UNAUDITED INTERIM RESULTS FOR THE HALF YEAR ENDED 30 NOVEMBER 2011

BLUE LABEL TELECOMS

↑7% increase in revenue to R9,2 billion

↑14% increase in gross profit to R590 million

↑44% increase in headline earnings per share to 36,74 cents*

↑47% increase in EBITDA to R438 million*

↑41% increase in NPAT to R272 million*

R795 million cash flows from operating activities

**Includes once off income receipt of R79,4 million.*

SUMMARISED GROUP STATEMENT OF FINANCIAL POSITION

As at	30 November 2011 Unaudited R'000	30 November 2010 Unaudited R'000	31 May 2011 Audited R'000
ASSETS			
Non-current assets	**998 127**	720 932	851 665
Property, plant and equipment	130 741	163 111	139 747
Intangible assets and goodwill	528 074	424 130	433 513
Investment in associates and joint ventures	322 854	100 423	239 997
Starter pack assets	9 715	19 642	20 361
Deferred taxation assets	6 743	13 626	18 047
Current assets	**4 725 338**	4 709 810	4 216 942
Financial assets at fair value through profit and loss	10	10	10
Inventories	667 099	1 259 446	1 012 594
Loans receivable	31 607	32 493	32 370
Starter pack assets	8 286	46 727	16 777
Trade and other receivables	1 316 823	1 603 558	914 164
Prepayments	391 402	—	—
Current tax assets	4 210	5 516	14 330
Cash and cash equivalents	2 305 901	1 762 060	2 226 697
Assets of disposal group classified as held-for-sale	—	—	20 481
Total assets	**5 723 465**	5 430 742	5 089 088
EQUITY AND LIABILITIES			
Capital and reserves	**3 119 701**	2 745 762	2 955 363
Share capital, share premium and treasury shares	4 332 137	4 346 361	4 348 231
Restructuring reserve	(1 843 912)	(1 843 912)	(1 843 912)
Non-distributable reserve	7 819	(18 979)	(13 601)
Share-based payment reserve	23 612	18 302	19 099
Transaction with non-controlling interests reserve	(909 572)	(914 867)	(909 006)
Retained earnings	1 505 177	1 101 507	1 340 318
Non-controlling interests	4 440	57 350	14 234
Non-current liabilities	**109 048**	48 546	38 093
Deferred taxation liabilities	25 977	30 809	22 196
Interest-bearing borrowings	12 018	17 737	15 897
Trade and other payables	71 053	—	—
Current liabilities	**2 494 716**	2 636 434	2 081 760
Trade and other payables	2 484 878	2 303 394	2 046 773
Provisions	4 012	—	8 676
Current tax liabilities	1 577	29 247	22 326
Bank overdraft	—	—	527
Current portion of interest-bearing borrowings	4 249	303 793	3 458
Liabilities of disposal group classified as held-for-sale	—	—	13 872
Total equity and liabilities	**5 723 465**	5 430 742	5 089 088

SUMMARISED GROUP STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 November 2011 Unaudited R'000	Six months ended 30 November 2010 Unaudited R'000	Year ended 31 May 2011 Audited R'000
Continuing operations			
Revenue	9 249 177	8 643 554	18 064 572
Other income	89 787	6 769	7 197
Change in inventories of finished goods	(8 659 445)	(8 124 648)	(16 996 939)
Employee compensation and benefit expense	(146 339)	(133 146)	(263 360)
Depreciation, amortisation and impairment charges	(45 953)	(47 037)	(145 985)
Other expenses	(94 910)	(93 679)	(213 738)
Operating profit	**392 317**	251 813	451 747
Finance expense	(74 959)	(36 806)	(115 845)
Finance income	85 611	68 680	146 429
Share of (loss)/profit in associates and joint ventures	(11 308)	1 968	(2 757)
Profit for the period before taxation	**391 661**	285 655	479 574
Taxation	(117 862)	(95 197)	(152 176)
Net profit from continuing operations	**273 799**	190 458	327 398
Discontinued operations			
Net (loss)/profit for the period from discontinued operations	(12 064)	1 439	57 573
Net profit for the period	**261 735**	191 897	384 971
Other comprehensive income/(loss):			
Exchange profits/(losses) on translation of equity loans	9 038	(6 737)	(4 926)
Exchange profits/(losses) on translation of foreign operations	14 588	(4 779)	(6 550)
Foreign currency translation reserve reclassified to profit or loss	—	—	4 219
Other comprehensive income/(loss) for the period, net of tax	**23 626**	(11 516)	(7 257)
Total comprehensive income for the period	**285 361**	180 381	377 714
Net profit for the period attributable to:			
Equity holders of the parent	**271 903**	192 637	431 448
– From continuing operations	275 005	192 100	337 547
– From discontinued operations	(3 102)	537	93 901
Non-controlling interests	**(10 168)**	(740)	(46 477)
– From continuing operations	(1 206)	(1 642)	(10 149)
– From discontinued operations	(8 962)	902	(36 328)
Total comprehensive income for the period attributable to:	**285 361**	180 381	377 714
Equity holders of the parent	293 323	185 511	430 538
Non-controlling interests	(7 962)	(5 130)	(52 824)
Earnings per share for profit attributable to equity holders (cents)			
Basic earnings per share	**36,02**	25,45	57,04
– From continuing operations	36,43	25,38	44,63
– From discontinued operations	(0,41)	0,07	12,41
Diluted earnings per share**	**35,58**	25,22	56,49
– From continuing operations	35,99	25,15	44,08
– From discontinued operations	(0,41)	0,07	12,41
Headline earnings per share	**36,74**	25,45	46,20
– From continuing operations	37,15	25,38	50,12
– From discontinued operations	(0,41)	0,07	(3,92)
Diluted headline earnings per share**	**36,29**	25,22	45,75
Dividend per share	**14,00**	12,00	12,00
Weighted average number of shares	754 875 983	756 814 806	756 359 399
Diluted weighted average number of shares	764 256 072	763 874 243	763 742 466
Number of shares in issue	753 042 132	766 360 894	756 269 004
Reconciliation between net profit and core net profit for the period:			
Net profit for the year attributable to equity holders of the parent	271 903	192 637	431 448
Amortisation on intangible assets raised through business combinations net of tax and net of non-controlling interest	10 237	13 744	24 975
Core net profit for the period	282 140	206 381	456 423
Core net profit attributable to:			
Equity holders of the parent	282 140	206 381	456 423
Non-controlling interests	(10 294)	(1 003)	(47 000)
– Core earnings per share (cents)*	37,38	27,27	60,34

**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.*

***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 CASH FLOWS

	Six months ended 30 November 2011 Unaudited R'000	Six months ended 30 November 2010 Unaudited R'000	Year ended 31 May 2011 Audited R'000
Cash flows from operating activities	794 644	(447 079)	427 663
Cash flows from investing activities	(204 684)	(42 540)	(147 438)
Cash flows from financing activities	(517 629)	203 363	(100 004)
Increase/(decrease) in cash and cash equivalents	**72 331**	(286 256)	180 221
Cash and cash equivalents at the beginning of the year	2 226 170	2 054 902	2 054 902
Translation difference	7 400	(6 586)	(8 953)
Cash and cash equivalents at the end of the period	**2 305 901**	1 762 060	2 226 170

SUMMARISED GROUP STATEMENT OF CHANGES IN EQUITY

Six months ended	Share capital, share premium and treasury shares Unaudited R'000	Retained earnings Unaudited R'000	Restructuring reserve Unaudited R'000	Non-distributable reserve Unaudited R'000	Transaction with non-controlling interests reserve Unaudited R'000	Share-based payment reserve Unaudited R'000	Non-controlling interests Unaudited R'000	Total equity Unaudited R'000
Balance as at 1 June 2010	4 352 617	1 000 327	(1 843 912)	(12 691)	(914 867)	12 037	61 925	2 655 436
Net profit for the period	—	192 637	—	—	—	—	(740)	191 897
Other comprehensive loss	—	—	—	(7 126)	—	—	(4 390)	(11 516)
Total comprehensive income/(loss)	—	192 637	—	(7 126)	—	—	(5 130)	180 381
Dividends paid	—	(91 457)	—	—	—	—	—	(91 457)
Treasury shares purchased	(8 790)	—	—	—	—	—	—	(8 790)
Share-based payment movement	—	—	—	—	—	(234)	234	—
Forfeitable shares vested	2 534	—	—	—	—	(2 323)	—	211
Equity-based compensation movements	—	—	—	—	—	8 822	288	9 110
Non-controlling interests disposed of during the period	—	—	—	—	—	—	33	33
Share of equity movement in associates	—	—	—	838	—	—	—	838
Balance as at 30 November 2010	4 346 361	1 101 507	(1 843 912)	(18 979)	(914 867)	18 302	57 350	2 745 762
Balance as at 1 June 2011	**4 348 231**	**1 340 318**	**(1 843 912)**	**(13 601)**	**(909 006)**	**19 099**	**14 234**	**2 955 363**
Net profit for the period	—	**271 903**	—	—	—	—	**(10 168)**	**261 735**
Other comprehensive income	—	—	—	**21 420**	—	—	**2 206**	**23 626**
Total comprehensive income/(loss)	—	**271 903**	—	**21 420**	—	—	**(7 962)**	**285 361**
Dividends paid	—	**(107 044)**	—	—	—	—	**(1 900)**	**(108 944)**
Treasury shares purchased	**(16 094)**	—	—	—	—	—	—	**(16 094)**
Equity-based compensation movements	—	—	—	—	—	**4 513**	**68**	**4 581**
Transaction with non-controlling interest movements	—	—	—	—	**(566)**	—	—	**(566)**
Balance as at 30 November 2011	**4 332 137**	**1 505 177**	**(1 843 912)**	**7 819**	**(909 572)**	**23 612**	**4 440**	**3 119 701**
Year ended	Audited R'000	Audited R'000	Audited R'000	Audited R'000	Audited R'000	Audited R'000	Audited R'000	Audited R'000
Balance as at 1 June 2010	4 352 617	1 000 327	(1 843 912)	(12 691)	(914 867)	12 037	61 925	2 655 436
Net profit for the year	—	431 448	—	—	—	—	(46 477)	384 971
Other comprehensive loss	—	—	—	(910)	—	—	(6 347)	(7 257)
Total comprehensive income/(loss)	—	431 448	—	(910)	—	—	(52 824)	377 714
Dividends paid	—	(91 457)	—	—	—	—	(950)	(92 407)
Treasury shares purchased	(8 935)	—	—	—	—	—	—	(8 935)
Share-based payment movement	—	—	—	—	—	(234)	234	—
Forfeitable shares vested	4 549	—	—	—	—	(4 549)	—	—
Equity-based compensation movements	—	—	—	—	—	10 903	229	11 132
Non-controlling interests disposed of during the year	—	—	—	—	5 861	—	5 620	11 481
Share of equity movement in associates	—	—	—	—	—	942	—	942
Balance as at 31 May 2011	4 348 231	1 340 318	(1 843 912)	(13 601)	(909 006)	19 099	14 234	2 955 363

SEGMENTAL SUMMARY

Six months ended	Total Unaudited R'000	South African distribution Unaudited R'000	International distribution Unaudited R'000	Technology Unaudited R'000	Mobile Unaudited R'000	Solutions Unaudited R'000	Corporate Unaudited R'000
30 November 2011							
Total segment revenue	**14 703 706**	**14 533 390**	**14 331**	**13 292**	**46 978**	**95 715**	—
Internal revenue	**(5 454 529)**	**(5 444 571)**	—	**(5 037)**	**(2 253)**	**(2 668)**	—
External revenue	**9 249 177**	**9 088 819**	**14 331**	**8 255**	**44 725**	**93 047**	—
Operating profit before depreciation, amortisation and impairment charges	**438 270**	**394 357**	**2 918**	**(34 564)**	**89 946**	**24 186**	**(38 573)**
Net profit for the period	**273 799**	**301 534**	**(12 511)**	**(45 204)**	**70 204**	**16 218**	**(56 442)**
Amortisation on intangibles raised through business combinations net of tax	**10 363**	**4 223**	**1 215**	**316**	**4 577**	**32**	—
Core net profit for the period	**284 162**	**305 757**	**(11 296)**	**(44 888)**	**74 781**	**16 250**	**(56 442)**
Core net profit for the period attributable to:							
Equity holders of the parent	**285 242**	**304 362**	**(6 510)**	**(44 645)**	**74 781**	**13 696**	**(56 442)**
Non-controlling interests	**(1 080)**	**1 395**	**(4 786)**	**(243)**	—	**2 554**	—
At 30 November 2011							
Total assets	**5 723 465**	**4 618 252**	**329 763**	**87 478**	**67 901**	**181 928**	**438 143**
Net operating assets	**2 230 622**	**1 771 651**	**27 939**	**2 733**	**15 951**	**52 258**	**360 090**
Six months ended 30 November 2010							
Total segment revenue	15 051 247	14 914 687	14 244	10 360	48 598	63 358	—
Internal revenue	(6 407 693)	(6 395 391)	(767)	(2 683)	(6 722)	(2 130)	—
External revenue	8 643 554	8 519 296	13 477	7 677	41 876	61 228	—
Operating profit before depreciation, amortisation and impairment charges	298 850	346 171	(4 069)	(27 939)	13 070	12 388	(40 771)
Net profit for the period	190 458	281 990	(5 641)	(38 012)	(692)	6 053	(53 240)
Amortisation on intangibles raised through business combinations net of tax	14 007	4 491	869	316	5 966	2 365	—
Core net profit for the period	204 465	286 481	(4 772)	(37 696)	5 274	8 418	(53 240)
Core net profit for the period attributable to:							
Equity holders of the parent	205 843	286 650	(2 553)	(37 737)	5 274	7 449	(53 240)
Non-controlling interests	(1 378)	(169)	(2 219)	41	—	969	—
At 30 November 2010							
Total assets	5 430 742	4 650 633	430 961	88 979	98 182	138 734	23 253
Net operating assets/(liabilities)	2 073 376	1 873 317	188 449	16 114	11 684	22 151	(38 339)
Year ended	Audited R'000	Audited R'000	Audited R'000	Audited R'000	Audited R'000	Audited R'000	Audited R'000
31 May 2011							
Total segment revenue	30 224 202	29 954 525	30 252	22 902	94 121	122 402	—
Internal revenue	(12 159 630)	(12 132 920)	(998)	(6 082)	(15 505)	(4 125)	—
External revenue	18 064 572	17 821 605	29 254	16 820	78 616	118 277	—
Operating profit before depreciation, amortisation and impairment charges	597 732	711 767	(8 683)	(61 766)	19 347	18 731	(81 664)
Net profit for the year	327 398	562 048	(43 643)	(85 944)	(12 627)	5 881	(98 317)
Amortisation on intangibles raised through business combinations net of tax	25 498	8 933	2 034	632	11 871	2 028	—
Core net profit for the year	352 896	570 981	(41 609)	(85 312)	(756)	7 909	(98 317)
Core net profit for the year attributable to:							
Equity holders of the parent	362 522	571 471	(32 005)	(84 932)	(756)	7 061	(98 317)
Non-controlling interests	(9 626)	(490)	(9 604)	(380)	—	848	—
At 31 May 2011							
Total assets	5 068 607	4 362 116	386 561	89 876	80 899	138 403	10 752
Net operating assets/(liabilities)	2 135 182	2 004 900	125 291	12 535	10 901	21 674	(40 119)

HEADLINE EARNINGS

	Six months ended 30 November 2011 Unaudited R'000	Six months ended 30 November 2010 Unaudited R'000	Year ended 31 May 2011 Audited R'000
Profit attributable to equity holders of the parent	271 903	192 637	431 448
Net loss/(profit) on disposal of property, plant and equipment	41	—	(109)
Net profit on disposal of subsidiaries	—	—	(6 759)
Gain on remeasuring retained interest in Mexico due to loss of control	—	—	(143 365)
Impairment of intangible assets and property, plant and equipment	5 431	—	20 972
Impairment of goodwill	—	—	27 985
Impairment of available-for-sale financial asset	—	—	15 056
Foreign currency translation reserve reclassified to profit or loss	—	—	4 219
Headline earnings	277 375	192 637	349 447
Headline earnings per share (cents)	36,74	25,45	46,20
– From continuing operations	37,15	25,38	50,12
– From discontinued operations	(0,41)	0,07	(3,92)

COMMENTARY

FINANCIAL REVIEW

The financial results for the interim period ended 30 November 2011 reflected growth in revenue of 7%, an increase in gross profit margins from 6,00% to 6,38% and overhead growth limited to 6%.

Profitability was enhanced by a once off other income receipt of R79,4 million. The disclosure of the source and circumstance of the payment are prohibited by a confidentiality agreement.
EBITDA increased by 47% and net profit for the period increased by 41% to R272 million.

On the International front, the negative impact caused by the closure of the Africa Prepaid Services Nigeria operation manifested itself in a turnaround of a comparative profit contribution of R6,9 million to a negative contribution of R3,1 million in the current period. Ukash contributed an effective increase in profitability whilst Oxigen Services India ("Oxigen") and Blue Label Mexico continued to incur losses. A strong foundation in Mexico has been developed for an accelerated roll-out of point of sale devices through Grupo Bimbo's distribution capabilities. Financial inclusion services in India, are gaining momentum as an additional offering to the vast footprint that has been established by Oxigen.

Cash generated from operations amounted to R795 million. After the buy-back of Microsoft's 12% interest in the group for R391 million, a dividend payment of R107 million and other finance and capital expenditure activities, cash resources increased to R2,3 billion.

The statement of financial position reflecting accumulated equity of R3,1 billion, remains robust and liquid.

COMMENTARY *(continued)*

FINANCIAL OVERVIEW

- Revenues increased by 7% to R9,2 billion.
- Gross profit increased by R71 million to R590 million.
- Overheads were contained at 6% growth.
- EBITDA increased by 47% to R438 million which includes the once off income receipt of R79,4 million.
- Net finance income declined by R21 million.
- Net profit after tax and non-controlling interests from continuing operations increased by 43% to R275 million. Excluding the once off income receipt of R79,4 million, the increase was 7%.
- Headline earnings per share increased by 44% from 25,45 cents to 36,74 cents per share. Excluding the once off income receipt of R79,4 million, the growth was 8%.
- NAV per share increased from 388,90 cents per share to 413,69 cents per share.

BASIS OF PREPARATION

The condensed consolidated interim financial information has been 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 condensed consolidated interim financial information has been prepared in accordance with International Financial Reporting Standards ("ÏFRS") and the requirements of the Companies Act of South Africa.

The condensed consolidated interim financial information is prepared in accordance with the going concern principle, under the historical cost basis, as modified by the revaluation of certain assets and liabilities where required or elected in terms of IFRS. The accounting policies and methods of computation are consistent with those applied in the annual financial statements for the year ended 31 May 2011, 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. These standards have not had a significant impact on the interim financial information.

In addition, the group uses core net profit as a non-IFRS measure in evaluating the group's performance. This supplements the IFRS measures. 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.

The results have not been reviewed or audited for the period ended 30 November 2011.

SEGMENTAL REPORT

SOUTH AFRICAN DISTRIBUTION SEGMENT

	Unaudited 2011 R'000	Unaudited 2010 R'000	Growth R'000	Growth
Revenue	**9 088 819**	8 519 296	569 523	7%
Gross profit	**503 402**	442 619	60 783	14%
EBITDA	**394 357**	346 171	48 186	14%
Core net profit	**304 362**	286 650	17 712	6%
Gross profit margin	**5,54%**	5,20%		
EBITDA margin	**4,34%**	4,06%		

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. The increase in revenue was predominantly volume driven in all of these components.

Commissions earned on the distribution of prepaid electricity amounted to R41 million (2010: R30 million) for the period, equating to revenue of R2,7 billion (2010: R1,5 billion) on behalf of the utilities.

Gross profit

Gross profit increased by R61 million (14%). The margin increase from 5,20% to 5,54% was after IFRS adjustment requirements. Excluding the effect of this adjustment, margins decreased from 5,30% to 5,24% compared to 5,09% for the year ended 31 May 2011.

The percentage margin contributions relating to prepaid electricity commissions, included in revenue net of costs, were 0,34% and 0,43% for November 2010 and November 2011 respectively and 0,34% for the year ended 31 May 2011.

EBITDA

The growth in EBITDA of 14% was inclusive of the effects of IFRS adjustments. On exclusion of these adjustments in both the comparative and current period, a more representative growth of R13 million is achieved, which would equate to a 3% growth.

INTERNATIONAL DISTRIBUTION SEGMENT

	Unaudited 2011 R'000	Unaudited 2010 R'000	Growth R'000	Growth
Revenue	**14 331**	13 477	854	6%
Gross profit	**3 488**	3 964	(476)	(12%)
EBITDA	**2 918**	(4 069)	6 987	172%
Discontinued operations*	**(3 102)**	537	(3 639)	(678%)
Africa Prepaid Services Nigeria	**(3 102)**	6 877	(9 979)	(145%)
Blue Label Mexico	**—**	(6 340)	6 340	—
Share of (losses)/profits from associates and joint ventures	**(11 008)**	1 336	(12 344)	(924%)
Ukash	**2 274**	3 308	(1 034)	(31%)
Oxigen Services India	**(4 399)**	(1 972)	(2 427)	(123%)
Blue Label Mexico	**(8 464)**	—	(8 464)	—
Other	**(419)**	—	(419)	—
Core net loss from continuing operations	**(11 296)**	(4 772)	(6 524)	(137%)
– Equity holders of the parent	**(6 510)**	(2 553)	(3 957)	(155%)
– Non-controlling interests	**(4 786)**	(2 219)	(2 567)	116%
Core net loss from discontinued operations	**(12 064)**	1 439	(13 503)	(938%)
– Equity holders of the parent	**(3 102)**	537	(3 639)	(678%)
– Non-controlling interests	**(8 962)**	902	(9 864)	1 094%

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

Revenue, gross profit and EBITDA pertain mainly to Sharedphone International, Africa Prepaid Services SA and Gold Label Investments. The positive turnaround of R7 million at EBITDA level was mainly representative of foreign exchange gains in Gold Label Investments.

Discontinued operations

The assets and liabilities of Africa Prepaid Services Nigeria were disposed of in the current interim financial period, in line with the group's commitment at 31 May 2011. IFRS requires treatment of its financial performance to be reflected as a discontinued operation, with comparatives restated.
The Multi-links contract was cancelled in November 2010 with the result that the share of losses incurred in the current period, were confined to expenditure relating to the winding down of the operation.

The dilution from a 70% shareholding in Blue Label Mexico to a minority stake of 40% required the group's share of losses of R6,3 million to be reflected as a discontinued operation in the comparative period. The current share of losses of R8,5 million is reflected as a joint venture which is equity accounted for. The increased losses were attributable to expansionary expenditure in support of a concerted drive in the roll-out of point of sale devices in conjunction with Grupo Bimbo.

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

Oxigen Services India

BLT's share of losses increased from R2 million to R4.4 million which were exacerbated by its increase in shareholding from 37,22% to 55,83%.

Although revenue increased by 52% at consistent margins, increased overheads relating to the implementation of a financial services offering onto the existing footprint eroded its performance in the short term.

Ukash

Ukash continues to increase profitability exponentially, both through volume growth and increases in average revenue per users. The prior period included the recognition of a deferred tax asset, of which the group's share amounted to R3,7 million. On a comparative basis, the current share of earnings of R2,3 million, whilst reflecting a decline of R1 million, collates to a growth in share of profit of R2,7 million on elimination of the extraneous credit pertaining to the deferred tax asset.

MOBILE SEGMENT

	Unaudited 2011 R'000	Unaudited 2010 R'000	Growth R'000	Growth
Revenue	**44 725**	41 876	2 849	7%
Gross profit	**33 345**	35 178	(1 833)	(5%)
EBITDA	**89 946**	13 070	76 876	588%
Core net profit	**74 781**	5 274	69 507	1 318%

This segment comprises Cellfind, Blue Label One and Content Connect Africa.

Positive contributions by Cellfind's location-based services and media revenue generated by Blue Label One, were suppressed at gross profit level due to a decline in Content Connect Africa.

EBITDA and core net profit was inclusive of the once off income receipt.

SOLUTIONS SEGMENT

	Unaudited 2011 R'000	Unaudited 2010 R'000	Growth R'000	Growth
Revenue	**93 047**	61 228	31 819	52%
Gross profit	**44 503**	31 037	13 466	43%
EBITDA	**24 186**	12 388	11 798	95%
Core net profit	**13 696**	7 449	6 247	84%

The Solutions segment houses the Datacel group which operates call centres and provides data and lead generation services. The improvements in the call centre operations and the constant growth in data accumulation have clearly manifested themselves in growth at all levels.

TECHNOLOGY SEGMENT

	Unaudited 2011 R'000	Unaudited 2010 R'000	Growth R'000	Growth
Revenue	**8 255**	7 677	578	8%
Gross profit	**4 994**	6 108	(1 114)	(18%)
EBITDA	**(34 564)**	(27 939)	(6 625)	(24%)
Core net loss	**(44 645)**	(37 737)	(6 908)	(18%)

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

	Unaudited 2011 R'000	Unaudited 2010 R'000	Growth R'000	Growth
EBITDA	**(38 573)**	(40 771)	2 198	5%
Core net loss	**(56 442)**	(53 240)	(3 202)	(6%)

Core net losses increased in spite of a decline in corporate expenditure by R2 million.

DEPRECIATION, AMORTISATION AND IMPAIRMENT

A hybrid of the expiration of the useful life and the non-amortisation on historically impaired intangible assets, offset by impairments of R7,5 million on point of sale devices.

NET FINANCE INCOME

Finance costs

Finance costs totalled R75 million, of which R3 million related to interest paid on borrowed funds and R72 million to imputed IFRS interest adjustments on credit received from suppliers. On a comparative basis the imputed IFRS interest adjustment was R33 million and interest on borrowed funds R4 million.

Finance income

Finance income totalled R86 million of which R32 million was interest received on cash resources and R54 million IFRS adjustments. These adjustments increased by R13 million due to the affordance of additional credit to customers.

STATEMENT OF FINANCIAL POSITION

Total assets increased by R634 million to R5,7 billion during the six months ended 30 November 2011. Material increases included the purchase of starter pack bases for R121 million, additional funding of R74 million relating to the increase in shareholding in Oxigen and a prepayment of R391 million for the purchase of Microsoft's 12% shareholding in the group.

During the current period, stock levels were reduced by R345 million equating to an average inventory holding of 14 days. This stock turn was still in excess of historical averages of 12 days, due to inventory being bolstered in November in order to cater for the festive season.

Debtors collection period averaged 24 days and creditors payment terms averaged 49 days.

STATEMENT OF CASH FLOWS

Cash flow of R795 million generated from operating activities was applied to the funding for the additional shareholding in Oxigen, the acquisition of starter pack bases, the prepayment for Microsoft's 12% shareholding in the group and a dividend payment of R107 million.

The net increase in cash on hand of R72 million accumulated cash resources to R2,3 billion at 30 November 2011.

FORFEITABLE SHARE SCHEME

Forfeitable shares totalling 4 836 611 (2010: 5 532 192) were issued to qualifying employees. 910,093 (2010: 219,616) shares were forfeited during the period and no shares vested during the current period (2010: 466 875).

PROSPECTS

Continued focus on the marketing and distribution of prepaid starter packs is expected to compound existing annuity revenues.

Commissions generated from prepaid electricity sales on behalf of utilities are expected to continue to increase both organically and through contracts with additional electricity providers. Consumer awareness of this payment mechanism is becoming more prevalent in this arena.

The mobile segment is expected to compound its advertising revenue on bulk printed prepaid vouchers and point of sale receipt vouchers, following its sound entry into this space during the reporting period.

The distribution capabilities of Grupo Bimbo, the largest bakery in the world and a 40% shareholder in Blue Label Mexico, is expected to filter down to a significant gain in the momentum of the roll-out of point of sale devices. Since the commencement of this strategic alliance with them in March 2011, the roll-out of point of sale devices has increased at an exponential rate.

Oxigen has developed a robust foundation and is poised to embark on an aggressive foot print expansion which will incorporate banking services that will service the vast unbanked population in India. This initiative will be implemented through associations with several banks in India, including State Bank of India, the largest bank in that country.

The strategic alliance established with Mobilitrix, is expected to accelerate growth in loyalty and mobile couponing services in order to strengthen customer retention and incentive capabilities. This will be supported by the best of breed technology, providing an end-to-end mobile reward service to retailers, manufactures and media companies.

SUBSEQUENT EVENTS

In January 2012, 100% of Multiserve (Pty) Ltd was purchased with the objective of utilising their 169 stores located nationally as a platform for Blue Label's strategy of marketing its products and services on a retail basis.

Blue Label's 50,1% shareholding in Sharedphone International (Pty) Ltd was disposed of in January 2012. The decision to dispose of this interest was in line with its decline in revenue as a result the demise of its competitive edge that it historically had over community pay phones.

APPRECIATION

The board of Blue Label Telecoms would 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	**BM Levy and MS Levy**	**DB Rivkind***	
Chairman	Joint Chief Executive Officers	Financial Director	21 February 2012

**Supervised preparation of the group financial statements.*

Directors: LM Nestadt (Chairman)*, BM Levy, MS Levy, K Ellerine*, GD Harlow*, NN Lazarus SC*, JS Mthimunye*, MV Pamensky, DB Rivkind, J Vilakazi* (*Non-executive)
Company Secretary: E Viljoen **Sponsor:** Investec Bank Limited

Blue Label Telecoms Limited
(Incorporated in the Republic of South Africa)
(Registration number 2006/022679/06)
JSE Share code: BLU ISIN: ZAE000109088
("Blue Label" or "BLT" or "the company" or "the group")

BASTION GRAPHICS