

BLUE LABEL TELECOMS



18%

Revenue*



16%

Net profit after tax*



19%

Headline earnings per share*



31%

Operating profit*



16%

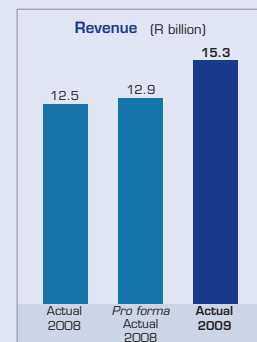
Core earnings per share*



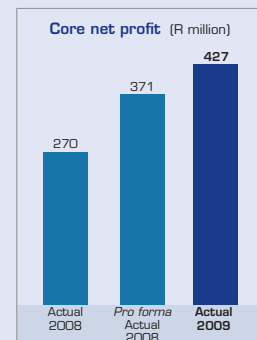
R667 million

Cash generated from operating activities

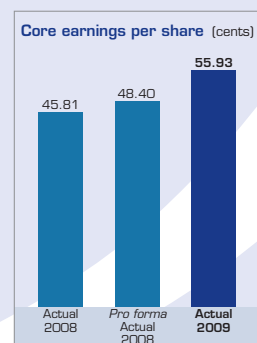
**When compared to core pro forma earnings.*



R15.3 billion



R427 million



55.93 cents

**Audited final results for the year ended
31 May 2009**

FINANCIAL REVIEW

The company's performance for the year ended 31 May 2009 demonstrated continued growth in spite of the world economic downturn. Secure prepaid electronic tokens of value have demonstrated their resilience. The growth achieved by the group was predominantly organic.

Basis of preparation

The condensed consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS), IAS 34 – Interim Financial Reporting, the listing requirements of the JSE Limited and the South African Companies Act 61 of 1973, as amended.

The condensed consolidated financial statements are prepared in accordance with the going concern principle, under the historical cost basis, as modified by the revaluation of certain assets and liabilities where required or elected in terms of IFRS. The accounting policies and methods of computation are consistent with those used in the comparative financial information for the year ended 31 May 2008.

Overview

Although net attributable earnings of R391 million exceeded the earnings for the 2008 relative period by R210 million, equating to a growth in basic earnings per share from 30.65c to 51.13c (66.82%), the board of directors believe it to be more prudent to compare actual earnings to historical core *pro forma* earnings in order to evaluate the real growth of the group.

Core *pro forma* earnings are adjusted for

non recurring and non operational items that applied during the comparative period and assume that the listing and restructuring of the group took place on 1 June 2007.

The financial highlights and the underlying financial review reflect these comparisons:

- Revenues of R15.3 billion increased by R2.4 billion (18%).
- GP percentage increased from 5.56% to 6.97%.
- EBITDA of R568 million increased by R132 million (30%).
- EBITDA margin increased from 3.37% to 3.72%.
- Attributable net profit after tax of R391 million increased by R55 million.
- Core net profit after tax of R427 million increased by R56 million.
- Core earnings per share increased from 48.40c to 55.93c (16%).
- Headline earnings per share increased from 43.55c to 51.63c (19%).

Segmental report

The following are the divisional segments that embody the group profile:

South African distribution

- Distribution of secure electronic tokens of value encompassing prepaid airtime and starter packs, bill payments, prepaid electricity, prepaid insurance and redeemable prepaid vouchers for online products and services.

International distribution

- Replication of the South African distribution model internationally,

currently in operation in Mexico, Australia, Mozambique, Democratic Republic of the Congo, Nigeria, Europe, United Kingdom and India.

Value added services

- Telemarketing of cellular and financial services products, inbound customer care and technical support via four call centres.
- Marketing of the location based products

of “Look 4 me” and “Look 4 help” (Vodacom) “Where are U” and “2 my aid” (MTN), “miTRAFFIC” and “Look 4 music”.

- Aggregation of localised content for mobile operators and third party clients.

Technology

- Development, integration and management of the group’s IT systems and technologies.

Revenue

Segment	R'000				
	2009 audited	2008 unaudited	% of total		% growth
			2009	2008	
South African distribution	14 199 031	12 194 815	92.9%	94.3%	16.4%
International distribution	724 163	500 268	4.8%	3.9%	44.8%
Value added services	335 743	207 676	2.2%	1.6%	61.7%
Technology	22 512	27 850	0.1%	0.2%	(19.2%)
Total	15 281 449	12 930 609	100%	100%	18.2%

South African distribution

The growth of 16.4% was entirely volume related. The South African distribution continues to be the major contributor to group revenue.

International distribution

The revenue reflected is in respect of subsidiaries only and does not include turnover from associate companies, namely, Ukash (United Kingdom and Europe) and Oxigen Services India.

A hybrid of organic growth and contributions by start up operations resulted in an increase in revenue of R224 million (44.8%).

Value added services

Total growth in this segment was R128 million (61.7%) of which acquisitive growth accounted for R48 million (23.2%) and organic growth R80 million (38.5%).

Technology

The focus on in-house technological support and product development and enhancement has resulted in a conscious decision to reduce service and support to third parties. This explains the decline in revenue from third parties by R5 million.

FINANCIAL REVIEW

EBITDA

Segment	R'000		
	2009 audited	2008 unaudited	% growth
South African distribution	624 346	426 245	46.5%
International distribution	6 144	21 873	(71.9%)
Value added services	75 239	46 866	60.5%
Total trading operations	705 729	494 984	42.6%
Technology	(48 502)	(9 929)	
Corporate	(89 160)	(49 126)	
Total support	(137 662)	(59 055)	
Net total	568 067	435 929	30.3%

South African distribution

The growth in EBITDA of R198 million (46.5%), largely due to the increase in revenue, gross profit percentage margins and containment of expenditure, equated to an increase in EBITDA margin from 3.50% to 4.40%.

International distribution

There was a decline in EBITDA of R19 million comprising R4 million from Palsa Holdings, which was disposed of in March 2009, the loss on disposal thereof of R4 million and R11 million from start up operations in the USA, Mexico and Australia.

The above decline was set-off by a growth in EBITDA of R5 million from R16 million to R21 million (25%) by the remaining companies encompassing this segment.

Value added services

The growth in EBITDA of R28 million (60.5%) resulted from a hybrid of acquisitive contributions of R9 million (19.2%) and organic growth of R19 million (41.3%).

The marginal decline in EBITDA percentage to revenue from 22.6% to 22.4% was in line with the decision to incur additional expenditure on infrastructure costs in order to enhance the platform for growth support in the future.

Technology and corporate

The growth in EBITDA generated by the trading operations from R495 million to R705 million (42.6%) could not have been achieved without skilled technological, administrative and managerial support.

The increase in negative earnings by these segments of R79 million is in line with the need to invest in skills and product development in order to strengthen the

foundation for future expansion both locally and internationally. The very nature of international expansion requires extensive overseas travel and professional support delivered by both the technology and corporate divisions of the group.

Net finance income

Finance income

Finance income of R205 million was earned by the group. Of this amount R47 million related to imputed interest receivable on debtor balances in terms of IFRS requirements and R158 million yielded from liquid working capital.

Finance income earned in the comparative *pro forma* period amounted to R239 million

of which R16 million applied to imputed interest receivable on debtor balances in terms of IFRS requirements.

The above equated to a net decline of R65 million in finance income earned on cash resources mainly due to the application of an element of cash in order to gain early settlement discounts, the investment of R134 million on acquisitions and the gradual decline in interest rates accumulating to 3.5%.

Finance expense

Of the finance expense of R113 million, R108 million related to imputed interest payable on creditor balances in terms of IFRS requirements.

Share of losses from associates and joint ventures

Associates and joint ventures		R'000		
	%	2009	2008	%
	holding	audited	unaudited	growth
Oxigen Services India Pvt Ltd	37.22%	(25 940)	(19 661)	(31.9%)
Smart Voucher Limited (Ukash)	16.90%	(2 286)	-	-
Other		781	-	-
Total		(27 445)	(19 661)	(39.6%)

Oxigen Services India

Although, as anticipated, Oxigen Services India continued to incur losses, an improvement in the company's performance in the last quarter of the financial year was apparent.

Revenue for the year ended 31 March 2009 (year-end pertaining to Oxigen Services India (Pvt) Ltd) increased from R1.02 billion to R1.34 billion (30.83%) in line with the

continued roll out of point of sale devices over a widespread area.

Smart Voucher Limited t/a Ukash

The minority stake that was acquired in October 2008 was primarily for strategic reasons. Ukash's technology offering of electronic pins, enabling the redemption of online products and services, is in line with the group's objective to increase its bouquet of value added services across its global footprint.

FINANCIAL REVIEW

Core net profit

Segments	R'000		
	2009 unaudited	2008 unaudited	Growth R'000
South African distribution	537 815	407 320	130 495
International distribution	(10 947)	(9 060)	(1 887)
Value added services	49 497	33 450	16 047
Total operations	576 365	431 710	144 655
Technology	(55 250)	(11 339)	(43 911)
Corporate	(93 915)	(49 429)	(44 486)
Total support	(149 165)	(60 768)	(88 397)
Core earnings	427 200	370 942	56 258
Core earnings per share	55.93c	48.40c	7.53c

The growth in core earnings of operational companies was 34%. The growth in core earnings per share was 16%.

Dividends

In line with the group's current dividend policy, no dividends have been declared.

Balance sheet

Assets

Total assets increased by R658 million (20.4%) to R3.9 billion primarily as a result of an increase in current assets, of which R432 million related to a growth in cash resources.

Non-current assets

The net increase in non current assets was R24 million.

This was attributable to the following:

- Capital expenditure net of disposals and depreciation on property, plant and

equipment of R42 million, mainly as a result of expenditure on point of sale devices required in both the South African and International distribution segments.

- Disposal of property, plant and equipment of subsidiaries previously owned totaling R6 million.
- A decrease in intangible assets, comprising goodwill and intangibles of R29 million, net of acquisitions, disposals and amortisation.
- Investments in associates of R28 million comprising acquisitions of R55 million less share of losses of R27 million.
- A net decrease in unactivated starter packs of R18 million. Financial assets at amortised cost relate to starter packs which have been sold but not yet activated.

Current assets

Current assets increased by R634 million. The increase was mainly attributable to the growth in cash and cash equivalents of R432 million, trade and other receivables of R268 million and a reduction in inventories of R100 million.

The stock turn averaged 3 times per month and debtors collections were 21 days.

Capital and reserves

The share capital and share premium declined by R26 million attributable to the purchase of shares in terms of the group's staff share incentive scheme.

Goodwill arising on transactions with minorities of R914 million is recognised against reserves on the balance sheet, as minority shareholders are treated as equity participants. This is in accordance with the economic entity method which was adopted by the group in the prior year.

Liabilities

Total liabilities increased by R331 million, the material items being an increase in minority shareholders loans to subsidiaries of R28 million and an increase in trade creditors of R366 million. These amounts are set off against a reduction in tax liabilities of R43 million.

The trade creditor payment terms equated to 40 days.

Cash flow

Growth in profitability and the benefits of stringent working capital management have manifested in the positive cash generated from trading operations of R746 million.

Net interest received of R154 million compounded this cash generation to R900 million. Of these funds generated R233 million was applied to taxation paid, resulting in net cash flows from operating activities of R667 million.

Total cash on hand at the end of the financial year accumulated to R1.76 billion.

Prospects

South African distribution

The revenue growth of 16.4% in this segment translated into a growth of its divisional EBITDA of 46.5%.

It is anticipated that revenue will continue to grow organically, not only through the existing product offering, but also through additional products that have been developed in-house that are expected to be rolled out into the group's multi points of presence during the forthcoming year. These initiatives include:

- A technical arrangement with Gidani, the licensed operators of Lotto in South Africa.
- Prepaid electricity distribution contracts with additional municipalities.
- The introduction of off line prepaid top ups of electricity that will compliment the current on line prepaid top up facility that is currently being offered.
- Prepaid bus ticketing.
- Money remittances throughout the group's touch points.

International distribution

Africa Prepaid Services is expected to contribute significant growth to the international segment primarily through its strategic 51% shareholding in Africa Prepaid Services Nigeria. This company



FINANCIAL REVIEW

has been granted a service provider licence by Multilinks, a wholly owned subsidiary of Telkom. The current penetration of 45% in the cellular market in Nigeria augurs well for potential future growth, considering that most established markets have penetrations in excess of 100%.

Blue Label Mexico is steadily increasing its points of presence with the aim being to replicate the South African distribution business model.

Subsequent to year end, BLT USA terminated its equity investment in VPN by mutual consent and entered into a technology license arrangement with the KAP Holdings group. VPN repaid the US\$5 million capital invested in the business to BLT USA. The license agreement allows Blue Label to pursue its efforts to grow a distribution footprint in the USA.

Value added services

The predominantly outbound call centres are constantly procuring additional product offerings to the databases that they communicate with, utilising the existing infrastructure of call centre seats to achieve additional revenue.

The additional location based services that were introduced in the latter part of the financial year end 2009 is expected to gain momentum over a full year cycle.

Technology

The technology segment will complete projects in progress and will continue to innovate the bouquet of products to be rolled out to the group's points of presence. The company will continue to invest in resources to achieve these objectives.

The recent launch of Microsoft's OneApp™ application in a joint initiative with BLT will enable Mibli™ to offer its subscribers access to a myriad of content irrespective of mobile device type or network utilised. Mibli™ is supported by technology developed inhouse which enables the rollout of these services.

Start up operations

Expanding the footprint of the start up operations that were initiated in the past financial year, will be the primary focus, aimed at replicating the South African distribution methodology into a wider international base.

Audit opinion

The results for the financial year ended 31 May 2009 have been audited by the company's auditors, PricewaterhouseCoopers Inc. and the unqualified audit report is available for inspection at the Company's registered office.

Annual general meeting

The annual general meeting will be held in Johannesburg on 12th November 2009. Further details will be included in BLT's annual report.

Appreciation

The board of BLT is grateful to its staff, suppliers, customers and business partners for their ongoing support and loyalty.

Sidney Ellerine, who passed away in July 2009, will be sorely missed as a colleague, friend and significant contributor to the success of the Blue Label Telecoms group.

For and on behalf of the Board

LM Nestadt

Chairman

BM Levy and MS Levy

Joint Chief Executive Officers

DB Rivkind

Chief Financial Officer

Directors

LM Nestadt (Chairman)* BM Levy MS Levy

GD Harlow* RJ Huntley* NN Lazarus*

JS Mthimunye* MV Pamensky

DB Rivkind HC Theledi* LM Tyalimpi*

P Mansour* #

(*Non-executive) (#American)

Company Secretary: E Viljoen

Sponsor: Investec Bank Limited

Blue Label Telecoms Limited

(Incorporated in the Republic of South Africa)

(Registration number 2006/022679/06)

JSE share code: BLU ISIN: ZAE000109088

("BLT" or "the company")



SUMMARISED GROUP BALANCE SHEET

audited results as at 31 May 2009

	31 May 2009 audited R'000	31 May 2008 audited R'000
ASSETS		
Non-current assets	736 634	712 759
Property, plant and equipment	105 011	69 484
Intangible assets and goodwill	460 325	489 786
Investment in associates and joint ventures	109 837	81 356
Financial assets at amortised cost	54 096	72 133
Deferred taxation assets	7 365	-
	3 143 109	2 509 470
Current assets		
Financial assets at fair value through profit and loss	10	5 672
Financial assets at amortised cost	67 449	53 163
Inventories	384 361	484 501
Loans receivable	29 920	7 103
Trade and other receivables	898 571	630 687
Current tax assets	2 101	-
Cash and cash equivalents	1 760 697	1 328 344
	3 879 743	3 222 229
Total assets		
EQUITY AND LIABILITIES		
Capital and reserves	2 244 120	1 917 944
Share capital, share premium and treasury shares	4 379 175	4 404 737
Restructuring reserve	(1 843 912)	(1 843 912)
Foreign currency translation reserve	(13 399)	2 552
Transaction with minority reserve	(914 399)	(898 564)
Share-based payment reserve	10 602	-
Retained earnings	635 305	244 758
	2 253 372	1 909 571
Minorities interest	(9 252)	8 373
Non-current liabilities	69 664	58 056
Deferred taxation	49 544	55 111
Interest-bearing borrowings	20 120	2 945
Current liabilities	1 565 959	1 246 229
Trade and other payables	1 518 853	1 152 969
Non-interest-bearing borrowings	-	9 041
Current tax liabilities	28 039	71 146
Bank overdraft	3 891	50
Current portion of interest-bearing borrowings	15 176	13 023
	3 879 743	3 222 229
Total equity and liabilities		

SUMMARISED GROUP INCOME STATEMENT

for the year ended 31 May 2009

	2009 Actual audited R'000	2008 Core <i>pro forma</i> unaudited R'000	2008 Actual audited R'000
Revenue	15 281 449	12 930 609	12 545 471
Other income	22 368	68 142	69 545
Cost of inventories sold	(14 215 840)	(12 211 507)	(11 875 606)
Employee compensation and benefit expense	(278 970)	(195 629)	(265 003)
Depreciation, amortisation and impairment charges	(93 220)	(73 675)	(58 670)
Other expenses	(240 940)	(155 686)	(146 240)
Operating profit	474 847	362 254	269 497
Finance expense	(112 699)	(106 604)	(147 704)
Finance income	205 046	239 470	193 281
Share of profits and losses from associates and joint ventures	(27 445)	(19 661)	(17 441)
Net profit before taxation	539 749	475 459	297 633
Taxation	(174 784)	(138 929)	(89 841)
Net profit for the year	364 965	336 530	207 792
Net profit for the period attributable to:			
Equity holders of the parent	390 547	336 023	180 891
Minority interest	(25 582)	507	26 901
Earnings per share for profit attributable to equity holders (cents)			
– Basic	51.13	43.85	30.65
– Headline	51.63	43.55	30.26
– Diluted basic	50.96	–	–
– Diluted headline	51.46	–	–
Weighted average number of shares	763 833 909	766 360 894	590 263 513
Number of shares in issue	761 159 181	766 360 894	766 360 894
Diluted weighted average number of shares* *	766 360 894	–	–

* * Diluted earnings per share and diluted headline earnings per share is calculated by adjusting the number of shares in issue by the number of shares that would be issued on vesting under the forfeitable share plan. (There were no dilutive instruments in 2008).

Unaudited reconciliation between net profit and core net profit for the year:			
Net profit for the year	390 547	336 023	180 891
Once off employee compensation and benefit expense net of tax	–	–	57 600
Amortisation on intangibles raised through business combinations net of tax	36 653	34 919	22 937
Cancellation of onerous contract	–	–	9 000
Core net profit for the year	427 200	370 942	270 428
Core net profit for the year attributable to:	403 782	373 093	301 409
Equity holders of parent	427 200	370 942	270 428
Minorities interest	(23 418)	2 151	30 981
– Core earnings per share (cents) *	55.93	48.40	45.81

* Core earnings per share is calculated after adding back the amortisation of intangible assets as a consequence of the purchase price allocations completed in terms of IFRS 3: 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.



ACQUISITION OF SUBSIDIARIES

Shares in the following subsidiaries were acquired during the year ended 31 May 2009:

	Effective date of acquisition	% acquired
Celebia Holdings Limited**	1 July 2008	100%
Blue Label Mexico S.A. de C.V.**	18 July 2008	70%
Answers Direct (Proprietary) Limited	1 August 2008	80%
Blue Label Data Solutions (Proprietary) Limited**	1 August 2008	81%
Blue Label Australasia (Proprietary) Limited	19 August 2008	50.5%
Africa Prepaid Services Nigeria Limited**	1 December 2008	51%
Blue Label Telecoms USA Inc**	2 December 2008	100%
Blue Label USA, LLC**	2 December 2008	50.01%

**Start up operations.

Details of the total net assets acquired and the resulting goodwill and reserves at acquisition are as follows:

	Total R'000
Total purchase consideration	29 646
Fair value of net assets acquired	21 966
	7 680
Goodwill	1 689
Transaction with minority reserve	5 991

The assets and liabilities acquired through the acquisitions are as follows:

	Acquirer's carrying amount and fair value at acquisition date R'000
Cash and cash equivalents	31 663
Property, plant and equipment	161
Intangible assets	21 820
Goodwill	800
Inventories	54
Receivables	1 748
Borrowings	(23 167)
Payables	(1 302)
Fair value of subsidiaries acquired	31 777
Minority interests	(9 811)
Fair value of net assets acquired	21 966
Cash and cash equivalents in subsidiaries acquired	31 663
Total purchase consideration	(29 646)
Subsequent capital contribution	(49 630)
Less purchase consideration still due	415
Cash outflow on acquisition	(47 198)

Had these acquisitions of subsidiaries been made at the beginning of the financial year they would have contributed R7.037 million to revenue and (R5.036) million loss to net profit after tax. The actual contribution to revenue and net profit after tax for the year was R7.037 million and (R3.177) million loss. (This excludes the effect of start up operations).

DISPOSAL OF SUBSIDIARIES

Shares in the following subsidiaries were disposed of during the year ended 31 May 2009:

	Effective date of disposal	% held and disposed of
iVeri Payment Technologies (Proprietary) Limited	31 October 2008	51%
E-Voucha (Proprietary) Limited	30 November 2008	51%
Polsa Holdings Limited	31 March 2009	50%

Details of the total net assets disposed and the resulting loss on disposal are as follows:

	Total R'000
Total proceeds	5 581
Fair value of net assets disposed of	10 162
Loss on disposal	(4 581)

The assets and liabilities disposed of are as follows:

	Fair value at disposal date R'000
Cash and cash equivalents	14 157
Property, plant and equipment	5 781
Intangible assets	2 949
Goodwill	2 500
Investments	305
Inventories	12 118
Receivables	25 163
Deferred tax	452
Bank overdraft	(205)
Borrowings	(22 451)
Current tax liabilities	(619)
Payables	(31 374)
Fair value of subsidiaries disposed of	8 776
Minority interests	(4 348)
Goodwill	5 734
Fair value of net assets disposed of	10 162
Proceeds on disposal of subsidiaries	5 581
Cash and cash equivalents of subsidiaries disposed of	(13 952)
Less proceeds still due	(1 152)
Cash outflow on acquisition	(9 523)

SUMMARISED GROUP CASH FLOW STATEMENT

for the year ended 31 May 2009

	2009 audited R'000	2008 audited R'000
Cash flows from operating activities	666 994	(19 796)
Cash flows from investing activities	(206 731)	(405 157)
Cash flows from financing activities	(10 624)	661 782
Increase in cash and cash equivalents	449 639	236 829
Cash and cash equivalents at the beginning of the period	1 328 294	1 090 044
Translation difference	(21 127)	1 421
Cash and cash equivalents at the end of the period	1 756 806	1 328 294

HEADLINE EARNINGS

	31 May 2009 audited R'000	31 May 2008 audited R'000
Profit attributable to equity holders of parent	390 547	180 891
Loss on disposal of property, plant and equipment	456	304
Net loss on sale of disposal of subsidiaries	3 344	-
Negative goodwill	-	(2 585)
Headline earnings	394 347	178 610
Headline earnings per share (cents)	51.63	30.26

CORE *PRO FORMA* RECONCILIATION – 31 MAY 2008

The table below sets out the unaudited *pro forma* information of BLT. The unaudited group *pro forma* income statement has been prepared for illustrative purposes only and is the responsibility of the directors.

	Actual ⁽¹⁾ audited R'000	Restructuring and acquisitions ⁽²⁾ unaudited R'000	Cash effects ⁽³⁾ unaudited R'000	Core adjustments ⁽⁴⁾ unaudited R'000	Core <i>Pro forma</i> ⁽⁵⁾ unaudited R'000
Revenue	12 545 471	385 138	-	-	12 930 609
Other income	69 545	(1 403)	-	-	68 142
Cost of inventories sold	(11 875 606)	(335 901)	-	-	(12 211 507)
Employee compensation and benefit expense	(265 003)	(10 626)	-	80 000	(195 629)
Depreciation, amortisation and impairment charges	(58 670)	(15 005)	-	-	(73 675)
Other expenses	(146 240)	(18 446)	-	9 000	(155 686)
Operating profit	269 497	3 757	-	89 000	362 254
Finance expense	(147 704)	(1 433)	42 533	-	(106 604)
Finance income	193 281	(215)	46 404	-	239 470
Share of losses from associates	(17 441)	(2 220)	-	-	(19 661)
Profit for the period before taxation	297 633	(1 111)	88 937	89 000	475 459
Taxation	(89 841)	(1 785)	(24 903)	(22 400)	(138 929)
Net profit	207 792	(1 896)	64 034	66 600	336 530
Net profit attributable to:	207 792	(1 896)	64 034	66 600	336 530
Equity holders of parent	180 891	24 498	64 034	66 600	336 023
Minority interest	26 901	(26 394)	-	-	507
Reconciliation between net profit for the period and core net profit for the period:					
Net profit for the period	180 891	24 498	64 034	66 600	336 023
Amortisation on intangibles raised through business combinations net of tax	22 937	11 982	-	-	34 919
Management bonus settlement	57 600	-	-	(57 600)	-
Cancellation of onerous contract	9 000	-	-	(9 000)	-
Core net profit for the period	270 428	36 480	64 034	-	370 942
Core net profit for the period attributable to:	301 409	7 650	64 034	-	373 093
Equity holders of parent	270 428	36 480	64 034	-	370 942
Minority interest	30 981	(28 830)	-	-	2 151

Notes:

1. Extracted from the audited group income statement of Blue Label Telecoms for the year ended 31 May 2008.
2. Represents the effects of the group restructure based on the assumption that minority acquisitions occurred on 1 June 2007.
The following subsidiaries are therefore consolidated as wholly owned for the full year:
 - The Prepaid Company
 - Kwikpay
 - Matragon
 - Blue Label One
 Similarly, the following associates are consolidated as subsidiaries for the full year:
 - 72% Africa Prepaid Services
 - 100% Virtual Voucher
 - 100% Cellfind
 - 100% Datacel
 - 100% House of Business Solutions
3. Represents the positive impact on finance income and expense assuming cash raised on listing was received on 1 June 2007.
4. Represents the adding back of 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.
5. Represents the core *pro forma* unaudited group income statement of Blue Label Telecoms on the assumption that the restructuring, listing and minority acquisitions were effective 1 June 2007.
6. All adjustments are expected to have a continuing effect on Blue Label Telecoms.

SUMMARISED GROUP STATEMENT OF CHANGES IN EQUITY

audited results as at 31 May 2009

	Share capital, share premium and treasury shares audited R'000	Retained earnings audited R'000	Restructuring reserve audited R'000
Balance as at 31 May 2007	2 079 533	63 867	(1 843 912)
Shares issued during the year	2 364 928	-	-
Share issue costs	(39 724)	-	-
Net profit for the year	-	180 891	-
Dividends	-	-	-
Minorities disposed of during the year	-	-	-
Exchange losses on translation of foreign operations	-	-	-
Balance as at 31 May 2008	4 404 737	244 758	(1 843 912)
Net profit for the year	-	390 547	-
Treasury shares purchased	(25 562)	-	-
Asset acquired for shares	-	-	-
Equity based compensation movements	-	-	-
Minorities acquired/(disposed of) during the year	-	-	-
Exchange losses on translation of equity loans	-	-	-
Exchange losses on translation of foreign operations	-	-	-
Balance as at 31 May 2009	4 379 175	635 305	(1 843 912)

Foreign currency translation reserve audited R'000	Transaction with minority reserve audited R'000	Share-based payment reserve audited R'000	Minority interest audited R'000	Total equity audited R'000
4 188	(14 893)	-	129 238	418 021
-	-	-	-	2 364 928
-	-	-	-	(39 724)
-	-	-	26 901	207 792
-	-	-	(998)	(998)
-	(883 671)	-	(146 294)	(1 029 965)
(1 636)	-	-	(474)	(2 110)
2 552	(898 564)	-	8 373	1 917 944
-	-	-	(25 582)	364 965
-	-	-	-	(25 562)
-	-	1 231	-	1 231
-	-	9 371	195	9 566
-	(15 835)	-	3 458	(12 377)
(15 107)	-	-	-	(15 107)
(844)	-	-	4 304	3 460
(13 399)	(914 399)	10 602	(9 252)	2 244 120

SEGMENTAL SUMMARY

	31 May 2008 Actual ⁽¹⁾ audited R'000	Restructuring ⁽²⁾ unaudited R'000	Cash effects ⁽⁴⁾ unaudited R'000
Revenue			
South African distribution*	11 961 570	233 245	-
International distribution*	383 405	116 863	-
Technology*	27 881	(31)	-
Value added services*	172 615	35 061	-
Corporate*	-	-	-
Total	12 545 471	385 138	-
EBITDA			
South African distribution	339 352	6 893	-
International distribution	17 968	3 905	-
Technology	(9 796)	(133)	-
Value added services	42 247	4 619	-
Corporate	(61 604)	3 478	-
Total	328 167	18 762	-
Net profit for the period attributable to equity holders			
South African distribution	244 690	29 779	64 034
International distribution	(14 262)	775	-
Technology	(11 134)	(604)	-
Value added services	22 553	(7 979)	-
Corporate	(60 956)	2 527	-
Total	180 891	24 498	64 034
	31 May 2008 Actual audited R'000	31 May 2009 Actual audited R'000	
Net operating assets/(liabilities)			
South African distribution	1 295 784	1 552 917	
International distribution	19 259	82 860	
Technology	(739)	(20 503)	
Value added services	4 098	18 984	
Corporate	(55 161)	(57 108)	
Total	1 263 241	1 577 150	

*Although segment names have changed, the composition of the underlying segments have remained the same.

Notes:

1. Extracted from the audited group income statement of Blue Label Telecoms for the year ended 31 May 2008.
2. Represents the effects of the group restructure based on the assumption that minority acquisitions occurred on 1 June 2007.
[See *pro forma* reconciliation for details of companies part of the restructure]
3. Represents the positive impact on finance income and expense assuming cash raised on listing was received on 1 June 2007.
4. Represents the adding back of the amortisation of intangible assets as a consequence of the purchase price allocations completed 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.
5. Represents the core *pro forma* unaudited group income statement of Blue Label Telecoms on the assumption that the restructuring, listing and minority acquisitions were effective 1 June 2007.
6. Represents the adding back of the amortisation of intangible assets as a consequence of the purchase price allocations exercised in terms of IFRS 3: Business Combinations.
7. All adjustments are expected to have a continuing effect on Blue Label Telecoms.

Core adjustments ⁽⁴⁾ unaudited R'000	31 May 2008 Core <i>pro forma</i> ⁽⁵⁾ unaudited R'000	31 May 2009 Actual audited R'000	Core adjustments ⁽⁶⁾ unaudited R'000	31 May 2009 Core unaudited R'000
-	12 194 815	14 199 031	-	14 199 031
-	500 268	724 163	-	724 163
-	27 850	22 512	-	22 512
-	207 676	335 743	-	335 743
-	-	-	-	-
-	12 930 609	15 281 449	-	15 281 449
80 000	426 245	624 346	-	624 346
-	21 873	6 144	-	6 144
-	(9 929)	(48 502)	-	(48 502)
-	46 866	75 239	-	75 239
9 000	(49 126)	(89 160)	-	(89 160)
89 000	435 929	568 067	-	568 067
68 817	407 320	527 371	10 444	537 815
4 427	(9 060)	(16 759)	5 812	(10 947)
399	(11 339)	(55 992)	742	(55 250)
18 876	33 450	29 842	19 655	49 497
9 000	(49 429)	(93 915)	-	(93 915)
101 519	370 942	390 547	36 653	427 200



the 1990s, the number of people in the world who are under 15 years of age is expected to increase from 1.1 billion to 1.5 billion (United Nations 1994).

There are a number of reasons why the number of children in the world is increasing. One of the main reasons is that the number of children who are surviving to the age of 5 has increased significantly since the 1960s.

There are a number of reasons why the number of children who are surviving to the age of 5 has increased. One of the main reasons is that the number of children who are dying from infectious diseases has decreased significantly since the 1960s.

There are a number of reasons why the number of children who are dying from infectious diseases has decreased. One of the main reasons is that the number of children who are vaccinated against infectious diseases has increased significantly since the 1960s.

There are a number of reasons why the number of children who are vaccinated against infectious diseases has increased. One of the main reasons is that the number of children who are attending school has increased significantly since the 1960s.

There are a number of reasons why the number of children who are attending school has increased. One of the main reasons is that the number of children who are of school age has increased significantly since the 1960s.

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