

CHAIRMAN'S REPORT

Larry Nestadt

Blue Label Telecoms continues to be well-positioned to exploit the growth in the use of mobile phones in the developing world.



Larry Nestadt
Chairman

DEAR STAKEHOLDERS

I am pleased to report on the performance of Blue Label Telecoms Limited for the year ended 31 May 2009.

Despite operating in a very difficult global economic environment for much of the financial year, the group's product and service offerings showed resilience to these adverse conditions, which is reflected in the strong growth that was achieved.

Revenue of R15,2 billion (representing a growth of 18%), increased margins and cash flow generation resulted in core net profit of R427 million (representing a growth of 15%). Core earnings per share increased from 48,40 cents to 55,93 cents. Headline earnings increased by 19%. Net cash flow generated of R429 million resulted in accumulated cash-on-hand at year-end of R1,7 billion. This is a strong foundation for the servicing of working capital requirements and investment opportunities in the year ahead.

Further details of the company's financial performance is to be found in the chief financial officer's report on page 86.

A special report in *The Economist* magazine recently noted that in the year 2000 developing countries accounted for one quarter of the world's 700 million mobile phones users. By the beginning of 2009 developing countries had grown this share to three-quarters of the total, which by then had risen to over four billion phones. *The Economist* further reports that with

developed markets now saturated the developing world will account for most of the growth in mobile penetration in the coming years and predicts the number of mobile phones to reach six billion by 2013.

The company aims to deliver prepaid products and services to the unbanked and badly banked. Accordingly, it remains focused on growing its points-of-presence (touch-points) and expanding its product offerings.

Blue Label Telecoms continues to be well-positioned to exploit the growth in the use of mobile phones in the developing world.

In furtherance of the objectives set out in the collaboration agreement between Blue Label Telecoms and Microsoft, we were pleased to announce the development and launch of mibli™ powered by Microsoft OneApp™. The Microsoft application was launched in South Africa as a global first and is in the process of being used as the forerunner for Microsoft's international rollout. The group's proprietary services and transactional technology have been integrated into Microsoft OneApp™. Microsoft intends to partner with Blue Label Telecoms in the rollout of the initiative in other territories.

Development of in-country money transfer technology has been completed. The company is currently exploring the regulatory and technology requirements to extend this initiative to cross-border money remittances.

CHAIRMAN'S REPORT continued

During the year the company made a number of strategic acquisitions and investments.

The group also concentrated on consolidating its operations. A concerted effort has been made to achieve group-wide synergies, specifically in terms of new product development, innovation, technology and footprint growth. As a result there have been improvements in efficiency, cost-effectiveness and coordination. This process is likely to continue for some time as the four segments of the group are aligned through more effective consolidation and integration.

EMPLOYEE SHARE SCHEME

The Forfeitable Share Plan was introduced in November 2008 and will result in over 400 company employees becoming shareholders. In this regard 5,2 million shares were purchased by the company during the financial year under review and a further 4,5 million were purchased subsequent to the year-end, for allocation to employees in the current financial year.

Further share allocations are discretionary and performance-related.

TRANSFORMATION AND BBBEE

The board continues to embrace South Africa's codes on transformation and BBBEE. Framework policies and guidelines have been developed with the objective of enhancing these credentials across the group companies.

Blue Label Telecoms is in the process of launching a number of group-wide training initiatives aimed at enhancing and developing priority skills among junior and middle management bands.

CORPORATE CITIZENSHIP

The Chairman's Fund remains a major contributor to the company's goodwill projects.

The group invested in a Legacy Park, which is focused on providing supervised recreational facilities for young people with a view to developing skills and leadership qualities.

The group remains actively involved in the Nomonde Children's Home and provides funding on a monthly basis.

Other beneficiaries include The Trust, Feed SA and Malamulele Onward, a programme to support caregivers of children with cerebral palsy. The sustainability report contains more detailed information on our corporate social investment initiatives.

PROSPECTS

The group is poised for further growth and is in a position to fund its growth both organically and acquisitively as a result of its cash resources and its ability to distribute additional products and services through its distribution network.

APPRECIATION

I would like to thank my fellow directors for the contributions they have made over the past year.

The board expresses its appreciation to Mark and Brett Levy and their executive team for their entrepreneurial vision, energy and determination.

The group also expresses its gratitude to the company's employees for their hard work and achievements.

Sid Ellerin, our friend and colleague passed away in July 2009. Sid made an invaluable contribution to the development of the group. He was respected by all who knew him and will be sorely missed.



Larry Nestadt

Chairman

JOINT CHIEF EXECUTIVE OFFICERS' REPORT

Mark and Brett Levy – Joint CEOs

Our investment in technology and strategic acquisitions will enhance our distribution capabilities, enabling the group to strike an equitable balance between organic and acquisitive growth.



Mark and Brett Levy
Joint CEOs

South Africa officially entered a recession in mid-2009 resulting in soaring job losses with a consequent decline in consumer affordability. These negative conditions did not have an adverse effect on the performance of the group as a whole. This is attributable to the growing need of consumers to have access to communication in the most affordable and convenient way.

A combination of growth in subscribers and the growing need for the group's bouquet of products has resulted in growth in both revenue and profitability at sustained levels of prepaid average revenue per user (ARPU). This manifested itself in revenue growth of 18% equating to an increase in headline earnings per share of 19%.

The above growth was achieved through a combination of the following:

- An increase in local and international market penetration
- Expansion in the range of prepaid electronic tokens of value and other services facilitated by the group
- Additional revenue from annuity income streams
- Economies of scale derived from operational and strategic integration.

International expansion is of primary importance to the strategy and vision of the group. Various initiatives were launched, including the establishment of Blue Label Mexico, Blue Label USA, Africa Prepaid Services Nigeria and an investment in Ukash, a United Kingdom based company.

These initiatives augmented our existing presence in India, Australia, Mozambique and the Democratic Republic of Congo.

The significance of the group's presence in South Africa, together with its growing international footprint, drives the expansion in the range of products and services so as to allow the group to capitalise on its distribution network. Our future product and service offerings include ticketing solutions, prepaid insurance, a single voucher for multiple prepaid products and services, lotto sales from mobile phones and till points and money remittances.

Consumers will be able to transact by means of credit/debit cards, bank accounts, cash or Ukash vouchers at their discretion.

MICROSOFT

Our relationship with Microsoft is an ongoing strategic imperative. We share the common goal of engaging consumers and profiling them more effectively. Access to cutting-edge technology and products enable efficient delivery to the market. "LiveID" will facilitate inter-operability between cellphones and personal computers, providing substantial flexibility as products and solutions become device agnostic.

Over the past 18 months, we have worked with Microsoft to deliver the next generation of mobile services to the mass markets of the developing world. mibli™ powered by Microsoft OneApp™, a completely integrated mobile "eco-system" was launched in August 2009. This world first embodies three solutions, namely:

- Transactional capability
- The mobile services functionality of our subsidiary, the Mobile Services Company (MSC)
- Microsoft's OneApp™ on-phone software.

mibli™ powered by Microsoft OneApp™ is free to download and incorporates a wide range of interactive features, such as Facebook, Twitter, miLocate and a mobile wallet. An Apps store is scheduled to be released shortly, which will add to the revenue streams of white labelling, advertising and content downloads.

Accessed through a single window in the installations menu of mobile phones, mibli™ powered by Microsoft OneApp™ works on nearly every brand and model of phone. GPRS and Java are the only prerequisites from a functionality perspective. Previously, this level of interactivity was only available on top-of-the-range smartphones.

The majority of mobile phones used in South Africa are capable of running mibli™ powered by Microsoft OneApp™. Given the vast number of mobile phones in use, the scale of opportunity to generate additional revenue is substantial in that every user has the ability to access and vend our prepaid products and services through the mobile wallet feature.

JOINT CHIEF EXECUTIVE OFFICERS' REPORT continued

In addition, mibli™ powered by Microsoft OneApp™ offers social networking platforms, which the majority of consumers were not able to access in the past.

NEW PRODUCT DEVELOPMENT

The mandate is to create and formalise internal product integration processes and develop an internal set of skills, focused on product development. This involves the identification of products which fit and complement the existing prepaid product range.

The PowerPin voucher, which is an off-line prepaid electricity top-up, consolidates the purchase of prepaid electricity across national municipalities.

The product offering of Cellfind has been enhanced with the introduction of miTRAFFIC, an MMS report on the status of traffic within a 50km radius of the subscriber.

Prepaid insurance is our most recent product to enter a pilot phase. We have partnered with Metropolitan's Cover2Go to offer a range of products, such as funeral and commuter cover.

In-country and cross-border remittances will be an important focus in the future.

STRATEGIC ACQUISITIONS AND INVESTMENTS

Africa Prepaid Services Nigeria

In December 2008 Africa Prepaid Services (Proprietary) Limited (APS) concluded a distribution agreement with Multi-Links Telkom Limited, a subsidiary of Telkom South Africa. This agreement embraces the servicing of the entire distribution channel of Multi-Links in Nigeria. Operations successfully commenced in May 2009 and are gaining momentum on a monthly basis.

Blue Label Mexico

Blue Label Mexico commenced trading operations in May 2009.

The company is growing the number of points-of-presence and transactions per site.

Key agreements have been concluded with both mobile operators and important sales channels. In the forthcoming year the company is targeting points-of-presence which will cover a wide range of

distribution channels, spanning multi-lane retailers and petroleum forecourts, convenience outlets and informal sales channels.

A public telephony launch, in conjunction with SharedPhone and Telefonica (a network provider in Mexico), is currently in pilot phase over a platform of 2 000 units.

Virtual Private Network (VPN)

In December 2008, Blue Label USA, a wholly owned subsidiary of the group, entered into a limited partnership agreement with wholesale distributors of physical international calling cards. The limited partnership, namely VPN was established with the objective of converting a captive client base from physical to virtual distribution.

In July 2009 Blue Label USA withdrew its capital investment in the partnership and replaced it with a technical agreement with Activi, another subsidiary of Blue Label Telecoms. Blue Label USA was refunded its full capital investment in the sum of US\$5 million. This technical agreement, which embodies installation of intellectual property, maintenance and support, will result in Activi receiving annual licence fees and transactional fees generated from sales to the country-wide captive base of the wholesalers.

Ukash

The strategic investment holding in Smart Voucher Limited trading as Ukash has provided the group with technology that enables it to supply the end user with prepaid Ukash vouchers which effectively digitises cash. This voucher enables the customer to transact on-line for multiple products and services through a single prepaid voucher.

The Ukash initiative has given the group the ability to provide its products and services to a footprint established by Ukash, covering several countries in Europe.

The Ukash issuing, redemption and settlement platform facilitates integration with third party devices and technology, ensuring rapid deployment and broad-based coverage.

Ukash has concluded a technology deal with MasterCard "RePower" to be the recharge provider for the launch of the prepaid debit cash loading platform in Europe.

Our medium/long-term strategy is that Ukash will provide consumers with the means to cash-in, utilise cash and cash-out at their own convenience. This business model is aligned with our over-riding purpose of delivering products and services to communities, where such products and services were previously inaccessible.

PROSPECTS

We are well positioned to grow our footprint organically and through strategic acquisitions. Our global reach provides access to a wide range of prepaid products and value-added services that are viable additions to our existing offering in South Africa and other emerging markets.

It is anticipated that revenue will continue to grow organically, not only through the existing product offering, but also through the additional product offerings that have been developed in-house and which are expected to be rolled out across the group's points-of-presence during the forthcoming year.

The Nigerian distribution initiative is expected to contribute to the growth of our international segment.

Blue Label Mexico is steadily increasing its points-of-presence and turnover in accordance with its business plan.

There has been an improvement in the financial performance of Oxigen India which is expected to persist. Continued growth in outlets supplied and new initiatives implemented in Oxigen is expected to contribute towards Oxigen's improvement in the year ahead. These initiatives include the following:

- Reduction in monthly expenditure
- Consolidation of technology competencies
- Improvement of connectivity and reliability of the communications interface
- Introduction of prepaid e-toll recharge vouchers
- Piloting of prepaid railway ticketing
- An agreement with The State Bank of India to pilot the PIN-less top-up of airtime and Oxicash via mobile phones to its consumer base (the integration is complete and testing is underway)
- An agreement with Nokia's Ovi stores to utilise Oxicash as a payment mechanism for all Nokia N-Gage products during the extended warranty period

- The appointment of Oxigen as a service provider of airtime sales in all Nokia branches.

The Ukash transaction flow is expected to increase with the advent of high-end redemption merchants that have been added to its client portfolio. Its global issuing footprint will continue to expand into new territories which in turn will compound transactional revenue.

Technology partnerships will be pursued in line with the model established in the USA.

We constantly strive to increase shareholder value through the expansion of the distribution base and product and service offerings. Expense management and stringent asset management will ensure positive cash flow generation and growth in profitability.

We anticipate that our investment in technology and strategic acquisitions will enhance our distribution capabilities, enabling the group to strike an equitable balance between organic and acquisitive growth.

APPRECIATION

We thank the members of our board for their guidance and leadership.

We also express our sincere gratitude to our executive team and employees for their invaluable contribution to the success of Blue Label Telecoms.



Mark Levy and Brett Levy
Joint chief executive officers

SEGMENTAL REVIEWS

South African distribution



The subsidiaries encompassing this segment all fulfil specific roles while simultaneously benefiting from the purchasing power and vertical integration of the group.



South African distribution continued



Pedro Christofides
Chief operating officer:
South African distribution

This segment distributes prepaid secure electronic tokens of value (e-tokens) to the South African wholesale and retail consumer markets.

The subsidiaries encompassing this segment all fulfil specific roles while simultaneously benefiting from the purchasing power and vertical integration of the group.

The Prepaid Company (TPC)

Established in 2001, TPC was the original company that spearheaded the group's entrance into the prepaid airtime industry. It remains the major contributor to group revenue and profitability.

TPC supplies virtual and physical e-tokens to all of the major chain stores in South Africa and is a leading distributor of airtime on behalf of all of the major networks.

Distribution of all virtual products and starter packs is facilitated by proven technology developed in-house which ensures ultimate efficiency at purchasing, distribution and control levels.

Crown Cellular (Crown)

Crown trades as a wholesale and retail distributor of physical and virtual prepaid airtime and starter packs, servicing the informal market. Crown operates free-standing stores as well as several kiosks within large independent stores. Its entire inventory is purchased from TPC.

The introduction of prepaid electricity vouchers into the channels serviced by the South African distribution segment, has demonstrated the ability to quickly grow the distribution of additional products to access the segment's vast footprint.

Comm Express Services (CES)

CES markets and distributes prepaid airtime through in-house manufactured vending machines. The technology applied to this method of distribution is managed by Activi, the subsidiary of Blue Label Telecoms responsible for technology development, implementation and maintenance.

CES also downloads virtual prepaid airtime directly into point-of-sale devices of independent retailers.

Cigicell

Cigicell is a distributor of virtual prepaid airtime and electricity through a broad network of distribution channels including the forecourts of the major oil companies.

Virtual Voucher

Distributor of prepaid airtime through an integrated prepaid voucher management system to in excess of 500 Engen petroleum sites nationwide.

Kwikpay

Distributes virtual prepaid airtime, electricity vouchers and bill payments through multi-application and managed terminal vending solutions and integrated point-of-sale devices.



*When compared to core pro forma earnings

South African distribution continued



The introduction of RICA

The introduction of the Regulation of Interception of Communications and Provision of Communication-Related Information Act (RICA) requires the registration of personal details of all South African cell phone subscribers. All new starter pack activations subsequent to 1 August 2009 require such registration. Furthermore, all historically active users of cell phones will have to be registered within eighteen months from that date.

Registration is administratively complex and has the potential to slow down activations. As a solution to this, Activi has developed a suite of data collection products that are designed to complement existing point-of-sale devices, enabling registration to be seamlessly implemented.



Prepaid electricity

The introduction of prepaid electricity vouchers into the channels serviced by the South African distribution segment, has demonstrated the ability to quickly grow the distribution of additional products to access the segment's vast footprint.

Accolades

For the fourth year in succession, Blue Label Telecoms has been awarded the Vodacom "Best Channel Partner". This award is measured on volume, growth, average revenue per user (ARPU) and churn.

The group has also been recognised as the number one prepaid distribution channel partner of Telkom for the past five years.

For the fourth year in succession, Blue Label Telecoms has been awarded the Vodacom “Best Channel Partner”. This award is measured on volume, growth, average revenue per user (ARPU) and churn.

PROSPECTS

It is anticipated that revenue will continue to grow organically, not only through the existing product offering, but also through the additional product offerings that have been developed in-house and which are expected to be rolled out across the group's points-of-presence during the forthcoming year. These initiatives include:

- A technical arrangement with Gidani, the licensed operators of Lotto in South Africa to integrate their products into till points and other distribution channels
- Prepaid electricity distribution contracts with additional municipalities
- The introduction of off-line prepaid top-up electricity that will complement the current on-line top-up facility that is currently being offered
- Prepaid bus ticketing
- Money remittances throughout the group's touch points.

International distribution



The overall strategy is to ensure growth in the group's global presence through a combination of establishing "bricks and mortar" operations in selected markets, entering into strategic partnerships and providing technology licences to third parties.



International distribution continued



Bradley Turkington
Chief operating officer:
International distribution

During the period under review Blue Label Telecoms considered several international opportunities and potential investments. This culminated in the launching of Blue Label Mexico, Africa Prepaid Services Nigeria and investments into the United States of America and the United Kingdom, augmenting the group's presence in India, Australia, Mozambique and the Democratic Republic of Congo.

The overall strategy is to ensure growth in the group's global presence through a combination of establishing "bricks and mortar" operations in selected markets, entering into strategic partnerships and providing technology licences to third parties.

Blue Label Mexico

Blue Label Mexico commenced trading operations in May 2009.

Technology developed by Activi has enabled the company to facilitate on-line real time direct recharge of prepaid accounts.

The company is growing the number of points-of-presence and an increase in the average number of transactions per site.

A number of key agreements have been concluded with both mobile operators and important sales channels. In the forthcoming year the company is targeting points-of-presence which will cover a wide range of distribution channels, from multi-lane retailers and petroleum forecourts, to convenience outlets and informal sales channels.

The Ukash initiative has given the group the ability to provide its products and services to a footprint established by Ukash, covering several countries in Europe.

Africa Prepaid Services Nigeria

In December 2008 Africa Prepaid Services (Pty) Limited concluded an agreement with Multi-Links Telkom Limited a subsidiary of Telkom South Africa, to service all of their distribution channels in Nigeria. Operations successfully commenced in May 2009.

APS Nigeria is expected to be the major contributor to revenue and profits for the African initiative of Blue Label Telecoms.

Virtual Private Network

In December 2008, Blue Label USA, a wholly owned subsidiary of the group, entered into a limited partnership agreement with wholesale distributors of physical international calling cards. The objective of this new venture was to convert a captive client base from physical to virtual distribution. This conversion would be powered by the virtual distribution technology developed by Activi.

In July 2009 Blue Label USA chose to withdraw its capital investment in the partnership and to replace it with a technical agreement with Activi, another subsidiary of Blue Label Telecoms. Blue Label received a refund of its capital investment in the sum of \$5 million. This technical agreement, which embodies installation of intellectual property, maintenance and support, will result in Activi receiving annual licence fees and transactional fees generated from sales to the country-wide captive base of the wholesalers. The effect of this transaction is to afford the Blue Label group access to the footprint of the client base of the wholesale distributors.

Ukash

The strategic investment holding in Ukash has provided the Blue Label group with technology that enables it to supply the end user with prepaid Ukash vouchers which effectively digitises cash. This voucher enables the customer to transact on-line for multiple products and services through a single prepaid voucher.



*When compared to core pro forma earnings

International distribution continued

The Ukash initiative has given the group the ability to provide its products and services to a footprint established by Ukash, covering several countries in Europe.

The Ukash issuing, redemption and settlement platform facilitates integration with third party devices and technology, ensuring rapid deployment and broad-based coverage.

Ukash has concluded a technology deal with MasterCard "RePower" to be the recharge provider for the launch of the prepaid debit cash loading platform in Europe.



Oxigen India

Although Oxigen India has not as yet turned to profitability, a combination of continued growth in outlets supplied and new initiatives resulted in an improvement towards the end of the financial year under review.

These initiatives include the following:

- Reduction in monthly expenditure
- Consolidation of technology competencies
- Improvement of connectivity and reliability of the communications interface
- Introduction of prepaid E-Toll recharge vouchers
- Piloting of prepaid railway ticketing
- Agreement with The State Bank of India to pilot the PIN-less top-up of airtime and Oxicash via mobile phones to its consumer base (the integration is complete and testing is underway):
- An agreement with Nokia's Ovi stores to utilise Oxicash as a payment mechanism for all Nokia N-Gage products during the extended warranty period
- The appointment of Oxigen as a service provider of airtime sales in all Nokia branches.

Content Connect Australia

This company was established as an aggregator of localised content to mobile operators and third-party clients. It is the intention to enhance the range of products distributed by the company in order to encompass all the e-tokens of value that comprise the bouquet of products and services that Blue Label Telecoms affords to customers globally.



Democratic Republic of Congo

The negative economic climate in the DRC has necessitated a restructure of the business model. Operating costs have been reduced in line with the elimination of an element of the product offering.

The current mobile penetration level of 45% in Nigeria augurs well for potential future growth, considering that most established markets have penetrations in excess of 100%.

Mozambique

APS Mozambique established five additional branches. This initiative together with an escalation in starter pack activations resulted in improved margins emanating from additional volume discounts from the networks.

SharedPhone International

SharedPhone operates a SIM-card mobile payphone solution that allows vendors in rural areas – including other African countries – to offer consumers access to a public payphone and the means to vend prepaid airtime and prepaid electricity.

The company has penetrated several international markets over the past year (with particular success in Africa) by:

- becoming the leading connector of CST payphones in South Africa;
- concluding an exclusive rollout in Rwanda with the leading GSM network;
- pioneering in Liberia as the first GSM PayPhone supplier; and
- making notable inroads in Mozambique.

The company has successfully implemented pilot operations with Blue Label Mexico, positioning itself for expansion into Latin America in 2010.

PROSPECTS

Africa Prepaid Services is expected to contribute significant growth to the international segment primarily through its strategic 51% shareholding in Africa Prepaid Services Nigeria. The current mobile penetration level of 45% in Nigeria augurs well for potential future growth, considering that most established markets have penetrations in excess of 100%.

Blue Label Mexico is steadily increasing its points-of-presence and turnover in accordance with its business plan.

There has been an improvement in the financial performance of Oxigen India which is expected to continue.

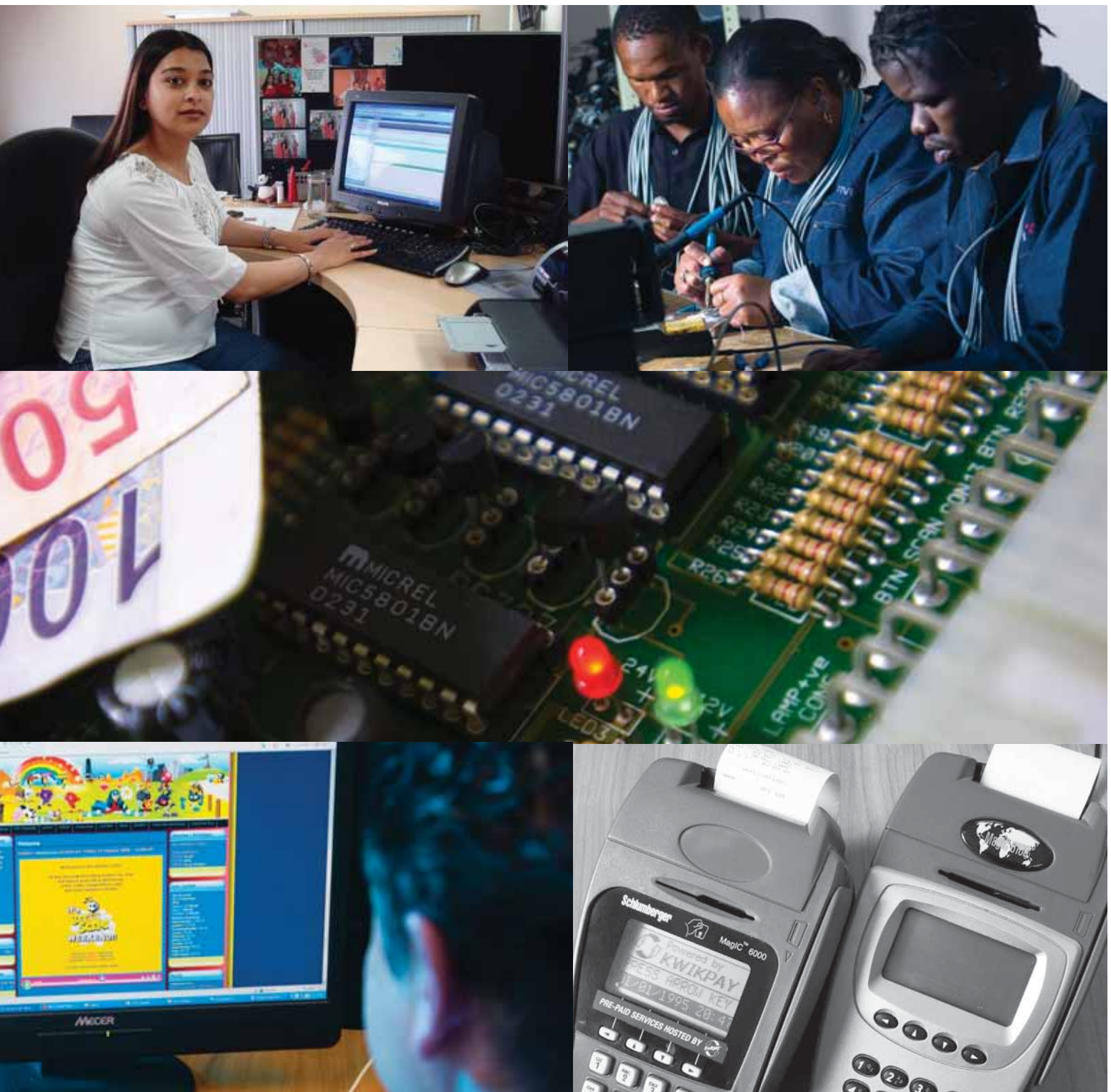
Ukash will provide consumers with the means to cash-in, utilise cash, and cash-out at their own convenience. The current economic climate has seen an increased acceptance of the prepaid model, even in developed markets. Ukash is well positioned to exploit this trend.

Technology partnerships will be pursued in line with the model established in the USA.

Technology



The aim is to provide one central hosting facility for the South African business and a blueprint for international hosting, with a local, decentralised field support team.



Technology continued



Angelo Roussos
Chief technology officer

The technology platforms segment houses all group companies which focus on the development, integration and management of the group's IT systems, infrastructure and technology solutions. The group's technology includes "business-to-business" and "direct-to-consumer" solutions.

BUSINESS-TO-BUSINESS TECHNOLOGY SOLUTIONS

Activi Technology Services (Activi)

Activi develops, operates and maintains all core transactional and service platforms for the group. As such, focus is on providing:

- Secure financial transactions
- Secure e-tokens
- Support and field support
- Hosting/management of IT infrastructure
- Manufacturing and maintenance.

Activi remains focused on the development and support of commercially viable and functionally rich transaction engines that provide robust and stable platforms.

During the past year, significant progress has been made in the following key areas:

- Consolidation, management and enhancement of the technology platforms throughout the group
- Integration of Lottery dispensers, on behalf of Gidani, into till points, allowing consumers to purchase “Quick Picks” when paying for other goods
- Development and implementation of a mobile application facilitating the purchase of lottery numbers via cell phones
- Integration of live bill payments into point-of-sale devices
- Development of mobile services technologies, in association with Microsoft.

DIRECT-TO-CONSUMER TECHNOLOGY SOLUTIONS

Blue Label One, trading as the Mobile Services Company (MSC)

MSC consists of divisions that offer business-to-business and direct-to-consumer products and services:

- The direct-to-consumer division consolidates all products and services associated with mibli™ powered by Microsoft OneApp™
- An m-Commerce division provides a mobile wallet, which is a feature of mibli™ powered by Microsoft OneApp™
- MSC Media is the mobile advertising division. The group’s physical and virtual prepaid airtime inventory and distribution channels constitute valuable marketing space for certain brands and provide an innovative revenue stream for the group.



*When compared to core pro forma earnings

Technology continued



Dr David Fraser
Chief information officer

mibli™ powered by Microsoft OneApp™ which was launched post year end, is the group's most advanced on-phone service, aimed at the "mobile generation". The group is uniquely positioned to leverage its global transactional experience and footprint to enable mibli™ powered by Microsoft OneApp™ to become a revenue-based, transaction-centric mobile services "eco-system", in which many different products/services are combined in one mobile interface, supported by a single, integrated back-end.

MSC's systems and technology platforms have the capacity and capability to support the mobile service requirements of Blue Label Telecoms, as well as any third-party client.

The MSC eco-system and Activi's transaction system are integrated and supply the group's products and transactional services through the mobile channel.

PROSPECTS

Activi remains focused on the development and support of commercially viable and functionally rich transaction engines that provide robust and stable platforms. It strives to optimise the group's technology investments, while standardising deployment processes, templates and methodologies.

mibli™ powered by Microsoft OneApp™ is the group's most advanced on-phone service, aimed at the "mobile generation".

The aim is to provide one central hosting facility for the South African business and a blueprint for international hosting, with a local, decentralised field support team. This model drives the group objective of increasing points-of-presence and footprint globally.

Once the mibli™ powered by Microsoft OneApp™ App store is operational, significant interest from developers and advertisers is anticipated.

South Africa is the first emerging market to launch mibli™ powered by Microsoft OneApp™. The group anticipates partnering with Microsoft in launching the application in other emerging markets in due course.



Value-added services



Specialises in telemarketing of cellular products and various financial services instruments and provides inbound customer care and technical support.



DODGE THE TRAFFIC!



Value-added services continued



Craig Ireland
Chief operating officer:
Value-added services (Datacel)

The value-added services segment houses all group companies that are broadly aligned with the South African information and communication technologies (ICT) industry.

Datacel

Datacel is a national business process outsourcing company, operating both inbound and outbound call centre services. During the year under review these functions are delivered through its subsidiaries Velociti, CNS and Blue Label Call Centre.

It specialises in telemarketing of cellular products and various financial services instruments and provides inbound customer care and technical support.

Services are provided for third parties and several companies within the Blue Label group.

The outbound call centre insurance business underperformed, resulting in the consolidation of three call centres into two. Blue Label Call Centre was consequently closed post year-end.

The Velociti Call Centre has expanded its cellular contract telemarketing area and inbound capabilities. This division has performed well.

The outbound direct selling model continues to have good growth prospects as companies develop more products and services for the emerging income groups which are sold through the call centres.

Cellfind

Cellfind remains focused on delivering annuity income-driven location-based services via Vodacom and MTN, as well as providing WASP services.

Cellfind remains focused on delivering annuity income-driven location-based services via Vodacom and MTN, as well as providing WASP services.

Key drivers of success are:

- Network operator performance
- Co-marketing opportunities
- Uptake of new services
- New value-added location-based services
- Extended WASP service offerings
- Extended white label offerings.

In May 2009, the company expanded its product offering with the launch of miTRAFFIC, an MMS report on the traffic situation within a 50km radius of the cellphone subscriber. GuardMe, a mobile safety alert, was added to the MTN 2MyAid and Vodacom Look4Me emergency services.

Further corporate and consumer location-based services and information products are scheduled for launch during the forthcoming financial year.

Content Connect Africa (CCA)

CCA is an aggregator of on-portal and off-portal localised content for mobile operators and third party clients throughout Africa.

Additional offerings include the conceptualisation, production and execution of digital marketing campaigns on behalf of the major cellular networks in South Africa.

PROSPECTS

The predominantly outbound call centres are constantly procuring additional product offerings to the databases that they communicate with, utilising the existing infrastructure of call centre seats to achieve additional revenue.

Additional location based services that were introduced in the latter part of the financial year-end 2009 are expected to gain momentum over a full year cycle. The company is exploring the introduction of value-added services in territories outside South Africa.



*When compared to core pro forma earnings