5. INTANGIBLE ASSETS AND GOODWILL continued

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

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

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

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

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

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

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

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

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

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

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

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

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

** Not applicable.*

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

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

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

** Not applicable.*

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

Loans to associates and joint ventures

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

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

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

Loans to associates and joint ventures are repayable on demand.

Shares in associates and joint ventures acquired during the year

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

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

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

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

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

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

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

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

Shares in associates and joint ventures acquired during the prior year continued

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

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

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

Shares in associates disposed of during the current year

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

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

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

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

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

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

Associates

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

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

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

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

Associates continued

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

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

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

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

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

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

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

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

** Less than R1 000.*

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

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

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

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

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

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

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

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

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

** Less than R1 000.*

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