

Blue Label Interim Sens txt

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")
Unaudited results for the half year ended 30 November 2014

HIGHLIGHTS

- Increase in revenue of 14% to R10.3 billion
 - Increase in gross profit of 11% to R788 million
 - Increase in gross profit margins from 7.48% to 7.62%*
 - Increase in EBITDA of 20% to R516 million
 - Increase in headline earnings per share of 15% to 42.73 cents
 - Increase in core earnings per share of 17% to 44.47 cents
- *Excluding imputed IFRS interest adjustments.

COMMENTARY

Headline earnings per share increased by 15% to 42.73 cents. This growth was achieved in spite of the Group's share of losses in Blue Label Mexico increasing by R14.5 million, negatively impacting on growth in headline earnings per share by 2.17 cents.

The growth in earnings was primarily attributable to increases in revenue of 14%, gross profit of 11% and EBITDA of 20%. Gross profit margins increased from 7.48% to 7.62% on exclusion of imputed IFRS interest adjustments. The growth in margins was achieved through the efficient application of cash resources to bulk inventory purchases at favourable discounts, early settlement supplier discounts, an increase in commissions earned on the distribution of prepaid electricity and compounding annuity income.

The South African distribution segment continues to be the predominant contributor to Group profitability through the expansion of its offerings into its multitude of distribution channels. It is a reliable aggregator for several suppliers, supported by a responsive service. Its reputation continues to be one of trust and reliability.

The recently acquired Retail Mobile Credit Specialists (RMCS) and Viamedia, both performed according to expectations in enhancing Group profitability.

The secure and safe banking and financial services provided by Oxigen Services India, continue to gain momentum with deposits reaching USD2.7 million per day at the interim stage. It has become the largest provider in India of domestic money remittances on the Interbank Mobile Payment Service network, a platform provided by the National Payments Corporation of India.

BASIS OF PREPARATION

The condensed consolidated interim financial statements have been prepared in accordance with 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 condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act of South Africa.

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These condensed consolidated interim financial statements have been prepared in accordance with the going concern principle, under the historical cost convention, except for certain financial and equity investments which have been measured at fair value. The accounting policies and methods of computation are consistent with those applied in the annual financial statements for the year ended 31 May 2014 and with those applied in the previous condensed consolidated interim 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 1 to the consolidated annual financial statements for the year ended 31 May 2014. These standards have not had a significant impact on the interim financial statements.

We aim to provide stakeholders with the same additional information that management uses to evaluate the performance of the Group's operations.

Accordingly, we make reference to gross profit, as well as operating profit before depreciation, amortisation and impairment charges (EBITDA) excluding imputed IFRS interest adjustments.

In addition, the Group applies 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 2014.

SEGMENTAL REPORT

South African distribution

	Unaudited 30 November 2014	Unaudited 30 November 2013	Growth	
	R'000	R'000	R'000	Growth
Revenue	10 157 038	8 923 465	1 233 573	14%
Gross profit	696 195	621 463	74 732	12%
EBITDA	507 718	448 264	59 454	13%
Core net profit	347 668	307 835	39 833	13%
Gross profit margin	6.85%	6.96%		
EBITDA margin	5.00%	5.02%		

The increase in revenue by 14% was predominantly achieved through access to additional channels of distribution. Revenue generated on "PINless top-ups" increased by R468 million from R721 million to R1.189 billion. As only the commission earned thereon is accounted for, the effective growth in Group revenue equated to 18%.

Net commissions earned on the distribution of prepaid electricity increased by R12 million to R79 million (18%) on revenue of R5.3 billion generated on behalf of the utilities.

The gross profit increase of 12% was achieved after inclusion of imputed IFRS interest adjustments. On exclusion of these adjustments for the current period and the comparative period, gross

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profit increased by R107 million, equating to an effective growth of 18%. Similarly the impact on gross profit margins on exclusion of imputed IFRS interest adjustments equated to a growth from 6.62% to 6.85%.

The growth in EBITDA of 13% was inclusive of the effects of imputed IFRS interest adjustments. On exclusion of these adjustments, a more representative growth of R92 million was achieved, equating to a 22% growth, with EBITDA margins increasing from 4.69% to 5.01%.

Core net profit increased by 13% after an increase in finance costs and non-controlling interests. The increase in finance costs was congruent with the application of cash resources to acquisitions, dividends paid, bulk purchasing transactions and early settlement discounts.

International distribution

	Unaudited 30 November 2014	Unaudited 30 November 2013	Growth
	R'000	R'000	R'000
Growth			
EBITDA	(4 511)	(9 790)	5 279
54%			
Share of (losses)/profits from associates and joint ventures (39%)	(42 128)	(30 285)	(11 843)
- Ukash	7 379	6 937	442
6%			
- Oxigen Services India	(666)	(3 537)	2 871
81%			
- Blue Label Mexico	(45 194)	(30 709)	(14 485)
(47%)			
- Other	(3 647)	(2 976)	(671)
(23%)			
Core net loss	(45 881)	(37 809)	(8 072)
(21%)			
- Equity holders of the parent	(39 666)	(30 132)	(9 534)
(32%)			
- Non-controlling interests	(6 215)	(7 677)	1 462
19%			

The positive movement in EBITDA of R5.3 million was mainly attributable to a decline in expenditure on legal fees from R10.5 million to R7.3 million incurred by Africa Prepaid Services Nigeria (APSN) and a decline in employee costs by R1.4 million. These costs will not perpetuate as the litigation has been settled.

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

Ukash

The Group's share of profits in Ukash, after the amortisation of intangible assets, increased by 6% from R6.9 million to R7.4 million. During November 2014, an agreement was signed whereby Blue Label Telecoms will dispose of its interests in Ukash. Completion of the transaction will take place after receipt of the necessary regulatory approvals.

Oxigen Services India

The Group's share of losses declined from R3.5 million to R0.7 million, after the amortisation of intangible assets of R0.7 million. This positive turnaround was attributable to increases in revenue by 16% and gross profit by 36%.

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reported in their local currency.

The benefits of Oxigen Services India's defined strategy of becoming India's first non banked mobile wallet that empowers the unbanked masses to instantly transfer and receive cash across the entire country are clearly evident in its turnaround into profitability. This has been primarily due to its shift in strategy to a focus on money transfer services without detracting from its airtime sales.

Daily money transfer deposits have increased from USD1.2 million per day in the comparative period to USD2.7 million per day in this reporting period, increasing exponentially through its connectivity with the National Payment Corporation of India.

Blue Label Mexico

In the comparative period, Blue Label Mexico incurred losses of R67 million, inclusive of a subsidy receipt of R32 million from trade partners. The Group's share of losses in the comparative period equated to R31 million after the amortisation of intangible assets. In the current period, Blue Label Mexico's losses increased to an equivalent of R95 million, of which R5 million was attributable to negative foreign exchange movements. The Group's share of losses equated to R45 million of which R2 million pertained to these foreign exchange movements.

In spite of revenue increasing by 20%, the main reasons for further losses were attributable to continued margin compression and an increase in overhead costs. The increase in overheads was necessitated by a continued roll out of point of sale devices as well as ancillary support services.

Although Blue Label Mexico has made significant progress in establishing points of presence, as well as strategic alliances with all Telco networks, VISA, Banamex and various FMCG suppliers, the benefits of these initiatives are only expected to manifest themselves in the future.

Mobile

	Unaudited 30 November 2014	Unaudited 30 November 2013	Growth	
	R'000	R'000	R'000	Growth
Revenue	95 248	80 749	14 499	18%
Gross profit	61 138	56 436	4 702	8%
EBITDA	20 241	18 927	1 314	7%
Core net profit	11 951	14 172	(2 221)	(16%)

This segment comprises Cellfind, Panacea Mobile, Blue Label Engage, Blue Label One, Simigenix and the recently acquired Viamedia.

Viamedia, which was acquired with effect from 1 September 2014, together with Blue Label One made positive contributions to growth in revenue, EBITDA and core net profit.

Their contributions to EBITDA growth were R15.6 million and R6 million respectively. Their combined contributions were offset by negative growth in EBITDA of R20 million in the balance of the companies comprising this segment. Margin compression on bulk SMS distribution by Cellfind and Panacea was the main factor causing their negative contributions to growth.

At core net profit level, positive contributions to growth by Viamedia of R8.5

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million and Blue Label One by R4.4 million were negated by net negative growth contributions of R15.1 million by the balance of the companies comprising this segment.

Solutions

	Unaudited 30 November 2014	Unaudited 30 November 2013	Growth	Growth
	R'000	R'000	R'000	
Revenue	75 106	74 808	298	0%
Gross profit	30 451	32 166	(1 715)	(5%)
EBITDA	18 122	17 264	858	5%
Core net profit	7 770	9 257	(1 487)	(16%)

The Solutions segment houses Blue Label Data Solutions (BLDS), Forensic Intelligence Data Solutions, Datacision, Blue Label Call Centre, Velociti and CNS Call Centres. BLDS contributed R14.5 million to EBITDA and R7 million to core net profit.

Corporate

	Unaudited 30 November 2014	Unaudited 30 November 2013	Growth	Growth
	R'000	R'000	R'000	
EBITDA	(25 607)	(43 201)	17 594	41%
Core net loss	(32 200)	(50 054)	17 854	36%

The decline in negative EBITDA and core net loss was primarily attributable to a once-off income receipt.

Depreciation, amortisation and impairment charges

Depreciation, amortisation and impairment charges increased by R12.1 million of which R10 million pertained to the amortisation of intangible assets emanating from the acquisitions of RMCS and Viamedia.

Net finance costs

Finance costs

Finance costs totalled R100 million, of which R29 million related to interest paid on borrowed funds and R71 million to imputed IFRS interest adjustments on credit received from suppliers. On a comparative basis, interest paid on borrowed funds was R7 million and the imputed IFRS interest adjustment equated to R74 million. Interest paid on borrowed funds was attributable to the cost of financing bulk inventory purchase transactions and early settlement payments attracting discounts, for which facilities were utilised and repaid during the current period.

Finance income

Finance income totalled R91 million, of which R15 million was attributable to interest received on cash resources and R76 million to imputed IFRS interest adjustments. On a comparative basis, interest received on cash resources amounted to R16 million and the imputed IFRS interest adjustment to R54 million. The decline in interest received was attributable to the utilisation of funds on hand for the payment of dividends, acquisitions, bulk inventory purchase transactions and early settlement discounts.

Statement of financial position

Total assets increased by R384 million to R6.9 billion, of which growth in non-current assets accounted for R332

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million and current assets for R53 million.

The increase in non-current assets was mainly attributable to a net growth in intangible assets and goodwill totalling R324 million, to capital expenditure net of depreciation of R13 million and to investment in associates and joint ventures of R21 million.

The increase in intangible assets and goodwill mainly related to the acquisition of Viamedia, of which goodwill equated to R193 million and intangibles R135 million. A further R58 million was incurred for the purchase of software, starter pack bases and a distribution channel. Amortisation of intangibles amounted to R63 million.

The increase in investment in associates and joint ventures was predominantly due to an additional R50 million capital contribution to Blue Label Mexico, movement in loans of R15 million, comprising of interest capitalised of R6 million and unrealised foreign exchange gains of R9 million. These increases were off-set by a share of net losses incurred of R43 million and a negative impact of R1 million in foreign currency translation reserves.

The net increase in current assets mainly comprised an increase in accounts receivable of R312 million and an increase in inventories of R529 million congruent with bulk inventory purchases. Cash resources declined by R796 million in line with the application of cash to fund the increase in assets and payment of dividends.

Although the stock turn increased from 26 days at year end to 35 days in the short term, the discount afforded thereon justified this additional inventory holding.

The debtors collection period, equating to 40 days at year end, increased to 44 days at the interim stage.

The net profit attributable to equity holders of R284 million, less a dividend of R182 million, resulted in retained earnings accumulating to R2.3 billion.

Trade and other payables increased by R220 million with credit terms averaging 59 days.

Statement of cash flows

Investment in excess inventory resulted in a negative cash generation of R304 million from operating activities. The nature of inventory is one of a highly liquid commodity.

R287 million was applied to investing activities, of which R50 million related to the additional investment in Blue Label Mexico, R144 million to the acquisition of Viamedia, R59 million to the purchase of intangible assets, R32 million to capital expenditure and R5 million to loans granted.

After applying R19 million to the acquisition of treasury shares and a dividend payment of R185 million to shareholders and non-controlling interests, the balance of cash on hand amounted to R388 million.

Forfeitable share scheme

Forfeitable shares totalling 3 124 234 (2013: 3 014 847) were issued to qualifying employees. During the period 6 084 (2013: 462 283) shares were forfeited and 3 819 408 (2013: 3 629 922) shares vested.

Litigation update

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The arbitration proceedings between APSN and the former subsidiary of Telkom SA SOC Limited (Telkom), Multi-Links Telecommunications Limited (Multi-Links) have been settled.

The litigation action in the High Court of South Africa between Telkom and Multi-Links, on the one hand, and Blue Label, Africa Prepaid Services, APSN and certain individuals, on the other, has been settled.

In terms of the settlement agreement all claims and counterclaims have been withdrawn and all of the parties have agreed that they will have no further claims against one another arising out of the disputes forming the subject of both the arbitration proceedings and the action, including any claims for costs.

Prospects

Oxigen Services India is poised to address the next stage of its growth cycle by increasing its share of domestic and international remittances. It is able to facilitate banking, money transfer transactions and instant payments within the convenient reach of people via secure proprietary technologies. As the considered pioneer in the establishment of a retail payment eco system based on GPRS point-of-sale devices, PCs and mobile phones, OSI is well placed to provide remittance capabilities to 450 000 unbanked villages in India.

TicketPros, a ticketing provider and proud partner of premium sporting events in South Africa, has expanded on its existing service channels of ticketing to concerts, music festivals, hospitality and transport. Proprietary technology facilitates the provision of a myriad of added benefits to ticket purchasers, which afford it a competitive edge in the market place.

Acquiring, which is the ability to process credit and debit card payments for products and services on behalf of merchants, is set to gain momentum as a result of the establishment of successful alliances with various financial institutions. This will enable consumers to transact at store level through the multitude of points of presence that Blue Label has deployed both locally and internationally.

The prevalence of prepaid water meters is following in the footsteps of the prepaid electricity model. Installation of meters by third parties, supported by state-of-the-art software, has enabled Blue Label to enter into the prepaid water arena. Vouchers can now be purchased by consumers at the multitude of points of presence that it has established. Existing relationships with several municipalities will enable it to replicate its prepaid electricity model, given the quality of service that it has provided them with on the prepaid electricity side to date.

Blue Label Mexico will continue to grow its points of presence network in pursuit of its strategy of enhancing its products and service offerings, including transactional revenue. As opposed to being confined to one network, it has taken the initiative of becoming a multi-carrier which should enhance earnings.

Post balance sheet events

Subsequent to the period under review, The Prepaid Company concluded an agreement to acquire a starter pack base for an amount of R31 million.

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.

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For and on behalf of the board
 LM Nestadt BM Levy and MS Levy DA Suntup*
 CA(SA)
 Chairman Joint Chief Executive Officers Financial
 Director
 17 February 2015
 * Supervised the preparation of the Group's interim results.

CONDENSED GROUP STATEMENT OF FINANCIAL POSITION

November	31 May	30 November	30
2013	2014	2014	
Unaudited	Audited	Unaudited	
As at		R'000	
R'000	R'000		
ASSETS			
Non-current assets		2 129 839	1 442
960	1 798 307		
Property, plant and equipment		109 943	98
212	97 200		
Intangible assets and goodwill		1 329 638	741
587	1 005 934		
Investment in and loans to associates and joint ventures		619 505	584
547	598 109		
Loans receivable		15 700	1
000	18 501		
Starter pack assets		3 068	2
601	2 307		
Trade and other receivables		31 993	
-	51 604		
Deferred taxation assets		19 992	15
013	24 652		
Current assets		4 757 180	4 745
750	4 704 580		
Inventories		1 835 020	1 522
557	1 306 206		
Loans receivable		33 938	29
837	27 850		
Starter pack assets		1 364	1
127	1 010		
Trade and other receivables		2 494 016	1 890
102	2 181 973		
Current tax assets		4 496	1
564	3 410		
Cash and cash equivalents		388 346	1 300
563	1 184 131		
Total assets		6 887 019	6 188
710	6 502 887		
EQUITY AND LIABILITIES			
Capital and reserves		3 648 620	3 307
542	3 523 989		
Share capital, share premium and treasury shares		3 943 889	3 945
833	3 945 832		
Restructuring reserve		(1 843 912)	(1 843)
912)	(1 843 912)		
Other reserves		139 834	121
245	138 798		
Share-based payment reserve		31 976	31

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865	33 660		
Transaction with non-controlling interest reserve		(957 230)	(939)
314)	(957 230)		
Retained earnings		2 324 960	2 018
815	2 222 685		
Non-controlling interest		9 103	(26
990)	(15 844)		
Non-current liabilities		113 746	19
912	92 400		
Deferred taxation liabilities		83 912	19
912	41 510		
Trade and other payables		29 649	
-	50 178		
Provisions		185	
-	712		
Current liabilities		3 124 653	2 861
256	2 886 498		
Trade and other payables		3 059 540	2 824
554	2 818 898		
Provisions		25 362	16
181	23 777		
Current tax liabilities		13 944	5
662	28 733		
Current portion of interest-bearing borrowings		2 805	2
842	2 653		
Current portion of non-interest-bearing borrowings		23 002	12
017	12 437		
Total equity and liabilities		6 887 019	6 188
710	6 502 887		

CONDENSED GROUP STATEMENT OF COMPREHENSIVE INCOME

Six months ended	Year ended	Six months ended
30 November 2013	31 May 2014	30 November 2014
Unaudited	Audited	Unaudited
R'000	R'000	R'000
Revenue		10 327 392
9 079 022	19 401 666	
Other income		36 821
5 398	26 692	
Change in inventories of finished goods		(9 539 608)
(8 368 957)	(18 052 132)	
Employee compensation and benefit expense		(187 677)
(163 178)	(332 542)	
Depreciation, amortisation and impairment charges		(46 479)
(34 357)	(65 137)	
Other expenses		(120 965)
(120 821)	(255 691)	
Operating profit		469 484
397 107	722 856	
Finance costs		(99 666)
(80 683)	(166 876)	
Finance income		90 732
70 088	156 250	

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Share of loss from associates and joint ventures		(42 629)
(29 779)	(56 873)	
Profit for the period before taxation		417 921
356 733	655 357	
Taxation		(133 457)
(113 404)	(206 442)	
Net profit for the period		284 464
243 329	448 915	
Other comprehensive income:		
Exchange profits on translation of foreign operations		1 317
8 105	25 637	
Other comprehensive income for the period, net of tax		1 317
8 105	25 637	
Total comprehensive income for the period		285 781
251 434	474 552	
Net profit for the period attributable to:		284 464
243 329	448 915	
Equity holders of the parent		284 392
246 360	450 230	
Non-controlling interest		72
(3 031)	(1 315)	
Total comprehensive income for the period attributable to:		285 781
251 434	474 552	
Equity holders of the parent		285 428
254 466	475 889	
Non-controlling interest		353
(3 032)	(1 337)	
Earnings per share for profit attributable to equity holders (cents)		
Basic earnings per share		42.79
37.17	67.88	
Diluted earnings per share**		41.87
36.66	66.86	
Headline earnings per share		42.73
37.15	67.98	
Diluted headline earnings per share**		41.82
36.63	66.96	
Dividend per share		27.00
25.00	25.00	
Weighted average number of shares		664 598 720
662 703 861	663 298 476	
Diluted weighted average number of shares		670 493 760
672 014 932	672 311 571	
Number of shares in issue		674 509 042
674 509 042	674 509 042	
Reconciliation between net profit and core net profit for the period:		
Net profit for the period attributable to equity holders of the parent		284 392
246 360	450 230	
Amortisation on intangible assets raised through business combinations net of tax and net of non-controlling interest		11 131
4 718	10 372	
Core net profit for the period		295 523
251 078	460 602	
- Core earnings per share (cents)*		44.47
37.89	69.44	

* 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

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forfeitable share plan.

CONDENSED GROUP STATEMENT OF CHANGES IN EQUITY

capital,	Retained earnings	Restructuring reserve	Other reserves*	Share share premium and treasury shares
Unaudited Six months ended	Unaudited	Unaudited	Unaudited	Unaudited
R'000	R'000	R'000	R'000	R'000
Balance as at 1 June 2013	1 941 082	(1 843 912)	113 139	3 939 891
Net profit for the period	246 360	-	-	-
Other comprehensive income	-	-	8 106	-
Total comprehensive income/(loss)	246 360	-	8 106	-
Dividends paid	(168 627)	-	-	-
Treasury shares purchased	-	-	-	(11 120)
Equity compensation benefit scheme shares vested	-	-	-	17 062
Equity-based compensation movements	-	-	-	-
Transaction with non-controlling interest reserve movement	-	-	-	-
Non-controlling interests acquired during the period	-	-	-	-
Balance as at 30 November 2013	2 018 815	(1 843 912)	121 245	3 945 833
Balance as at 1 June 2014	2 222 685	(1 843 912)	138 798	3 945 832
Net profit for the period	284 392	-	-	-
Other comprehensive income	-	-	1 036	-
Total comprehensive income	284 392	-	1 036	-
Dividends paid	(182 117)	-	-	-
Treasury shares purchased	-	-	-	(19 130)
Equity compensation benefit scheme shares vested	-	-	-	17 187
Equity-based compensation movements	-	-	-	-
Non-controlling interests acquired during the period	-	-	-	-
Balance as at 30 November 2014	2 324 960	(1 843 912)	139 834	3 943 889

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Year ended	Audited	Audited	Audited	Audited
	R'000	R'000	R'000	R'000
Balance as at 1 June 2013	1 941 082	(1 843 912)	113 139	3 939 891
Net profit for the year	450 230	-	-	-
Other comprehensive profit	-	-	25 659	-
Total comprehensive income	450 230	-	25 659	-
Dividends paid	(168 627)	-	-	-
Treasury shares purchased	120)	-	-	(11
Equity compensation benefit scheme shares vested	-	-	-	17 061
Equity-based compensation movements	-	-	-	-
Share of equity movement in associates	-	-	-	-
Transaction with non-controlling interest reserve movement	-	-	-	-
Non-controlling interest movement	-	-	-	-
Balance as at 31 May 2014	2 222 685	(1 843 912)	138 798	3 945 832

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

** Includes employee compensation benefit reserve.

CONDENSED GROUP STATEMENT OF CHANGES IN EQUITY (continued)

Share-based	Non-	Total equity	Transaction with	
payment	controlling		non-controlling	
reserve**	interest		interest	
			reserve	
Unaudited	Unaudited	Unaudited	Unaudited	
Six months ended				
R'000	R'000	R'000	R'000	
Balance as at 1 June 2013	39 496	(15 718)	3 242 853	(931 125)
Net profit for the period	-	(3 031)	243 329	-
Other comprehensive income	-	(1)	8 105	-

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Total comprehensive income/(loss)	-	(3 032)	251 434	-
Dividends paid	-	-	(168 627)	-
Treasury shares purchased	-	-	(11 120)	-
Equity compensation benefit scheme shares vested	(16 715)	(347)	-	-
Equity-based compensation movements	9 084	108	9 192	-
Transaction with non-controlling interest reserve movement	-	-	(8 189)	(8 189)
Non-controlling interests acquired during the period	-	(8 001)	(8 001)	-
Balance as at 30 November 2013	31 865	(26 990)	3 307 542	(939 314)
Balance as at 1 June 2014	33 660	(15 844)	3 523 989	(957 230)
Net profit for the period	-	72	284 464	-
Other comprehensive income	-	281	1 317	-

Total comprehensive income	-	353	285 781	-
Dividends paid	-	(2 850)	(184 967)	-
Treasury shares purchased	-	-	(19 130)	-
Equity compensation benefit scheme shares vested	(16 947)	(240)	-	-
Equity-based compensation movements	15 263	273	15 536	-
Non-controlling interests acquired during the period	-	27 411	27 411	-
Balance as at 30 November 2014	31 976	9 103	3 648 620	(957 230)

Year ended	Audited	Audited	Audited	Audited
	R'000	R'000	R'000	R'000
Balance as at 1 June 2013	39 496	(15 718)	3 242 853	(931 125)
Net profit for the year	-	(1 315)	448 915	-
Other comprehensive profit	-	(22)	25 637	-

Total comprehensive income	-	(1 337)	474 552	-
Dividends paid	-	(1 805)	(170 432)	-
Treasury shares purchased	-	-	(11 120)	-
Equity compensation benefit scheme shares vested	(16 792)	(269)	-	-
Equity-based compensation movements	10 792	277	11 069	-
Share of equity movement in associates	164	-	164	-
Transaction with non-controlling interest reserve movement	-	-	-	(26 105)

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-	3 760	(22 345)	-
Non-controlling interest movement			
-	(752)	(752)	
Balance as at 31 May 2014			(957 230)
33 660	(15 844)	3 523 989	

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

** Includes employee compensation benefit reserve.

CONDENSED GROUP STATEMENT OF CASH FLOWS

Six months ended 30 November 2013	Year ended 31 May 2014	Six months ended 30 November 2014
Unaudited	Audited	Unaudited
R'000	R'000	R'000
Cash flows from operating activities		(304 387)
742 291	907 332	
Cash flows from investing activities		(286 892)
(203 956)	(467 220)	
Cash flows from financing activities		(204 547)
(178 989)	(196 892)	
(Decrease)/increase in cash and cash equivalents		(795 826)
359 346	243 220	
Cash and cash equivalents at the beginning of the period		1 184 131
941 282	941 282	
Translation difference		41
(65)	(371)	
Cash and cash equivalents at the end of the period		388 346
1 300 563	1 184 131	

HEADLINE EARNINGS

Six months ended 30 November 2013	Year ended 31 May 2014	Six months ended 30 November 2014
Unaudited	Audited	Unaudited
R'000	R'000	R'000
Profit attributable to equity holders of the parent		284 392
246 360	450 230	
Net profit on disposal of property, plant and equipment		(383)
(185)	(207)	
Impairment of intangible assets and property, plant and equipment		-
-	866	
Headline earnings		284 009
246 175	450 889	
Headline earnings per share (cents)		42.73
37.15	67.98	

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ACQUISITION OF SUBSIDIARY

Effective date
 Shares in the following subsidiary were acquired during the period:
 of acquisition % acquired
 Subsidiary

Viamedia Proprietary Limited
 September 2014 75

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Details of the provisional total net assets acquired and the resulting
 goodwill as at the date of acquisition are as follows:
 Total
 R'000

Total purchase consideration	253 374
Fair value of net assets acquired	60 204
Goodwill	193 170

The assets and liabilities acquired through acquisition are as follows:
 Acquirer's

carrying

Fair value at amount on
 acquisition date acquisition date

R'000	R'000
Cash and cash equivalents	(21 420)
Property, plant and equipment	1 577
Intangible assets*	134 814
Goodwill	193 170
Loans receivable	13 026
Inventories	619
Receivables	29 970
Deferred tax*	(37 604)
Borrowings	(11 014)
Current tax liability	(10 274)
Payables	(12 080)
	280 784
Total purchase consideration	253 374
Contingent consideration	(131 027)
Cash and cash equivalents in subsidiary acquired	21 420
Cash outflow on acquisition	143 767

* Included in intangibles is R9.5 million of customer relationships and R125

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million of customer listing which relate

to the provisional purchase price allocations performed for Viamedia in terms of IFRS 3(R): Business Combinations.

Deferred tax to the value of R37.7 million was raised on recognition of these intangible assets.

Viamedia was purchased with the objective of affording the Group access to new channels for the distribution of both Viamedia and Group products and services.

In most business acquisitions, there is a part of the cost that is not capable of being attributed in accounting terms to identifiable assets and liabilities acquired and is therefore recognised as goodwill. In the case of the acquisition of Viamedia, this goodwill is underpinned by a number of elements, which individually cannot be quantified. Most significant among these is the opportunity that the distribution network affords the Group.

The contingent consideration arrangement requires BLT to pay in cash the former owners of Viamedia an additional four amounts of R24.1 million, R24.1 million, R55 million and R112.5 million if certain profit warranties are achieved.

The potential undiscounted amount of all future payments that the Group could be required to make under this arrangement is between R0 and R215.6 million.

The fair value of the contingent consideration arrangement of R131 million was estimated by applying the income approach. The fair value estimates are based on a discount rate of 9%. For the first, second and third profit targets management has assumed a probability of 100%.

For the fourth profit target management has assumed a probability of 50%. This differs to the probability of 0% disclosed in the post-balance sheet acquisition of subsidiary note in the consolidated annual financial statements as at 31 May 2014.

SEGMENTAL SUMMARY

Six months ended 30 November 2014

	South African distribution	International distribution	Total Unaudited R'000
	Unaudited R'000	Unaudited R'000	
Total segment revenue	12 999 702	-	13 294 271
Inter-segment revenue	879	(2 842 664)	(2 966)
External revenue	10 157 038	-	10 327 392
EBITDA	507 718	(4 511)	515 963
Net profit/(loss) for the period net of non-controlling interests	341 029	(41 534)	284 392
Amortisation on intangibles raised through business combinations net tax and non-controlling interest	6 639	1 868	11 131
Core net profit/(loss) for the period	347 668	(39 666)	295 523
At 30 November 2014			

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Total assets		6 887 019
5 633 582	581 852	
Net operating assets/(liabilities)		1 632 527
1 838 537	(10 648)	
Six months ended 30 November 2013		
Total segment revenue		12 003 041
11 739 894	-	
Inter-segment revenue		(2 924
019)	(2 816 429)	-)
External revenue		9 079 022
8 923 465	-	
EBITDA		431 464
448 264	(9 790)	
Net profit/(loss) for the period net of non-controlling interests		246 360
305 541	(32 062)	
Amortisation on intangibles raised through business combinations net of tax and non-controlling interest		4 718
2 294	1 930	
Core net profit/(loss) for the period		251 078
307 835	(30 132)	
At 30 November 2013		
Total assets		6 188 710
5 333 125	541 500	
Net operating assets/(liabilities)		1 884 494
1 896 364	(14 870)	
Year ended 31 May 2014		
Audited	Audited	Audited
		R'000
R'000	R'000	
Total segment revenue		25 354 475
24 837 763	-	
Inter-segment revenue		(5 952
809)	(5 734 111)	-)
External revenue		19 401 666
19 103 652	-	
EBITDA		787 993
821 310	(13 961)	
Net profit/(loss) for the year net of non-controlling interests		450 230
552 926	(51 176)	
Amortisation on intangibles raised through business combinations net of tax and non-controlling interest		10 372
6 070	3 314	
Core net profit/(loss) for the year		460 602
558 996	(47 862)	
At 31 May 2014		
Total assets		6 502 887
5 651 680	556 376	
Net operating assets/(liabilities)		1 818 082
1 871 469	(16 065)	
SEGMENTAL SUMMARY (continued)		
Six months ended 30 November 2014		
Solutions	Corporate	Mobile
		Unaudited
Unaudited	Unaudited	R'000
R'000	R'000	
Total segment revenue		208 304
86 265	-	
Inter-segment revenue		(113
056)	(11 159)	-)

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External revenue		95 248
75 106	-	
EBITDA		20 241
18 122	(25 607)	
Net profit/(loss) for the period net of		
non-controlling interests		9 327
7 770	(32 200)	
Amortisation on intangibles raised through		
business combinations net tax and non-controlling interest		2 624
-	-	
Core net profit/(loss) for the period		11 951
7 770	(32 200)	
At 30 November 2014		
Total assets		474 967
135 126	61 492	
Net operating assets/(liabilities)		(43
137)	26 528	(178 753)
Six months ended 30 November 2013		
Total segment revenue		177 941
85 206	-	
Inter-segment revenue		(97
192)	(10 398)	-
External revenue		80 749
74 808	-	
EBITDA		18 927
17 264	(43 201)	
Net profit/(loss) for the period net of		
non-controlling interests		13 678
9 257	(50 054)	
Amortisation on intangibles raised through business combinations		
net of tax and non-controlling interest		494
-	-	
Core net profit/(loss) for the period		14 172
9 257	(50 054)	
At 30 November 2013		
Total assets		106 838
149 901	57 346	
Net operating assets/(liabilities)		11 022
35 178	(43 200)	
Year ended 31 May 2014		Audited
Audited	Audited	R'000
R'000	R'000	
Total segment revenue		350 783
165 929	-	
Inter-segment revenue		(198
165)	(20 533)	-
External revenue		152 618
145 396	-	
EBITDA		34 273
29 257	(82 886)	
Net profit/(loss) for the year net of non-controlling interests		23 916
12 547	(87 983)	
Amortisation on intangibles raised through business combinations		
net of tax and non-controlling interest		988
-	-	
Core net profit/(loss) for the year		24 904

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	12 547	(87 983)	
At 31 May 2014			
Total assets			96 420
	136 090	62 321	
Net operating assets/(liabilities)			(20
543)	23 840	(40 619)	

Directors: LM Nestadt (Chairman)*, BM Levy, MS Levy, K Ellerine*, GD Harlow*, NN Lazarus SC*^, JS Mthimunye*, MV Pamensky, DA Suntup, J Vilakazi* (*Non-executive) (^Resigned effective 27 January 2015)

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

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