	Company 2013 Rm	2012 Rm
16. INVESTMENTS		
16.1 Investments in subsidiaries	**237**	202
Trudon (formerly known as TDS Directory Operations) Proprietary Limited		
64.9 % shareholding at cost	**167**	167
Swiftnet Proprietary Limited	**25**	25
100 % shareholding at cost	**25**	25
Rossal No 65 Proprietary Limited		
100 % shareholding at cost (R100)	**–**	–
Acajou Investments Proprietary Limited		
100 % shareholding at cost (R100)	**–**	–
Intekom Proprietary Limited		
100 % shareholding at cost	**10**	10
Q-Trunk Proprietary Limited*	**–**	–
100 % shareholding at cost	**10**	10
Loan	**–**	–
Impairment	**(10)**	(10)
iWayAfrica*	**35**	–
100 % shareholding at cost	**150**	150
Loan	**305**	270
Impairment of loan	**(270)**	(270)
Impairment of investment	**(150)**	(150)
Telkom International Proprietary Limited*	**–**	–
100 % shareholding at cost (R100)	**–**	–
Loan	**2,481**	2,481
Impairment of loan	**(2,481)**	(2,481)
Available-for-sale		
Unlisted investment		
Rascom*		
0.69 % interest in Regional African Satellite Communications Organisation, headquartered in Abidjan, Ivory Coast, at cost	**–**	–
Cost	**1**	1
Impairment	**(1)**	(1)

The aggregate directors' valuation of the above investments is R3,606 million (2012: R3,682 million) based on net asset value.

Investments and loans key assumptions*

Loans and investments are tested for impairment losses whenever there are impairment indicators, by comparing the recoverable amounts of the cash-generating units (CGU) with the carrying amounts of the investments and loans.

For continuing operations the recoverable amount of a CGU is determined based on value in use calculations. Value in use is based on the discounted cash flow method.

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

Gross margin %	27 to 30
Growth rate %	2,0
Discount rate %	13.87

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16. INVESTMENTS (continued)

16.1 Investments in subsidiaries (continued)

Investments and loans key assumptions (continued)

Gross margin

The budgeted gross margin is based on past experience and management's future expectations of business performance.

Growth rates

The growth rates are determined based on the forward-looking Consumer Price Index, and reflect management's assessment of the long-term growth prospects of the sector in which the CGU operates.

Discount rates

The discount rates used are post-tax and reflect specific risks relating to the relevant cash-generating units.

Sensitivity to changes in assumptions

Management believes that no reasonably possible changes in the assumptions would cause the carrying amount of the continuing cash-generating unit to exceed their recoverable amount in the short term.

Disposal of Multi-Links

	2013 Rm	2012 Rm
Multi-Links Telecommunications Limited	–	–
25% shareholding at cost	–	1,339
100% 550,000 10% non-cumulative preference shares at par NGN1.00 and a premium of NGN 99,999.00	–	2,674
Equity capital contribution	–	999
Multi-Links guarantee	–	10
Loan/equity contribution	–	3,135
Impairment of investment, loan and guarantee	–	(8,157)

Multi-Links had issued 550,000 10% non-cumulative preference shares at NGN1.00 each at a Premium of NGN99,999.00. Telkom SA had acquired all the shares for NGN55 billion (USD365,448,505).

The 75% shareholding in Multi-Links Telecommunications Limited was an indirect investment through Telkom International Proprietary Limited, while 25% was held directly by Telkom.

In September 2009, Telkom amended the terms and conditions of the USD loans advanced to Multi-Links, so that a portion of the loan balance becomes interest free with no repayment terms. Multi-Links repaid a portion of the loans outstanding (USD361,793,945). The remaining outstanding amount was then split between debt and equity components – in terms of IAS 39.

On 31 March 2011, Telkom and Visafone Communications Limited (Visafone) entered into a legally binding agreement regarding the sale of Multi-Links' CDMA business to Visafone for an enterprise value of USD52 million through a number of transaction steps.

On 3 October 2011 Multi-Links was sold to Helios Towers Nigeria Limited.

		Group		Company	
		2013 Rm	2012 Rm	2013 Rm	2012 Rm
16.2	***Other investments***	**2,492**	2,260	**928**	968
	At fair value through profit and loss and cost	**2,490**	2,248	**928**	959
	Linked insurance policies – Coronation	**2,490**	2,248	**–**	–
	Cell Captive Cost	**–**	–	**928**	959
	Investment in associate	**2**	10	**–**	9
	Equity investment in Number Portability Company	**2**	10	**–**	9
	Investment in joint venture	**–**	2	**–**	–
	Equity investment in Satellite Data Networks Mauritius (Pty) Ltd	**–**	2	**–**	–

16. INVESTMENTS (continued)

16.2 Other investments (continued)

Linked insurance policies – Coronation

The fair value through profit or loss investment is used to fund the post-retirement medical aid liability. These investments are made through a Cell Captive in which Telkom holds 100% of the preference shares, and represent the fair value of the underlying investments of the Cell Captive.

Telkom bears all the risks and rewards of the investment, as the returns/losses on the preference shares are dependant on the performance of the underlying investments made by the Cell Captive. On this basis, Telkom as the preference shareholder receives any residual gains or losses made by the Cell Captive. The ordinary shareholders of the Cell Captive do not bear any of the risks and rewards. The Cell Captive has been consolidated in full.

Investment in associate

The Number Portability Company (NPC) was incorporated in response to Regulations of 2005 that required a national centralised database of ported numbers for mobile numbers. The NPC was previously classified as a joint venture jointly controlled by Vodacom, MTN and Cell C. The investment has been reclassified to an associate in line with the requirements of the revised IAS 28 Investments in Associates and Joint Ventures and IFRS 11 Joint Arrangements.

Investment in joint venture

Satellite Data Networks Mauritius (Pty) Ltd was a joint venture within the iWayAfrica Group. The joint venture was disposed of during the financial year.

	Group		Company	
	2013 Rm	2012 Rm	**2013 Rm**	2012 Rm
17. DEFERRED EXPENSES AND DEFERRED REVENUE				
Deferred expense	**50**	47	**50**	47
Non-current deferred expenses	**50**	47	**50**	47
Telkom Pension Fund asset	**50**	47	**50**	47
Deferred revenue	**2,692**	3,127	**2,651**	3,100
Non-current deferred revenue	**952**	1,132	**952**	1,132
Current portion of deferred revenue	**1,740**	1,995	**1,699**	1,968

Included in deferred revenue is profit on the sale and leaseback of certain Telkom buildings of R64 million (2012: R75 million) and short-term portion of R11 million (2012: R11 million). A profit of R11 million per annum is recognised in income on a straight-line basis, over the period of the lease ending 2019.