



REVIEW OF OPERATIONS SMARTCALL AND SMARTCOM

Mark Attieh

Managing Director of Smartphone SP (Proprietary) Limited
and director of Smartcom (Proprietary) Limited

Overview

Vodacom Group (Proprietary) Limited acquired a 51% interest in Smartphone SP (Proprietary) Limited, trading as Smartcall, on March 1, 2004. Smartphone SP (Proprietary) Limited acquired an 85.75% interest in Smartcom (Proprietary) effective April 16, 2004.

The companies have performed well in a favourable South African market, with revenues significantly better in the second half of the year compared to the first half.

Smartphone SP (Proprietary) Limited trading as Smartcall

Smartcall achieved excellent results and has performed in line with expectations in a more competitive environment. The business was significantly more profitable towards the end of the financial year, as the business model followed requires investment in stock a few months before the customer connects.

Smartcall has been developing new voucher distribution solutions over the past financial year and is currently able to print large volumes of vouchers at point-of-sale. Smartcall has also developed PIN management solutions and plans to sell prepaid cellular value-added products and services to the market over the next few months.

Smartcall is known for its innovation in the prepaid market and is currently exploring novel customised concepts to enhance recharge and voucher distribution solutions. Smartcall is also aggressively developing its retail distribution channels.

Smartcom (Proprietary) Limited

Smartcom achieved results connecting more contract customers in the period under review than originally anticipated. Smartcom's distribution channels performed well with sales of both Family Top-Up and data sales packages doing exceptionally well. All distribution channels are being actively monitored and strengthened where required. Smartcom managed to maintain exceptional customer care service levels and are poised for further growth in the year ahead.

Mark Attieh

Director

*Smartphone SP (Proprietary) Limited and
Smartcom (Proprietary) Limited*

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Family Top Up allows you to control your monthly cellphone expenses

Key indicators

	Year ended		% change
	March 31,		
	2004	2005	05/04
Customers ('000)¹	2,806	3,667	30.6
Contract (Smartcom)	44	90	106.9
Prepaid (Smartcall)	2,762	3,577	29.5

¹ Customer totals are based on the total number of customers registered on Vodacom's network which have not been disconnected, including inactive customers, as of end of the period indicated.

*With an array of new products and services
Vodacom stays ahead of the game. This year saw
prepaid SMS vouchers, adding MyMeg to the
vodacom4me suite, NightTalk allowing more talk
time as the sun sets, receiving electronic invoices
and subscription to MySport where the score
board comes to you.*