

BLU

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BLU - Blue Label Telecoms - Trading Update for the Year Ended 31 May 2009

Blue Label Telecoms Limited

(Incorporated in the Republic of South Africa)

(Registration number 2006/022679/06)

Share code: BLU & ISIN: ZAE000109088

(Blue Label or the group)

Trading update for the year ended 31 May 2009

In accordance with paragraph 3.4(b) of the Listing Requirements of the JSE Limited, shareholders of Blue Label are advised that the group anticipates:-

growth on pro forma earnings for the year ended 31 May 2008 as follows:

- core earnings per share of between 12% and 17%
- earnings per share of between 41% and 48%
- headline earnings per share of between 44% and 51%

growth on actual earnings for the same period as follows:

- core earnings per share of between 18% and 24%
- earnings per share of between 62% and 70%
- headline earnings per share of between 66% and 74%

The pro forma earnings for the period ended 31 May 2008 represent Blue Label's performance as if the group's restructuring and the capital raised on listing took effect from 1 June 2007;

Core earnings reflect the true measure of the group's performance. Historical core earnings reflect the adjustments in respect of non-recurring expenditure arising from the listing and the amortisation of intangible assets. The current year's core earnings represent the actual earnings of the group after adjusting for the amortisation of intangible assets only.

The increase in Blue Label's core earnings was achieved through organic growth attributable to the following:

- growth in local and international revenue due to increased market penetration;
- increased revenue attributable to an expansion in the range of secure electronic tokens of value and other services;
- increased revenue from annuity income streams;
- economies of scale derived from strategic and operational integration.

The growth in earnings was achieved notwithstanding a substantial increase in budgeted expenditure focused on technological development and the introduction of additional products and services, which will enhance the distribution capabilities of the group for future growth.

The financial information referred to above is set out in the table hereunder:

|  | 31 May 2008 | 31 May 2009                          | % increase                        |
|--|-------------|--------------------------------------|-----------------------------------|
| Comparison of 31 May 2008 pro forma earnings to 31 May 2009 trading update range | pro forma   | Trading Update Range (A)             | to 31 May 2008 pro forma results  |
| Core earnings R`million  | 371         | 416 - 434                            | 12 - 17                           |
| Earnings R`million   | 269         | 379 - 397                            | 41 - 48                           |
| Headline earnings R`million  | 267         | 384 - 402                            | 44 - 51                           |
| Core EPS cents   | 48.40       | 54.16 - 56.83                        | 12 - 17                           |
| EPS cents  | 35.16       | 49.66 - 52.03                        | 41 - 48                           |
| HEPS cents   | 34.86       | 50.32 - 52.69                        | 44 - 51                           |
| Comparison of 31 May 2008 actual earnings to 31 May 2009 trading update range    | 31 May 2008 | 31 May 2009 Trading Update Range (A) | % increase to 31 May 2008 results |
| Core earnings R`million  | 270         | 416 - 434                            | 54 - 61                           |
| Earnings R`million   | 181         | 379 - 397                            | 109 - 119                         |
| Headline earnings R`million  | 179         | 384 - 402                            | 115 - 125                         |
| Core EPS cents   | 45.81       | 54.16 - 56.83                        | 18 - 24                           |
| EPS cents  | 30.65       | 49.66 - 52.03                        | 62 - 70                           |
| HEPS cents   | 30.26       | 50.32 - 52.69                        | 66 - 74                           |

A - This represents the expected range in net profit after tax attributable to equity holders for the year ended 31 May 2009. Blue Label Telecoms` financial results for the year ended 31 May 2009 are expected to be announced on or about 26 August 2009. This trading statement has not been reviewed or reported on by the group`s external auditors.

12 August 2009

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