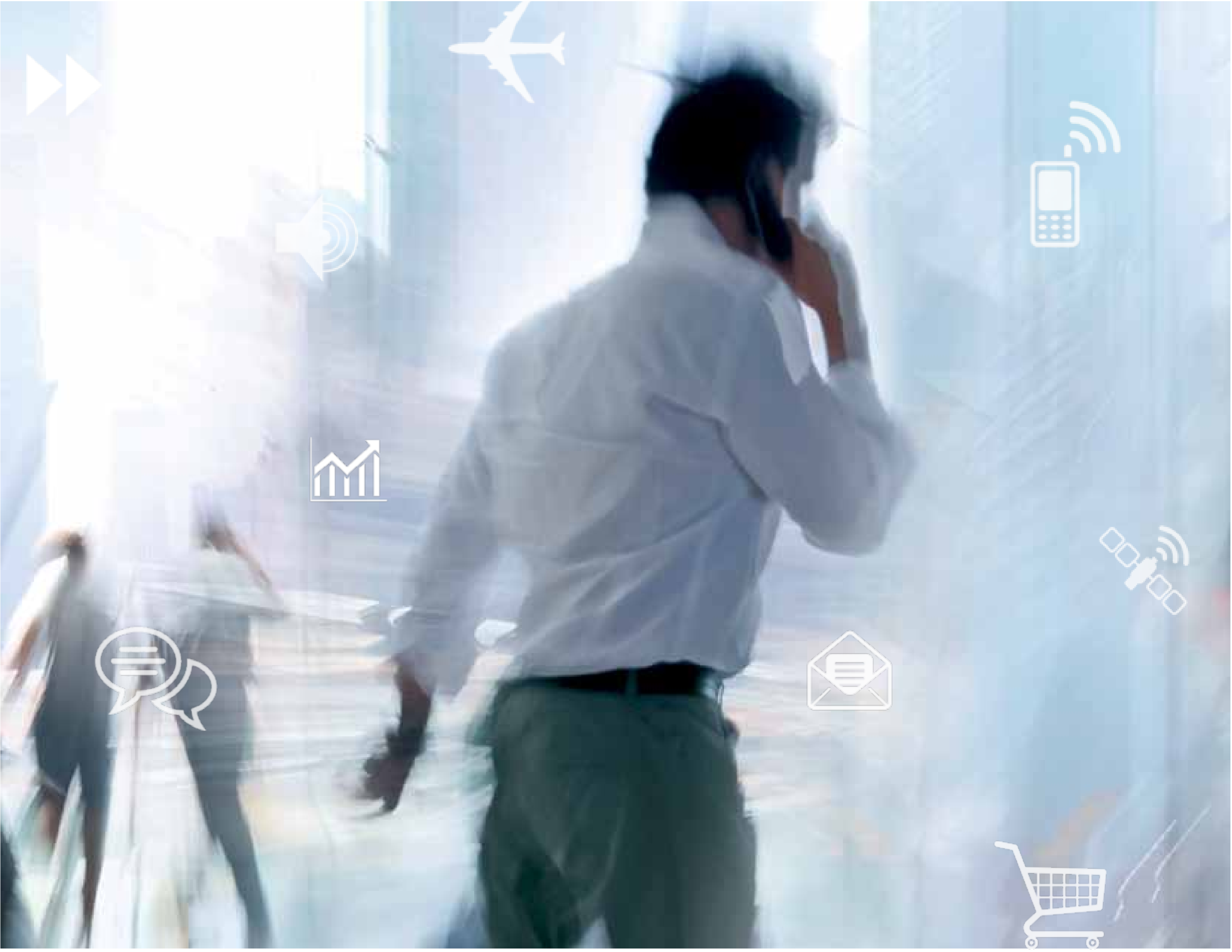
BLUE LABEL TELECOMS



AUDITED RESULTS

for the year ended 31 May 2011

Highlights

13% ↑ Increase in revenue to R18 billion

18% ↑ Increase in NPAT to R431 million

15% ↑ Increase in core earnings to R456 million

15% ↑ Increase in headline earnings per share from continuing operations

4% ↓ Decline in headline earnings per share to 46,20 cents

R566 million cash generated by operations

Dividend of 14 cents per share

Commentary

INTRODUCTION

Organic growth in revenues, a return to profitability in the call centre operations and a net reduction in the share of losses from associates and joint ventures were all positive contributing factors to the growth in group core earnings.

This growth was augmented by an extraneous profit resulting from the dilution of the group's equity holding in Blue Label Mexico. In February 2011, 40% of the share capital of Blue Label Mexico was issued to Grupo Bimbo for a capital injection of US$20 million.

Grupo Bimbo is a manufacturer and distributor of bread and allied edible foods. As the market leader in the Americas, Grupo Bimbo owns 103 manufacturing plants and more than 1 000 distribution centres strategically located in 17 countries throughout the Americas and Asia. It has one of the most extensive direct distribution networks in the world.

The sale of equity has created a strategic alliance between the two groups, with the objective of utilising Bimbo's logistic capabilities and footprint to accelerate the roll out of point of sale devices.

The synergy between the two companies was the driving force behind the above transaction.

Trading losses in Africa Prepaid Services Nigeria ("APSN") and the necessity for impairments of APSN following a commitment to dispose of the majority of assets and liabilities in May 2011, adversely impacted on profits. The decline in the financial performance of APSN was attributable to the failure by Multi-links to perform its obligations in terms of the distribution agreement and the consequent cancellation of that agreement arising from Multi-links' repudiation of its obligations.

Further impairments to goodwill and related intangibles in Sharedphone International and Content Connect Africa, as well as the write-off of internally generated intangible assets in Blue Label One and Blue Label Distribution, also inhibited the growth in core earnings.

The net positive growth in core earnings equated to 15%. Headline earnings however, declined by 4% after the net deduction relating to the extraneous profit in Blue Label Mexico and impairments described above. After extraction of the total negative contribution of APSN as a discontinued operation, the balance of the group increased headline earnings by 13%.

The group continued to generate positive cash flow, with cash generated from operations of R566 million. Cash resources accumulated to R2,2 billion at year end.

FINANCIAL OVERVIEW

> Revenues increased by 13% to R18 billion.
> Gross profit increased by R51 million to R1,07 billion.
> Overheads decreased by 2%.
> EBITDA increased by 5% to R598 million.
> Net finance income declined by R23 million.
> Share of losses from associates and joint ventures declined from R15 million to R2,8 million.
> Net profit after tax and non-controlling interests increased by 18% from R365 million to R431 million.
> Basic earnings per share increased by 18% from 48,17 cents to 57,04 cents.
> Core earnings increased by 15% to R456 million.
> Core earnings per share increased by 15% from 52,34 cents to 60,34 cents per share.
> Headline earnings per share declined by 4% from 48,27 cents to 46,20 cents.
> Headline earnings per share from continuing operations increased by 15% from 43,46 cents to 50,12 cents.
> NAV per share increased from 342,76 cents per share to 388,90 cents per share.

BASIS OF PREPARATION

The summarised group annual financial statements have been derived from the group annual financial statements and were prepared in accordance with the requirements of Section 8.57 of the JSE Limited Listings Requirements and the presentation and disclosure requirements of IAS 34 – *Interim Financial Reporting*. The group annual financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa. A copy of the group annual financial statements can be obtained from the company's registered office.

This financial information has been prepared in accordance with the going concern principle, under the historical cost convention, 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 2010, with the exception of the standards that are effective for the first time in the current period. These have been disclosed in note 1 to the annual financial statements for the year ended 31 May 2011. These standards have not had a significant impact on the financial information.

In addition, the group uses core net profit as a non-IFRS measure in evaluating its performance. This supplements the IFRS measures disclosed. Core net profit is calculated by adjusting net profit for the year with the amortisation of intangible assets that arise as a consequence of the purchase price allocations completed in terms of IFRS 3(R): *Business Combinations*.

Segmental report

SOUTH AFRICAN DISTRIBUTION SEGMENT	2011 R'000	2010 R'000	Growth R'000	Growth
Revenue	**17 821 605**	15 543 337	2 278 268	15%
Gross profit	**925 398**	867 230	58 168	7%
EBITDA	**711 767**	685 686	26 081	4%
Core net profit	**571 471**	555 161	16 310	3%
Gross profit margin	**5,19%**	5,58%		
EBITDA margin	**4,00%**	4,41%		

Revenue

Revenue comprised sales of physical and virtual prepaid airtime, commissions on the distribution of prepaid electricity and compounded annuity revenue generated from starter packs.

Whilst there were piecemeal price increases from the networks during the financial year, the bulk of the growth in revenue was volume related and entirely organic. Commissions on the sale of prepaid electricity increased by 79% from R34 million to R61 million, equating to turnover generated on behalf of the utilities of R3,4 billion.

The growth in airtime revenue exceeded industry norms, with gains mainly attributable to an increase in market share from competitors.

Gross profit

Although gross profit margins declined from 5,58% to 5,19%, the current melded margins have been consistent for the past 18 months, albeit that electricity commissions do not attract a cost of sale and in turn account for 0,22% for the comparative period and 0,34% of the current year's gross profit margins.

Margins on prepaid airtime declined due to the negative impact on the implementation of RICA from the second half of the comparative period, the passing on of network price increases at cost price to the client base as well as the forfeiture of margins in return for higher revenue volumes.

The distribution mix of prepaid airtime per network was:

• Vodacom 52%
• MTN 35%
• Cell C 10%
• Telkom 3%

Commentary *(continued)*

EBITDA

The growth in EBITDA of 4% was achieved in spite of a decline in EBITDA margin from 4,41% to 4,00%. The decline in margin was due to the reduction in gross profit margins and an increase in certain group overheads.

International distribution segment	2011 R'000	2010 R'000	Growth R'000	Growth
Revenue	**29 254**	159 800	(130 546)	(82%)
Gross profit	**8 052**	30 339	(22 287)	(73%)
EBITDA	**(8 683)**	17 448	(26 131)	(150%)
Discontinued operations*	**93 901**	36 452	57 449	158%
Africa Prepaid Services Nigeria	**(40 813)**	49 105	(89 918)	(183%)
Blue Label Mexico	**134 714**	(12 653)	147 367	1 165%
Share of (losses)/profits from associates and joint ventures	**(2 884)**	(15 177)	12 293	81%
Ukash	**8 782**	(8 079)	16 861	209%
Oxigen Services India	**(5 163)**	(7 098)	1 935	27%
Blue Label Mexico	**(6 503)**	—	(6 503)	—
Core net profit	**61 896**	20 097	41 799	208%

**Represents net profit after taxation and non-controlling interests.*

In line with the commitment to dispose of the majority of assets and liabilities of Africa Prepaid Services Nigeria, IFRS requires its financial performance to be reflected as a discontinued operation. Consequently, revenue, gross profit and EBITDA exclude the Nigerian trading activities for both the current and comparative year.

The dilution from a 70% holding to a minority stake of 40% in Blue Label Mexico requires its trading performance for the period June 2010 to February 2011 to be reflected as a discontinued operation. Similarly, the results of Mexico are not reflected in revenue, gross profit and EBITDA, both in the current and comparative year.

As a result of the above, trading activities at EBITDA level only pertained to Sharedphone International, Africa Prepaid Services SA, Gold Label Investments, BLT USA and Blue Label Australasia.

Revenue

Current revenue related only to Sharedphone International. Its revenue declined from R39 million to R29 million due to a fall in the competitive edge which payphones traditionally had over mobile phones. This has emanated from the mobile networks offering cheaper entry-level handsets and lower denomination airtime vouchers to consumers. The decline in revenue has warranted an impairment to goodwill and intangible assets relating to Sharedphone to the extent of R8,4 million.

The balance of the decline in revenue of R120 million related to the cessation of trading activities in the DRC, Mozambique and USA that existed in the comparative period.

Gross profit

Gross profit generated by Sharedphone declined from R10 million to R8 million, albeit at an increase in margin from 25,18% to 27,52%. The balance of the decline in gross profit of R20 million related to the above entities that ceased trading during the course of the prior year.

EBITDA

Sharedphone EBITDA declined from R3,9 million to R1,8 million. The balance of negative EBITDA of R10,4 million pertained to expenditure incurred by Africa Prepaid Services SA.

Discontinued operations

Discontinued operations include the financial results of APS Nigeria and Blue Label Mexico. Although the latter has not discontinued its operations *per se*, it is an IFRS requirement to categorise its results as a discontinued operation in line with the dilution to a minority stake.

– APS Nigeria

The cancellation of the distribution agreement with Multi-links impacted negatively on earnings culminating in a loss for the year of R41 million equating to a R90 million adverse movement on a comparative basis.

Impairments of assets and goodwill accounted for R23 million with the balance of R18 million attributable to trading losses. Arbitration proceedings have been instituted to claim compensation for losses suffered consequent upon cancellation of the distribution agreement.

– Blue Label Mexico

The comparative share of losses represented 70% ownership for the full year ended 31 May 2010. The current share of profits represents the gain of R150 million relating to the dilution of equity from 70% to 40%, less a non-distributable reserve release of R4 million and the group's share of trading losses of R11 million to the date of dilution.

Share of (losses)/profits from associates and joint ventures

– Ukash (15,75% holding)

Of the R17 million turnaround from a share of losses of R8 million to a share of profits of R9 million, a recognition of a deferred tax asset accounted for R6,5 million. The balance was directly attributable to volume growth, increased values in voucher redemption and the expansion of its footprint.

An increase in voucher redemption volumes by 84% resulted in a revenue increase of 71%. Gross profit margins remained static at 49% and overhead growth was limited to 1%, all reported in their local currency.

– Oxigen Services India (37,22% holding)

Revenue increased by 24% at static gross margins of 2,25%. A decline in overheads of 8% resulted in a positive EBITDA growth of 198%, all reported in their local currency.

– Blue Label Mexico (40% holding)

The share of losses of R6,5 million were from 23 February 2011 to 31 May 2011, the period in which Blue Label Mexico became a joint venture as a result of the dilution.

Revenues for the year ended 31 May 2011 increased by 232% reported in their local currency. In spite of this revenue increase, the company continued to incur losses due to an increase in overheads commensurate with the gearing up of infrastructure to accommodate the roll out of point of sale devices to the Grupo Bimbo channel of distribution as well as catering for organic growth.

Core net profit

The increase in core net profit of R42 million was inclusive of the gain attributable to the dilution of equity in Blue Label Mexico. On eliminating this gain, core net profit would have declined by a net R104 million of which R90 million pertained to an adverse movement in APS Nigeria and R15 million to the impairment of an available-for-sale financial asset in APS SA.

MOBILE SEGMENT

In order to enhance the availability of management information on the group's performance from the distribution of mobile applications, Blue Label established the mobile segment on 1 June 2010. These mobile applications were previously housed in Value Added Services and Technology. A separate management and reporting structure has been established for Mobile, and the segmental analysis restated accordingly. The companies embodying this segment are Cellfind, Content Connect Africa and Blue Label One.

	2011 R'000	2010 R'000	Growth R'000	Growth
Revenue	**78 616**	95 013	(16 397)	(17%)
Gross profit	**62 444**	66 119	(3 675)	(6%)
EBITDA	**19 347**	11 637	7 710	66%
Core net loss	**(756)**	(2 494)	1 738	70%

The bulk of the decline in revenue was due to a cut back in marketing spend by the networks on mobile content downloads being the main source of revenue generated by Content Connect Africa.

The decline in gross profit was limited to 6% due to melded margins increasing from 69,59% to 79,43%. The margin increase was attributable to growth in revenue from media sales and location based services generated by Blue Label One and Cellfind respectively. A decline in overheads, however, resulted in a growth in EBITDA.

The consistent under performance of Content Connect Africa, has necessitated the impairment of goodwill and intangibles by R11,2 million. A further impairment of R5,7 million was applied to Blue Label One's internally generated intangible assets, as its current revenues do not support the value of these assets.

Core net profit of R18 million contributed by Cellfind was largely offset by the above impairments.

SOLUTIONS SEGMENT

The Value Added Services segment has been renamed Solutions, which houses the Datacel group. The only change to the reporting of this segment is the extraction of financial information relating to the newly formed Mobile segment. The comparatives have been adjusted to reflect the change in segmental reporting accordingly.

	2011 R'000	2010 R'000	Growth R'000	Growth
Revenue	**118 277**	123 285	(5 008)	(4%)
Gross profit	**58 582**	50 348	8 234	16%
EBITDA	**18 731**	(4 255)	22 986	540%
Core net profit/(loss)	**7 061**	(21 564)	28 625	133%

The decline in revenue was due to the closure of the CNS call centre activities which was operational for part of the comparative period. The restructured Datacel group contributed a positive turnaround of R29 million to core net profit through a combination of call centre rationalisation and sustainable outbound sales of mobile services and applications.

TECHNOLOGY SEGMENT

	2011 R'000	2010 R'000	Growth R'000	Growth
Revenue	**16 820**	18 329	(1 509)	(8%)
Gross profit	**13 157**	2 507	10 650	425%
EBITDA	**(61 766)**	(58 382)	(3 384)	(6%)
Core net loss	**(84 932)**	(70 774)	(14 158)	(20%)

Technology losses and the growth thereon represented the costs of development and support of the group's Information Technology infrastructure. Income generation was limited to services to third parties.

CORPORATE SEGMENT

	2011 R'000	2010 R'000	Growth R'000	Growth
EBITDA	**(81 664)**	(82 477)	813	1%
Core net loss	**(98 317)**	(83 781)	(14 536)	(17%)

Corporate expenditure was contained to neutral growth. STC of R9 million on the maiden dividend declared in August 2010 and additional depreciation on leasehold improvements, accounted for the increase in core net losses.

NET FINANCE INCOME

Finance costs

Finance costs totaled R116 million, of which R8 million related to interest paid on borrowed funds and R108 million to imputed IFRS interest adjustments relating to credit received from suppliers. On a comparative basis the imputed IFRS interest adjustment was R102 million. The increase of R6 million was directly IFRS related.

Finance income

Interest received on cash resources declined by R33 million from R83 million to R50 million due to a continued reduction in interest rates and the preference of settlement discounts and bulk inventory procurements when the opportunities availed themselves.

The imputed IFRS interest adjustments increased by R19 million as a result of extended credit afforded to selected customers.

DEPRECIATION, AMORTISATION AND IMPAIRMENT

The increase of R31 million related to the increase in impairments with depreciation on property, plant and equipment remaining static.

CORE HEADLINE EARNINGS

The table, which has been prepared on a core headline earnings basis, excludes the impairments to intangible assets and goodwill as well as the extraneous profit on the Mexico dilution.

Commentary *(continued)*

Segments	2011 R'000	2010 R'000	Growth
South African distribution	**571 317**	554 172	3%
International distribution (excluding Nigeria)	**(21 827)**	(46 882)	53%
Mobile	**15 640**	(1 962)	897%
Solutions	**7 021**	(6 828)	203%
Total trading operations	**572 151**	498 500	15%
APS Nigeria	**(18 341)**	49 117	(137%)
Technology	**(81 281)**	(66 458)	(22%)
Corporate	**(98 107)**	(83 728)	(17%)
Core headline earnings	**374 422**	397 431	(6%)
Core headline earnings excluding Nigeria	**392 763**	348 314	13%

The decline in core headline earnings of 6% would have equated to an increase of 13%, on elimination of the discontinued Nigerian operation.

STATEMENT OF FINANCIAL POSITION

Total assets increased by R641 million to R5,1 billion.

Material increases related to the investment in joint ventures of R143 million, inventory by R452 million and cash resources by R171 million. The increase in investment in joint venture pertains to the fair value gain on the retained 40% shareholding in Blue Label Mexico.

The increase in inventory was mainly attributable to stockpiling shortly prior to year end in anticipation of price increases.

The group remained highly liquid, maintaining its current asset ratio at 2:1.

The stock turn averaged 12 days net of the advanced purchases of approximately R470 million in May 2011.

Debtors collection period averaged 17 days and creditors payment terms averaged 41 days.

STATEMENT OF CASH FLOWS

The increase of cash on hand by R170 million accumulated cash resources to R2,2 billion at year end.

The cash flow generated by operations of R566 million represented a decline of R57 million on the comparative year, congruent with the decline in operating profit.

The purchase of a starter pack base for R83 million accounted for the majority of the acquisition of intangible assets of R113 million, with the balance being attributable to development costs and software.

Capital expenditure was confined to R74 million, representing a decline of R31 million.

The dividend payment of R91 million related to the maiden dividend declared in August 2010.

FORFEITABLE SHARE SCHEME

Forfeitable shares totaling 6 829 416 (2010: 4 567 247) were issued to qualifying employees, 1 316 366 (2010: 5 644 309) shares were forfeited during the period and a total of 909 823 (2010: nil) shares vested.

DIVIDEND NUMBER 2

On 23 August 2011, the board approved a dividend of 14 cents per ordinary share, equating to a cover of 3,3 times on headline earnings per share. The dividend in respect of ordinary shares for the year ended 31 May 2011 of R107 092 578, (STC: R10 709 258) has not been recognised in the financial statements, as it was declared after this date. The salient dates are as follows:

Last date to trade cum dividend	Friday, 9 September 2011
Shares commence trading ex dividend	Monday, 12 September 2011
Record date	Friday, 16 September 2011
Payment of dividend	Monday, 19 September 2011

Share certificates may not be dematerialised or rematerialised between Monday, 12 September and Friday, 16 September 2011, both days inclusive.

PROSPECTS

Airtime sales are expected to continue to exceed industry growth norms.

Commissions generated from prepaid electricity sales on behalf of utilities are expected to increase both organically and through contracts with additional electricity providers.

The mobile segment is expected to generate advertising revenue on bulk printed prepaid vouchers and point of sale receipt vouchers.

The refocused international segment remains core to achieving footprint growth.

The vast distribution network of Grupo Bimbo and the accelerating roll-out of point of sale devices will result in increased volumes of sales of electronic tokens of value in Mexico.

Oxigen Services India is evolving to fulfilling its vision of supplementing its traditional business of a prepaid recharge platform, by providing versatile payment solutions, that will include Mobile Wallet, international remittances and cash cards.

The group will continue to focus on expanding its product range offering and distribution network, organically and through acquisition, both locally and internationally.

SUBSEQUENT EVENT

In June 2011, Microsoft sold its 37,22% shareholding in Oxigen Services India to 2D Fine Investments Mauritius, a wholly owned subsidiary of 2D Fine Holdings Mauritius. The shareholding in the latter is held through a joint venture between Gold Label Investments, a wholly owned subsidiary of Blue Label Telecoms Limited, and 2D Fine Holdings Limited. The latter is a company controlled by the management of Oxigen Services India.

The effect of the above is that Blue Label has increased its effective shareholding in Oxigen Services India by 50% however the group does not exercise control.

AUDIT OPINION

PricewaterhouseCoopers Inc.'s unmodified audit reports on the 2011 group annual financial statements and the summarised group annual financial statements contained herein are available for inspection at the company's registered office. Any reference to future financial performance in this announcement has not been audited or reported on by PricewaterhouseCoopers Inc.

APPRECIATION

The board of Blue Label Telecoms would once again like to thank its suppliers, customers, business partners and staff for their ongoing support and loyalty.

For and on behalf of the board

LM Nestadt	**BM Levy and MS Levy**	**DB Rivkind***
Chairman	Joint Chief Executive Officers	Financial Director

23 August 2011

**Supervised preparation of the group financial statements.*

Summarised Group Statement of Financial Position

as at 31 May	2011 R'000	2010 R'000
ASSETS		
Non-current assets	**851 665**	717 581
Property, plant and equipment	**139 747**	156 888
Intangible assets and goodwill	**433 513**	436 824
Investment in associates and joint ventures	**239 997**	96 888
Starter pack assets	**20 361**	16 826
Deferred taxation assets	**18 047**	10 155
Current assets	**4 216 942**	3 730 721
Financial assets at fair value through profit and loss	**10**	150
Starter pack assets	**16 777**	77 467
Inventories	**1 012 594**	560 846
Loans receivable	**32 370**	43 617
Trade and other receivables	**914 164**	987 279
Current tax assets	**14 330**	4 285
Cash and cash equivalents	**2 226 697**	2 057 077
Assets of disposal group classified as held-for-sale	**20 481**	—
Total assets	**5 089 088**	4 448 302
EQUITY AND LIABILITIES		
Capital and reserves	**2 955 363**	2 655 436
Share capital, share premium and treasury shares	**4 348 231**	4 352 617
Restructuring reserve	**(1 843 912)**	(1 843 912)
Other reserves	**(13 601)**	(12 691)
Transaction with non-controlling interest reserve	**(909 006)**	(914 867)
Share-based payment reserve	**19 099**	12 037
Retained earnings	**1 340 318**	1 000 327
	2 941 129	2 593 511
Non-controlling interest	**14 234**	61 925
Non-current liabilities	**38 093**	47 696
Deferred taxation liabilities	**22 196**	31 616
Interest-bearing borrowings	**15 897**	16 080
Current liabilities	**2 081 760**	1 745 170
Trade and other payables	**2 046 773**	1 718 907
Provision	**8 676**	—
Current tax liabilities	**22 326**	21 320
Bank overdraft	**527**	2 175
Current portion of interest-bearing borrowings	**3 458**	2 768
Liabilities of disposal group classified as held-for-sale	**13 872**	—
Total equity and liabilities	**5 089 088**	4 448 302

BLUE LABEL TELECOMS

Summarised Group Statement of Comprehensive Income

for the year ended 31 May	2011 R'000	2010 R'000
Continuing operations		
Revenue	**18 064 572**	15 939 764
Other income	**7 197**	41 969
Changes in inventories of finished goods	**(16 996 939)**	(14 923 221)
Employee compensation and benefit expense	**(263 360)**	(272 134)
Depreciation, amortisation and impairment charges	**(145 985)**	(115 113)
Other expenses	**(213 738)**	(216 721)
Operating profit	**451 747**	454 544
Finance costs	**(115 845)**	(107 127)
Finance income	**146 429**	161 018
Share of losses from associates and joint ventures	**(2 757)**	(14 982)
Net profit before taxation	**479 574**	493 453
Taxation	**(152 176)**	(165 536)
Net profit from continuing operations	**327 398**	327 917
Discontinued operations		
Net profit for the year from discontinued operations	**57 573**	97 264
Net profit for the year	**384 971**	425 181
Other comprehensive income:		
Exchange losses on translation of equity loans	**(4 926)**	(2 063)
Exchange losses on translation of foreign operations	**(6 550)**	(5 659)
Foreign currency translation reserve reclassified to profit or loss	**4 219**	(1 328)
Other comprehensive loss for the year, net of tax	**(7 257)**	(9 050)
Total comprehensive income for the year	**377 714**	416 131
Net profit for the year attributable to:		
Equity holders of the parent	**431 448**	365 022
– From continuing operations	**337 547**	328 570
– From discontinued operations	**93 901**	36 452
Non-controlling interest	**(46 477)**	60 159
– From continuing operations	**(10 149)**	(653)
– From discontinued operations	**(36 328)**	60 812
Total comprehensive income for the year attributable to:	**377 714**	416 131
Equity holders of the parent	**430 538**	355 580
Non-controlling interest	**(52 824)**	60 551
Earnings per share for profit attributable to equity holders (cents)		
Basic earnings per share	**57,04**	48,17
– From continuing operations	**44,63**	43,36
– From discontinued operations	**12,41**	4,81
Diluted earnings per share	**56,49**	47,96
– From continuing operations	**44,08**	43,15
– From discontinued operations	**12,41**	4,81
Headline earnings per share	**46,20**	48,27
– From continuing operations	**50,12**	43,46
– From discontinued operations	**(3,92)**	4,81
Diluted headline earnings per share	**45,75**	48,06
Weighted average number of shares	**756 359 399**	757 793 428
Number of shares in issue	**756 269 004**	756 659 181
Diluted weighted average number of shares*	**763 742 466**	761 159 181

**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.*

Reconciliation between net profit and core net profit for the year		
Net profit for the year attributable to equity holders of the parent	**431 448**	365 022
Amortisation of intangible assets raised through business combinations net of tax and non-controlling interest	**24 975**	31 623
Core net profit attributable to equity holders of the parent	**456 423**	396 645
– Core earnings per share (cents)**	**60,34**	52,34

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

Summarised Group Statement of Cash Flows

for the year ended 31 May	2011 R'000	2010 R'000
Cash flows from operating activities	**427 663**	515 910
Cash flows from investing activities	**(147 438)**	(185 000)
Cash flows from financing activities	**(100 004)**	(26 195)
Increase in cash and cash equivalents	**180 221**	304 715
Cash and cash equivalents at the beginning of the year	**2 054 902**	1 756 806
Translation difference	**(8 953)**	(6 619)
Cash and cash equivalents at the end of the year	**2 226 170**	2 054 902

Headline Earnings

	2011 R'000	2010 R'000
Net profit attributable to equity holders of the parent	**431 448**	365 022
Net profit on disposal of property, plant and equipment	**(109)**	(420)
Net profit on disposal of subsidiaries	**(6 759)**	(18 566)
Gain on remeasuring retained interest in Blue Label Mexico due to loss of control	**(143 365)**	—
Impairment of intangible assets and property, plant and equipment	**20 972**	6 900
Impairment of goodwill	**27 985**	13 829
Impairment of available-for-sale financial asset	**15 056**	—
Foreign currency translation reserve reclassified to profit or loss	**4 219**	(956)
Headline earnings	**349 447**	365 809
Headline earnings per share (cents)	**46,20**	48,27

Summarised Group Statement of Changes in Equity

for the year ended 31 May	Share capital, share premium and treasury shares R'000	Retained earnings R'000
Balance as at 31 May 2009	4 379 175	635 305
Net profit for the year	—	365 022
Comprehensive income/(loss)	—	—
Total comprehensive income/(loss)	—	365 022
Treasury shares purchased	(26 558)	—
Asset acquired for shares	—	—
Equity compensation benefit movement	—	—
Share of equity movements in associates	—	—
Dividends	—	—
Capital contribution by non-controlling interest	—	—
Non-controlling interest disposed of during the year	—	—
Balance as at 31 May 2010	4 352 617	1 000 327
Net profit/(loss) for the year	**—**	**431 448**
Comprehensive loss	**—**	**—**
Total comprehensive income/(loss)	**—**	**431 448**
Treasury shares purchased	**(8 935)**	**—**
Equity compensation benefit scheme shares vested	**4 549**	**—**
Equity compensation benefit movement	**—**	**—**
Share of equity movements in associates	**—**	**—**
Dividends	**—**	**(91 457)**
Share based payment movement	**—**	**—**
Non-controlling interest disposed of during the year	**—**	**—**
Balance as at 31 May 2011	**4 348 231**	**1 340 318**

Restructuring reserve R'000	Other reserves R'000	Transaction with non-controlling interest reserve R'000	Share-based payment reserve R'000	Non-controlling interest R'000	Total equity R'000
(1 843 912)	(13 399)	(914 399)	10 602	(9 252)	2 244 120
—	—	—	—	60 159	425 181
—	(9 442)	—	—	392	(9 050)
—	(9 442)	—	—	60 551	416 131
—	—	—	—	—	(26 558)
—	—	—	295	—	295
—	—	—	1 140	(30)	1 110
—	10 150	—	—	—	10 150
—	—	—	—	(2 912)	(2 912)
—	—	—	—	558	558
—	—	(468)	—	13 010	12 542
(1 843 912)	(12 691)	(914 867)	12 037	61 925	2 655 436
—	**—**	**—**	**—**	**(46 477)**	**384 971**
—	**(910)**	**—**	**—**	**(6 347)**	**(7 257)**
—	**(910)**	**—**	**—**	**(52 824)**	**377 714**
—	**—**	**—**	**—**	**—**	**(8 935)**
—	**—**	**—**	**(4 549)**	**—**	**—**
—	**—**	**—**	**10 903**	**229**	**11 132**
—	**—**	**—**	**942**	**—**	**942**
—	**—**	**—**	**—**	**(950)**	**(92 407)**
—	**—**	**—**	**(234)**	**234**	**—**
—	**—**	**5 861**	**—**	**5 620**	**11 481**
(1 843 912)	**(13 601)**	**(909 006)**	**19 099**	**14 234**	**2 955 363**

Segmental Summary

for the year ended 31 May 2011	Total R'000
2011	
Total segment revenue	**30 224 202**
Inter-segment revenue	**(12 159 630)**
Revenue	**18 064 572**
EBITDA	**597 732**
Net profit/(loss) for the year attributable to equity holders of the parent	**431 448**
– From continuing operations	**337 547**
– From discontinued operations	**93 901**
Amortisation of intangibles raised through business combinations net of tax and non-controlling interest – continuing operations	**24 975**
Core net profit/(loss) for the year attributable to equity holders of the parent	**456 423**
– From continuing operations	**362 522**
– From discontinued operations	**93 901**
At 31 May 2011	
Total assets	**5 068 607**
Net operating assets/(liabilities)	**2 135 182**
2010	
Total segment revenue	27 182 511
Inter-segment revenue	(11 242 747)
Revenue	15 939 764
EBITDA	569 657
Net profit/(loss) for the year attributable to equity holders of the parent	365 022
– From continuing operations	328 570
– From discontinued operations	36 452
Amortisation of intangibles raised through business combinations net of tax and non-controlling interest – continuing operations	31 623
Core net profit/(loss) for the year attributable to equity holders of the parent	396 645
– From continuing operations	360 193
– From discontinued operations	36 452
At 31 May 2010	
Total assets	4 448 302
Net operating assets/(liabilities)	1 985 551

South Africa R'000	International R'000	Technology R'000	Mobile R'000	Solutions R'000	Corporate R'000
29 954 525	30 252	22 902	94 121	122 402	—
(12 132 920)	(998)	(6 082)	(15 505)	(4 125)	—
17 821 605	29 254	16 820	78 616	118 277	—
711 767	(8 683)	(61 766)	19 347	18 731	(81 664)
562 538	60 133	(85 312)	(12 627)	5 033	(98 317)
562 538	(33 768)	(85 312)	(12 627)	5 033	(98 317)
—	93 901	—	—	—	—
8 933	1 763	380	11 871	2 028	—
571 471	61 896	(84 932)	(756)	7 061	(98 317)
571 471	(32 005)	(84 932)	(756)	7 061	(98 317)
—	93 901	—	—	—	—
4 362 116	386 561	89 876	80 899	138 403	10 752
2 004 900	125 291	12 535	10 901	21 674	(40 119)
26 661 350	159 530	121 439	105 196	134 996	—
(11 118 013)	270	(103 110)	(10 183)	(11 711)	—
15 543 337	159 800	18 329	95 013	123 285	—
685 686	17 448	(58 382)	11 637	(4 255)	(82 477)
546 552	16 464	(71 516)	(14 426)	(28 271)	(83 781)
546 552	(19 989)	(71 516)	(14 426)	(28 271)	(83 781)
—	36 452	—	—	—	—
8 609	3 633	742	11 932	6 707	—
555 161	20 097	(70 774)	(2 494)	(21 564)	(83 781)
555 161	(16 355)	(70 774)	(2 494)	(21 564)	(83 781)
—	36 452	—	—	—	—
3 612 970	517 400	67 930	104 223	139 429	6 350
1 807 991	208 322	(2 730)	4 512	9 363	(41 907)

Disposal of Subsidiaries

Shares in the following subsidiaries were disposed of during the year ended 31 May 2011	Effective date of disposal	% held and disposed of
POS Control Services (Proprietary) Limited	1 June 2010	52
Blue Label Australasia (Proprietary) Limited	29 December 2010	50,5
Blue Label Mexico S.A de C.V *	23 February 2011	70

**Loss of control, diluted by 30%. Retained equity interest of 40%.*

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

	Total R'000
Total proceeds	—
Fair value of net assets disposed of	(6 759)
Profit on disposal	6 759
Gain on remeasuring retained interest in Blue Label Mexico due to loss of control	143 365
Foreign currency reserve reclassified	(4 219)
Total gain on transaction	145 905

The assets and liabilities disposed of are as follows:

	Carrying value/ fair value at disposal date R'000
Cash and cash equivalents	1 658
Property, plant and equipment	10 565
Intangible assets	550
Inventories	452
Receivables	17 273
Bank overdraft	(384)
Borrowings	(36 329)
Current tax assets	340
Payables	(12 365)
Fair value of subsidiaries disposed of	(18 240)
Non-controlling interest	5 620
Transaction with non-controlling interest reserve	5 861
Fair value of net assets disposed of	(6 759)
Cash and cash equivalents of subsidiaries disposed of	(1 274)
Cash outflows on disposals	(1 274)

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" or "the group")

Directors:

LM Nestadt (Chairman)**, BM Levy, MS Levy, K Ellerine*, GD Harlow**, NN Lazarus sc*, JS Mthimunye**, M Nyati*, MV Pamensky, DB Rivkind, LM Tyalimpi**

(*Non-executive) (**Independent Non-executive)

Company Secretary:

E Viljoen

Sponsor:

Investec Bank Limited

www.bluelabeltelecoms.co.za

BASTION GRAPHICS

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