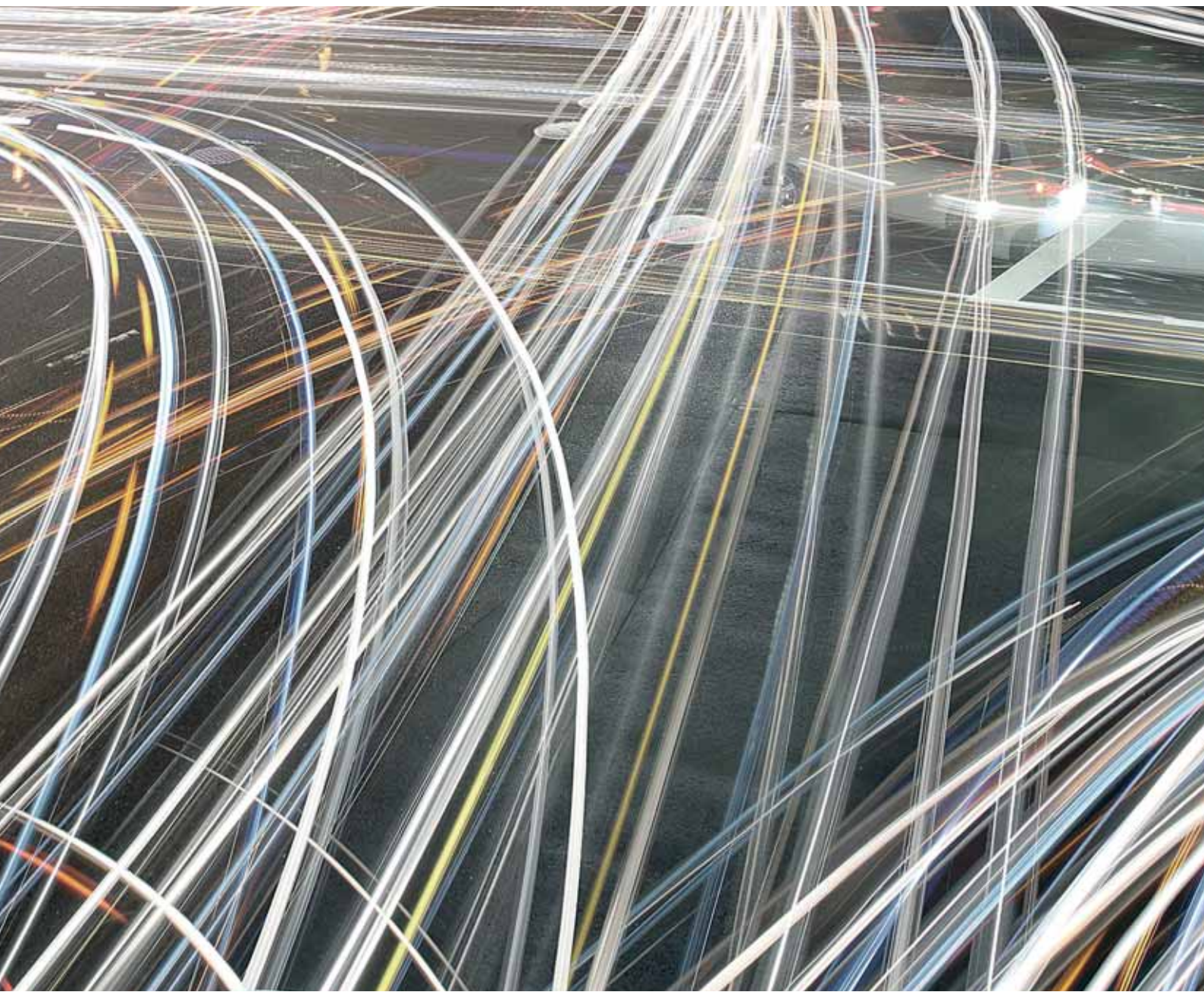


BLUE LABEL
TELECOMS

Audited results
for the year ended 31 May 2012



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Directors:

LM Nestadt (Chairman)*, BM Levy, MS Levy, K Ellerine*,
GD Harlow*, NN Lazarus SC*, JS Mthimunya*, MV Pamensky,
DB Rivkind, J Vilakazi*

(*Non-executive)

Company Secretary:

E Viljoen

Sponsor:

Investec Bank Limited

Auditors:

PricewaterhouseCooper Inc.

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")



Audited Results for the year ended 31 May 2012

Highlights for the year ended 31 May 2012



Highlights

Strategy

SA Distribution

International

Technology ,
Mobile and Solutions

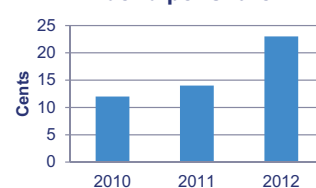
Financial


Prospects

- Revenue increases 4% to R18.7 billion
- Gross profit increases 13% to R1.2 billion
- EBITDA up 26% to R750 million*
- Headline earnings per share up 40% to 64.65 cents*
- R528 million cash generated from operations
- Growth strategy delivering results:
 - South Africa: electricity commissions earned up 39%
 - India: delivers a profit
 - Mexico: accelerating POP roll-out rate
- 91.8 million share buyback completed
- Dividend of 23 cents per share declared, up 64%

* including a once-off receipt of R79.4 million


Dividend per share





Strategy to Creating Value

Highlights	Strategy	SA Distribution	International	Technology , Mobile and Solutions	Financial	Prospects
OPPORTUNITY		DELIVERY			VALUE ADDED	
<ul style="list-style-type: none"> ➤ Prepaid provides certainty ➤ Prepaid is an alternative payment method ➤ Airtime builds railroad tracks ➤ Add products and services ➤ Growing demand in SA: electricity, financial services, ticketing, data delivery ➤ Income based on 3 pillars: commodity, annuity and interest ➤ Business model generates robust cash flows ➤ Growth at operations in India and Mexico - regional springboards 		<ul style="list-style-type: none"> ➤ Robust, scalable, agnostic and proprietary technology platform - AEON ➤ Postilion switch for financial services ➤ Ensure matching skills and talent ➤ Minimal capital expenditure ➤ Minimal cost to delivery ➤ Sustainable ➤ Unleveraged balance sheet ➤ Building network distribution and introducing products and services ➤ Growing product lines and consumer bases 			<ul style="list-style-type: none"> ➤ >150,000 POPs in SA ➤ Organic growth ➤ Surplus cash: Dividend yielding, share buy-back, mergers and acquisitions ➤ Large, fast growing markets with low penetration ➤ Entrepreneurial spirit 	



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South African Distribution

Brett Levy – Joint CEO

Operational and Financial Highlights



- Highlights
- Strategy
- SA Distribution
- International
- Technology, Mobile and Solutions
- Financial
- Prospects

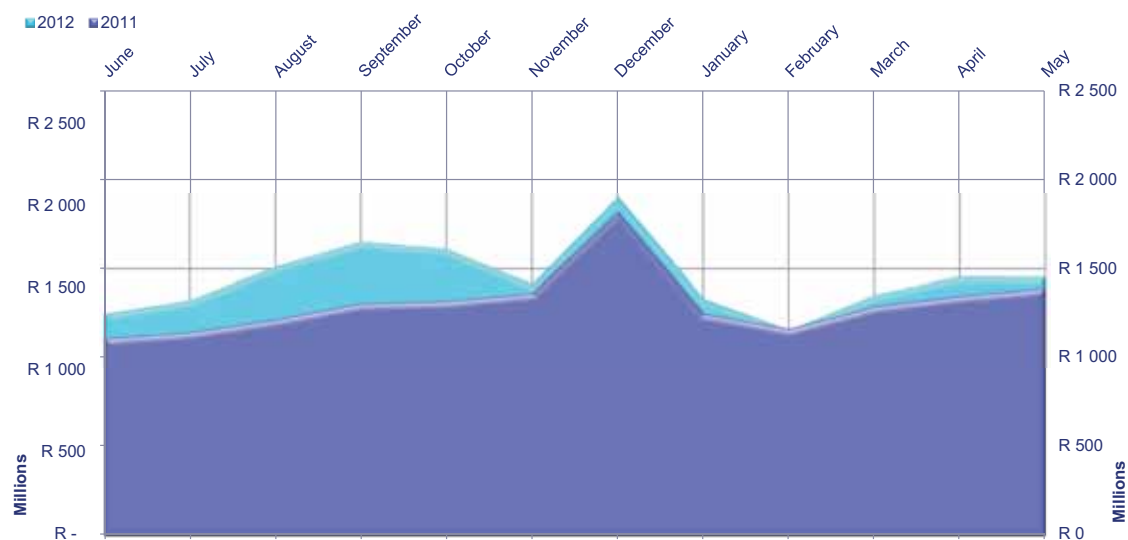
- Revenue up 3% to R18.4 billion
- Increasing trend to act as agent on sales of certain products e.g. PINless top up
- Gross profit margin increases 0.5% from 5.19% to 5.69%
- Renewal of exclusive long-term contract with Vodacom
- Electricity commissions received up 39% from R61 million to R85 million
- Other and new product development gathers momentum
- Outlook is for a strong performance from telco's and prepaid electricity, in a changing landscape.



Prepaid Airtime: Revenue Growth



- Highlights
- Strategy
- SA Distribution
- International
- Technology, Mobile and Solutions
- Financial
- Prospects



Revenue comprises sales of physical and virtual prepaid airtime as well as compounded annuity generated from starter packs.



Prepaid Airtime and Starter-Packs



- Highlights
- Strategy
- SA Distribution
- International
- Technology, Mobile and Solutions
- Financial
- Prospects

- Revenue growth mostly organic and volume related
- No. of connections at ~450,000/month
- Growth strategy implementation underway:
 - Blu Approved brand roll-out intensifies,
 - rural: reach enhanced with distribution partner's 60 x 3 ton trucks and 100 foot soldiers,
 - urban: expanding retail footprint.



Prepaid Airtime: Revenue Growth



- Highlights
- Strategy
- SA Distribution
- International
- Technology, Mobile and Solutions
- Financial
- Prospects



- Vodacom 54%
- MTN 34%
- Cell C 10%
- Telkom 2%



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



*the other networks amount to less than 1%



Prepaid Electricity



Highlights

Strategy

SA Distribution

International

Technology ,
Mobile and Solutions

Financial

Prospects

- Commissions received up 39% from R61 million to R85 million
- Equates to R5.5 billion in utility sales, up from R3.4 billion
- Act as agent not principal:
 - only commission earned included in revenue and not face value of sales
- Widespread electricity utility, municipality and customer endorsements
- Prepaid meters: ~ 9 million stretching to Govt's goal of 13 million by 2014:
 - smart meters
 - free basic electricity
 - UniPIN
- Establishes new base for continuing growth



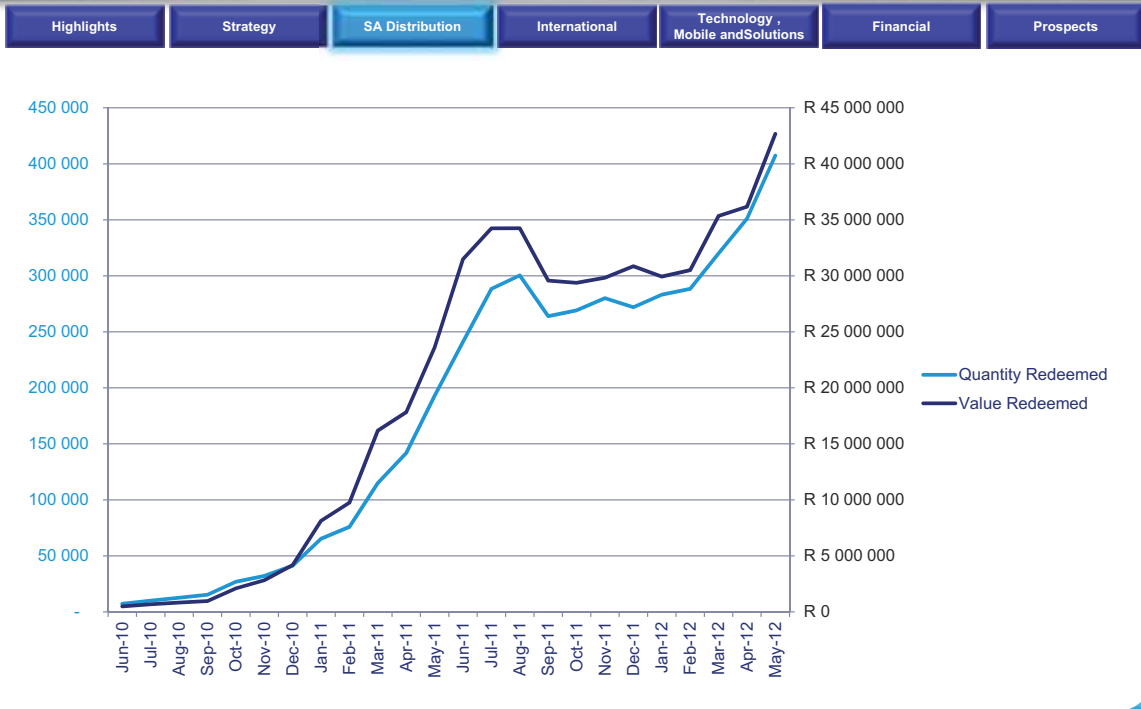





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Prepaid Electricity: UniPIN Redemptions













New and other Products and Services




Highlights	Strategy	SA Distribution	International	Technology, Mobile and Solutions	Financial	Prospects
------------	----------	-----------------	---------------	----------------------------------	-----------	-----------

- Financial services:**
 mobile banking, money transfers, bill payments, EFT, NFC, Senda Mobile Merchant
 

- Digital couponing:**
 Mobilatrix, intelligent data, loyalty plans
 

- Ticketing:**
 Events and transport
 

- Other:**
 Prepaid water  advertising, Spinner, SupaStakes football, Kingo 
 Bela international calling card, PlaySALottery  Corporate Governance tools  prepaid Pay TV  SportsConnect, MallConnect 


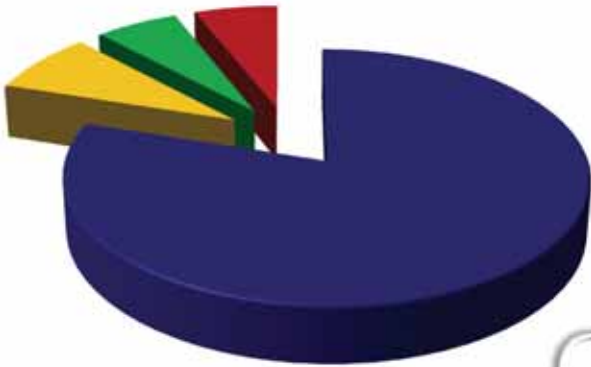




Shareholder Profile and Free Float

HighlightsStrategySA DistributionInternationalTechnology ,
Mobile and SolutionsFinancialProspects


Beneficial Shareholders




- South Africa 80%
- USA 8%
- UK 6%
- Rest of World 6%

➤ Admitted to MSCI in December 2011

Free Float %



- Free Float 52%
- Strategic Holders 45%
- Below Threshold 3%

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International Distribution

Mark Levy – Joint CEO

BLUE LABEL TELECOM

International Distribution: Operational and Financial Highlights

Highlights
Strategy
SA Distribution
International
Technology , Mobile and Solutions
Financial
Prospects

- Accelerating POP roll-out in Mexico
- India delivers a profit
- Arbitration proceedings on Multi-Links contract commences in November 2012
- Ukash (17.25% held):
 - share of trading profit up 119% to R5 million on volume increases
 - Queen's Award for Enterprise in International Trade for 2nd year running
- Investments in Mexico, India and the UK accounted as associate companies






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BLUE LABEL TELECOM

Oxygen Services India

Highlights
Strategy
SA Distribution
International
Technology , Mobile and Solutions
Financial
Prospects

- 55.83% shareholding, remainder held by local management
- Strategic shift continues into adding banking solutions to bouquet of products
- Creating platform for core banking transactions
- Exclusive partnership with State Bank of India on technology offering and mobile wallets (Mobicash)
- Other banking partnerships with YES Bank, Union Bank and ICICI Bank for domestic remittances, insurance products, merchant payment via mobile systems
- Share of profit:
 - revenue increases 52%
 - changing mix with addition of banking commissions
 - building footprint, presently ~100,000 at retail outlets
 - 13,000 ultra-low operating cost terminals deployed (Oxismart)





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Blue Label Mexico



- Highlights
- Strategy
- SA Distribution
- International
- Technology, Mobile and Solutions
- Financial
- Prospects

- JV with Grupo Bimbo, each hold 40% and local management 20%
- Global partnership with Grupo Bimbo
- Grupo Bimbo is largest bakery business in the world with operations across 17 countries
- In Mexico, target market comprises 700,000 mom & pop stores, reached through 17,000 truck routes via 300 depots
- One of the most advanced distribution networks in the world
- 'Where there's bread, there's airtime!'
- Accelerating roll-out >6,000/month
- Share of loss R25 million as distribution platform ramps-up



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Technology, Mobile and Solutions Segments

Mark Levy – Joint CEO

Blue Label Technology Segment




Highlights	Strategy	SA Distribution	International	Technology, Mobile and Solutions	Financial	Prospects
------------	----------	-----------------	---------------	----------------------------------	-----------	-----------

- Proprietary AEON and banking grade Postilion platforms connect to MNO's, utilities, banks, retailers and petroleum companies
- Increasing transactions - 400 million/month
- Handle up to 80 million bulk print vouchers/month
- Optimising systems and platforms for capacity and capability
- Skills gaps identified and being addressed
- Transaction Junction provides robust EFT capability
- EFT roll-out for large FMCG chain progresses steadily
- Additional focus on deploying platform into cloud environments




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Blue Label Mobile and Solutions Segments



Highlights	Strategy	SA Distribution	International	Technology, Mobile and Solutions	Financial	Prospects
------------	----------	-----------------	---------------	----------------------------------	-----------	-----------

MOBILE


- >5 bn mobile users in world
- Provides complete Ecosystem of services for mobile users


MSC


- Mobile services business
- Including sales, advertising and marketing, NFC, transport and commerce, couponing and loyalty
- BLMcloud.com launched


Cellfind


- Range of location based services
- Established LBS services include miPayslip and miStatement
- New products include IDMe
- Enhancing SMS capability











SOLUTIONS


- Core net profit up 202% to R21 million

Blue Label Data Solutions

- Entrenching direct- and tele-marketing strategies
- Growth delivered through data delivery volumes and sustaining relationships

CNS and Velociti

- Call centre expertise
- Growth from 3rd party campaigns in challenging environment


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Financial Overview

David Rivkind – Financial Director

Highlights for the 2012 year



- Highlights
- Strategy
- SA Distribution
- International
- Technology, Mobile and Solutions
- Financial**
- Prospects

<p>Revenue Increased by 4% to R18.7 billion</p>	<p>Gross Profit Increased by 13% to R1.2 billion</p>	<p>EBITDA Increased by 26% to R750 million*</p>
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<p>Headline EPS Increased by 40% to 64.65 cents*</p>	<p>Cash Generation R528 million</p>	<p>Dividend Per share 23 cents up by 64%</p>	<p>12% Share buy-back for R392 million</p>
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* Includes a once off income receipt of R79.4 million



Associates

	FY 2012 R'000	FY 2011 R'000	Growth R'000	% Growth
Share of profit from associates	6,844	3,619	3,225	89%
- Ukash	2,228	8,782	(6,554)	(75%)
- trading net of intangible asset amortisation	5,015	2,292	2,723	119%
- deferred tax adjustments	(2,787)	6,490	(9,277)	(143%)
- Oxigen Services India	4,616	(5,163)	9,779	189%

- Ukash *
 - Revenues increased by 57%
 - Gross profit margin increased from 49% to 53%
 - Recognition of deferred tax assets in Ukash in the prior year – R6.5m
- India *
 - Revenue increased by 52%
 - Gross profit margin increased from 2.25% to 2.95%
 - EBITDA increased by 778%

* As reported in their local currency



Joint Ventures

	FY 2012 R'000	FY 2011 R'000	Growth R'000
Share of losses from joint ventures	(26,679)	(17,698)	(8,981)
- Blue Label Mexico Trading Operations	(24,873)	(17,824)	(7,049)
- Other	(1,806)	126	(1,932)

- Blue Label Mexico
 - Diluted from 70% to 40% in the prior year
 - Increase in overheads due to expenditure incurred in the process of gearing up for an extensive roll out of point of sale devices through the Grupo Bimbo distribution network.





Income Statement

Highlights	Strategy	SA Distribution	International	Technology, Mobile and Solutions	Financial	Prospects	
				FY 2012 R'000	FY 2011 R'000	Growth R'000	% Growth
Headline earnings from continuing operations				463,248	367,788	95,460	26%
Discontinued operation – APS Nigeria trading				(5,493)	(18,341)	12,848	70%
Headline earnings				457,755	349,447	108,308	31%
Net headline earnings adjustments				(19,651)	82,001	(101,652)	(124%)
Gain on dilution				-	145,905	(145,905)	
Loss on disposal of group companies				(6 039)	-	(6 039)	
Impairments				(14,037)	(63,904)	49,867	
Other				425	-	425	
Net profit attributable to equity holders of parent				438,104	431,448	6,656	2%
Core intangible adjustment				17,693	24,975	(7,282)	(29%)
Core net profit				455,797	456,423	(626)	-
Earnings per share (cents)				61.87	57.04		8%
Headline earnings per share (cents)				64.65	46.20		40%
Core earnings per share (cents)				64.37	60.34		7%



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Balance Sheet



Highlights	Strategy	SA Distribution	International	Technology, Mobile and Solutions	Financial	Prospects
Summarised Group Statement of Financial Position as at 31 May				2012	2011	
Non- current assets				993,076	851,665	
Property, plant and equipment				112,188	139,747	
Intangible assets and goodwill				505,698	433,513	• Increase in intangible assets for the acquisition of starter pack bases for R121m.
Investment in associates and joint ventures				357,471	239,997	
Other non-current assets				17,719	38,408	
Current assets				3,942,456	4,216,942	• R117m increase in investments in associates including Oxigen Services India and Blue Label Mexico.
Inventories				539,221	1,012,594	• Inventory declined by R473 million, returning to optimal level of 11 days
Trade and other receivables				1,387,650	914,164	• Current asset ratio 2:1
Other current assets				40,343	63,487	
Cash and cash equivalents				1,975,242	2,226,697	• Debtors Collections – 26 days
Assets of disposal group classified as held for sale				-	20,481	• Purchase of Microsoft 12% R392m and treasury shares R16m
Total assets				4,935,532	5,089,088	• Creditors collections – 37 days
Capital and reserves				2,914,386	2,955,363	
Share capital, share premium and treasury shares				3,941,316	4,348,231	
Other reserves				(2,698,308)	(2,733,186)	
Retained earnings				1,671,378	1,340,318	
Non-current liabilities				50,624	38,093	
Current liabilities				1,970,522	2,081,760	
Trade and other payables				1,931,204	2,046,773	
Bank overdraft				-	527	
Other current liabilities				39,318	34,460	
Liabilities of disposal group classified as held for sale				-	13,872	
Total equity and liabilities				4,935,532	5,089,088	



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Cash Flow



Highlights	Strategy	SA Distribution	International	Technology, Mobile and Solutions	Financial	Prospects
Summarised Group Statement of Cash Flows						
as at 31 May						
					2012	2011
<hr/>						
Cash generated by operations					656,429	566,053
Interest received					59,730	50,645
Interest paid					(3,307)	(8,221)
Taxation paid					(184,743)	(180,814)
Cash flows from operating activities					528,109	427,663
Cash flows from investing activities					(276,991)	(147,438)
Cash flows from financing activities					(519,984)	(100,004)
(Decrease)/ increase in cash and cash equivalents					(268,866)	180,221
Cash and cash equivalents at the beginning of the year					2,226,170	2,054,902
Translation difference					17,938	(8,953)
Cash and cash equivalents at the end of the year					1,975,242	2,226,170
<hr/>						
<ul style="list-style-type: none"> • Starter pack bases purchased for R121m • Funding advanced for the acquisition of the additional shareholding in Oxigen India – R74m • Loans advanced to Blue Label Mexico to fund working capital – R26m • Microsoft share buy-back – R392m • Dividend payment – R107m 						



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Dividend



Highlights	Strategy	SA Distribution	International	Technology, Mobile and Solutions	Financial	Prospects
<div style="font-size: 2em; font-weight: bold; margin-bottom: 20px;">Dividend of 23 cents</div> <div style="font-size: 1.5em; font-weight: bold; margin-bottom: 20px;">per share declared</div> <div style="font-size: 3em; font-weight: bold; margin-bottom: 20px;">Cover of 2.95 times</div>						




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Prospects

Highlights	Strategy	SA Distribution	International	Technology, Mobile and Solutions	Financial	Prospects
------------	----------	-----------------	---------------	----------------------------------	-----------	-----------

- Enhancing SMS aggregation capabilities through own product development and strategic acquisitions
- Growing customer awareness of prepaid electricity and additional contracts with utilities are expected to enhance electricity commissions received
- Annuity revenue from the expanding starter pack base should compound accordingly
- Distribution capabilities with partner in Mexico is likely to add momentum to the roll-out of point of sale devices
- Oxigen Services India is expected to continue its drive into banking services
- The group continues to focus on expanding its product range offering and distribution network
- The balance sheet remains robust and liquid, which augurs well for future growth, acquisitions, and distributions to shareholders



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Supplementary Information

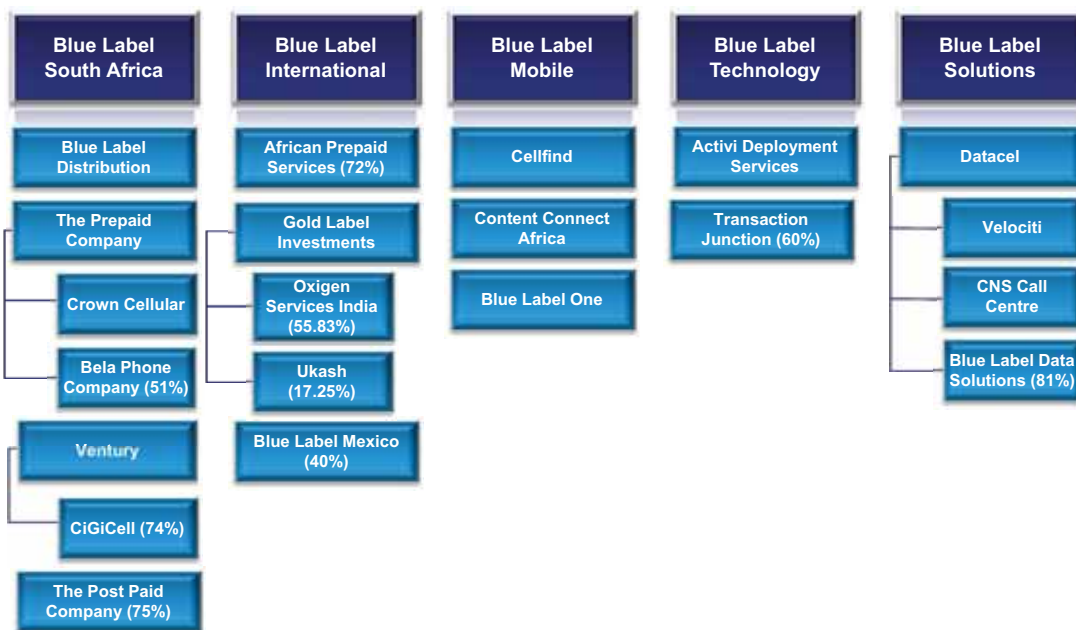


Supplementary: Barriers to Entry

- Lag times in negotiating supplier and customer contracts can hinder integration
- Long term contracts – to ensure there is no cheaper pricing in the market
- Lock-out periods for processing new and developing existing technologies. Roll-out of devices takes time – can do 6,000/month in Mexico
- Time: as customers prioritise systems' integration for their own needs/objectives and/or products and services (customer, forecourt, municipality, utility, bank, retailer – minimum 18 months)
- Technology of 2 platforms – AEON (proprietary, agnostic, plug 'n play, proven, scalable, no fees to others) and Postilion (banking and financial services grade)
- Solid distribution channel in SA with >150,000 POP and growing reach in India and Mexico
- 3-pillars income model in SA of commodity (47%), annuity (43%) and liquidity (10%)
- Reputable local partners is key business model
- Trust and relationships of over 10 years in business
- Have become some of our greatest assets, achieved through long-term contracts with customers and suppliers. Same barriers can hinder us entering new markets



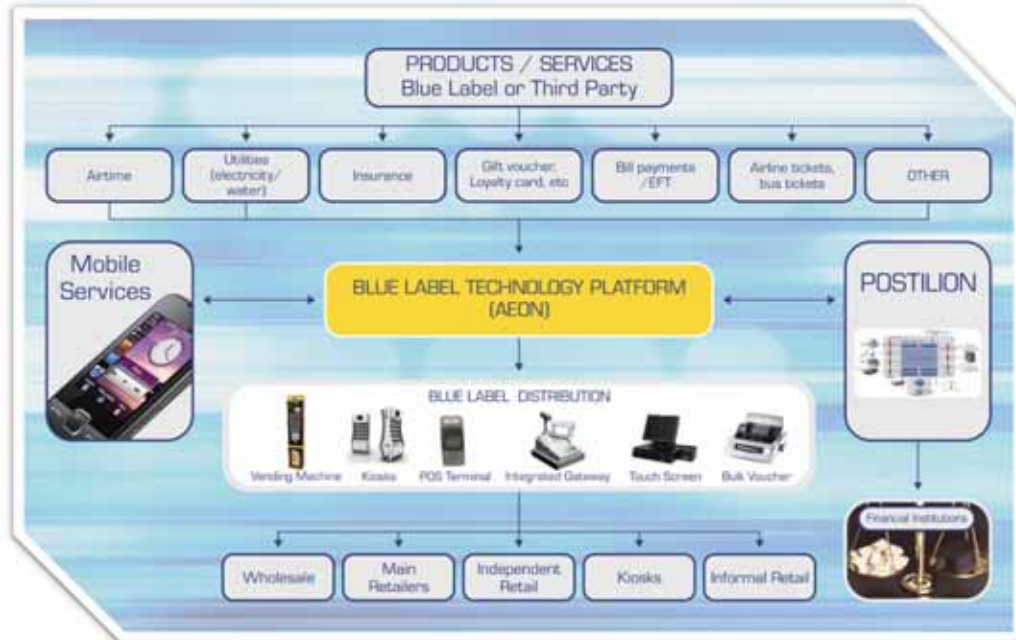
Supplementary: Group Structure



* 100% unless otherwise stated



Supplementary: Technical Overview



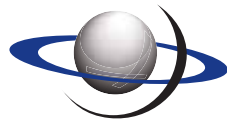
Blue Label factsheet – as at May 2012



- Founded in 2001
- 1340 employees (ave no)
- Business model underpinned by long-term contracts
- Income drivers:
 - sales of commodity – 47%
 - annuity income – 43%
 - interest earned – 10%
- Listed on JSE in Nov 2007
- ~R4 billion market capitalisation
- Free float ~52% with diverse shareholder base
- Maiden dividend paid in Sep 2010



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