Consequently, the IASB decided that all owner changes in equity should be presented in the statement of changes in equity, separately from non-owner changes in equity.

In addition, the board's intention in revising IAS 1 was to improve and reorder sections of IAS 1 to make it easier to read. The board's objective was not to reconsider all the requirements of IAS 1.

The changes relate to disclosure in the financial statements and are unlikely to have a significant impact on the group's financial statements. These changes are effective for the financial year commencing on 1 June 2009.

IAS 23 (Revised) Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset form part of the cost of that asset and may no longer be expensed. Other borrowing costs are recognised as an expense.



The group has not previously capitalised borrowing costs and furthermore does not have any qualifying projects, therefore no impact is expected.

IAS 27 (Revised) Consolidated and Separate Financial Statements

In 2008 IAS 27 was amended as part of the second phase of the business combinations project. That phase of the project was undertaken jointly with the US Financial Accounting Standards Board ("FASB") and the IASB. The amendments related, primarily, to accounting for non-controlling interests and the loss of control of a subsidiary.

The group already applies the economic entity model in their financial statements and therefore management believe their will be limited effects from the application of IAS 27R.

IAS 27R and IFRS 3R *Business Combinations* have to be adopted in the same period. Both these standards are effective for the period commencing on 1 June 2009.

IFRS 2 Amended Share-based Payments Vesting Conditions and Cancellations

IFRS 2 was amended to provide more clarity on vesting conditions and cancellations. There are limited share-based payments schemes within the group and the impact is not likely to be significant.

IFRS 3 (Revised) Business Combinations

As noted above IAS 27R and IFRS 3R were issued as part of a joint effort by the IASB and the US FASB to improve financial reporting while promoting the international convergence of accounting standards. The objective of the IFRS is to enhance the relevance, reliability and comparability of the information that an entity provides in its financial statements about a business combination and its effects.

As the standard will only be applicable to acquisitions on or after 1 June 2009, no effect has yet been considered.

IFRIC 12 Service concession arrangements

This interpretation gives guidance on the accounting by operators for public-to-private service concession arrangements.

This Interpretation is not applicable to the group.

IFRIC 13 Customer Loyalty Programme

This interpretation addresses how companies that grant their customers loyalty awards credits when buying goods or services, should account for their obligation to provide free or discounted goods, or services, if and when customers redeem the points.

This interpretation is not applicable to the group.

IFRIC 14 Limit on a Defined Benefit Asset Minimum Funding Requirements and their Interaction

IFRIC 14 addresses three issues:

- how entities should determine the limit placed by IAS 19 *Employee Benefits* on the amount of a surplus in a pension plan they can recognise as an asset
- how a minimum funding requirement affects that limit and
- when a minimum funding requirement creates an onerous obligation that should be recognised as a liability in addition to that otherwise recognised under IAS 19.

The effect of the interpretation is being considered.

IFRIC 15 Agreements for the Construction of Real Estate

The interpretation will standardise accounting practice across jurisdictions for the recognition of revenue among real estate developers for sales of units, such as apartments or houses, "off plan", ie before construction is complete.

The interpretation provides guidance on how to determine whether an agreement for the construction of real estate is within the scope of IAS 11 *Construction Contracts* or IAS 18 *Revenue* and when revenue from the construction should be recognised.

The main expected change in practice is a shift for some entities from recognising revenue using the percentage of completion method (ie as construction progresses, by reference to the stage of completion of the development) to recognising revenue at a single time (ie at completion upon or after delivery).

This interpretation is not applicable to the group.

IFRIC 16 Hedges of a Net Investment in a Foreign Operation

IFRIC 16 applies to an entity that hedges the foreign currency risk arising from its net investments in foreign operations and wishes to qualify for hedge accounting in accordance with IAS 39.

For convenience the interpretation refers to such an entity as a parent entity, however; all references to a parent entity apply equally to an entity that has a net investment in a foreign operation that is a joint venture, an associate or a branch.

The Interpretation does not apply to other types of hedge accounting; it should not be applied by analogy.

This interpretation is not applicable to the group.



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1. Significant accounting policies (continued) Standards, amendments and interpretations not yet effective (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.

Unless otherwise specified the amendments are effective for annual periods beginning on or after 1 January 2009, although entities are permitted to adopt them earlier.

The following standards have been effected by the project:

- IFRS 5 *Non-current Assets Held for Sale*
- IAS 1 *Presentation of Financial Statements*
- IAS 16 *Property, Plant and Equipment*
- IAS 19 *Employee Benefits*
- IAS 20 *Accounting for Government Grants*
- IAS 23 *Borrowing Costs*
- IAS 27 *Consolidated and Separate Financial Statements*
- IAS 28 *Investments in Associates*
- IAS 31 *Interests in Joint Ventures*
- IAS 29 *Financial Reporting in Hyperinflationary Environment*
- IAS 36 *Impairment of Assets*
- IAS 38 *Intangible Assets*
- IAS 39 *Financial Instruments: Recognition and Measurement*
- IAS 40 *Investment Property*
- IAS 41 *Agriculture*

Management are currently considering the effect of the changes.

The group has early adopted *IFRS 8 – Operating Segments*. The standard requires the segmental disclosures to be reported based on the "management approach". The reporting would be based on the information that management uses internally for evaluating segment performance and when deciding to allocate resources to operating segments. IFRS 8 will supersede the current standard dealing with segmental reporting, IAS 14. The group had not previously applied the requirements of IAS 14. Refer to note 28.

Basis of consolidation

Subsidiaries

Subsidiaries are all entities (including Special Purpose Entities) in which the group has an interest of more

than one half of the voting rights or otherwise has power to govern the financial and operating policies.

The existence and effect of potential voting rights that are presently exercisable or presently convertible are considered when assessing whether the group controls another entity.

Subsidiaries are consolidated from the date on which control is transferred to the group and are no longer consolidated from the date that control ceases. The purchase method of accounting is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets given up, shares issued, or liabilities undertaken at the date of acquisition plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest.

Transactions in which combining entities are controlled by the same party or parties before and after the transaction, and that control is not transitory, are referred to as common control transactions.

The telecommunications operations of BLI were "spun off" into a separate entity, BLT, which was subsequently listed. In terms of this "spin off" transaction, the shareholders and shareholdings of both BLI and BLT remained the same prior to the listing of BLT. The accounting treatment of a "spin off" is not dealt with under IFRS but is similar in nature to the accounting treatment of a common control transaction.

There is currently no guidance under IFRS for the accounting treatment of such transactions. In terms of IAS 8 – *Accounting Policies, Changes in Accounting Estimates and Errors*, the group may either apply IFRS 3 – *Business Combinations* or a similar GAAP. US GAAP uses the predecessor values with the restatement of comparatives method for such transactions, and the group has elected to apply this as their policy for common control transactions. Therefore no purchase price allocation is performed and any difference between the net asset value and the amount paid (ie the purchase consideration) is recorded directly in the restructuring reserve in equity. Comparatives have been restated in line with this policy for group purposes. For company purposes, comparatives have not been restated and transactions are accounted for from their effective date.

Intercompany transactions, balances and unrealised gains on transactions between group companies



are eliminated; unrealised losses are also eliminated unless costs cannot be recovered. The interests of minority shareholders in the consolidated equity and results of the group are shown separately in the consolidated balance sheet and income statement, respectively. Where the losses attributable to the minority shareholders in a consolidated subsidiary exceed their interest in that subsidiary, the excess, and any further losses attributable to them, are recognised by the group and allocated to those minority interests only to the extent that the minority shareholders have a binding obligation and are able to fund the losses. Where the group previously did not recognise the minority shareholders' portion of losses and the subsidiary subsequently turns profitable, the group recognises all the profits until the minority shareholders' share of losses previously absorbed by the group has been recovered.

Minority interest is stated at the minority's proportion of the fair values of the identifiable assets and liabilities recognised. The group applies the economic entity method in accounting for transactions with minority shareholders. Minority shareholders are treated as equity participants. Acquisitions of minorities or disposals by the group of its minority interests in subsidiary companies where control is maintained subsequent to the disposal are accounted for as equity transactions with minorities. Consequently, the difference between the purchase price and the book value of a minority interest purchased is recorded in equity. All profits and losses arising as a result of the disposal of interests in subsidiaries to minorities where control is maintained subsequent to the disposal, are also recorded in equity.

When necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the group.

The company financial statements account for subsidiaries at cost less any accumulated impairment.

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 by the equity method of accounting and are initially recognised at cost. The group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

The group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and

its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against 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 obligations or made payment on behalf of the associate. Unrealised gains on transactions between the group and its associates are eliminated to the extent of the group's interest in the associate. Unrealised losses are also eliminated to the extent of the group's interest in the associate 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.

The company financial statements account for associates at cost less any accumulated impairment.

A listing of the group's principal subsidiaries and associates is set out in note 29 to the financial statements. The financial effects of the acquisition and disposal of the subsidiaries and associates are disclosed separately in the notes to the financial statements.

Joint ventures

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. Joint control is the contractually agreed sharing of control over an economic activity, and exists only when the strategic financial operating decisions relating to the activity require the unanimous consent of the parties sharing control (venturers).

The group's interest in its joint venture is accounted for under the equity method of accounting whereby an interest in jointly controlled entities is initially recorded at cost and adjusted thereafter for post-acquisition changes in the group's share of net assets of the joint venture. The income statement reflects the group's share of the results of operations of the joint venture.

The company financial statements account for joint ventures at cost less any accumulated impairment.

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 consolidated financial statements are presented in Rand, which is the company's functional and presentation currency.



notes to the group annual financial statements (continued)

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1. Significant accounting policies (continued)

Foreign currencies (continued)

(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 income statement.

Changes in the fair value of monetary securities denominated in foreign currency classified as available-for-sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in the amortised cost are recognised in profit or loss, and other changes in the carrying amount are recognised in equity.

Translation differences on non-monetary financial assets and liabilities are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available-for-sale are included in the available-for-sale equity reserve.

(c) Group companies

The results and financial position of associates (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 at the date of that balance sheet; and
- 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); and
- 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 shareholders' equity. When a foreign operation is sold, such exchange differences are recognised in the income statement 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 balance sheet include:

- financial assets at fair value through profit or loss;
- financial assets at amortised cost;
- loans receivable;
- trade and other receivables;
- cash and cash equivalents;
- borrowings;
- trade and other payables; and
- bank overdraft.

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

The 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 balance sheet 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 balance sheet when, and only when, they are extinguished – ie when the obligation specified in the contract is discharged or cancelled or expires.

Financial assets

The group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, and available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its investments at initial recognition.

(a) Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held-for-trading, and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorised as held-for-trading unless they are designated as hedges. Assets



in this category are classified as current assets if they are either held-for-trading or are expected to be realised within 12 months of the balance sheet date.

Financial assets at fair value through profit or loss are initially recognised at fair value. Transaction costs are expensed in the income statement. These assets are subsequently measured at fair value. All related realised and unrealised gains and losses arising from changes in fair value are recognised in the income statement.

The group did not hold any financial assets designated at fair value through profit or loss at the balance sheet date.

(b) 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 balance sheet 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 (including loans to associates), trade and other receivables (excluding prepayments and VAT), cash and cash equivalents as well as 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 SIM (subscriber identity module) card.

Starter pack assets are accounted for as financial assets as they represent a contractual right for the group to receive cash.

(c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Financial assets classified as available-for-sale are initially recognised at fair value plus transaction costs. Subsequent to initial recognition, available-for-sale financial assets are carried at fair value. Unrealised gains and losses arising from the change in fair value are recognised directly in equity until the financial

asset is derecognised or impaired, at which time the cumulative gain or loss previously recognised in equity is recognised in the income statement. Interest and dividend income received on available-for-sale financial assets are recognised in the income statement.

The group did not hold any available-for-sale financial assets at balance sheet date.

Impairment of financial assets

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

(a) Loans and receivables

The group assesses at each balance sheet 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 company about the following events:

- significant financial difficulty of the debtor
- a breach of contract, such as default or delinquency in payments
- it becoming probable that the debtor 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 income statement.

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

(b) Available-for-sale financial assets

The group assesses whether there is objective evidence that a financial asset carried at fair value is impaired at each balance sheet date. If any objective evidence of impairment exists for available-for-sale financial assets (for example, a significant or prolonged decline in the fair value of a security below its cost), the cumulative loss, measured as the difference between the acquisition cost and current fair value, less any impairment loss on the financial asset previously recognised in profit or loss, is removed from equity and recognised in the income statement. If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be related objectively to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the income statement.



notes to the group annual financial statements (continued)

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1. Significant accounting policies (continued)

Financial liabilities and equity

Financial liability 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.

Fair value estimation

The best evidence of fair value on initial recognition is the transaction price, unless the fair value is evidenced by comparison with other observable current market transactions in the same instrument or based on discounted cash flow models and option pricing valuation techniques whose variables include only data from observable markets. Subsequent to initial recognition, the fair values of quoted financial assets are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the group establishes fair value by using valuation techniques.

These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances.

Derivative financial instruments

Derivatives are recognised initially at fair value on the date the derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged.

Certain derivative instruments do not qualify for hedge accounting and are accounted for at fair value through profit or loss. Changes in the fair value of these derivative instruments that do not qualify are recognised immediately in the income statement.

The group did not hold any derivative instruments at balance sheet date.

Property, plant and equipment

Property, plant and equipment are initially recorded at cost, being the purchase cost plus any cost to prepare the assets for their intended use. 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 are charged to the income statement during the financial period in which they are incurred.

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

Property, plant and equipment, with the exception of land, are depreciated on the straight-line basis over each asset's estimated useful life. Land is not depreciated as it is deemed to have an indefinite life.

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% – 33,33%
Electronic terminals	16,67%
Security equipment	20% – 33,33%
Vending machines	16,67%
Media equipment	33,33%
Plant and machinery	2%
Buildings	8,33%

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

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are not capitalised as part of the cost of those assets. All borrowing costs are expensed under the benchmark treatment, in the period in which they are incurred.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate at each balance sheet date.

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 development

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives (three years).



Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the group, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include the software development employee costs and an appropriate portion of relevant overheads. Costs associated with the maintenance of existing computer software programmes are expensed as incurred.

Computer software development costs recognised as assets are amortised over their estimated useful lives.

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

(b) Trademarks and licences

Trademarks and licences are shown at historical cost. Trademarks and licences 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 and licences over their estimated useful lives (10 years).

(c) Databases, customer listings and distribution agreements

Databases, customer listings and distribution agreements 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 – five years).

(d) 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 intend 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
- 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 (ie 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 (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.

(e) 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. If the cost of acquisition is less than the net assets of the subsidiary acquired, the difference is recognised directly in the income statement. Goodwill on the acquisition of subsidiaries is included in "goodwill" in the balance sheet. Goodwill on acquisitions of associates and joint ventures is included in "investments in associates", and "investments in joint ventures" respectively.

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.

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. Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Intangible assets not yet available for use are tested annually for impairment.



notes to the group annual financial statements (continued)

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1. Significant accounting policies (continued)

Impairment of non-financial assets (continued)

An impairment loss is recognised in the income statement 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 to sell (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 income statement in the same line item as the original impairment charge.

Leased assets

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 income statement 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.

Operating leases

Leases in which all 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 income statement 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.

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 the inventory is determined by means of the weighted average cost basis method for inventory. 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 recognised initially at fair value and subsequently measured at amortised cost using the effective interest 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 income statement.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

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 in equity.



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 income statement over the period of the borrowings using the effective interest method.

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

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 the balance sheet date.

Normal taxation

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company's subsidiaries and associates 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.

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 substantially enacted by the balance

sheet date 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.

Secondary tax on companies ("STC")

South African companies are subject to a dual corporate tax system, one part of the tax being levied on the taxable income and the other, a secondary tax ("STC") on distributed income. STC is not a withholding tax on shareholders but a tax on companies.

The STC tax consequence of dividends is recognised when a liability to pay the dividend is recognised. The STC liability is reduced by dividends received during the dividend cycle, and where dividends received exceed dividends declared within a cycle, there is no liability to pay STC. The potential tax benefit related to excess dividends received is carried forward to the next dividend cycle. Deferred tax assets are recognised on unutilised STC credits to the extent that it is probable that the group will declare future dividends to utilise such STC credits.

Where dividends declared exceed the dividends received during a cycle, STC is payable at the current STC rate. STC is a charge against income, and is recognised in the taxation charge in the income statement in the same period as the related dividend is accrued as a liability.

Trade and other payables

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.



notes to the group annual financial statements (continued)

audited results as at 31 May 2008

1. Significant accounting policies (continued)

Revenue recognition (continued)

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

(a) Sale of starter packs

Activation bonuses received from the networks are recognised when the SIM-card is activated on the relevant cellular phone network. Ongoing rebates and other incentives are recognised once certain criteria have been met and the significant act has been completed.

(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.

(c) 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.

(d) Interest income

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

(e) Dividend income

Dividend income is recognised when the right to receive payment is established.

Employee benefits

(a) Defined contribution plans

A defined contribution plan is one under which the group pays a fixed percentage of employees' remuneration as contributions into a separate entity (a fund), and will have no further legal or constructive obligations to pay additional contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. Contributions to defined contribution plans in respect of services rendered during a period are recognised as an employee benefit expense when they are due. The group does not have any defined benefit plans.

(b) Profit sharing and bonus plans

The group recognises a liability and an expense for bonuses and profit sharing which is determined based on a formula that takes into consideration the profit attributable to the shareholders after certain adjustments. A provision 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.

Dividend distribution

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

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) Estimated impairment of goodwill

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.

Goodwill is allocated to cash-generating units ("CGUs") for the purpose of impairment testing. The recoverable amount of CGUs has been determined based on value-in-use calculations, which is the higher of fair value less cost to sell and value in use. 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 average growth rates applied were between 10% and 20%. The weighted average cost of capital used to discount these cash flows ranged between 17% and 23%. The discount rates used are pre-tax



and reflect specific risks relating to the relevant companies.

The valuation of the goodwill balances resulted in no goodwill impairment charges for the year (2007: Rnil).

(b) Classification of financial assets at amortised cost

The group assesses at each balance sheet date the classification of financial assets carried at amortised cost between current and non-current. This assessment takes into consideration historical trends and an analysis of the expected period to receipt of the cash. These calculations require the use of estimates and assumptions.

(c) Capitalisation of development cost

The group capitalises development relating to software development. Costs incurred on development projects of identifiable and unique products which are controlled by the group are recognised as intangible assets when it is probable that the project will be profitable considering its commercial and technical feasibility, and its costs can be measured reliably. Management makes some estimates on the technical feasibility of project and, based on the estimates and the recognition criteria, cost are capitalised.

(d) Contingent consideration for acquisitions

Contingent payments for business acquisitions are generally conditional on the future revenue and/or profits achieved by the acquired business. On acquisition date, estimates are made of the expected future revenue and profit based on forecasts made by management. These estimates are reassessed at each reporting date and adjustments are made to the deferred consideration and related goodwill balances, where necessary. Amounts of deferred consideration payable after one year are discounted using discount rates that reflect the current market assessment of the time value of money and, where appropriate, the risks specific to the acquired business.

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

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.

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, loans receivable 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. Individual credit limits are set for each customer and the utilisation of these credit limits is monitored regularly. Where necessary, a provision for impairment is made. A significant portion of the group's customer base is made up of major retailers, with the balance of the customer base being widely dispersed.

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 no significant concentrations of credit risk.

The group's maximum credit risk exposure is the carrying amount of all financial assets on the balance sheet, including guarantees, with the maximum amount the group could have to pay if the guarantees are called on, amounting to R6,5 million (2007: R1 million).

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 company aims to maintain flexibility in funding by keeping committed credit lines available.



notes to the group annual financial statements (continued)

audited results as at 31 May 2008

3. Financial risks (continued)

Maturity of financial liabilities

	Payable in:				
	Less than 1 month or on demand R'000	More than 1 month but not exceeding 1 year R'000	More than 1 year but not exceeding 2 years R'000	More than 2 years but not exceeding 5 years R'000	More than 5 years R'000
2008					
Interest bearing borrowings	11 285	1 738	1 608	1 337	—
Non-interest-bearing borrowings	8 539	502	—	—	—
Trade and other payables*	171 637	925 978	—	—	—
Bank overdraft	50	—	—	—	—
Total	191 511	928 218	1 608	1 337	—
2007					
Interest bearing borrowings	540 951	11 413	11 909	1 631	4 190
Non-interest-bearing borrowings	32 945	300	—	—	—
Trade and other payables*	99 747	749 946	—	—	—
Bank overdraft	—	—	—	—	—
Total	673 643	761 659	11 909	1 631	4 190

* Trade and other payables exclude non-financial instruments

Market risk

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

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.

The group's exposure to interest rate risk is reflected under the respective borrowings, loans receivable and cash and cash equivalents notes (notes 15, 10 and 12).

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 from the consolidation of subsidiaries with a functional currency other than the group's reporting currency (Rand).

The group 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 group did not enter into any forward exchange contracts during the period under review.

IFRS7 Sensitivity analysis

The group has used a sensitivity analysis technique that measures the estimated change to the income statement 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 2008, 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.



3. Financial risks (continued)

Interest rate risk

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.

Under these assumptions, a 1% increase or decrease in market interest rates at 31 May 2008 would increase or decrease profit before tax by R13,2 million (2007: R5,3 million).

Foreign currency risk

Financial instruments by currency

2008	ZAR R'000	USD R'000	EUR R'000	CDF R'000	MZN R'000	Total R'000
Financial assets						
Cash and cash equivalents	1 313 550	5 933	8 456	1	404	1 328 344
Trade and other receivables*	553 859	20 550	2 686	—	9 525	586 620
Loans receivable (including loans to associates)	5 798	20 149	830	—	—	26 777
Financial assets at fair value through profit or loss	5 320	—	352	—	—	5 672
Financial assets at amortised cost	119 134	3 227	—	—	2 935	125 296
	1 997 661	49 859	12 324	1	12 864	2 072 709
Financial liabilities						
Interest bearing borrowings	15 968	—	—	—	—	15 968
Non-interest-bearing borrowings	544	—	8 497	—	—	9 041
Trade and other payables*	1 052 172	16 886	10 020	—	18 538	1 097 616
Bank overdraft	50	—	—	—	—	50
	1 068 734	16 886	18 517	—	18 538	1 122 675
Net financial position	928 927	32 973	(6 193)	1	(5 674)	950 034

* 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 R2,1 million respectively. The exposure and sensitivities to foreign currencies in the prior year were in line with the above.

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.

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 company is not subject to externally imposed capital requirements.

There were no changes to the group'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.

The fair value of all non-current loans receivable and borrowings are calculated using a discounted cash flow model based on prevailing market interest rates.



notes to the group annual financial statements (continued)

audited results as at 31 May 2008

	Computer equipment R'000	Furniture and fittings R'000	Motor vehicles R'000	Office equipment R'000	Terminals R'000
4. Property, plant and equipment					
Year ended 31 May 2008					
Actual					
Opening carrying amount	5 748	3 150	6 918	1 339	5 879
Additions	12 189	6 148	7 251	2 027	3 048
Disposals	(762)	(583)	(1 862)	(172)	(306)
Depreciation charge	(5 494)	(1 393)	(2 899)	(605)	(1 067)
Translation differences	407	55	250	33	342
Closing carrying amount	12 088	7 377	9 658	2 622	7 896
At 31 May 2008					
Cost	20 744	10 365	14 309	3 919	9 940
Accumulated depreciation	(8 656)	(2 988)	(4 651)	(1 297)	(2 044)
Carrying amount	12 088	7 377	9 658	2 622	7 896
Year ended 31 May 2007					
Predecessor value					
Opening carrying amount	192	1 738	196	338	—
Additions	8 855	2 426	10 427	1 676	6 879
Disposals	(258)	(77)	(1 957)	(122)	(23)
Depreciation charge	(3 041)	(937)	(1 748)	(553)	(977)
Closing carrying amount	5 748	3 150	6 918	1 339	5 879
At 31 May 2007					
Cost	8 910	4 745	8 670	2 031	6 856
Accumulated depreciation	(3 162)	(1 595)	(1 752)	(692)	(977)
Carrying amount	5 748	3 150	6 918	1 339	5 879

Property, plant and equipment include the following amounts where the company is a lessee under a finance lease:

	2008 R'000	2007 R'000
Motor vehicles		
Cost	1 601	1 381
Accumulated depreciation	(657)	(428)
Carrying value at 31 May 2008	944	953

These assets have been pledged as surety against the liability.

Land and buildings to the value of Rnil (2007: R4,970 million) was pledged as security for mortgage bonds on these properties. Refer to note 15.

Leasehold improvements R'000	Vending machines R'000	Media equipment R'000	Plant and machinery R'000	Land R'000	Buildings R'000	Total R'000
358	13 283	1 846	25	1 176	3 794	43 516
3 055	13 594	4 800	2 654	—	—	54 766
(248)	(2 882)	—	(1 996)	(1 176)	(2 937)	(12 924)
(277)	(3 695)	(1 439)	(96)	—	—	(16 965)
5	—	—	—	—	—	1 091
2 893	20 300	5 207	587	—	856	69 484
3 239	25 995	7 787	716	—	856	97 870
(346)	(5 695)	(2 580)	(129)	—	—	(28 386)
2 893	20 300	5 207	587	—	856	69 484
—	—	—	—	—	—	2 464
427	16 958	3 160	110	1 176	3 957	56 051
—	(1 675)	(173)	(52)	—	—	(4 337)
(69)	(2 000)	(1 141)	(33)	—	(163)	(10 662)
358	13 283	1 846	25	1 176	3 794	43 516
427	15 283	2 987	58	1 176	3 957	55 098
(69)	(2 000)	(1 141)	(33)	—	(163)	(11 582)
358	13 283	1 846	25	1 176	3 794	43 516



notes to the group annual financial statements (continued)

audited results as at 31 May 2008

	Goodwill R'000	Trademarks R'000	Customer listing R'000	Distribution agreement R'000	Computer software R'000	Internally generated develop- ment costs R'000	Franchise fees R'000	Customer relation- ships R'000	Supplier relation- ships R'000	Total R'000
5. Intangible assets										
Year ended 31 May 2008										
Actual										
Opening carrying amount	46 907	6 004	17 601	3 973	43 278	1 257	–	–	–	119 020
Additions	225 828	1 493	924	8 375	13 259	11 640	2 022	154 907	1 491	419 939
Disposals	–	–	–	–	(372)	–	–	–	–	(372)
Amortisation charge	–	(1 531)	(10 804)	(1 223)	(6 208)	(901)	(121)	(21 300)	(435)	(42 523)
Translation differences	–	–	–	211	4	–	–	–	–	215
Adjustment*	(6 493)	–	–	–	–	–	–	–	–	(6 493)
Closing carrying amount	266 242	5 966	7 721	11 336	49 961	11 996	1 901	133 607	1 056	489 786
At 31 May 2008										
Cost	266 242	8 206	29 225	13 102	59 989	12 960	2 022	154 907	1 491	548 144
Accumulated amortisation	–	(2 240)	(21 504)	(1 766)	(10 028)	(964)	(121)	(21 300)	(435)	(58 358)
Accumulated impairment	–	–	–	–	–	–	–	–	–	–
Carrying amount	266 242	5 966	7 721	11 336	49 961	11 996	1 901	133 607	1 056	489 786
Year ended 31 May 2007										
Predecessor value										
Opening carrying amount	–	–	–	–	–	–	–	–	–	–
Additions	46 907	6 714	28 301	4 516	50 324	1 320	–	–	–	138 081
Disposals	–	–	–	–	(3 226)	–	–	–	–	(3 226)
Amortisation charge	–	(710)	(10 700)	(543)	(3 820)	(63)	–	–	–	(15 836)
Closing carrying amount	46 907	6 004	17 601	3 973	43 278	1 257	–	–	–	119 020
At 31 May 2007										
Cost	46 907	6 714	28 301	4 516	47 098	1 320	–	–	–	134 856
Accumulated amortisation	–	(710)	(10 700)	(543)	(3 820)	(63)	–	–	–	(15 836)
Accumulated impairment	–	–	–	–	–	–	–	–	–	–
Carrying amount	46 907	6 004	17 601	3 973	43 278	1 257	–	–	–	119 020
* This adjustment arose due to a reversal of the present value of a contingent purchase price liability that is no longer applicable due to the restructuring of the group.										

	Notes	31 May 2008 Actual audited R'000	31 May 2007 Predecessor value audited R'000
6. Investment in associates and joint ventures			
Investment in associates			
Opening net book value		61 804	–
Associates acquired on restructure date by Blue Label subsidiaries*		–	27 167
Associates acquired on restructure date by Blue Label Telecoms*		–	3 418
Share of results after tax		(17 426)	(884)
Amortisation of intangible asset		(21)	(101)
Deferred tax on intangible assets amortisation		6	29
Dividends received		(120)	(3 570)
Foreign currency translation reserve		(336)	4 193
Exercise of share warrants in associate		7 021	–
Associates converted to subsidiaries	24	(9 043)	–
Disposal of associate		–	(5 649)
		41 885	24 603
Movement in loans			
Loans granted to associates		50 724	35 979
Loans repaid by associates		(12 106)	–
Unrealised foreign exchange gains on loans to associates		853	1 222
		39 471	37 201
Closing net book value		81 356	61 804

The directors believe that the carrying value of the shares approximates their fair value.
The loans are neither past due nor impaired with a low risk of default.

6. Investment in associates and joint ventures (continued)

*In terms of predecessor accounting principles the following associates are assumed to have been acquired as at the earliest reporting period, 1 June 2006. The resulting effect is that the group's share of the net asset value as at 1 June 2006 is brought into account. No purchase price allocations were reperformed. Any goodwill or intangible assets previously recognised on these associates are assumed to have been recognised by Blue Label Telecoms.

	Date acquired	Effective percentage acquired	Carrying value at date of acquisition	Amount assumed to have been paid	Amounts transferred to restructuring reserve
2007					
Associates assumed by Blue Label Telecoms on restructure date					
Africa Prepaid Services (Proprietary) Limited	1 June 2006	28	(1 744)	—	
House of Business Solutions (Proprietary) Limited	1 June 2006	33	(1 882)	7 000	
Cellfind SA (Proprietary) Limited	1 June 2006	42,7	(2 587)	2 500	
Datacel Direct (Proprietary) Limited	1 June 2006	21,12	129	—	
			<u>(6 084)</u>	<u>9 500</u>	<u>3 418</u>
Associates acquired by Blue Label Telecoms' subsidiaries on restructure date					
Oxigen Services India (Private) Limited	1 June 2006	29,66	22 057		
Virtual Voucher (Proprietary) Limited	1 June 2006	10,44	1 543		
Transunion CGS (Proprietary) Limited	1 June 2006	25,06	3 567		
			<u>27 167</u>		

In the 2007 financial year Ventury Group (Proprietary) Limited sold their 40% interest in Transunion CGS (Proprietary) Limited.

The group's interest in its principal associates, which are unlisted, is as follows:

Name	Country of Incorporation	Assets R'000	Liabilities R'000	Revenues R'000	Profit/(loss) R'000	Effective percentage interest held	Net book value R'000
2008							
Oxigen Services India (Private) Limited	India	208 093	128 070	1 057 732	(56 175)	35	81 356
2007							
Oxigen Services India (Private) Limited	India	140 885	72 540	938 909	(29 088)	29,66	42 850
House of Business Solutions (Proprietary) Limited	South Africa	9 609	14 211	20 289	1 320	33	10 620
Cellfind SA (Proprietary) Limited	South Africa	9 622	10 828	31 903	12 020	42,7	2 002
Africa Prepaid Services (Proprietary) Limited	South Africa	28 314	40 627	73 958	(4 698)	28	3 424
Virtual Voucher (Proprietary) Limited	South Africa	22 596	12 530	487 814	8 306	10,44*	2 279
Datacel Direct (Proprietary) Limited	South Africa	4 792	1 842	16 743	2 345	21,12	629
							<u>61 804</u>

* Virtual Voucher's effective holding is less than 20%. However BLT has representation on the board which allows BLT to exercise significant influence.

There are no contingent liabilities relating to the group's interest in associates. For details on related party transactions refer to note 26.

On 14 November 2007, the group increased its shareholding in the following associates to obtain a controlling interest:

- House of Business Solutions (Proprietary) Limited
- Cellfind SA (Proprietary) Limited
- Africa Prepaid Services (Proprietary) Limited
- Virtual Voucher (Proprietary) Limited
- Datacel Direct (Proprietary) Limited

Refer to note 24 for details of these acquisitions.

notes to the group annual financial statements (continued)

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	2008 audited R'000	2007 restated R'000
6. Investment in associates and joint ventures (continued)		
Investment in joint ventures	**	—

** The net book value of the investment in joint ventures, including the group's share of the results after tax is less than R1 000.

During the prior year, the group acquired the following interests in joint ventures:

	Effective percentage acquired
The Hub Pretalk (Proprietary) Limited	27,8
Premet Cellular (Proprietary) Limited	27,8

Set out below is the summarised financial information of joint ventures:

	Assets R'000	Liabilities R'000	Revenues R'000	Loss R'000
2008				
The Hub Pretalk (Proprietary) Limited	2 585	5 523	19 651	(1 774)
Premet Cellular (Proprietary) Limited	2 303	7 214	297 945	(2 602)
2007				
The Hub Pretalk (Proprietary) Limited	3 546	4 710	21 233	(1 164)
Premet Cellular (Proprietary) Limited	3 831	6 140	362 966	(2 309)

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

	2008 Actual audited R'000	2007 Predecessor value audited R'000
7. Financial assets at amortised cost		
Starter packs		
Balance at the beginning of year	84 383	—
Additions	114 855	133 193
Disposals	(74 412)	(48 810)
Translation differences	470	—
At the end of year	125 296	84 383
Less: Amounts included in current portion of financial asset	(53 163)	(32 485)
	72 133	51 898
The credit risk in respect of the balance at the end of the year is considered low.		



	2008 Actual audited R'000	2007 Predecessor value audited R'000
8. Financial assets at fair value through profit or loss		
Balance at beginning of year	16 183	—
Additions	1 391	19 729
Disposals	(10 527)	(6 086)
Fair value movements	(1 375)	2 540
At the end of year	5 672	16 183
Changes in the fair value of these assets are recorded in other income.		
The fair value of financial assets is based on quoted market prices at 31 May.		
An investment to the value of Rnil (2007: R3,6 million) included in the above balance has been ceded to First National Bank.		
9. Inventories		
Airtime and related products	484 501	263 631
	484 501	263 631
A first and second general notarial bond is held by Investec Private Bank over airtime amounting to R105 million and R145 million respectively (2007: R105 million and a further bond of R95 million to be registered).		
In the prior year, airtime was held as security for a loan from Investec Private Bank to a minimum value of R180 million. During the current financial year the loan was repaid and the security released.		
10. Loans receivable		
Interest free	3 593	347
Bearing interest at the prime interest rate +2%	3 510	4 404
	7 103	4 751
Loans are unsecured and have no fixed terms of repayment.		
11. Trade and other receivables		
Trade receivables	556 974	251 627
Less: Provision for impairment	(5 299)	(1 071)
	551 675	250 556
Sundry debtors and prepayments	55 703	12 579
VAT	23 309	15 606
	630 687	278 741



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	Gross R'000	Impairment R'000
11. Trade and other receivables (continued)		
The aging of trade receivables at the reporting date was:		
31 May 2008		
Fully performing	527 010	25
Past due by 1 to 30 days	10 123	53
Past due by 31 to 60 days	12 668	622
Past due by 61 to 90 days	4 498	—
Past due by more than 90 days	11 413	4 599
	565 712	5 299
31 May 2007		
Fully performing	231 831	—
Past due by 1 to 30 days	7 833	—
Past due by 31 to 60 days	11 451	—
Past due by 61 to 90 days	2 195	—
Past due by more than 90 days	3 919	1 071
	257 229	1 071

Receivables in respect of starter packs are included in fully performing debtors above. Ongoing activation revenue due to these debtors is set off against the receivable balance as and when it is earned by them.

The effect of discounting of the trade receivables balance is not taken into account in the above table.

The trade receivables that are neither past due nor impaired are considered to have a low risk of default.

	May 2008 R'000	May 2007 R'000
Provision for impairment of receivables		
At 1 June	1 071	1 230
Acquisition of subsidiaries	613	—
Allowances made during the year	3 815	433
Amounts used and reversal of unused amounts	(200)	(592)
At 31 May	5 299	1 071
Impairment of receivables is determined after assessing the nature of the customer, their geographic location and specific circumstances. Based on historic trend and expected performance of the customers, 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 R391,8 million (2007: R197,1 million) in favour of Investec Bank Limited.		

	31 May 2008 Actual audited R'000	31 May 2007 Predecessor value audited R'000
12. Cash and cash equivalents		
Cash at bank	1 317 963	1 089 856
Cash on hand	10 381	188
Favourable balances	1 328 344	1 090 044
Bank overdraft	(50)	–
	1 328 294	1 090 044

The general banking facility granted by First National Bank to the value of R20 million is secured by letters of suretyship by certain of the directors of the company.

Cash and cash equivalents of R1 055 million (2007: R945 million) are restricted.

	2008 Number of shares Actual	2007 Number of shares Predecessor value	2008 R Actual audited R'000	2007 R Predecessor value audited R'000
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 ¹	378 097 993	378 097 993	*	*
Shares issued during the period	388 262 901	–	*	–
Balance at the end of the year	766 360 894	378 097 993	*	*

	Number	Issue price per share R	Share capital R'000	Share premium R'000
Shares issued during the period				
Shares issued to buy out minority shareholders on restructuring ²	190 131 616	5,50	*	1 045 724
Shares issued to Brett Levy and Mark Levy to terminate the management bonus agreement ³	14 545 455	5,50	*	80 000
Shares issued as part of the preferential allocation in the private placement	148 148 148	6,75	*	1 000 000
Shares issued to Microsoft Corporation	35 437 682	6,75	*	239 204
	388 262 901		*	2 364 928

* Less than R1 000

1. In terms of predecessor accounting principles the shares issued by Blue Label Telecoms to buy out the original Blue Label Investments' shareholders is assumed to have happened at the beginning of the earliest reporting period. Please refer to the pre-listing statement for details on the restructuring (Step 3 in the overview of the restructuring).

2. Please refer to pre-listing statement for details of the minority shareholders who received shares as part of the restructuring (Step 4 – 13 in the overview of the restructuring).

3. Please refer to pre-listing statement for details of the management bonus settlement agreement (Section 20.1).



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	Capital allowances R'000	Fair value gains R'000	Provisions R'000	Tax losses R'000	Pre-payments R'000	Other R'000	Total R'000
14. Deferred taxation							
Group							
Acquisition of subsidiary (note 24)	199	22 539	(1 416)	(23)	471	1 078	22 848
Charge/(credited) to income statement	(292)	(4 097)	(19)	5	(385)	3 025	(1 763)
At 31 May 2007 (Predecessor value)	(93)	18 442	(1 435)	(18)	86	4 103	21 085
Charge/(credited) to income statement	951	(9 915)	(1 128)	(1 162)	27	234	(10 993)
Tax rate change	(9)	(467)	(244)	1	38	(494)	(1 175)
Acquisition of subsidiary (note 24)	337	46 951	(541)	(553)	—	—	46 194
At 31 May 2008 (Actual)	1 186	55 011	(3 348)	(1 732)	151	3 843	55 111

Deferred tax assets are recognised for tax loss carry forwards 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 R5,9 million (2007: R2,7 million) in respect of losses amounting to R20,5 million (2007: R8,8 million) that can be carried forward against future taxable income.

Deferred income tax liabilities of R2,3 million (2007: Rnil) have not been recognised.

	31 May 2008 Actual audited R'000	31 May 2007 Predecessor value audited R'000
15. Interest-bearing borrowings		
Bank borrowings	—	488 472
Liabilities under non-cancellable finance leases	794	881
Instalment sale liabilities	3 918	1 976
Other borrowings		
Bearing interest at prime linked interest rates	11 256	75 909
Bearing interest at fixed interest rates	—	2 856
	15 968	570 094
<i>Less: Amounts included in current portion of borrowings</i>	(13 023)	(552 364)
	2 945	17 730
Finance lease liabilities – minimum lease payments due:		
Not later than one year	427	425
Later than one year and not later than five years	514	595
	941	1 020
Future finance charges on finance leases	(147)	(139)
Present value of finance lease liabilities	794	881
Instalment sale liabilities – minimum payments due:		
Not later than one year	1 855	664
Later than one year and not later than five years	2 918	1 476
	4 773	2 140
Future finance charges on finance leases	(855)	(164)
Present value of finance lease liabilities	3 918	1 976
The group did not default on any loans or finance lease liabilities, or breach any terms of the underlying agreements during the period.		
Bank borrowings		
The bank borrowings above have the following terms:		
Borrowing 1	—	22 682
The loan is repayable in 38 equal monthly instalments commencing 1 May 2006. The loan bears interest at 1% below prime. The loan is secured by a cession and pledge of 50% of all shares issued in Matragon (Pty) Ltd in favour of Investec Private Bank.		
Borrowing 2	—	241 134
The loan bears interest at 1% below prime. The loan has no fixed repayment terms and is secured by general notarial bonds over inventories to the value of R200 million.		



	31 May 2008 Actual audited R'000	31 May 2007 Predecessor value audited R'000
15. Interest-bearing borrowings (continued)		
Borrowing 3	—	123 807
The loan bears interest at 1% below prime. The loan has no fixed repayment terms and is secured by a cession of prepaid airtime inventory to a minimum value of Rnil (2007: R180 million).		
Borrowing 4	—	96 659
The loan bears interest at 1% below prime. The loan has no fixed repayment terms and is secured by a cession and pledge of cash deposits held with Investec Bank Limited to the total value of R100 million.		
The bank holds various other securities for the above loans. The most significant of these are:		
– Joint and several continuing suretyship by certain directors and holding company directors limited to a cumulative total of R452 million.		
– Joint and several continuing suretyship by BSC Technologies (Proprietary) Limited, ZOK Cellular (Proprietary) Limited and Vocall Cellular (Proprietary) Limited.		
– Subordination of all shareholders loan accounts by Blue Label Investments (Proprietary) Limited to the value of R49 million.		
– An unlimited cession of trade receivables of the company.		
Borrowing 5	—	3 410
The loan is secured by the land and buildings in Kwikprop (Proprietary) Limited and bears interest at rates linked to prime. It is repayable in 120 monthly instalments from 1 March 2006.		
Borrowing 6	—	780
This mortgage bond bears interest at prime less 2%, and is secured by the property to which it relates. It is repayable in fixed monthly instalments over 20 years.		
Liabilities under non-cancellable finance leases		
Liabilities under capitalised finance leases are payable over periods of one to five years at effective interest rates linked to the prime interest rate per annum. They are secured by the motor vehicles to which they relate.		
Instalment sale liabilities		
All instalment sale liabilities are secured over the plant and equipment to which they relate, are repayable in monthly instalments and are subject to interest at prime linked rates.		
Other borrowings		
Other borrowings are unsecured and have no fixed terms of repayment.		
16. Trade and other payables		
Trade payables	1 072 565	834 971
Accruals	45 670	49 086
Sundry creditors	23 694	2 843
VAT	11 040	1 111
	1 152 969	888 011
17. Non-interest-bearing borrowings		
Bank borrowings	300	650
The loan is unsecured. The bank has the right to request full payment in cash unless otherwise negotiated.		
Other borrowings	8 741	32 595
The loans are unsecured and have no fixed terms of repayment.		
	9 041	33 245



notes to the group annual financial statements (continued)

audited results as at 31 May 2008

	2008 Actual R'000	2007 Predecessor value R'000
18. Operating profit		
The following items have been charged/(credited) in arriving at operating profit:		
Loss/(profit) on disposal of property, plant and equipment	422	424
Operating lease rentals – premises	12 140	8 326
Operating lease rentals – equipment	2 356	797
Foreign exchange profit – realised	(520)	(65)
Foreign exchange profit – unrealised	(1 969)	(1 233)
Audit fees	7 590	2 957
Management fees paid	1 468	352
Legal fees	1 978	2 309
Consulting fees	2 383	2 433
Excess of acquirers' interest in the net fair value over cost	(2 585)	(691)
Rent and security	711	9 624
Discount received for cash	–	(82)
Rent received	(244)	(524)
Management fees received	(8 157)	(7 317)
Profit on sale of investments	–	(807)
Profit on sale of group company	–	(11 511)
Fair value movements on financial assets at fair value through profit or loss	1 375	(2 540)
Repairs and maintenance	1 927	4 158
Impairment of loans	–	152
Impairment of trade receivables	3 244	530
Insurance	5 189	3 428
Overseas travel	7 861	523
Courier and postage	4 599	3 136
Gain on derecognition of financial asset	(43 000)	–
Loan release	(2 335)	–
19. Finance (income)/ costs		
Interest received		
• Bank	(175 496)	(80 246)
• Loans	(959)	(2 822)
• Other	(922)	(246)
• Discounting of receivables	(15 904)	(12 715)
	(193 281)	(96 029)
Interest paid		
• Bank	34 194	49 194
• Loans	9 596	12 639
• Finance leases	645	459
• Other	2 140	650
• Discounting of payables	101 129	71 338
	147 704	134 280
Net finance (income)/ costs	(45 577)	38 251



	31 May 2008 Actual audited R'000	31 May 2007 Predecessor value audited R'000
20. Taxation		
Current tax	101 759	55 094
current year	101 759	55 094
Deferred tax	(12 168)	(1 763)
current year	(12 168)	(1 763)
STC	250	89
	89 841	53 420
Profit before tax	297 633	163 247
Tax at 28% (2007: 29%)	83 337	47 342
Income not subject to tax	(3 504)	(6 378)
Expenses not deductible for tax purposes	8 187	12 912
Secondary tax on companies	250	89
Capital gains	(1 453)	(2 429)
Effect of tax rate changes	(1 175)	–
Utilisation of previously unrecognised tax losses	(3 532)	(851)
Tax effect of assessed losses not recognised	3 391	2 325
Share of losses from associates	4 883	277
Effect of different tax dispensations	(543)	133
Tax charge	89 841	53 420



notes to the group annual financial statements (continued)

audited results as at 31 May 2008

21. 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.

	2008 Actual	2007 Predecessor value
Profit attributable to equity holders of the company (R'000)	180 891	63 867
Weighted average number of ordinary shares in issue (thousands)	590 264	378 098
Basic earnings per share (cents per share)	30,65	16,89

b) Headline

Headline earnings are calculated applying the principles contained in SAICA circular 8/2007. The weighted average number of shares used is as for the basic earnings per share figure discussed above.

	2008 Actual audited			
	Profit before tax and minorities R'000	Tax R'000	Minorities R'000	Headline earnings R'000
Profit attributable to equity holders of the company	297 633	(89 841)	(26 901)	180 891
Loss on disposal of property, plant and equipment	422	(118)	—	304
Excess of acquirers' interest in the net fair value over cost	(2 585)	—	—	(2 585)
Headline earnings				178 610
Weighted average number of ordinary shares in issue (thousands)				590 264
Headline earnings per share (cents per share)				30,26
	2007 Predecessor value audited			
	Profit before tax and minorities R'000	Tax R'000	Minorities R'000	Headline earnings R'000
Profit attributable to equity holders of the company	163 247	(53 420)	(45 960)	63 867
Profit on disposal of property, plant and equipment	(424)	123	149	(152)
Profit on sale of group company	(11 511)	2 488	4 090	(4 933)
Profit on sale of investment	(807)	117	208	(482)
Excess of acquirers' interest in the net fair value over cost	(691)	—	210	(481)
Headline earnings				57 819
Weighted average number of ordinary shares in issue (thousands)				378 098
Headline earnings per share (cents per share)				15,29



21. Earnings per share (continued)

c) Diluted – basic and headline

There are no potentially dilutive instruments therefore diluted earnings per share and diluted headline earnings per share are not calculated.

d) Core

Core earnings per share is calculated after adding back the amortisation of intangible assets as a consequence of the purchase price allocations exercised in terms of IFRS 3: Business Combinations, the costs incurred in terms of the Management Bonus Settlement Agreement and the termination of the Otter Mist Trading CC consulting agreement, as explained in the pre-listing statement.

	2008 Proforma unaudited R'000	2008 Actual unaudited R'000	2007 Predecessor value unaudited R'000
Reconciliation between net profit for the period and core net profit for the period:			
Net profit for the period	269 423	180 891	63 867
Management bonus settlement net of tax	57 600	57 600	–
Amortisation on intangibles raised through business combinations net of tax	34 919	22 937	3 916
Cancellation of onerous contract	9 000	9 000	–
Core net profit for the period	370 942	270 428	67 783
Core net profit for the year attributable to:	373 093	301 409	120 333
Equity holders of parent	370 942	270 428	67 783
Minority interest	2 151	30 981	52 550
Weighted average number of ordinary shares in issue	766 360 894	590 263 513	378 097 993
Core earnings per share (cents per share)	48,40	45,81	17,93



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	2008 Actual R'000	2007 Predecessor value R'000
22. Cash generated by operations		
Reconciliation of operating profit to cash generated by operating activities:		
Operating profit	269 497	202 454
<i>Adjustments for:</i>		
Depreciation of property plant and equipment	16 965	10 662
Amortisation of intangible assets	42 523	15 836
Loss on disposal of investments	53	–
Gain on derecognition of financial asset	(43 000)	–
Discounting of receivables	15 904	12 715
Discounting of payables	(101 129)	(71 338)
Impairment of loan	–	152
Loss on disposal of property, plant and equipment	422	424
Profit on disposal of associate	–	(11 511)
Profit on disposal of financial assets at fair value through profit and loss	–	(807)
Excess of acquirers' interest in the net fair value over cost	(2 585)	(691)
Fair value movements on investments	1 375	(2 540)
Unrealised forex gains	(1 969)	(1 233)
Changes in working capital (excluding the effects of acquisitions and disposals):		
Increase in inventories	(194 417)	(48 818)
Increase in trade and other receivables	(252 084)	(140 475)
Increase in trade and other payables	205 078	103 781
Increase in loans receivable	5 032	181 200
Increase in financial assets at amortised cost	(40 913)	(45 323)
	(79 248)	204 488
23. Taxation paid		
Balance at beginning of year	31 617	–
Translation differences	50	–
Taxation charge	102 009	55 183
Acquisition of subsidiaries	8 820	32 324
Balance at end of year	(71 146)	(31 617)
	71 350	55 890



24. Business combinations

24.1 Acquisition of subsidiaries

31 May 2008

	Virtual Voucher	Africa Prepaid Services	House of Business Solutions Group	Cellfind SA	CNS Call Centre	Content Connect Africa	Little River Trading 181	POS Control Services
	Provider of a fully integrated prepaid voucher management system operating in over 500 Engen petroleum forecourts	Distributor of prepaid cellular airtime and Vodacom starter packs in Africa, excluding South Africa	Holding company of Datacel Direct group. The Group is a provider of direct marketing of short-term insurance products to various databases	Provider of location based services	Call centre operations specialising in insurance policy sales	Provider of content for mobile devices	The procurement, selling and distribution of prepaid products for inter-alia fixed and mobile networks and all business ancillary thereto	Assembles and sells point of sale devices
<i>Initial acquisition</i>								
Date acquired	1 June 2006	1 June 2006	1 June 2006	1 June 2006	1 January 2008	23 January 2008	1 March 2008	1 March 2008
% acquired	15%	28%	33,3%	42,7%	80%	100%	100%	52%
<i>Further acquisition</i>								
Date acquired	14 November 2007	14 November 2007	14 November 2007	14 November 2007				
% acquired	85%	44%	66,7%	57,3%				
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Assets	32 538	49 243	303	25 131	10 523	7 595	56 254	651
Liabilities	15 556	61 374	42	5 122	2 341	3 685	54 165	719
Revenue	365 015	212 471	–	45 039	11 044	4 500	342 271	609
Profit/(loss) after tax since acquisition	4 327	220	8 231	18 453	1 062	(32)	2 089	(68)



notes to the group annual financial statements (continued)

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24.1 Acquisition of subsidiaries (continued)

31 May 2008

The fair value of the net assets approximated the assets acquired

	Virtual Voucher R'000	Africa Prepaid Services R'000	House of Business Solutions Group R'000	Cellfind SA R'000	CNS Call Centre R'000	Content Connect Africa R'000	Little River Trading 181 R'000	POS Control R'000	Total R'000
Cash and cash equivalents	(5 296)	2 973	2 920	4 614	—	6 145	—	—	11 356
Property, plant and equipment	183	2 774	3 069	117	718	667	—	—	7 528
Intangible assets	35	1 366	669	2 002	248	—	—	—	4 320
Intangible assets - revalued	—	29 875	28 289	62 686	924	6 387	38 732	—	166 893
Goodwill	—	1 127	3 319	—	5 488	—	—	—	9 934
Investments	—	—	1 209	—	—	—	—	—	1 209
Inventories	13 043	10 265	—	—	—	—	—	—	23 308
Receivables	15 069	20 741	4 428	9 664	—	2 983	—	*	52 885
Loan receivable	—	—	5 313	—	—	—	—	—	5 313
Deferred tax	—	553	(134)	128	—	—	—	—	547
Deferred tax - revalued	—	(8 365)	(7 921)	(17 564)	(259)	(1 788)	(10 845)	—	(46 742)
Borrowings	(1 644)	(17 924)	(16 344)	—	—	(37)	—	—	(35 949)
Payables	(8 735)	(31 904)	(5 332)	(14 967)	—	(5 817)	—	—	(66 755)
Fair value of subsidiaries acquired	12 655	11 481	19 485	46 680	7 119	8 540	27 887	*	133 847
Minority interests	—	(2 365)	—	—	(1 424)	—	—	—	(3 789)
Investments in associates cost as at restructure date	(2 703)	2 478	(5 651)	(3 167)	—	—	—	—	(9 043)
Fair value of net assets acquired	9 952	11 594	13 834	43 513	5 695	8 540	27 887	*	121 015
Amounts transferred to transactions with minority reserve	16 354	12 705	44 876	101 251	—	—	—	—	175 186
Goodwill	11 728	13 296	79 897	21 406	5 660	21 460	62 113	—	215 560
Total purchase consideration	38 034	37 595	138 607	166 170	11 355	30 000	90 000	*	511 761
Settled in shares	(19 125)	(23 925)	(68 821)	(137 170)	—	—	—	—	(249 041)
Settled in cash	18 909	13 670	69 786	29 000	11 355	30 000	90 000	*	262 720
Less cash and cash equivalents in subsidiary	5 296	(2 973)	(2 920)	(4 614)	—	(6 145)	—	—	(11 356)
Cash flow on acquisition	24 205	10 697	66 866	24 386	11 355	23 855	90 000	*	251 364

* Less than R1 000



24.1 Acquisition of subsidiaries (continued)
31 May 2007

	Friedshelf 771	IT Experts	Transaction Junction	Polsa Holdings	E-Voucha	Companies under common control
	Investment holding company of: 1. ITEX 2. Transaction Junction 3. Activi	Provider of secure, innovative products and solutions based on global cutting-edge technology	Provider of a complete service to institutions deploying payment solutions including transaction switch management, professional services, transaction switching and products to manage EFT environments	Procurement selling and distribution of prepaid products for inter-alia fixed and mobile networks and all ancillary services	Uses technology to supply a stored value card solution to the insurance industry in order to facilitate the supply chain management process for the replacement of merchandise to their clients via the retail sector	
<i>Initial acquisition</i>						
Date acquired	1 February 2007	1 February 2007	1 April 2007	1 February 2007	5 October 2006	1 June 2006
% acquired	100%	100%	60%	50%	51%	
	R'000	R'000	R'000	R'000	R'000	R'000
Assets	10 433	6 582	3 036	10 863	15 156	1 783 231
Liabilities	(10 433)	(5 978)	(3 659)	12 208	(16 917)	1 537 910
Revenue	–	167	38	25 229	3 266	8 869 815
Profit/(loss) after tax since acquisition	–	(1 590)	(304)	(700)	(784)	115 463



notes to the group annual financial statements (continued)

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24.1 Acquisition of subsidiaries (continued)

31 May 2007

The fair value of the net assets approximated the assets acquired:

	Friedshel 771 R'000	IT Experts R'000	Trans- action Junction R'000	Palsa Holdings R'000	E-Voucha R'000	Companies under common control R'000	Total R'000
Cash and cash equivalents	–	–	58	1 447	–	717 763	719 268
Property, plant and equipment	–	187	1 134	3 313	–	29 822	34 456
Intangible assets	–	–	–	–	–	66 067	66 067
Intangible assets – revalued	–	5 039	8 783	–	–	–	13 822
Goodwill	–	–	–	–	2 500	39 774	42 274
Investments	–	–	–	–	–	12 168	12 168
Investments in Associates	–	–	–	–	–	48 925	48 925
Inventories	–	–	–	1 223	–	213 589	214 812
Financial assets at amortised cost	–	–	–	–	–	39 060	39 060
Receivables	*	9	3	3 202	1	135 052	138 267
Loan receivable	–	–	–	–	–	104 897	104 897
Deferred tax	–	–	(57)	–	–	(18 783)	(18 840)
Deferred tax – revalued	–	(1 461)	(2 547)	–	–	–	(4 008)
Borrowings	–	–	(590)	(7 932)	(2 500)	(353 162)	(364 184)
Payables	–	(271)	(512)	(1 887)	–	(813 537)	(816 207)
Minority interests	–	–	(2 509)	317	–	(85 530)	(87 722)
Fair value of net assets acquired	*	3 503	3 763	(317)	1	136 105	143 055
Amounts transferred to transactions with minority reserve	–	–	–	–	–	14 893	14 893
Goodwill	–	1 297	437	400	2 499	–	4 633
Total	*	4 800	4 200	83	2 500	150 998	162 581
Amounts transferred to restructuring reserve	–	–	–	–	–	(150 998)	(150 998)
Total purchase consideration	*	4 800	4 200	83	2 500	–	11 583
Less cash and cash equivalents in subsidiary	–	–	(58)	(1 447)	–	(717 763)	(719 268)
Cash flow on acquisition	*	4 800	4 142	(1 364)	2 500	(717 763)	(707 685)

* Less than R1 000

The goodwill is attributable to the assembled workforce of the acquired business and the significant synergies expected to arise after the group's acquisition of the above entities. If the acquisitions had occurred at the beginning of the financial year in which they occurred, group revenue and group profit before minority allocations would have been:

	2008 R'000	2007 R'000
Group revenue	12 946 659	12 282 716
Group profit	200 737	108 760

These amounts have been calculated using the group's accounting policies and by adjusting the results of the subsidiary to reflect the additional depreciation and amortisation that would have been charged assuming the fair value adjustments to intangible assets had applied from the beginning of the financial year, together with the consequential tax effects.

24.2 Acquisition of minorities' shareholdings

31 May 2008

	The Prepaid Company	Matragon	Kwikpay SA	Velociti	Blue Label One	Budding Trade 1170	Ventury Group
	The procurement, selling, distribution of prepaid products for inter-alia fixed and mobile networks and all business ancillary thereto	Matragon is the holding company of Comm Express Services SA which is a distributor of prepaid airtime and other prepaid products and starter packs. Distribution channels include terminals, vending machines and software embedded on PCS devices	Supply of electronic vouchers and related services	Call centre operations specialising in insurance policy sales and cellular contract sales	Focus on technology strategy and new product development	Company holds Telkom licence	Group company consisting of: 1. Ventury Group 2. Cigicell 3. iVeri Distributor of prepaid airtime through own terminals. Multi-channel payment and transaction processing group
<i>Initial acquisition</i>							
Date acquired	1 June 2006	1 June 2006	1 June 2006	1 June 2007	1 June 2006	1 June 2006	1 June 2006
% acquired	69,6%	50%	60%	51%	75%	50%	90%
<i>Further acquisition</i>							
Date acquired	14 November 2007	14 November 2007	14 September 2006	14 November 2007	14 November 2007	14 November 2007	22 April 2008
% acquired	30,4%	50%	15%	49%	25%	50%	10%
Date acquired			1 March 2007				
% acquired			20%				
Date acquired			14 November 2007				
% acquired			5%				
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Assets	2 311 711	378 312	107 615	13 086	9 685	–	137 184
Liabilities	1 973 312	331 916	88 048	14 058	17 611	–	41 454
Revenue	10 342 528	4 132 280	630 302	32 569	–	–	1 638 497
Profit/(loss) after tax since acquisition	100 264	23 579	7 121	2 736	(3 596)	–	5 476



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24.2 Acquisition of minorities' shareholdings (continued)

31 May 2008

The fair value of the net assets approximated the assets acquired

	The Prepaid Company R'000	Matragon R'000	Kwikpay SA R'000	Velociti R'000	Blue Label One R'000	Budding Trade 1170 R'000	Ventury Group R'000	Total R'000
Minority interests	114 121	25 735	791	–	(1 556)	*	10 992	150 083
Fair value of net assets acquired	114 121	25 735	791	–	(1 556)	*	10 992	150 083
Amounts transferred to transactions with minority reserve	615 479	71 265	–	7 185	11 556	3 000	–	708 485
Goodwill/(excess of acquirers' interest in the net fair value over cost)	–	–	334	–	–	–	(2 585)	(2 251)
Total purchase consideration	729 600	97 000	1 125	7 185	10 000	3 000	8 407	856 317
Settled in shares	(729 600)	(48 500)	(1 125)	(3 592)	(10 000)	(1 500)	–	(794 317)
Settled in cash	–	48 500	–	3 593	–	1 500	8 407	62 000
Cash flow on acquisition	–	48 500	–	3 593	–	1 500	8 407	62 000

*Less than R1 000

31 May 2007

	Kwikpay SA
	Supply of electronic vouchers and related services
<i>Initial acquisition</i>	
Date acquired	1 June 2006
% acquired	60%
<i>Further acquisition</i>	
Date acquired	14 September 2006
% acquired	15%
Date acquired	1 March 2007
% acquired	20%
	R'000
Assets	59 027
Liabilities	(46 582)
Revenue	472 396
Profit after tax	2 773
The fair value of the net assets approximated the assets acquired	
Minority interests	4 091
Fair value of net assets acquired	4 091
Excess of acquirers' interest in the net fair value over cost	(691)
Total	3 400
Total purchase consideration	3 400
Cash flow on acquisition	3 400

	31 May 2008 Actual audited R'000	31 May 2007 Predecessor value audited R'000
25. Commitments		
Future operating lease commitments:		
The group leases various offices and warehouses under non-cancellable operating lease agreements. The lease terms are between 1 and 5 years, and the majority of lease agreements are renewable at the end of the lease period at market rate.		
The group also leases various plant and machinery under cancellable operating lease agreements. The group is required to give a six-month notice for the termination of the majority of these agreements. The lease expenditure charged to the income statement during the year is disclosed in note 1B.		
The future aggregate minimum lease payments under non-cancellable operating leases are as follows:		
<i>Premises</i>		
Payable within one year	16 589	4 181
Payable in two to five years	57 555	9 824
Payable in greater than five years	7 818	6 585
<i>Equipment</i>		
Payable within one year	6 321	540
Payable in two to five years	10 586	1 046
Payable in greater than five years	46	–
	98 915	22 176



	31 May 2008 Actual audited R'000	31 May 2007 Predecessor value audited R'000
26. Related party transactions		
For details of subsidiaries, associates and joint ventures refer to note 29. For details of the company's directors, refer to the Directors' report. ZOK Cellular (Proprietary) Limited is a related party due to the company having common directorships. Moneyline 311 (Proprietary) Limited, PLL Investments (Proprietary) Limited, Friedshel 669 (Proprietary) Limited and Ellerin Bros. (Proprietary) Limited are related parties due to the companies having certain common directorships. For details of the shareholdings in the company, refer to the Directors' report. The following transactions were carried out with related parties		
Directors emoluments		
Refer to note 27		
Sales to related parties		
ZOK Cellular (Proprietary) Limited	493	13 011
Premet Cellular (Proprietary) Limited	280 386	319 991
The Hub (Proprietary) Limited	15 594	24 720
BSC Technologies (Proprietary) Limited	1 650	904
Purchases from related parties		
ZOK Cellular (Proprietary) Limited	19 911	572
Premet Cellular (Proprietary) Limited	4 996	2 746
The Hub (Proprietary) Limited	1 519	1 436
BSC Technologies (Proprietary) Limited	2 550	9 298
Cost recoveries from related parties		
Premet Cellular (Proprietary) Limited	41	2
The Hub (Proprietary) Limited	180	—
BSC Technologies (Proprietary) Limited	160	—
ZOK Cellular (Proprietary) Limited	414	—
Interest paid to related parties		
Shareholders	—	426
Interest received from related parties		
House of Business Solutions (Proprietary) Limited	401	746
Cellfind SA (Proprietary) Limited	—	307
Africa Prepaid Services (Proprietary) Limited	469	692
Management fees received from related parties		
House of Business Solutions (Proprietary) Limited	—	218
Cellfind SA (Proprietary) Limited	119	262
Africa Prepaid Services (Proprietary) Limited	108	240
ZOK Cellular (Proprietary) Limited	4 449	5 500
Rent received from related parties		
House of Business Solutions (Proprietary) Limited	101	247
Africa Prepaid Services (Proprietary) Limited	56	197
Datacel Direct (Proprietary) Limited	69	94
Rent paid to related parties		
Moneyline 311 (Proprietary) Limited	1 880	—
PLL Investments (Proprietary) Limited	828	—
Friedshel 669 (Proprietary) Limited	240	296
Ellerin Bros. (Proprietary) Limited	1 767	1 563
Loans to related parties		
House of Business Solutions (Proprietary) Limited	—	5 623
Loans from related parties		
Shareholders	—	2 531
Amounts due from related parties		
Cellfind SA (Proprietary) Limited	—	25
Virtual Voucher (Proprietary) Limited	—	1 015
African Prepaid Services (Proprietary) Limited	—	85
ZOK Cellular (Proprietary) Limited	27 271	32 218
Premet Cellular (Proprietary) Limited	—	12 691
The Hub (Proprietary) Limited	4 147	4 624
BSC Technologies (Proprietary) Limited	—	34
Amounts due to related parties		
House of Business Solutions (Proprietary) Limited	—	2
Premet Cellular (Proprietary) Limited	2 850	332
The Hub (Proprietary) Limited	188	533
ZOK Cellular (Proprietary) Limited	16	—
Moneyline 311 (Proprietary) Limited	113	—
Basis of transactions		
All transactions with related parties are conducted on an arm's length basis		



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	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	Sub- total R'000
27. Directors' emoluments					
For the year ended 31 May 2008					
Executive directors					
Levy, BM	—	2 763	3 360	37	6 160
Levy, MS	—	2 763	3 360	37	6 160
Pamensky, MV	—	2 026	1 429	16	3 471
Rivkind, DB	—	1 034	735	16	1 785
	—	8 586	8 884	106	17 576
Non-executive directors					
Nestadt, LM	325	—	—	—	325
Ellerine, S	230	—	—	—	230
Harlow, GD	330	—	—	—	330
Huntley, RJ	205	—	—	—	205
Lazarus, NN	228	—	—	—	228
Mansour, P	—	—	—	—	—
Mthimunye, J	233	—	—	—	233
Theledi, HC	150	—	—	—	150
Tyalimpi, LM	115	—	—	—	115
	1 816	—	—	—	1 816
	1 816	8 586	8 884	106	19 392
For the year ended 31 May 2007					
Executive directors					
Levy, BM	—	—	—	—	—
Levy, MS	—	—	—	—	—
Pamensky, MV	—	—	—	—	—
Rivkind, DB	—	—	—	—	—
	—	—	—	—	—
Non-executive directors					
Nestadt, LM	—	—	—	—	—
Ellerine, S	—	—	—	—	—
Harlow, GD	—	—	—	—	—
Huntley, RJ	—	—	—	—	—
Lazarus, NN	—	—	—	—	—
Mthimunye, J	—	—	—	—	—
Theledi, HC	—	—	—	—	—
Tyalimpi, LM	—	—	—	—	—
	—	—	—	—	—
	—	—	—	—	—

*The sum of R80 million was paid to Brett and Mark Levy in lieu of their pre-listing contractual bonus entitlements. The R80 million was used to acquire BLT shares.

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	Cancellation of pre-listing management bonus participation agreement* R'000	Other benefits from subsidiaries R'000	Corporate finance and legal fees for services rendered to Blue Label Telecoms Limited subsidiaries R'000	Retirement and related benefits from subsidiaries R'000	Total R'000
—	4 001	—	40 000	23	—	200	50 384
—	3 098	—	40 000	25	—	201	49 484
—	1 752	1 021	—	10	—	200	6 454
—	403	525	—	8	—	101	2 822
—	9 254	1 546	80 000	66	—	702	109 144
—	—	—	—	—	—	—	325
—	—	—	—	—	—	—	230
—	—	—	—	—	600	—	930
30	—	—	—	—	—	—	235
—	—	—	—	—	1 219	—	1 447
—	—	—	—	—	—	—	—
45	—	—	—	—	—	—	278
—	—	—	—	—	—	—	150
25	—	—	—	—	—	—	140
100	—	—	—	—	1 819	—	3 735
100	9 254	1 546	80 000	66	1 819	702	112 879
—	8 562	6 981	—	47	—	320	15 910
—	5 725	6 981	—	238	—	301	13 245
—	3 481	621	—	20	—	320	4 442
—	897	500	—	—	—	151	1 548
—	18 665	15 083	—	305	—	1 092	35 145
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	1 254	—	1 254
45	—	—	—	—	—	—	45
—	474	—	—	—	—	—	474
—	—	—	—	—	—	—	—
45	474	—	—	—	1 254	—	1 773
45	19 139	15 083	—	305	1 254	1 092	36 918



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28. 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 the business segments. Management's assessment of the group's organisational structure takes the geographical location of the segments into account. All reporting segments located outside of South Africa are included in the International Distribution segment. Operations included in all other segments are located within South Africa.

At 31 May 2008, the group is managed on the basis of five main business segments:

- Telecommunication Distribution, which includes the distribution of physical and virtual prepaid airtime of the South African mobile network operators and Telkom, and the distribution of starter packs in South Africa.
- International Distribution, which includes international distribution of physical and virtual prepaid airtime in India and Africa, and the distribution of starter packs in Africa.
- Technology Platforms, which includes technological innovation, development and support for the operations of the group.
- Related Services, which includes other related services of the group, leveraging off its existing products and distribution network as well as the development of new mobile services to take to market.
- Corporate, which includes head office administration.

Transactions between reportable segments are conducted at arm's length.

	Total		Telecommunication distribution	
	31 May 2008 Actual audited R'000	31 May 2007 Predecessor value audited R'000	31 May 2008 Actual audited R'000	31 May 2007 Predecessor value audited R'000
The segment results for the year ended 31 May are as follows:				
Total segment revenue	18 044 759	12 232 240	17 451 794	12 147 799
Inter-segment revenue	(5 499 288)	(3 337 196)	(5 490 224)	(3 337 196)
Revenue	12 545 471	8 895 044	11 961 570	8 810 603
Segment result				
Operating profit before depreciation, amortisation and impairment charges	328 167	229 136	339 352	259 616
Depreciation and amortisation	(58 670)	(26 682)	(28 376)	(23 667)
Finance costs	(147 704)	(134 280)	(144 769)	(133 596)
Finance income	193 281	96 029	188 797	94 147
Share of (losses)/profits from associates	(17 441)	(956)	545	3 328
Taxation	(89 841)	(53 420)	(84 431)	(52 491)
Net profit for the year	207 792	109 827	271 118	147 337
Non-cash items				
Excess of acquirers' interest in the net fair value over cost	2 585	691	2 585	691
Profit on sale of associate	–	11 511	–	11 511
Fair value adjustment	(1 375)	2 540	(1 375)	2 540
Profit on sale of investments	–	807	–	807
The segment assets and liabilities at 31 May are as follows:				
Assets excluding investments in associates and joint ventures	3 140 873	1 900 269	2 687 522	1 856 942
Investment in associates and joint ventures	81 356	61 804	1	2 280
Total assets	3 222 229	1 962 073	2 687 523	1 859 222
Additions to non-current assets				
Property, plant and equipment	54 766	56 051	31 046	48 962
Intangible assets	419 939	138 081	119 630	116 119
Investment in joint ventures	–	–	*	*
Total liabilities	1 304 285	1 544 052	1 125 116	1 484 886

* Less than R1 000.

	International distribution		Technology platforms		Related services		Corporate	
	31 May 2008 Actual audited R'000	31 May 2007 Predecessor value audited R'000	31 May 2008 Actual audited R'000	31 May 2007 Predecessor value audited R'000	31 May 2008 Actual audited R'000	31 May 2007 Predecessor value audited R'000	31 May 2008 Actual audited R'000	31 May 2007 Predecessor value audited R'000
	383 749	50 461	35 594	1 705	173 622	32 275	—	—
	(344)	—	(7 713)	—	(1 007)	—	—	—
	383 405	50 461	27 881	1 705	172 615	32 275	—	—
	17 968	3 954	(9 796)	(3 935)	42 247	(1 557)	(61 604)	(28 942)
	(7 891)	(1 655)	(4 079)	(578)	(17 473)	(19)	(851)	(763)
	(888)	(2)	(528)	(179)	(1 030)	(213)	(489)	(290)
	51	—	93	108	976	27	3 364	1 747
	(19 176)	(9 811)	—	—	1 190	5 527	—	—
	(2 093)	(1 044)	1 428	115	(3 369)	—	(1 376)	—
	(12 029)	(8 558)	(12 882)	(4 469)	22 541	3 765	(60 956)	(28 248)
	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—
	157 451	12 180	40 543	22 012	282 567	15 156	(27 210)	(6 021)
	81 355	46 273	—	—	—	16 311	—	(3 060)
	238 806	58 453	40 543	22 012	282 567	31 467	(27 210)	(9 081)
	5 038	5 553	7 883	1 164	9 966	178	832	194
	46 523	533	9 231	16 418	242 904	2 500	1 651	2 512
	—	—	—	—	—	—	—	—
	80 654	23 523	9 737	16 228	63 547	16 917	25 230	2 498



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	Country	Number of issued ordinary shares	Percentage held
29. Interest in subsidiaries, associates and joint ventures			
2008			
Subsidiaries			
<i>Directly held:</i>			
Subsidiaries of Blue Label Telecoms Limited:			
Activi Technology Services (Proprietary) Limited (previously Friedshelf 771)	RSA	300	100
Africa Prepaid Services (Proprietary) Limited	RSA	150	72
Blue Label One (Proprietary) Limited	RSA	300	100
Blue Label Investments (Proprietary) Limited	RSA	100	100
Budding Trade 1170 (Proprietary) Limited	RSA	100	100
Cellfind SA (Proprietary) Limited	RSA	1 000	100
Content Connect Africa (Proprietary) Limited	RSA	100	100
Datacel Direct (Proprietary) Limited	RSA	100	100
E-Voucha (Proprietary) Limited	RSA	1 000	51
House of Business Solutions (Proprietary) Limited	RSA	1 000	100
Kwikpay SA (Proprietary) Limited	RSA	100	100
Matragon (Proprietary) Limited	RSA	100	100
Matrix Investments No 4 (Proprietary) Limited	RSA	100	100
SharedPhone International (Proprietary) Limited	RSA	5 000	50,1
The Prepaid Company (Proprietary) Limited	RSA	100	100
The Post Paid Company (Proprietary) Limited	RSA	200	51**
Ventury Group (Proprietary) Limited	RSA	2 000	100
Virtual Voucher (Proprietary) Limited	RSA	200	100
<i>Indirectly held:</i>			
Subsidiaries of Blue Label Investments (Proprietary) Limited:			
Gold Label Investments (Proprietary) Limited	RSA	1 000	100
Polsa Holdings Limited	Cyprus	17 600	50*
Subsidiary of The Prepaid Company (Proprietary) Limited:			
Little River Trading 181 (Proprietary) Limited (trading as Crown Cellular)	RSA	100	100
Subsidiaries of Ventury Group (Proprietary) Limited:			
Cigicell (Proprietary) Limited	RSA	100	100
iVeri (Proprietary) Limited	RSA	1 000	51
Subsidiaries of Matragon (Proprietary) Limited:			
Airtime Xpress (Proprietary) Limited	RSA	200	100
Comm Express Services SA (Proprietary) Limited	RSA	100	100
POS Control Services (Proprietary) Limited	RSA	100	52
Subsidiaries of Activi Technology Services (Proprietary) Limited:			
Activi Deployment Services (Proprietary) Limited (previously Terminal Deployment Centre)	RSA	100	100
IT Experts (Proprietary) Limited	RSA	300	100
Transaction Junction (Proprietary) Limited	RSA	120	60
Subsidiaries of Africa Prepaid Services (Proprietary) Limited:			
Africa Prepaid Services (Mozambique) Limitada	Mozambique	—	90
Africa Prepaid Services – RDC sprl	DRC	300	80
Subsidiaries of Datacel Direct (Proprietary) Limited:			
Blue Label Call Centre (Proprietary) Limited	RSA	300	100
CNS Call Centre (Proprietary) Limited	RSA	1 000	80
Velociti (Proprietary) Limited	RSA	1 000	100
Associate			
<i>Indirectly held:</i>			
Associate of Gold Label (Proprietary) Limited:			
Oxigen Services India (Private) Limited	India	100	35
Joint ventures			
Joint ventures of The Prepaid Company (Proprietary) Limited:			
The Hub Pretalk (Proprietary) Limited	RSA	300	40
Premet Cellular (Proprietary) Limited	RSA	100	40

* * 49% was disposed of on 1 April 2008 for a nominal amount. No further disclosure has been made as the effect of this transaction is below R1 000.



	Country	Number of issued ordinary shares	Percentage held
29. Interest in subsidiaries, associates and joint ventures (continued)			
2007			
Subsidiaries			
<i>Directly held:</i>			
Subsidiaries of Blue Label Telecoms Limited:			
Blue Label Investments (Proprietary) Limited	RSA	100	100
Blue Label One (Proprietary) Limited	RSA	300	75
The Prepaid Company (Proprietary) Limited	RSA	100	69,60
<i>Indirectly held:</i>			
Subsidiaries of Blue Label Investments (Proprietary) Limited:			
Gold Label Investments (Proprietary) Limited	RSA	1 000	75
Polsa Holdings Limited	Cyprus	17 600	50*
Subsidiaries of The Prepaid Company (Proprietary) Limited:			
Budding Trade 1170 (Proprietary) Limited	RSA	100	50*
E-Voucha (Proprietary) Limited	RSA	1 000	51
Friedshelf 771 (Proprietary) Limited	RSA	300	100
Kwikpay SA (Proprietary) Limited	RSA	100	95
Matragon (Proprietary) Limited	RSA	100	50*
Matrix Investments No 4 (Proprietary) Limited	RSA	100	100
SharedPhone (Proprietary) Limited	RSA	5 000	50,1*
The Post Paid Company (Proprietary) Limited	RSA	100	100
Ventury Group (Proprietary) Limited	RSA	2 000	90
Subsidiaries of Ventury Group (Proprietary) Limited:			
Cigicell (Proprietary) Limited	RSA	100	100
iVeri (Proprietary) Limited	RSA	1 000	51
Terminal Deployment Centre (Proprietary) Limited	RSA	100	100
Subsidiaries of Matragon (Proprietary) Limited:			
Airtime Xpress (Proprietary) Limited	RSA	200	100
Comm Express Services SA (Proprietary) Limited	RSA	100	100
Subsidiaries of Friedshelf 771 (Proprietary) Limited:			
IT Experts (Proprietary) Limited	RSA	300	100
Transaction Junction (Proprietary) Limited	RSA	120	60
Associates			
<i>Directly held:</i>			
Associates of Blue Label Telecoms Limited:			
Africa Prepaid Services (Proprietary) Limited	RSA	150	28
Cellfind SA (Proprietary) Limited	RSA	100	42,70
House of Business Solutions (Proprietary) Limited	RSA	1 000	33,30
<i>Indirectly held:</i>			
Associate of Gold Label (Proprietary) Limited:			
Oxygen Services India (Private) Limited	India	100	35
Associate of Prepaid Company (Proprietary) Limited:			
Virtual Voucher (Proprietary) Limited	RSA	200	15
Subsidiary of House of Business Solutions (Proprietary) Limited:			
Datacel Direct (Proprietary) Limited	RSA	100	21,31
Subsidiaries of Africa Prepaid Services (Proprietary) Limited:			
Africa Prepaid Services (Mozambique) Limitada	Mozambique		90
Africa Prepaid Services – RDC sprl	DRC	300	80
Joint ventures			
<i>Indirectly held:</i>			
Joint ventures of The Prepaid Company (Proprietary) Limited:			
The Hub Pretalk (Proprietary) Limited	RSA	300	40
Premet Cellular (Proprietary) Limited	RSA	100	40
*Control is demonstrated by the company as a result of a number of factors, including financial policies regarding funding.			

30. Post balance sheet events

Refer to the directors' report for details on the post balance sheet events.