



- ↑ Increase in gross profit of **R78 million to R1,35 billion**
 - ↑ Increase in gross profit margins from **6,70% to 6,96%**
 - ↑ Increase in EBITDA of **10% to R788 million**
 - ↑ Increase in headline earnings of **6% to R451 million**
 - ↑ Increase in headline earnings per share of **6% to 67,98 cents**
 - ↑ Increase in dividend per share of **8% to 27 cents**
- Cash flows from operating activities **R907 million**

Short-form results for the year ended 31 May 2014

Commentary

EBITDA increased by 10% to R788 million, emanating from revenue growth of 2% to R19,4 billion, an increase in gross profit margins of 0,26% and limiting additional overheads to 3%. Earnings per share and headline earnings per share increased by 6% to 67,88 cents and 67,98 cents respectively.

Revenue generated on "pinless top ups" increased from R997 million to R1,7 billion. As only the commission thereon is accounted for, the effective growth in Group revenue equated to 6%.

The gross profit margin increase was mainly attributable to the application of cash resources to bulk inventory purchases at favourable rebates and early supply settlement discounts. Further growth was attributable to increases in commissions earned on the distribution of prepaid electricity, with turnover generated on behalf of the utilities, escalating to R8,8 billion.

The share of net losses of R57 million from associates and joint ventures, was mainly attributable to Blue Label Mexico, negatively impacting headline earnings by 9 cents per share. Expenditure incurred by Blue Label Mexico on the roll out of point of sale devices on a national scale is in line with its strategy to enhance its product and service offerings, the benefits of which are expected to materialise in the future.

In April 2014, the Group acquired Retail Mobile Credit Specialists Proprietary Limited, ("RMCS"), an enhanced service provider of telecommunication products and services, content, data and allied activities, via physical and virtual mediums. This acquisition will afford the Group access to new channels for the distribution of both RMCS and Blue Label products and services.

Cash resources accumulated to R1,2 billion of which R907 million was generated from operating activities.

PROSPECTS

The recent acquisitions of RMCS and Via Media Proprietary Limited will enhance Group profitability and will afford the Group access to new channels of distribution.

The Group's propensity to generate positive cash flows from operating activities will facilitate opportunities both on an acquisitive and trading basis as well as the distribution of dividends to shareholders.

The growth in prepaid electricity meter roll-outs, is likely to continue and improve future Group revenue.

TicketPros, a ticketing provider and proud partner of premium sporting events in South Africa, continues to expand its service offering to a myriad of events and activities.

The Group's distribution footprint is perfectly positioned to offer a money transfer solution that provides reach across all sectors of the South African economic landscape. Accessibility and convenience are the driving factors in our goal to fulfil the needs of consumers.

Oxigen Services India's mobile wallet, which facilitates instant money transfers, is expected to gain momentum, given its monthly compounded growth that was evident towards the end of the financial year. Its historical investment in infrastructure has created a solid foundation and credibility with banks, to enable it to provide high volume services of this nature.

Blue Label Mexico will continue with the objectives of expanding its footprint and increasing the range of its product and service offerings.

SHORT-FORM ANNOUNCEMENT

This short-form announcement is the responsibility of the directors of the Company. This short-form announcement is based on an extract of the audited summarised Group annual financial statements released on SENS on 20 August 2014, and does not contain full or complete details.

Any investment decision by investors and/or shareholders should be based on consideration of the full SENS announcement and audited annual consolidated financial statements.

These are available for inspection at the registered offices of the Company and on the Company's website (www.bluelabeltelecoms.co.za) at no charge.

For and on behalf of the board

LM Nestadt Chairman
BM Levy and MS Levy Joint Chief Executive Officers
DA Suntu CA(SA)* Financial Director

19 August 2014

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

DIVIDEND NO 5

The Group's current dividend policy is to declare an annual dividend. On 19 August 2014, the board approved a gross ordinary dividend (number 5) of 27 cents per ordinary share (22,95 cents per ordinary share net of dividend withholding tax) for the year ended 31 May 2014. This dividend of R182 117 441, inclusive of withholding tax, equates to a 2,48 cover on headline earnings. The dividend for the year ended 31 May 2014 has not been recognised in the financial statements as it was declared after this date.

The dividend has been declared from income reserves. The Company has no secondary tax on companies credits available. The issued share capital at the declaration date was 674 509 042 ordinary shares. The Company's income tax reference number is 9062246179.

The salient dates are as follows:

| | |
|-------------------------------------|---------------------------|
| Last date to trade cum dividend | Friday, 5 September 2014 |
| Shares commence trading ex dividend | Monday, 8 September 2014 |
| Record date | Friday, 12 September 2014 |
| Payment of dividend | Monday, 15 September 2014 |

Share certificates may not be dematerialised or rematerialised between Monday, 8 September and Friday, 12 September 2014, 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.

Dividend Tax is provided for at 15% of the amount of any dividend paid by Blue Label Telecoms, subject to certain exemptions. The Dividend 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.

Directors: LM Nestadt (Chairman)*, BM Levy, MS Levy, K Ellerine*, GD Harlow*, NN Lazarus SC*, JS Mthimunya*, MV Pamensky, DA Suntu, J Vilakazi* (*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: The Bank of New York, 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

