

HUGE LIMITED  
 (formerly Vanquish Fund Managers Limited)  
 (Registration number 2006/023587/06)  
 Share code: HUG ISIN: ZAE000102042  
 ("Huge" or "the Group" or "the company")

UNAUDITED INTERIM RESULTS OF THE HUGE LIMITED FOR THE SIX MONTHS ENDED 31 AUGUST 2008

HIGHLIGHTS FOR THE PERIOD UNDER REVIEW

- An industry growth rate currently averaging 18% per annum
- An increase in the market share of Huge Telecom in cellular least cost routing (CLCR) services from 18% to 20.5%
- A 25% increase in revenue when compared to the comparative six months to August 2007
- An increase in headline gross profit margins maintained from 22.2% to 23.8%
- Operating profit margins before tax increased from 10.35%, for the 12 months to February 2008, to 14.24% for the 6 months to August 2008
- Earnings per share and headline earnings per share of 26.18 cents for the 6 month interim period ended 31 August 2008
- Cash flow generated from operations for the period under review of R19.5 million
- The acquisition of 25% plus 1 share in Eyeballs Mobile Advertising (Proprietary) Limited
- The appointment of Donovan Tredoux, the previous co-founder of Orion Telecom (Proprietary) Limited, now a wholly owned subsidiary of Vox Telecom Limited, as a non-executive director
- The appointment of Kenneth Delroy Jarvis, the previous Chief Information Officer of the South African Revenue Service, as a non-executive director
- The appointment of Amil De Moura as CIO: Huge Telecom
- The appointment of Eugene Volschenk as Regional Director: Huge Telecom: Gauteng
- The appointment of Phillip Stier as Regional Director: Huge Telecom: Cape
- The appointment of Geovanna Sutherland as Regional Director: Huge Telecom: KZN
- The appointment of Justin Hammett as Regional Director: Huge Telecom: Eastern Cape
- The elimination of all financial bank guarantees issued in favour of third parties
- The launch of Huge Charity, a duly registered non-profit Trust and the Corporate Social Investment vehicle for Huge

UNAUDITED RESULTS FOR THE 6 MONTH PERIOD ENDED 31 AUGUST 2008

Consolidated Income Statement	Unaudited 31 August 2008 (6 months) R	Unaudited 31 August 2007 (6 months) R	Audited 29 February 2008 (7 months) R
Revenue	308 875 291	29 443 688	243 543 948
Gross profit	73 377 144	5 866 281	58 742 068
Other income	2 578 224	94 925	3 078 528
Operating costs	(31 968 678)	(3 767 440)	(25 644 271)
Earnings before interest, and taxation	43 986 690	2 193 766	36 176 325
Depreciation	(10 195 481)	(210 100)	(4 862 493)
Finance costs	-	(780 212)	(6 266 896)

Interest income	1 645 693	1 712 575	10 841 183
Net income before taxation	35 436 902	2 916 029	35,888,119
Taxation	(6 643 048)	(845 649)	(9,636,096)
Attributable earnings	28 793 854	2 070 380	26,252,023

Basic earnings per share (cents)	26.18	3.50	44.17
Dividends	-	-	-
Total number of shares in issue ('000)	111 760	100 000	106 760
Weighted number of shares in issue ('000)	109 979	59 178	59 436

Consolidated Balance Sheet	Unaudited 31 August 2008 R	Unaudited 31 August 2007 R	Audited 29 February 2008 R
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#### Assets

Property, plant and equipment	58 339 330	23 011 823	57 286 740
Investments in associate	11 326 381	320 762	1 806 133
Advance payment for investment	-	76 228 728	-
Intangible assets	215 691 080	102 829 838	222 898 180
Accounts receivable	126 015 017	57 682 738	92 656 854
Bank and cash	23 664 320	5 954 246	19 878 646
Total assets	435 036 128	266 028 135	394 526 553

#### Equity and liabilities

Issued share capital	236 588 412	200 562 393	221 588 412
Reserves	55 269 923	2 070 381	26 476 066
Non-current liabilities	35 168 814	2 543 403	19 149 545
Account payable	104 461 129	56 761 075	121 919 461
Provision for taxation	3 547 850	4 090 883	5 393 069
Total equity and liabilities	435 036 128	266 028 136	394 526 553

Number of shares in issue ('000)	111 760	10 000	106 760
Net asset value per share (cents)	261.15	266.03	232.36
Net tangible asset value per share (cents)	68.15	163.20	23.57

#### Consolidated statement of changes in equity

	Unaudited 31 August 2008 R	Unaudited 31 August 2007 R	Audited 29 February 2008 R
Balance at 28 February 2007	100	100	100
Shares issued	200 934 833	200 934 833	200 934 833
Share issue expenses	(373 400)	(373 400)	(373 400)
Profit for the 6 month period ended 31 August 2007	2 070 831	2 070 831	2 070 831
Balance at 31 August 2007	200 561 533	200 561 533	200 561 533
Shares issued	21 856 902		21 856 902
Share issue expenses	(605 980)		(605 980)
Profit for the 6 month period ended 29 February 2008	24 181 192		24 181 192
Balance at 29 February 2008	248 064 478		248 064 478
Shares issued	17 500 000		
Share issue expenses	(2 500 000)		
Profit for the 6 month period ended 31 August 2008	28 793 854		
Balance at 31 August 2008	291 858 335		

Consolidated cash flow statement	Unaudited 31 August 2008 (6 months) R	Unaudited 31 August 2007 (6 months) R	Audited 29 February 2008 (7 months) R
Cash flows from operating activities	19 457 244	(1 739 231)	27 476 452
Cash flows from investing activities	(12 586 645)	(69 242 315)	(134 351 067)
Cash flows from financing activities	(3 084 925)	76 935 692	126 753 261
Net cash movement for the period	3 785 674	5 954 146	19 878 546
Cash at the beginning of the period	19 878 646	100	100
Total cash at the end of the period	23 664 320	5 954 246	19 878 646

#### COMMENTARY

The board of directors of Hugel is pleased to present the Group's unaudited results for the six months ended 31 August 2008. These financial statements have been prepared in accordance with accounting policies and methods of computation that are consistent with those of the prior year and with International Financial Reporting Standards ("IFRS"). This announcement is prepared in accordance with IAS 34 - *Interim Financial Reporting*.

#### COMPANY PROFILE

Hugel successfully listed on the Alternative Exchange of the JSE Limited on 8 August 2007 and currently operates in the corporate telecommunications sector through its subsidiary company, Hugel Telecom (Proprietary) Limited - which comprises the merged businesses of TelePassport (Proprietary) Limited and CentraCell (Proprietary) Limited. Hugel purchased TelePassport on listing, and completed its acquisition of CentraCell on 15 February 2008 after having received Competition Commission approval.

Hugel Telecom offers corporate customers in South Africa and Namibia the professional outsourced management of their voice communication services, through the efficient provision and management of the telecommunications companies that provide them. Hugel Telecom has offices in Johannesburg, Durban, Cape Town and Port Elizabeth, and an associate company, TelePassport Communications, based in Windhoek. The company services over 11,000 corporate client sites.

Hugel Telecom is a leading managed telecommunications company, and is the second largest of the four dominant companies in this segment of the telecommunications industry. The segment is currently estimated to be valued at an annual R3.28 billion, of which Hugel Telecom has a 20.5% market share.

Hugel Telecom focuses on the management of corporate voice communication services. This service includes but is not limited to the elimination of waste from the misuse of its clients' company resources. This is achieved through the use of proprietary private call prediction technology, the introduction of alternative - and cheaper - forms of communication such as short message services (SMS) and corporate call-back servers, and also through the elimination of cross-network telephone calls. The latter is achieved through the introduction of intelligent, technology-based, cost-savings-orientated, on-net routing of all telecommunications spend (including international, national, mobile and local telephone calls) not addressed by the former steps.

Investor and shareholder information is available at [www.hugelgroup.com](http://www.hugelgroup.com).

#### BUSINESS OVERVIEW

The financial objectives for the past six months included improving service delivery, increasing operational efficiencies and generating higher

operating margins. Huge Telecom has achieved measured success in each of these areas and continues to strive for further improvement.

Huge Telecom continues to challenge the current status quo within its business paradigms to ensure that every activity in the business meets the vision of the Group - which is the unlocking of value for all stakeholders. This has required the critical analysis of the way in which the company does its business; and this process is ongoing.

Huge Telecom also continues to focus on simplifying its business by removing duplication and complexity: this will drive a focus on activities, functions and processes that deliver high value at low cost.

#### FINANCIAL OVERVIEW

The results of Huge for this 6 month interim period ending 31 August 2008 include the full six months trading results for both CentraCell and TelePassport, trading as the merged entity, Huge Telecom. The results of Huge for the 6 month interim period that ended on 31 August 2007 consisted of the trading results of TelePassport for only one month after listing. These results are therefore not directly comparable to those reported for the prior 6 month period.

#### TRADING ENVIRONMENT

The first half of the 2008/2009 trading year was marked by weaker consumer confidence, as the impact of increases in interest rates, increased fuel prices and volatility in global and local financial markets took hold. Despite inflationary pressure, trading performance remained robust during the period.

The outlook for remainder of the financial year shows every sign of being a lot tougher for South Africans and is expected to be challenging as the SA consumer continues to come under pressure. Despite the underlying strength of the South African economy, the global macro economic environment will affect South Africa. There are a number of factors that continue to contribute significantly to an increase in local inflation, and this will highlight the need for corporations to tighten their control over telephone and communications usage and effectiveness. Companies delivering managed telecommunications will therefore be naturally well placed to benefit from this cost consciousness.

The demand for managed telecommunications by corporate entities also displays a high level of price inelasticity. The main reasons for this are that the person making the corporate telephone call is different from the person paying the bills; communication is also a vital part of any enterprise's operation, and while per-minute costs are often addressed, the actual volume of communication is one of the last areas to be sacrificed. Huge Telecom normally benefits during tighter economic periods, which traditionally spur adoption of more aggressive cost saving measures by the corporate entity. More specifically, the current fixed line to mobile voice traffic enjoyed by Telkom could face further scrutiny by cost conscious companies and in an effort to reduce the occurrence of such cross-network traffic, a shift to on-network solutions could increase. Huge Telecom would be a major beneficiary of such a shift in the profile of voice traffic.

#### FUTURE PROSPECTS

The South African telecommunications market for mobile voice traffic is growing at around 18% per annum.

Mobile to mobile telephone calls terminated in SA today using CLCR is around 2.8 billion minutes per annum. Taking into account that total fixed-line to mobile voice traffic originated by Telkom and terminated on the mobile networks is around 4.2 billion minutes per annum, the scope for organic growth in managed telecommunications is capable of exceeding the growth rates of the broader mobile telecommunications market. Earnings growth rates in excess of 20% should therefore be achievable for the foreseeable future.

The African telecommunications market, and particularly the advent of VoIP technology, represents the latest trend towards an increase in telecommunication routing alternatives and this increases the growth opportunity for communications services companies involved in managing telecommunications both domestically and abroad.

Huge Telecom has calculated that the cost of organic acquisition of customers is less than R2500 per corporate subscriber. Consolidation of industry participants will be measured against this benchmark and adjusted for variables related to the time taken to procure customers of the magnitude in question.

Huge Telecom is not an infrastructure player and therefore does not face any competitive infrastructural risks.

Huge Telecom's revenue generated is by nature recurring or annuity-based and the monthly annuity book has a value in excess of R53.5 million per month, representing corporate customers, and this represents the embedded/in-force/book value of the company. This monthly revenue can generate annual turnover of R642 million and at a gross profit margin of 22% can contribute approximately R141 million to the gross margin of an existing competitor with a marginal increase to overhead. The value of Huge Telecom is therefore underpinned by this potential competitive marginal profit contribution and this further underpins the value of Huge.

Huge estimates that the market for CLCR services has increased by an annualised rate of 18% in the last 6 months from R3 billion in total revenue at the end of February 2008 to an estimated R3.28 billion in total revenue at the end of August 2008.

Huge Telecom has managed to increase its market share by 2.5%, from 18% to 20.5%, by achieving an annualised growth rate in total revenue for the six month period ending 31 August 2008 of 24%. At this current run rate of revenue, annual turnover of R648 million could be extrapolated for the year to February 2008.

Provided the market and Huge Telecom continue to grow at the same respective rates, Huge Telecom could see its market share expand further.

Our objectives for the coming period remain:

- Organic growth in Huge Telecom;
- Continued focus on operational and customer service excellence in Huge Telecom;
- Continued focus on leveraging efficiencies in Huge Telecom;
- Continued investment in and support of intellectual capital;
- Acquisitive growth into allied industries and markets;
- The introduction of further strategic and BBBEE shareholders.

#### ACQUISITIONS

In terms of sale agreements signed on 27 March 2008, Huge acquired 2 500 ordinary shares of R1 each in the share capital of Eyeballs Mobile Advertising (Proprietary) Limited, representing 25% of the entire issued share capital of Eyeballs, from The Benson Trust, The 59 Kloofnek Trust and Nathan Lewin ("the sale transactions") for R6 000 000. The effective dates of the sale transactions were 1 January 2008.

Eyeballs Mobile is based in Cape Town, and has developed a unique media platform that delivers rich advertising content to GSM mobile subscriber handsets in an unobtrusive and non-invasive manner, providing an extremely attractive alternative to SMS and MMS advertising which are often seen as spam. The technology developed by Eyeballs Mobile currently has intellectual property protection that provides it with a significant window of opportunity in the mobile advertising and media arenas.

The mobile advertising medium has even greater significance in developing markets where Internet access is still limited. In South Africa the mobile

medium of cell phones has the ability to reach 80% of the population because of its pervasive presence as a communication medium.

The future prospects of Eyeballs and the synergies that it offers with existing opportunities within Huge are significant. Mobile media is expected to grow exponentially making it an incredibly lucrative market in the very near future.

Eyeballs launched its mobile handset advertising proposition to much media interest in August 2008, and is currently busy building its recipient base.

#### ISSUE OF SHARES FOR CASH

On the 8 July 2008 Huge issued 5 000 000 ordinary shares for cash at a price of 349.5 cents per share.

#### SUBSEQUENT EVENTS

A formal sale of shares agreement between Huge and The Bebinchand Seevnarayan Trust, in relation to the acquisition by Huge of 59% of the ordinary shares held by The Bebinchand Seevnarayan Trust in iTalk as well as the shareholder claims on loan account held by The Bebinchand Seevnarayan Trust against iTalk, was signed on 4 February 2008, and remains subject to the following suspensive conditions, which conditions are required to be fulfilled by no later than 31 December 2008:

1. the granting of all regulatory approvals for the implementation of the Sale Agreement ("first outstanding condition");
2. written confirmation from MTN Group Limited of the waiver of its pre-emptive rights under the shareholders' agreement with The Bebinchand Seevnarayan Trust in relation to iTalk in respect of the disposal of its shares in iTalk ("second outstanding condition");
3. written confirmation from Mobile Telephone Networks (Proprietary) Limited of the waiver of its pre-emptive rights under the service provision agreement in respect of the disposal of the shares held by The Bebinchand Seevnarayan Trust in iTalk ("third outstanding condition");
4. the approval by the board of directors of iTalk for the acquisition of the shares in iTalk by Huge ("fourth outstanding condition");
5. written confirmation from Mobile Telephone Networks (Proprietary) Limited in terms of the service provision agreement with iTalk that it approves the acquisition of the shares in iTalk by Huge ("fifth outstanding condition");
6. written confirmation from Mobile Telephone Networks (Proprietary) Limited in terms of the service provision agreement with iTalk that it approves the terms and conditions of the sale of the shares in iTalk by The Bebinchand Seevnarayan Trust to Huge ("final outstanding condition");

Huge has received Competition Commission approval for the implementation of the transaction in terms of the Sale Agreement.

The fulfilment of the first outstanding condition is under the control of Huge.

The second outstanding condition and the third outstanding condition are capable of being waived by Huge.

The confirmations required in terms of the fourth outstanding condition, the fifth outstanding condition, and the final outstanding condition may not be unreasonably withheld by the entities obliged to provide the confirmations.

In terms of the Sale Agreement, Huge shall issue 93 000 000 ordinary shares ("the Vendor Consideration Shares") of one hundredth of 1 cent each to The Bebinchand Seevnarayan Trust at an issue price of 550 cents per share, being a premium of 549.99 cents per share.

In terms of an option agreement ("Option Agreement") between Huge and The Bebinchand Seevnarayan Trust, Huge has granted The Bebinchand Seevnarayan Trust an option to require Huge to acquire 74 171 779 Vendor Consideration

Shares at a price of 350.54 cents per share, such option to be exercised on or before 31 August 2009 ("the Put Option").

In terms of the Option Agreement, Huga has secured an option which entitles Huga to acquire 74 171 779 Vendor Consideration Shares at a price of 550 cents per share, such option to be exercised on or before 30 June 2010 ("the Call Option").

MTN Group Limited has exercised its rights of pre-emption in terms of the shareholders' agreement with The Bebinchand Seevnarayan Trust in relation to iTalk. The transaction contemplated by MTN Group Limited will require a recommendation to be made by the Competition Commission to the Competition Tribunal for unconditional approval of the transaction contemplated by MTN Group Limited.

Huga is currently engaged with the Competition Commission in an effort to oppose the transaction contemplated by MTN Group Limited and to justify to the Competition Commission the reasons why the Competition Commission should recommend the prohibition of the MTN Group Limited transaction to the Competition Tribunal. In the event that the Competition Commission recommends the unconditional approval (as opposed to the prohibition) of the transaction by the Competition Tribunal, Huga has instructed senior counsel to legally object to the merger on the basis that the proposed transaction has the effect of substantially lessening competition in the mobile telecommunications industry in South Africa.

#### CHANGES TO THE BOARD OF DIRECTORS

With effect from 1 August 2008, Mr Donovan Tredoux was appointed to the board of directors.

With effect from 1 September 2008, Mr Kenneth Delroy Jarvis was appointed to the board of directors.

#### DIVIDENDS

The board of directors declared a maiden dividend on 29 August 2009 of 12 cents per share to all shareholders registered as shareholders on 19 September 2008. The dividend was paid on 29 September 2008.

The board continues to support a dividend policy where the dividend cover is two times earnings and where the dividend cycle is annual.

Johannesburg  
7 October 2008

Corporate Advisor  
Manhattan Equity Corporate Finance (Proprietary) Limited

Designated Advisor  
Arcay Moela Sponsors (Proprietary) Limited

Registered office:  
Block 2, Woodlands Drive Office Park, 5 Woodlands Drive, Woodmead,  
Johannesburg, 2191 (PO Box 16376, Dowerglen, 1610)

Transfer secretaries  
Computershare Investor Services (Proprietary) Limited, Ground Floor, 70  
Marshall Street, Johannesburg

Directors:  
EF Lediga\*, BA McQueen\*, D Tredoux\*, KD Jarvis\*, AD Potgieter (CEO), JC  
Herbst (CFO), VM Mokholo, JA Morelis, SP Tredoux, M Pillay  
\*Non-executive