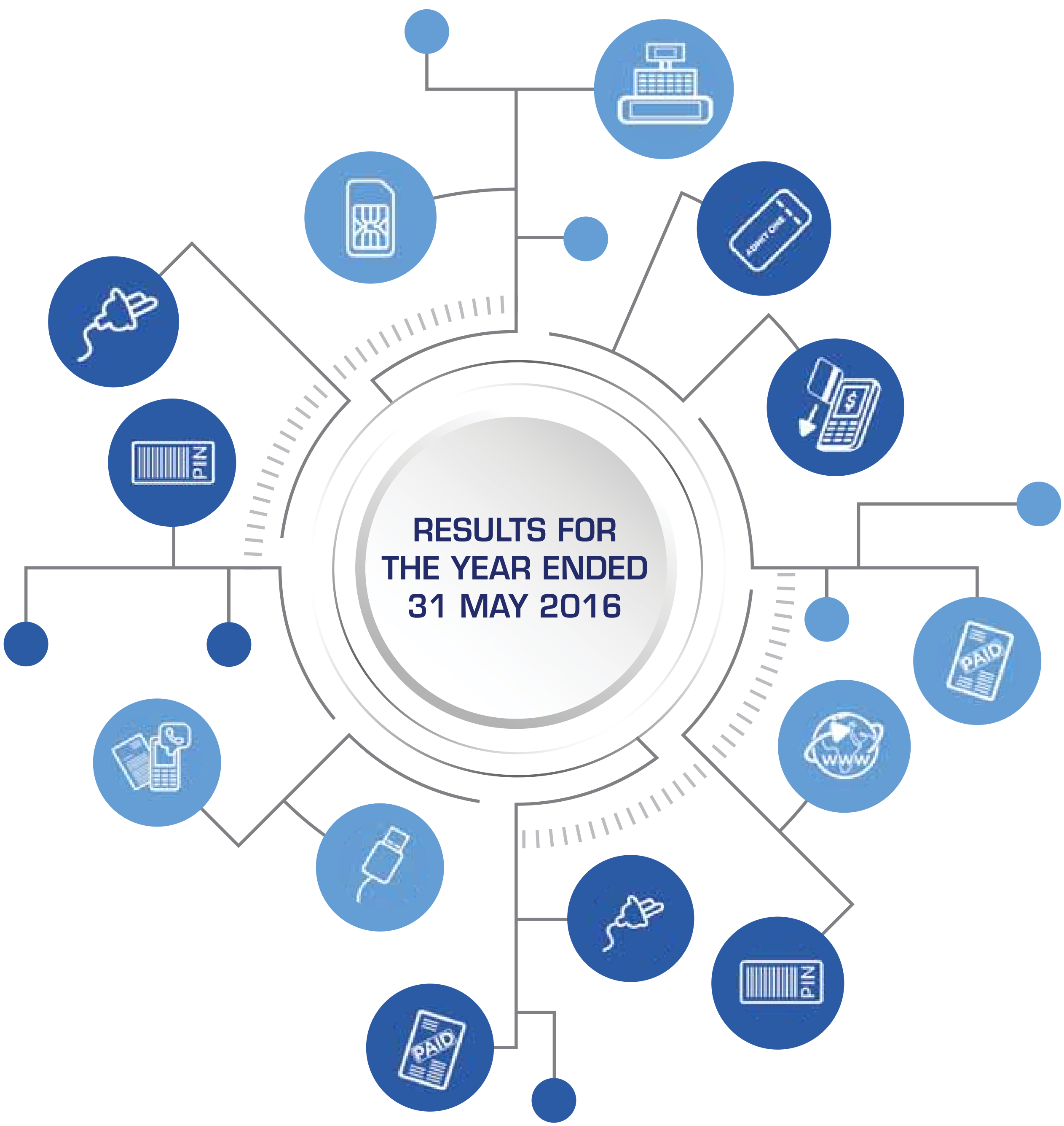
BLUE LABEL
TELECOMS

RESULTS FOR THE YEAR ENDED 31 MAY 2016



HIGHLIGHTS

Increase in headline earnings per share of 22% to **100.35 cents**

Increase in revenue of 19% to **R26.2 billion**

Increase in core headline earnings per share of 21% to **102.85 cents**

Increase in gross profit of 11% to **R1.8 billion**

Increase in earnings per share of 20% to **103.85 cents**

Increase in EBITDA of 15% to **R1.2 billion**

Increase in dividend per share of 16% to **36 cents**

Overview

The momentum of growth in Group earnings continued, resulting in headline earnings increasing by 22% to R668 million. This equated to an increase in headline earnings per share from 82.26 cents to 100.35 cents. After adjusting for the amortisation of intangible asset write-offs, net of taxation and non-controlling interests as a consequence of purchase price allocations, the resultant core headline earnings per share increased by 21% to 102.85 cents. Growth in earnings was predominantly achieved through increases in revenue of 19%, gross profit of 11% and EBITDA of 15%.

The Group's performance was primarily attributable to organic growth, underpinned by an expanding multitude of distribution channels and in turn a growth in market share.

On the international front, the Group's share of losses in Blue Label Mexico (BLM) declined by 28%, from R89 million to R63 million. A negative contribution of R27.7m from Oxigen services India (OSI) was congruent with significant expenditure incurred on the expansion of its mobile wallet subscriber base. The above losses incurred impacted negatively on Group headline earnings per share by 9.50 cents and 4.16 cents respectively.

Capital and reserves accumulated to R4.5 billion, net of accumulated dividends paid to date totalling R913 million, further strengthening the Group's balance sheet. The net asset value equated to R6.62 per share.

Segmental report

South African Distribution

	2016 R'000	2015 R'000	Growth R'000	% Growth
Revenue	**25 722 540**	21 657 891	4 064 649	19%
Gross profit	**1 582 743**	1 444 730	138 013	10%
EBITDA	**1 133 433**	1 038 252	95 181	9%
Core net profit	**750 951**	684 756	66 195	10%
Core headline earnings	**751 086**	683 744	67 342	10%
Gross profit margin	**6.15%**	6.67%		
EBITDA margin	**4.41%**	4.79%		

Growth in revenue of 19% was organically achieved through increased sales by expanding distribution channels. Revenue generated on "PINless top-ups" increased by R1.4 billion from R2.7 billion to R4.1 billion, equating to effective growth in South African distribution revenue of 23%, in that only the commission earned thereon is recognised.

Net commissions earned on the distribution of prepaid electricity continued to increase, escalating by R33 million to R197 million (20%) on turnover of R12.1 billion generated on behalf of the utilities.

Although there was a contraction in gross profit margins, gross profit increased by R138 million (10%) to R1.6 billion. The decline in margins from 6.67% to 6.15% was directly attributable to revenue generated from large distributors that were afforded additional margin incentives. This in turn manifested itself in an element of the growth in revenue.

The resultant growth in EBITDA of 9% to R1.1 billion equated to an EBITDA margin of 4.41%.

Contribution to core net profit increased by R66 million to R751 million (10%).

International Distribution

	2016 R'000	2015 R'000	Growth R'000	% Growth
EBITDA	**44 152**	35 379	8 773	25%
Share of (losses)/profits from associates and joint ventures	**(70 283)**	(81 267)	10 984	14%
– Ukash	**—**	12 004	(12 004)	(100%)
– Oxigen Services India	**(27 672)**	2 621	(30 293)	(1 156%)
– Blue Label Mexico	**(63 293)**	(88 508)	25 215	28%
– 2DFine Holdings Mauritius	**19 734**	(7 574)	27 308	361%
– Mpower	**948**	190	758	399%
Core net loss	**(29 352)**	(46 958)	17 606	37%
Core headline loss	**(59 304)**	(80 025)	20 721	26%
– Equity holders of the parent	**(59 327)**	(72 337)	13 010	18%
– Non-controlling interests	**23**	(7 688)	7 711	100%

The share of net losses from associates and joint ventures comprised the following:

Ukash

Share of profits in Ukash ceased in March 2015 as the Group disposed of its interest therein.

Oxigen Services India

Since inception of the Group's investment in OSI in 2004, focus has been on expanding its offline network of retail outlets. In this regard approximately 200 000 points of presence are operative. This element of the business generated profitability of R45 million of which the Group's share equated to R25 million, in comparison to R2.6 million in the previous financial year.

In line with the dynamics of a shift in demand for online wallets, a strategic decision was made to enter this field. Although offline retail-based wallets continue to increase, penetration into the creation of wallets through online channels has the potential of compounding transactional growth through consumers being afforded the ability to transact on web-based and/or mobile applications.

The creation of these additional wallets will not only increase transactional revenue, but the wallets in themselves have an intrinsic value based on worldwide trends in this regard. In order to escalate penetration in both online and offline wallet acquisition, brand awareness is key to achieving this objective. Accordingly, during the second half of the financial year significant expenditure was incurred on the marketing of the brand and the acquisition of wallets. This resulted in the online company incurring losses of R92 million of which the Group's share equated to R53 million. The Group's net share of losses amounted to R28 million, equating to a negative turnaround of R30.3 million, after the amortisation of intangibles.

At the end of the previous financial year the total wallet subscribers amounted to 5.4 million. At the end of the current year this subscriber base has increased to 22.6 million, the bulk of which was congruent with the expenditure incurred in the second half of the financial year.

Daily money transfer deposits have grown from USD3.3 million per day as at 31 May 2015 to USD4.0 million per day as at 31 July 2016, increasing exponentially through its connectivity with the National Payment Corporation of India.

Blue Label Mexico

BLM's losses declined from R186 million to R130 million, of which the Group's share was R63.3 million after the amortisation of intangible assets.

The decline in losses was attributable to increases in revenue by 14%, gross profit by R67 million, underpinned by higher gross profit margins. Focus on cost efficiencies confined an increase in operational expenditure to 3%. The resultant EBITDA increased by R54 million (44%).

The increase in gross profit was primarily attributable to BLM becoming a multicarrier distributor as opposed to historically being confined to one network. This has created a more competitive environment amongst the networks to the benefit of the company.

The introduction of the distribution of starter packs that generate monthly compounded annuity income is expected to gain momentum which will result in further declines in losses going forward.

2DFine Holdings Mauritius

The Group's effective shareholding in OSI prior to March 2016 was 55.83%. Of this shareholding, 37.22% was held by Gold Label Investments (GLI), a wholly owned subsidiary of the Group and 18.61% indirectly through the Group's 50% shareholding in 2DFine Holdings Mauritius. In March 2016, a rights issue was offered by OSI for USD10.5 million. The Group exercised its rights for the entire amount through GLI congruent with 2DFine Holdings Mauritius waiving its rights. The effect of this is that GLI's shareholding has increased from 37.22% to 40.97% and its indirect shareholding of 18.61% has been diluted to 17.21%. The latter has in turn resulted in a gain of R30 million on dilution, being the Group's share of the increased net asset value emanating from the rights issue.

This gain was offset by the Group's share of losses of R10.2 million attributable to interest paid on historical loans from GLI and BLT. The Group's share of interest paid in the comparative year amounted to R7.6 million.

After deducting the gain on dilution of R30 million, the negative contribution by the international segment to core headline earnings amounted to R59.3 million.

Mobile

	2016 R'000	2015 R'000	Growth R'000	% Growth
Revenue	**291 856**	240 168	51 688	22%
Gross Profit	**182 533**	136 773	45 760	33%
EBITDA	**111 142**	51 359	59 783	116%
Core net profit	**64 273**	28 559	35 714	125%
Core headline earnings	**65 333**	28 346	36 987	130%

This segment comprises Viamedia, Supa Pesa, Blue Label One, Cellfind, Panacea and Simigenix, all of which contributed positive growth to revenue, EBITDA and core net profit.

Of the growth in EBITDA, Viamedia contributed R27 million, of which R17 million pertained to the release of a contingent portion of the acquisition price of a joint venture with Supa Pesa. The balance of the growth in EBITDA of R33 million pertained to the balance of the companies.

At core net profit level, of the positive contributions to growth, Viamedia accounted for R18 million, Blue Label One for R3 million and Cellfind, Panacea Mobile and Simigenix for R12 million. The balance of growth of R2 million was attributable to Blue Label Engage which incurred a loss in the comparative year. This company was disposed of in December 2014.

Solutions

	2016 R'000	2015 R'000	Growth R'000	% Growth
Revenue	**190 326**	146 163	44 163	30%
Gross Profit	**64 418**	62 837	1 581	3%
EBITDA	**35 889**	40 831	(4 942)	(12%)
Core net profit	**16 116**	23 975	(7 859)	(33%)
Core headline earnings	**21 564**	23 975	(2 411)	(10%)

In October 2015 Velociti was disposed of at a loss of R5.4 million. On exclusion of this capital loss as well as its historical positive contribution of R4 million to core net profit, the growth of the remaining entities increased from R20 million to R21.6 million (8%). This growth was primarily attributable to the contribution by Blue Label Data Solutions which generated revenue of R155 million and a growth in EBITDA of 12% from R33 million to R37 million. Its contribution to core headline earnings amounted to R21.4 million, equating to a growth of 12%.

Corporate

	2016 R'000	2015 R'000	Growth R'000	% Growth
EBITDA	**(84 057)**	(85 656)	1 599	2%
Core net loss	**(93 748)**	(93 754)	6	0%
Core headline loss	**(93 745)**	(97 716)	3 971	4%

In the comparative year EBITDA losses were confined to R86 million inclusive of a once-off income receipt.

The current year EBITDA includes a release of the contingent portion of the acquisition price of Viamedia amounting to R31 million, partially offset by professional fees of R22 million relating to potential acquisitions. This limited EBITDA losses to R84 million, resulting in a marginal decline of 2%.

Depreciation, amortisation and impairment charges

Depreciation, amortisation and impairment charges amounted to R98 million equating to an increase of R4 million on the comparative year. Of this amount, R20.6 million pertained to the amortisation of intangible assets resulting from purchase price allocations from historical acquisitions compared to R22.3 million in the comparative year.

Net finance costs

Finance costs

Finance costs totalled R214 million, of which R48 million related to interest paid on borrowed funds and facilities and R166 million to imputed IFRS interest adjustments on credit received from suppliers. On a comparative basis, interest paid on borrowed funds and facilities amounted to R68 million and the imputed IFRS interest adjustment equated to R165 million.

The decline of R20 million on interest paid on borrowed funds and facilities was congruent with cash generated from trading operations. This decline was net of the perpetuation of applying excess funds to bulk inventory purchase transactions and early settlement payments attracting favourable discounts. Finance facilities were utilised on a piecemeal basis for this purpose and repaid during the current year.

Finance income

Finance income totalled R194 million, of which R64 million was attributable to interest received on cash resources and R130 million to imputed IFRS interest adjustments on credit afforded to customers. On a comparative basis, interest received on cash resources amounted to R31 million and the imputed IFRS interest adjustment to R142 million.

The increase in interest received from cash resources was directly attributable to growth in revenue, partially offset by the utilisation of funds for financing and investing activities.

Statement of financial position

Total assets increased by R279 million to R7.3 billion, of which growth in non-current assets accounted for R235 million and current assets for R44 million.

The movement in non-current assets included a net increase in investments in associate and joint venture companies of R362 million. These increases were offset by declines of R6 million of capital expenditure after depreciation, R53 million in intangible assets and goodwill, R24 million in loans receivable, R36 million in trade receivables relating to postpaid contracts in excess of 12 months and R8 million in other non-current assets.

The net increase in investment in associate and joint venture companies comprised additional capital contributions to BLM of R43 million and OSI of R168 million, a positive impact on foreign currency translation reserves of R82 million, a loan of R60 million granted to Edgars Connect, interest capitalised on loans of R46 million, unrealised foreign exchange gains thereon of R35 million and the gain of R30m on dilution relating to the Group's share of the increased net asset value emanating from the rights issue in OSI. These increases were partially offset by the Group's share of losses totalling R102 million inclusive of the amortisation of applicable intangible assets.

The net decline in intangible assets and goodwill mainly pertained to the amortisation of intangibles by R130 million, the decline in goodwill and intangible assets by R5 million relating to the disposal of Velociti, offset by R85 million expended on the purchase of software, development costs, starter pack bases and the expansion of distribution channels.

There was a net increase in current assets of R44 million. The material movements relate to an increase in inventories of R226 million and loans receivable of R54 million, offset by declines in cash resources of R199 million and trade receivables of R33 million.

The stock turn was 25 days. Bulk inventory purchase opportunities at favourable discounts validated the consequent increase in inventory. The nature of the business enables it to reduce its inventory holdings within the above number of days at any given time.

The debtor's collections improved from 46 days in the comparative year to 38 days.

The net profit attributable to equity holders of R692 million, less a dividend of R209 million, resulted in retained earnings accumulating to R3.1 billion.

In spite of an increase in trading activities, trade and other payables declined by R332 million as a result of early settlement payments in return for favourable settlement discounts. Consequently, average credit terms declined from 53 days in the comparative year to 40 days.

Statement of cash flows

Cash flows from operating activities amounted to R433 million predominately attributable to increased trading activity, net of working capital requirements.

Cash flows applied to investing activities amounted to R396 million. Of this amount, R43 million related to an additional investment in BLM and R159 million to OSI. A further R59 million was applied to a loan to the associated Edgars Connect stores, R85 million to the purchase of intangible assets, R29 million to net loans granted and R42 million to capital expenditure. The above outflows were partially offset by net inflows received of R21 million of which R13 million related to the disposal of Velociti.

After applying R23 million to the acquisition of treasury shares and a dividend payment of R213 million to shareholders and non-controlling interests, cash on hand at year-end amounted to R589 million.

Forfeitable share scheme

Forfeitable shares totalling 2 591 066 (2015: 2 937 836) were issued to qualifying employees. During the period 612 453 (2015: 419 998) shares were forfeited and 3 163 359 (2015: 3 819 409) shares vested.

Subsequent events

Subsequent to year-end, dividend number 7 was declared and approved by the Board.

Dividend

The Group's current dividend policy is to declare an annual dividend. On 23 August 2016 the Board approved a gross ordinary dividend (dividend number 7) of 36 cents per ordinary share (30.6 cents per ordinary share net of dividend withholding tax) for the year ended 31 May 2016.

This dividend of R242 823 255 inclusive of withholding tax, equates to a 2.73 cover on headline earnings. The dividend for the year ended 31 May 2016 has not been recognised in the financial statements as it was declared after this date.

The dividend has been declared from income reserves. The issued share capital at the declaration date was 674 509 042 ordinary shares. The Company's income tax reference number is 9062246179.

Last date to trade cum dividend	Tuesday, 13 September 2016
Shares commence trading ex dividend	Wednesday, 14 September 2016
Record date	Friday, 16 September 2016
Payment of dividend	Monday, 19 September 2016

Share certificates may be dematerialised or rematerialised between Wednesday, 14 September 2016 and Friday, 16 September 2016, both days inclusive.

Before declaring the final dividend the Board applied the solvency and liquidity test on the Company and reasonably concluded that the Company will satisfy the solvency and liquidity test immediately after payment of the final dividend. The final dividend will be paid 26 days after the Directors have performed the solvency and liquidity testing.

Dividends tax is provided for at 15% of the amount of any dividend paid by Blue Label Telecoms, subject to certain exemptions. The dividends tax is a tax borne by the beneficial owner of the dividend and will be withheld by either the issuer of the dividend or by regulated intermediaries.

Prospects

The participation in the recapitalisation of Cell C Proprietary Limited (Cell C) by way of subscription of shares therein is progressing positively. Management are of the opinion that the transaction is compelling both from an investment and commercial perspective.

The Group is well positioned to meet the increased demand for low cost smart phones and tablets, through its extensive distribution network in South Africa and beyond its borders.

The distribution of prepaid electricity will continue to grow, through enhanced government initiatives to roll out additional prepaid electricity meters throughout South Africa.

New initiatives at Blue Label Mexico, including the escalation of starter pack distribution, will contribute to a reduction in losses that have arisen from its aggressive roll out strategy.

OSI will focus on enhancing its mobile wallet subscriber base, with increased marketing to the vast unbanked population in India. This will result in growth in transactional revenue and the intrinsic value of the wallet subscriber base which has accumulated to 22.6 million active wallets at present.

Independent audit

PricewaterhouseCoopers Inc.'s unqualified audit reports on the Group annual financial statements and the summarised Group annual financial statements for the year ended 31 May 2016 are available for inspection at the Company's registered office. This announcement which sets out the annual results for Blue Label Telecoms Limited for the year ended 31 May 2016 contains "forward-looking statements", which have not been audited or reported on by the Group's auditors, with respect to the Group's financial condition, results of operations and businesses and certain of the Group's plans and objectives.

Appreciation

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

For and on behalf of the board

LM Nestadt
Chairman

BM Levy and MS Levy
Join Chief Executive Officers

DA Suntup* CA(SA)
Financial Director

23 August 2016

* *Supervised the preparation and review of the Group's audited year-end results.*

INDEPENDENT AUDITOR'S REPORT ON SUMMARY FINANCIAL STATEMENTS

To the shareholders of Blue Label Telecoms Limited

The summarised Group financial statements of Blue Label Telecoms Limited, set out on pages 40 to 48 of the Audited results for the year ended 2016, which comprise the summary consolidated statement of financial position as at 31 May 2016, and the summary consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and related notes, are derived from the audited consolidated financial statements of Blue Label Telecoms Limited for the year ended 31 May 2016. We expressed an unmodified audit opinion on those consolidated financial statements in our report dated 23 August 2016. Our auditor's report on the audited consolidated financial statements contained an Other Matter paragraph: "Other Reports Required by the Companies Act" (refer below).

The summary consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards and the requirements of the Companies Act of South Africa as applicable to annual financial statements. Reading the summary consolidated financial statements, therefore, is not a substitute for reading the audited consolidated financial statements of Blue Label Telecoms Limited.

Directors' responsibility for the summary consolidated financial statements

The directors are responsible for the preparation of a summary of the audited consolidated financial statements in accordance with the JSE Limited's (JSE) requirements for summary financial statements, as set out in the Basis of preparation paragraph on page 45 of the Audited results for the year ended 31 May 2016, and the requirements of the Companies Act of South Africa as applicable to summary financial statements, and for such internal control as the directors determine is necessary to enable the preparation of summary consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the summary consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810, "Engagements to Report on Summary Financial Statements."

Opinion

In our opinion, the summarised Group financial statements derived from the audited consolidated financial statements of Blue Label Telecoms Limited for the year ended 31 May 2016 are consistent, in all material respects, with those consolidated financial statements, in accordance with the JSE's requirements for summary financial statements, as set out in the Basis of preparation paragraph on page 45 of the Audited results for the year ended 31 May 2016, and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

Other reports required by the Companies Act

The "Other Reports Required by the Companies Act" paragraph in our audit report dated 31 May 2016 states that as part of our audit of the consolidated financial statements for the year ended 31 May 2016, we have read the Directors' Report, the Audit, Risk and Compliance Committee's report and the Declaration by the Company Secretary for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated financial statements. These reports are the responsibility of the respective preparers. The paragraph also states that, based on reading these reports, we have not identified material inconsistencies between these reports and the audited consolidated financial statements. The paragraph furthermore states that we have not audited these reports and accordingly do not express an opinion on these reports. The paragraph does not have an effect on the summary consolidated financial statements or our opinion thereon.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: D. Storm
Registered Auditor
Johannesburg

23 August 2016

SUMMARISED GROUP STATEMENT OF FINANCIAL POSITION

As at 31 May

	2016 R'000	2015 R'000
ASSETS		
Non-current assets	**2 275 161**	2 040 214
Property, plant and equipment	**100 434**	106 684
Intangible assets	**598 333**	648 284
Goodwill	**603 440**	606 609
Investment in and loans to associates and joint ventures	**910 567**	548 572
Loans receivable	**5 910**	29 733
Starter pack assets	**6 099**	4 449
Trade and other receivables	**29 166**	65 085
Deferred taxation assets	**21 212**	30 798
Current assets	**5 030 790**	4 986 606
Starter pack assets	**1 576**	1 938
Inventories	**1 658 860**	1 433 104
Loans receivable	**98 217**	44 569
Trade and other receivables	**2 679 023**	2 712 165
Current tax assets	**4 087**	6 419
Cash and cash equivalents	**589 027**	788 411
Total assets	**7 305 951**	7 026 820
EQUITY AND LIABILITIES		
Capital and reserves	**4 519 567**	3 917 981
Share capital, share premium and treasury shares	**3 942 512**	3 943 888
Restructuring reserve	**(1 843 912)**	(1 843 912)
Other reserves	**187 605**	108 543
Share-based payment reserve	**42 039**	39 297
Transactions with non-controlling interest reserve	**(965 861)**	(965 861)
Retained earnings	**3 105 050**	2 622 558
Non-controlling interest	**52 134**	13 468
Non-current liabilities	**102 954**	197 673
Deferred taxation liabilities	**62 141**	54 451
Trade and other payables	**40 813**	143 222
Current liabilities	**2 683 430**	2 911 166
Trade and other payables	**2 601 807**	2 831 000
Provisions	**24 928**	21 491
Current tax liabilities	**40 608**	42 588
Borrowings	**16 087**	16 087
Total equity and liabilities	**7 305 951**	7 026 820

SUMMARISED GROUP STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 May

	2016 R'000	2015 R'000
Revenue	**26 204 722**	22 044 222
Other income	**126 294**	99 972
Change in inventories of finished goods	**(24 375 028)**	(20 399 882)
Employee compensation and benefit expense	**(427 116)**	(407 448)
Depreciation, amortisation and impairment charges	**(98 183)**	(94 019)
Other expenses	**(288 313)**	(256 699)
Operating profit	**1 142 376**	986 146
Finance costs	**(214 110)**	(233 165)
Finance income	**193 899**	173 047
Share of losses from associates and joint ventures	**(71 770)**	(79 338)
Net profit before taxation	**1 050 395**	846 690
Taxation	**(318 783)**	(265 497)
Net profit for the year	**731 612**	581 193
Other comprehensive income:		
Items reclassified to profit or loss		
Foreign currency translation reserve reclassified to profit or loss	**—**	(18 467)
Items that may be subsequently reclassified to profit or loss		
Foreign exchange profit/(loss) on translation of associates and joint ventures	**81 544**	(10 497)
Foreign exchange (loss)/profits on translation of foreign operations	**(15)**	5 863
Other comprehensive profit/(loss) for the year, net of tax	**81 529**	(23 101)
Total comprehensive income for the year	**813 141**	558 092
Net profit for the year attributable to:	**731 612**	581 193
Equity holders of the parent	**691 590**	577 617
Non-controlling interest	**40 022**	3 576
Total comprehensive income for the year attributable to:	**813 141**	558 092
Equity holders of the parent	**770 652**	549 691
Non-controlling interest	**42 489**	8 401

SHARE PERFORMANCE

For the year ended 31 May

	2016 R'000	2015 R'000
Earnings per share for profit attributable to equity holders (cents)		
Basic earnings per share (cents)	**103.85**	86.86
Diluted earnings per share (cents)**	**102.84**	85.03
Weighted average number of shares	**665 950 277**	665 029 849
Diluted weighted average number of shares	**672 520 023**	672 702 231
Number of shares in issue	**674 509 042**	674 509 042
Share performance		
Headline earnings per share (cents)	**100.35**	82.26
Diluted headline earnings per share (cents)**	**99.37**	80.49
Dividend per share (cents)	**31**	27
Reconciliation between net profit and core headline earnings:		
Net profit for the period attributable to equity holders of the parent	**691 590**	577 617
Amortisation on intangible assets raised through business combinations net of tax and net of non-controlling interest	**16 650**	18 961
Core net profit for the period	**708 240**	596 578
Headline earnings adjustments	**(23 329)**	(30 566)
Core headline earnings	**684 911**	566 012
Core headline earnings per share (cents)*	**102.85**	85.11

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

** *Diluted earnings per share and diluted headline earnings per share are calculated by adjusting the weighted average number of ordinary shares outstanding for the number of shares that would be issued on vesting under the employee forfeitable share plan.*

SUMMARISED GROUP STATEMENT OF CHANGES IN EQUITY

	Share capital, share premium and treasury shares R'000	Retained earnings R'000
Balance as at 31 May 2014	3 945 832	2 222 685
Net profit for the year	—	577 617
Other comprehensive loss	—	—
Total comprehensive income	—	577 617
Dividends paid	—	(182 117)
Treasury shares purchased	(19 131)	—
Equity compensation benefit scheme shares vested	17 187	—
Equity compensation benefit movement	—	—
Share of equity movement in associates	—	—
Associate disposed	—	3 081
Non-controlling interest movement	—	1 292
Balance as at 31 May 2015	**3 943 888**	**2 622 558**
Net profit for the year	**—**	**691 590**
Other comprehensive income	**—**	**—**
Total comprehensive income	**—**	**691 590**
Dividends paid	**—**	**(209 098)**
Treasury shares purchased	**(23 052)**	**—**
Equity compensation benefit scheme shares vested	**21 676**	**—**
Equity compensation benefit movement	**—**	**—**
Share of equity movement in associates	**—**	**—**
Balance as at 31 May 2016	**3 942 512**	**3 105 050**

* *Included in other reserves is the foreign currency translation reserve and the non-distributable reserve.*
** *Includes employee compensation benefit reserve.*

Restructuring reserve R'000	Other reserves* R'000	Transactions 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)	138 798	(957 230)	33 660	(15 844)	3 523 989
—	—	—	—	3 576	581 193
—	(27 926)	—	—	4 825	(23 101)
—	(27 926)	—	—	8 401	558 092
—	—	—	—	(4 874)	(186 991)
—	—	—	—	—	(19 131)
—	—	—	(16 949)	(238)	—
—	—	—	24 082	208	24 290
—	—	—	548	—	548
—	(2 329)	—	(752)	—	—
—	—	(8 631)	(1 292)	25 815	17 184
(1 843 912)	**108 543**	**(965 861)**	**39 297**	**13 468**	**3 917 981**
—	**—**	**—**	**—**	**40 022**	**731 612**
—	**79 062**	**—**	**—**	**2 467**	**81 529**
—	**79 062**	**—**	**—**	**42 489**	**813 141**
—	**—**	**—**	**—**	**(4 000)**	**(213 098)**
—	**—**	**—**	**—**	**—**	**(23 052)**
—	**—**	**—**	**(21 429)**	**(247)**	**—**
—	**—**	**—**	**23 421**	**424**	**23 845**
—	**—**	**—**	**750**	**—**	**750**
(1 843 912)	**187 605**	**(965 861)**	**42 039**	**52 134**	**4 519 567**

SUMMARISED GROUP STATEMENT OF CASH FLOWS

For the year ended 31 May

	2016 R'000	2015 R'000
Cash generated by operations	**744 185**	429 806
Interest received	**42 082**	15 995
Interest paid	**(48 207)**	(67 811)
Taxation paid	**(305 118)**	(245 495)
Net cash generated from operating activities	**432 942**	132 495
Cash flows from investing activities		
Acquisition of intangible assets and property, plant and equipment	**(127 131)**	(178 684)
Acquisition of subsidiaries net of cash acquired	**—**	(157 460)
Disposal of subsidiary net of cash disposed	**13 219**	—
Proceeds on disposal of associate	**—**	94 897
Loans advanced to Blue Label Mexico*	**—**	(48 979)
Capital contribution to Blue Label Mexico	**(42 654)**	—
Capital contribution to Oxigen Services India	**(159 425)**	—
Equity loan granted to Lornanox	**(58 883)**	—
Loans granted	**(27 306)**	(10 315)
Loans granted to associates	**(1 620)**	(14 353)
Other investing activities	**7 467**	(13 857)
Net cash utilised in investing activities	**(396 333)**	(328 751)
Cash flows from financing activities		
Acquisition of treasury shares	**(23 052)**	(19 131)
Dividends paid to non-controlling interest	**(4 000)**	(4 874)
Dividends paid to equity holders of the parent	**(209 098)**	(182 117)
Other financing activities	**—**	846
Net cash utilised in financing activities	**(236 150)**	(205 276)
Net decrease in cash and cash equivalents	**(199 541)**	(401 532)
Cash and cash equivalents at the beginning of the year	**788 411**	1 184 131
Exchange gains on cash and cash equivalents	**157**	5 812
Cash and cash equivalents at the end of the year	**589 027**	788 411

** These loans were subsequently capitalised.*

Basis of preparation

The summarised Group financial statements have been prepared in accordance with the requirements of section 8.57 of the JSE Limited Listings Requirements, the presentation and disclosure requirements of IAS 34 – *Interim Financial Reporting* and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council. The summarised Group financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act, No 71 of 2008.

These summarised Group financial statements have been prepared in accordance with the going concern principle, under the historical cost convention. The accounting policies and methods of computation are consistent with those applied in the annual financial statements for the year ended 31 May 2015 and with those applied in the previous summarised Group financial statements, with the exception of the standards that are effective for the first time in the current period. These have been disclosed in note 10 to the Group annual financial statements for the year ended 31 May 2016.

A copy of the Group financial statements can be obtained from the registered offices of the Company during office hours and on the Company's website **www.bluelabeltelecoms.co.za** at no charge.

HEADLINE EARNINGS

For the year ended 31 May

	2016 R'000	2015 R'000
Net profit attributable to equity holders of the parent	**691 590**	577 617
Net profit on disposal of property, plant and equipment	**(360)**	(1 225)
Loss on disposal of intangible assets	**3**	—
Loss/(profit) on disposal of subsidiary	**5 454**	(3 962)
Profit on disposal of associate	**—**	(28 643)
Profit on dilution of joint venture	**(29 975)**	—
Impairment of intangible assets	**1 549**	3 264
Headline earnings	**668 261**	547 051
Headline earnings per share (cents)	**100.35**	82.26

SEGMENTAL SUMMARY

Year ended	Total R'000	South African Distribution R'000
31 May 2016		
Total segment revenue	**32 439 100**	**31 934 736**
Internal revenue	**(6 234 378)**	**(6 212 196)**
Revenue	**26 204 722**	**25 722 540**
Operating profit/(loss) before depreciation, amortisation and impairment charges	**1 240 559**	**1 133 433**
Net profit/(loss) for the year attributable to equity holders of the parent	**691 590**	**739 588**
Amortisation on intangibles raised through business combinations net of tax and non-controlling interest	**16 650**	**11 363**
Headline earnings adjustments net of non-controlling interest	**(23 329)**	**135**
Core headline earnings for the year attributable to equity holders of the parent	**684 911**	**751 086**
At 31 May 2016		
Total assets	**7 305 951**	**5 787 731**
Net operating assets/(liabilities)	**2 347 360**	**2 341 780**
31 May 2015		
Total segment revenue	27 780 173	27 364 493
Internal revenue	(5 735 951)	(5 706 602)
Revenue	22 044 222	21 657 891
Operating profit/(loss) before depreciation, amortisation and impairment charges	1 080 165	1 038 252
Net profit/(loss) for the year attributable to equity holders of the parent	577 617	671 619
Amortisation on intangibles raised through business combinations net of tax and non-controlling interest	18 961	13 137
Headline earnings adjustments net of non-controlling interest	(30 566)	(1 012)
Core headline earnings for the year attributable to equity holders of the parent	566 012	683 744
At 31 May 2015		
Total assets	7 026 820	5 872 457
Net operating assets/(liabilities)	2 075 440	2 101 788

	International Distribution R'000	Mobile R'000	Solutions R'000	Corporate R'000
	—	**307 661**	**196 703**	**—**
	—	**(15 805)**	**(6 377)**	**—**
	—	**291 856**	**190 326**	**—**
	44 152	**111 142**	**35 889**	**(84 057)**
	(31 993)	**61 627**	**16 116**	**(93 748)**
	2 641	**2 646**	**—**	**—**
	(29 975)	**1 060**	**5 448**	**3**
	(59 327)	**65 333**	**21 564**	**(93 745)**
	809 096	**543 561**	**137 061**	**28 502**
	1 872	**40 423**	**37 376**	**(74 091)**
	—	251 085	164 595	—
	—	(10 917)	(18 432)	—
	—	240 168	146 163	—
	35 379	51 359	40 831	(85 656)
	(50 551)	26 328	23 975	(93 754)
	3 593	2 231	—	—
	(25 379)	(213)	—	(3 962)
	(72 337)	28 346	23 975	(97 716)
	519 097	466 951	151 541	16 774
	(8 946)	(19 583)	37 488	(35 307)

FINANCIAL INSTRUMENTS

For the year ended 31 May

Contingent consideration, included in trade and other payables, are level 3 financial liabilities.

Changes in level 3 instruments are as follows:

	2016 R'000	2015 R'000
Contingent consideration		
Opening balance	**123 902**	22 607
Acquisition of Viamedia Proprietary Limited	—	84 783
Acquisition of SupaPesa Africa Limited	—	29 851
Acquisition of Supa Pesa South Africa Proprietary Limited	—	100
Settlements	**(1 931)**	(19 515)
Gains and losses recognised in profit or loss	**(38 408)**	6 076
Closing balance	**83 563**	123 902
Total gains or losses for the period included in profit or loss for liabilities held at the end of the reporting period, under:		
Other income	**(48 120)**	(923)
Interest paid	**9 712**	6 999
Change in unrealised gains or losses for the period included in profit or loss for liabilities held at the end of the reporting period	**9 127**	2 052

The fair value of the contingent consideration is estimated by applying the income approach. The fair value is based on the discount rates applicable to the Group and management's probability assumptions on certain warranties being achieved. There have been no changes in management's probability assumptions. The discount rate has been increased in line with the increase in the prime lending rate. The resulting changes in the fair values are accounted for in finance costs in the income statement.

The Group has not disclosed the fair values of all financial instruments measured at amortised cost, as their carrying amounts closely approximate their fair values.

SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES

For the year ended 31 May

	2016 R'000	2015 R'000
Purchases from related parties		
ZOK Cellular Proprietary Limited	**26 001**	69 946
Loans to related parties		
2DFine Holdings Mauritius	**234 892**	163 634
Lornanox Proprietary Limited	**65 949**	6 000
Oxigen Services India Private Limited	**38 359**	29 552
Stylco Proprietary Limited	**26 000**	—

NON-IFRS INFORMATION

The auditor's report does not necessarily cover all of the information contained in this announcement. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's work they should obtain a copy of that report together with the accompanying financial information from the registered office of the Company. This announcement contains certain non-IFRS financial information which has not been audited or reported on by the Group's auditors.

Directors: LM Nestadt (Chairman)*, BM Levy, MS Levy, K Ellerine**, GD Harlow*, Y Mahomed*, JS Mthimunye*, DA Suntup, J Vilakazi*
(*Independent non-executive) (**Non-executive)

Company Secretary: J van Eden

Sponsor: Investec Bank Limited

Auditors: PricewaterhouseCoopers Inc.

American Depository Receipt (ADR) Programme:
Cusip No.: 095648101 Ticker name: BULBY ADR to ordinary share: 1:10

Depository: BNY Mellon, 101 Barclay Street, New York NY, 10286, USA

Blue Label Telecoms Limited
(Incorporated in the Republic of South Africa)
(Registration number 2006/022679/06)

JSE Share code: BLU **ISIN:** ZAE000109088
("Blue Label" or "BLT" or "the Company" or "the Group")

www.bluelabeltelecoms.co.za