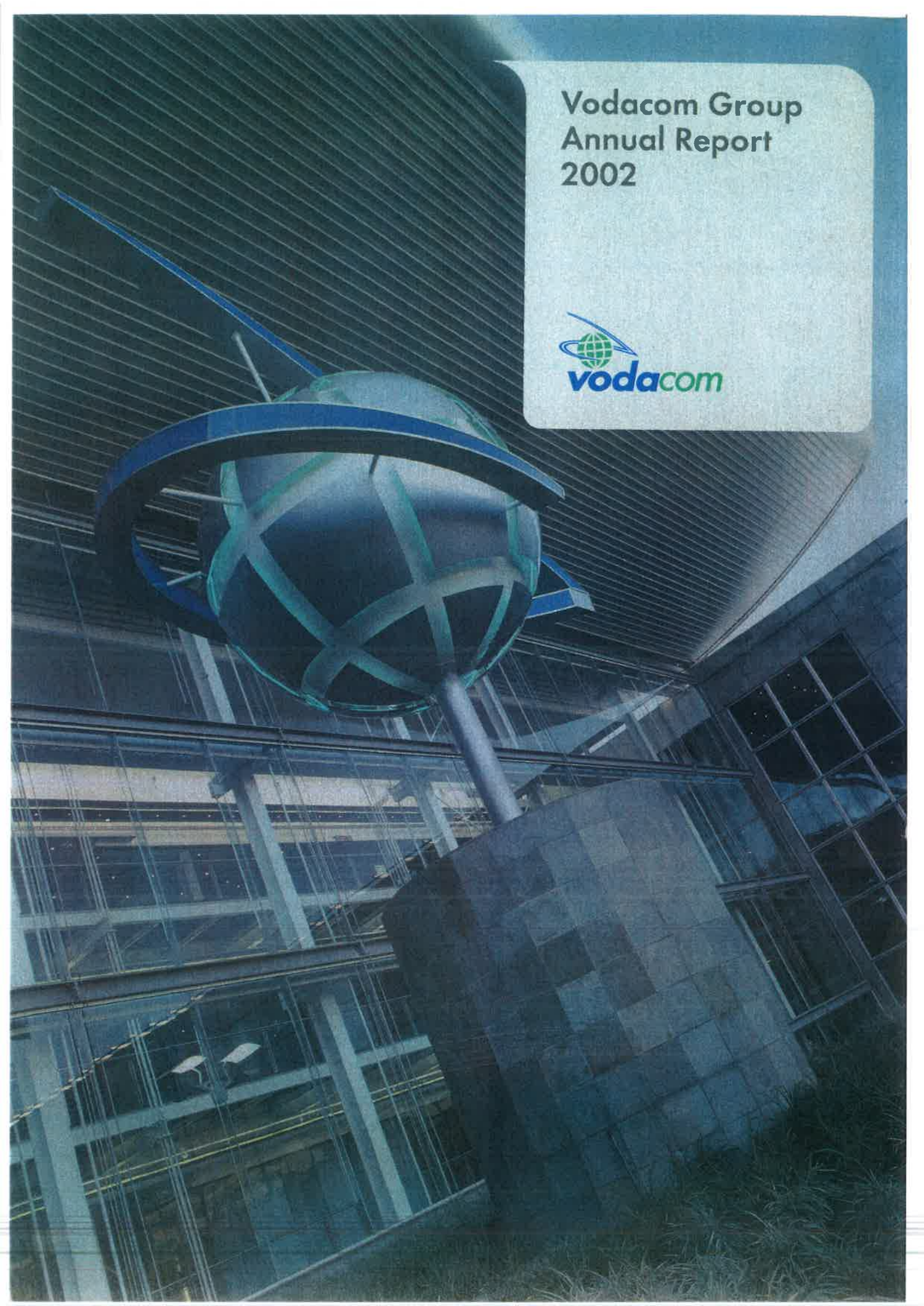


Vodacom Group
Annual Report
2002



THE VODACOM WAY

**ALWAYS REMEMBER
THERE IS THE VODACOM WAY**



*Vodacom will be one of Africa's
most admired companies.
The pride of Africa.*

VODACOM

is a winning company

where everyone is imbued with a spirit to win, to be passionate in whatever we do, to be the best, to never give up, to work harder than anybody else, to know that our best is better than anybody else's best. Losing is just not an option. We are a team and competition is our sport.

VODACOM

is a respected company

where honesty, trust, good faith and professionalism are the cornerstones of how we do business. Everyone we deal with is an equal partner, and we deal straight.

VODACOM

is a caring company

which cares about what it does and how it does it, which is always fair, and which respects every single person. Sincerely caring about everything we do every minute of every day, is our way of life.

VODACOM

believes that it can

enhance people's lives and empower them by making it possible for all people in Southern Africa to have access to mobile telecommunications. We have the will and the means to do so, and we will strive to do so in a sensible manner. We will democratise telecommunications.

VODACOM

will seek out the impossible to do

Mobile communication has been made possible by the most innovative technology in the world. This technology will continue to develop and make possible things we cannot even dream of today. We will remain the most competent and innovative of all in this technology, to not only make every dream come true, but to dream the dreams. We will use our passion and our common sense to do the impossible. Indeed we will seek out the impossible to do.

*And in everything we do, we will always also make sure that our
shareholders remain happy with, and proud of their investment in Vodacom.*



Contents

The Vodacom Way		
1.	The Year in Review and Financial Highlights	2 – 3
2.	Chairman’s Review	4 – 7
3.	Group Structure and Operations	8 – 9
4.	Board of Directors and Committees of the Board	10 – 13
5.	Executive Management	14 – 15
6.	Group Chief Executive Officer’s Review	16 – 21
7.	Group Finance Director’s Review	22 – 25
8.	Operational Reviews	
8.1.	South Africa – Vodacom (Pty) Ltd	26 – 28
8.2.	South Africa – Vodacom Service Provider Company (Pty) Ltd	29 – 31
8.3.	International – Vodacom International Holdings (Pty) Ltd and subsidiaries	32 – 37
9.	Five-year Review	38 – 39
10.	Translation of Selected Financial Data	40 – 41
11.	Significant Events in the History of Vodacom	42 – 43
12.	Corporate Citizenship Report	
12.1.	Corporate Governance Statement	44 – 51
12.2.	Report on Human Resources and Employment Equity	52 – 54
12.3.	Report on Social Investment	55 – 57
12.4.	Report on Safety, Health and Environment Management	58 – 59
12.5.	Consolidated Value Added Statement	60 – 61
13.	Analysis of Shareholders	62 – 63
14.	Abbreviations	64
15.	Consolidated Annual Financial Statements	65 – 119
16.	Disclaimer	120

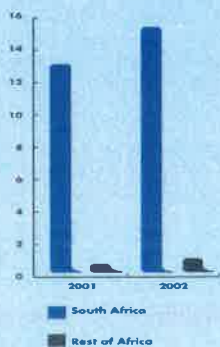
1. The Year in Review and Financial Highlights

31 March 2002

The year was underpinned by some fundamental issues:

- The launch of Cell C in November 2001
- The launch of over 30 new products including 4U and per second billing towards the end of 2001
- The implementation of new interconnect agreements
- The creation of Vodacom International
- The \$39 million investment in the DRC in December 2001
- The 43% decline of the Rand over the period
- The sale of non-core businesses at a profit

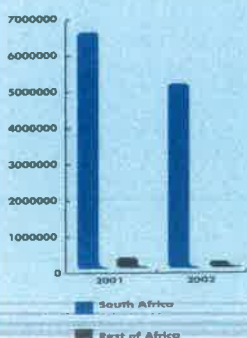
Revenue (R billion)



Profitability highlights

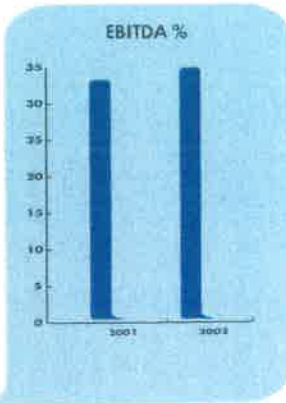
- Consolidated revenue increased 22.0% to R16.2 billion
- South African revenue increased to R15.2 billion
- Profit before tax increased 65.5% to R3.6 billion
- R56.1m exceptional profit realised.
- Due to the adoption of IAS39, exchange rate fluctuations resulted in a profit of R320.4 million

Customers (millions)



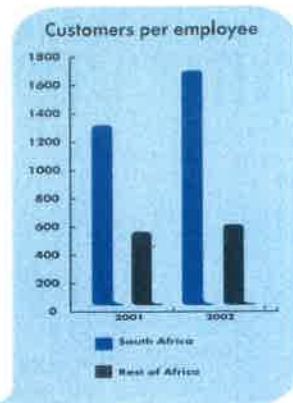
Customer highlights

- Total customer base increased 31.7% to 6.9 million
- Customers contract churn down 4.2% to 14.5%
- 4U customers exceed 1.3 million within 6 months of launching the product
- Prepaid customers comprise 83.4% of the base
- Customers from the "Rest of Africa" make up 4.5% of base, or 0.3 million



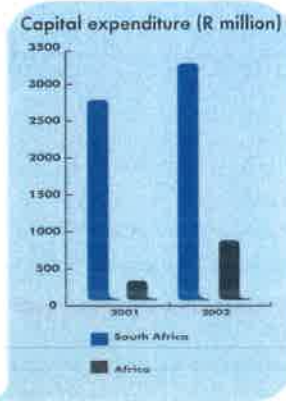
Strong margins and balance sheet

- EBITDA margin increased from 33.3% to 34.9%
- EBITDA margin (excluding cellular equipment sales) of 39.2%
- The profit margin increased from 21.1% to 22.2%
- Debt:Equity ratio stable at 45%



Improved efficiencies

- Customers per employee improved 29.3% to 1 577
- Revenue per employee increased 19.8% to R3.7 million
- Admin costs per customer decreased 18.2% to R347
- Admin costs per employee increased 5.6% to R546 thousand



Continued capex roll-out

- Capital expenditure for the year increased 33.1% to R4.2 billion
- Cumulative capital expenditure increased 32.2% to R15.6 billion
- South African capex as a percentage of turnover increased 4.3% points to 21.6%
- South African capex per customer decreased 3.0% to R1,991

Analysis of earnings

	2002 R'mil	2001 R'mil	%
Net profit	2,338	1,362	72
Headline earnings	2,438	1,767	38
Excluding the exchange rate impact (IAS39):			
Net profit	2,113	1,362	53
Headline earnings	2,214	1,767	25
Shareholder distributions	744	638	17

Vodacom Group (Pty) Ltd

2. Chairman's Review

31 March 2002

"The 20th Century bore witness to some of the most dramatic changes humanity has ever undergone. The automobile changed the world, the airplane made it possible to have breakfast in Paris and lunch in New York City; radio and television delivered news and entertainment from all parts of the world in real time. But the changes brought about by mobile telephony have turned out to be the most dramatic of them all".

Adapted from "Ten Lessons from the Future" - Wolfgang Grulke - 2000

Wendy Luhabe



Imagine life today without a mobile phone and how we ever managed without it. In just over eight years the industry has surpassed all initial predictions regarding the size of the market. It has facilitated the entry of people into the marketplace who previously had no access to basic economic opportunities. Driving around it is amazing to witness many handwritten boards by painters and other handymen advertising their services followed by an 082 or 072 number.

Vodacom's unprecedented commercial success has not only provided excellent returns for its shareholders; Telkom, Vodafone, VenFin and Hosken Consolidated Investments (HCI), it has empowered Africa and Africans in ways that make us extremely proud of our role in the economy. Vodacom is not, and has never been, "just a telephone company". Vodacom transacts hopes, dreams and aspirations representing R15.6 billion state-of-the-art GSM cellular network equipment across Lesotho, Tanzania, the Democratic Republic of the Congo and South Africa. We are changing the way that people communicate.

Before the launch of Vodacom Community Services in 1994, millions of South Africans communicated with their feet. Because of the legacy of apartheid, thousands of settlements across South Africa had little or no access to telecommunications services. Residents, mostly black, had to walk several kilometres to the nearest telephone. Although a license obligation, Vodacom's greatest privilege has been the roll-out of thousands of subsidised community telephones to South Africa's under serviced areas. We are extremely proud of our contribution in bridging the communication gap.

**Vodacom....
has never
been "just a
telephone
company"**



The results don't just speak for themselves, they demand to be heard. At 31 March 2002, 27 884 community telephones, deployed in 2 842 Vodacom Community Services phonestops, located in 899 private premises owned by 1 499 self-made entrepreneurs, were delivering over 90 million minutes of call time every month to literally millions of people situated across 1.2 million square kilometers of South Africa, reaching every corner you can imagine.

Before Vodacom made its entry into the South African telecommunications market, a mere four million fixed line telephones were shared amongst 40 million South Africans with the lion's share owned by the privileged minority. Mobile telephones only existed in luxury cars of the wealthy and did not exceed 15 000. For the majority of South Africans, a telephone was a luxury, not a basic necessity.

Given this scenario, it is understandable that Vodacom's initial projections catered for only 250 000 customers within the first five years of commercial operations. The actual figure after five years of operations was a phenomenal 1 995 525 customers. By 31 March 2002, the number of customers connected to Vodacom networks across the African continent stood at 6 862 976 customers. We have been proud to witness Vodacom democratise South Africa's mobile telecommunications industry, as well as become a world leader in almost every aspect of cellular telecommunications.

During the year under review Vodacom continued to deliver exceptional results in an increasingly competitive market. Revenue increased 22% to R16.2 billion, and profit from operations increased

year on year by an exceptional 28.4%. These results were delivered through improved operational efficiencies and a 31.7% increase in customers. The results include those of Tanzania, which has been operating its network for just over 19 months, and the start-up operational costs of the DRC, which launched operations in May 2002.

Vodacom has been acknowledged as a leader in many fields over the past financial year. The company was the winner in the Best Unlisted Company category of the 2001 Growth Awards and the winner in the Telecoms category of the 2001 Professional Management Review emPower Awards. "Vodashop" was named 2001 Brand Builder of the Year by the Franchise Association of SA. Vodacom also received two 2001 Raptor sponsorships awards and was a Loerie Finalist in several categories including digital interactive media, corporate events and television commercials.

Vodacom's 4U youth product was launched in October 2001 and proved so popular with its target market that more than 1.3 million people purchased the 4U product, supported by sales of branded clothing, accessories and jewellery, in the six months following its launch. Vodacom 4U is a per-second billing, stand-alone tariff package designed to include those elements of the cellular experience that are important for 16 to 21 year olds.

Vodacom's contribution to empowerment objectives reached over many areas of life in South Africa. Vodacom has successfully embarked on a programme to achieve commercial equity with regards to suppliers coming from "historically disadvantaged individuals or companies (HDI)".

Orlando Pirates and Kaizer Chiefs fans cheer for their teams at the 2001 Vodacom Challenge, South Africa's premier soccer event.



Future Vodacom customers at a Vodacom Cup rugby match. The Vodacom Cup is a rugby development initiative that has helped uncover latent rugby talent amongst disadvantaged South Africans.

Our HDI target for the year ended 31 March 2002 of 30% of Vodacom's commercial expenditure with HDI's was exceeded by 12.0%. In monetary terms, this equates to more than R411.8 million contribution to black economic empowerment.

Vodacom prides itself as a role model in Corporate Social Responsibility. During the 2001/02 financial year the Vodacom Foundation invested in selected projects amounting to a total of R25 million. The Vodacom Foundation prioritises sustainability when selecting worthy causes to support. This emphasis on sustainability resonates with the New Partnership for Africa's Development (NEPAD) focus on attracting investors to our continent, as opposed to supporting a culture of dependency. Vodacom's corporate social investment projects focus on addressing issues deemed to be national priorities. Currently, these have been identified as safety and security, health and education.

Vodacom is concerned about the current culture of lawlessness that threatens the safety and security of every South African. At the same time, Vodacom is optimistic that solutions will be found to the problem of crime in South Africa. One of these solutions is for private sector to work with government in addressing the problem. In this regard, Vodacom's 112 and 147 emergency services have made a big impact in the struggle against crime enabling cellphones to be used as highly effective panic button for millions of people.

Vodacom has exceeded its employment equity targets year on year and this has resulted in an exciting and diverse workplace. We recognise that the future stability of our country depends on building a society where no single race, creed or colour dominates unfairly in any aspect of South African life.

Vodacom continued to be a melting pot during the last financial year and practically all cultures, races and religions within the borders of South Africa were represented in the ranks of company employees. Specifically, at 31 March 2002, 72% of employees represented the "previously disadvantaged". This is a figure that few South African companies can match. With our expansion into Africa, our employees have an opportunity to acquire operational experience as we roll out networks and establish new operations.

Vodacom's corporate culture is characterised by progressive and enlightened attitudes towards typical workplace issues. For example, Vodacom believes there is a huge difference between productivity and the amount of hours spent behind a desk. Results count at Vodacom and being a model employee is more about delivering the goods than clock-watching. Our eclectic approach to corporate life is also the reason people stay at Vodacom. Dozens of key employees who started with Vodacom when it launched commercially in June 1994 are still to be found within our ranks. They stay because we provide a stimulating, challenging and fun place to work but also because they know that Vodacom has a bright future for them. We invest in mentorship and retention programmes, and have prioritised succession planning to provide attractive career prospects as Vodacom continues to grow. The executive management team is young, diverse, dynamic and passionate.

Predicting and inventing the future has become Vodacom's greatest asset



Vodacom provides employees with free access to Independent Counselling and Advisory Service (ICAS). ICAS offers multilingual access by both telephone and face to face counselling covering most aspects of life to Vodacom employees, their spouses or partners and any family members who live with them. We also encourage and provide staff the assistance to further their studies and personal development. Furthermore, all levels of staff participate in the company's phantom share scheme, not just senior employees. The purpose of the phantom share scheme is to reward employees who have helped make Vodacom the South African success story it is today.

During the next financial year and beyond, Vodacom customers can look forward to killer applications, many new value-added services and increased technology transfer from overseas networks within the Vodafone Group. Third generation technologies, and beyond, are already being implemented commercially overseas and Vodacom is taking advantage of the expertise gained by its international partners during trials of these new technologies.

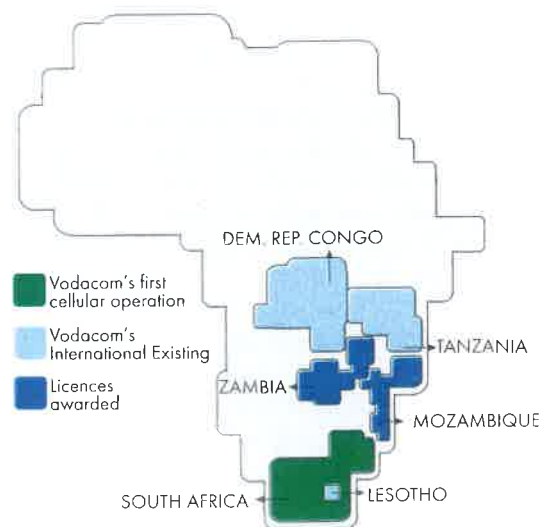
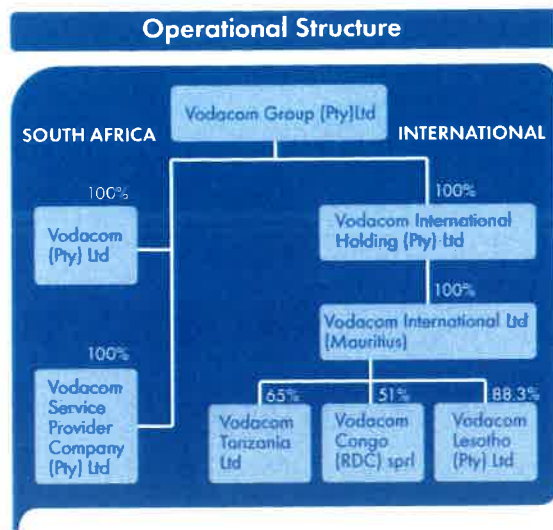
What can be transacted on a mobile phone is only a fraction of the potential of what mobile phones will be able to do in the future. Predicting and inventing the future has become Vodacom's greatest asset. We are not referred to as "South Africa's Leading Cellular Network" by accident, this is a position well deserved. We seize every moment.

Wendy Luhabe
Chairman
Vodacom Group (Pty) Ltd

South African entrepreneurs are able to advertise their services simply by having an 082 or 072 number, a little cardboard and a lot of ambition.

3. Group Structure and Operations

31 March 2002



BACKGROUND TO THE GROUP

During the current financial year the Vodacom Group has consolidated its operations to focus on its core business. The consolidation process included the sale of Vodacom World Online (Pty) Ltd (the internet service provider), Vodacom Sport and Entertainment (Pty) Ltd (the marketing company specialising in sport and event management), Teljoy Television (the SA brand leader in the rental of televisions, video cassette recorders and other related products) and the selling of the assets of Globalstar Southern Africa (Pty) Ltd (the satellite service company) to Telkom SA Ltd.

This has left Vodacom with a streamlined structure of its core business, which is the management of its mobile operations across Africa. In South Africa this is achieved through two independent entities Vodacom (Pty) Ltd and Vodacom Service Provider Company (Pty) Ltd due to the service provider model that is in place.

Certain support functions remain centralised in either the Group holding company or the International holding company. This includes functions such as regulatory, corporate affairs, legal services, interconnect expertise, tax and treasury management. Each business is otherwise independently operated.

SOUTH AFRICAN OPERATIONS

South Africa remains our main source of revenue and profit and nearly 90% of the workforce is employed locally.



Vodacom (Pty) Ltd, the South African network company, is the custodian of the licence to operate a network and the group's principal asset. It is the leading cellular network operator in South Africa with an estimated market share of 60%. The R14.3 billion network currently handles in excess of 6.6 million customers.

The company's core business is to build and manage a GSM cellular network and to provide bulk airtime to service providers who sell it to individual cellular customers by means of airtime contracts and prepaid airtime vouchers. The company is also responsible for product development and customer service either directly to the customer or through its various service providers.



Vodacom Service Provider Company (Pty) Ltd is charged with the marketing and sales of the Vodacom service. Distribution is effected directly through outlets and direct sales while indirect sales are through formal and informal distribution channels and dealers. The company has also been rationalising and standardising the marketing and branding of the Vodacom name. Vodacom announced during March 2000 the combining of its various service provider companies into this single company. The equipment company, specialising in cellular phone and accessory purchases and sales, as well as a company specialising in cellular phone repairs were also incorporated into the new company. The new entity will continue to acquire phones and accessories in bulk, in order to attain better prices and after sales service support, and will continue to distribute these to the entire Vodacom distribution chain of service providers and dealers.

INTERNATIONAL OPERATIONS

Vodacom International Holdings (Pty) Ltd was created in April 2001, together with the 100% owned offshore subsidiary Vodacom International Ltd (Mauritius). The companies main function is twofold, to seek out new opportunities and effectively leverage these investments through proper support and management.



In June 1995, Vodacom ventured outside South Africa for the first time and was awarded a GSM licence in Lesotho. Vodacom Lesotho (Pty) Ltd, was set up with the Lesotho Telecommunications Corporation to build and operate a network. The test phase started in September and the network officially switched on in May 1996.

In November 2000, the Privatisation Unit of Lesotho and the Sekha-Metsi Consortium Ltd signed a Sale of Shares Agreement resulting in the latter gaining a 12% shareholding in Vodacom Lesotho. Vodacom International Holdings (Pty) Ltd holds the shares in Vodacom Lesotho.



In December 1999, Vodacom won a bid to operate a GSM cellular network in Tanzania. The network launched its services in August 2000 and within 8 months, the end of the first financial year, there were over 80 000 customers on the network. The cellular market is currently estimated at 500 000 customers, out of an estimated population of 34 million. The local partners in the venture are Planatel Communications Ltd (16%) and Caspian Construction Company Ltd (19%). Vodacom Tanzania Ltd is still legally owned by Vodacom Group (Pty) Ltd.



In December 2001, Vodacom invested in its third network outside of South Africa through its 51% share in a newly formed company with Congolese Wireless Networks s.p.r.l. ("CWN"). The venture launched the country's first true national service in May 2002 and is conservatively expected to grow to 240 000 customers by the end of the next financial year, March 2003. With a population estimated at approximately 60 million the market potential is significant.

4. Board of Directors and Committees on the Board

31 March 2002



NON-EXECUTIVE CHAIRMAN

WENDY LUHABE
(45)

Representative of Telkom

Appointed as Chairman: 16 February 2000

Qualifications: B.Com, MAP

Chairman of Committees: Directing Committee, Remuneration Committee.

Other directorships: Telkom; Industrial Development Corporation; Alliance Capital SA; Cycad; Southern Africa Fund; Women's Private Equity Fund; Tiger Oats

Wendy obtained her degree from the University of Lesotho in 1981. She is the Chairman of Alliance Odyssey, a global joint venture Asset Management business, started in 1997 to manage pension funds for various organisations. Wendy is a Non-Executive Director of various companies. She is an entrepreneur and a pioneer facilitating the participation of women in the economy. She also chairs the Interational Marketing Council to improve perceptions about South Africa.



CHIEF EXECUTIVE OFFICER

ALAN KNOTT-CRAIG
(50)

Appointed to the Board: 1 October 1996

Appointed as Chief Executive Officer: 1 October 1996

Qualifications: B.Sc (Electrical Engineering), MBL

Membership of committees: Remuneration Committee

Other Directorships in the Group: VOD, VIH, VSP, VIM

Alan started his career in Telkom in 1975. He held various positions through the company until he was appointed as Senior General Manager Mobile Communication in August 1992. Following the formation of Vodacom, he was appointed as Managing Director of Vodacom (Pty) Ltd with effect from June 1993 and as Group Chief Executive Officer of Vodacom Group (Pty) Ltd with effect from 27 September 1996.

VTZ - Vodacom Tanzania Ltd
VCL - Vodacom Lesotho (Pty) Ltd
VSP - Vodacom Service Provider Company (Pty) Ltd
VCO - Vodacom Congo (RDC) s p t l.

VIH - Vodacom International Holdings (Pty) Ltd
VIM - Vodacom International Ltd (Mauritius)
VOD - Vodacom (Pty) Ltd



EXECUTIVE DIRECTOR

ANDREW MTHEMBU
(46)

Deputy Chief Executive Officer

Managing Director - Vodacom International Holdings (Pty) Ltd

Appointed to the Board: 1 January 1998

Qualifications: B.Sc (Chemistry & Biology), B.Sc (Civil Engineering), MSc (Construction Management), ADP (Advanced Development Program)

Membership of Committees: None

Other Directorships in the Group: VOD, VCO, VIH, VSP, VTZ, VCL

Before joining Vodacom Andrew was Managing Director of Tolcon (Pty) Ltd. He was appointed as Managing Director of Vodacom (Pty) Ltd with effect from 1 January 1998. During the year he was appointed Managing Director of the newly formed Vodacom International (Pty) Ltd and Deputy Group Chief Executive Officer of Vodacom Group (Pty) Ltd.



EXECUTIVE DIRECTOR

SHAMEEL AZIZ-JOOSUB
(31)

Managing Director - Vodacom Service Provider Company (Pty) Ltd

Appointed to the Board: 14 September 2000

Qualifications: B.Compt (Hons), CFA (SA), MBA (Aus)

Membership of Committees: None

Other Directorships in the Group: None

Shameel started his career in Finance in Vodacom (Pty) Ltd on 1 March 1994. In November 1996 he was appointed as Head of Procurement and transferred to Sales and Marketing in Vodacom Equipment Company (Pty) Ltd. He was appointed as Managing Director of Vodacom Equipment Company (Pty) Ltd in April 1998 and later as Managing Director of Vodacom Service Provider Company (Pty) Ltd with effect from 28 August 2000.



EXECUTIVE DIRECTOR

LEON CROUSE
(49)

Group Finance Director

Company Secretary

Appointed to the Board: 1 October 1996

Qualifications: B.Com, CA (SA)

Membership of Committees: None

Other Directorships in the Group: VOD, VIH, VSP, VIM, also chairman of Group Pension Fund.

Leon held various financial positions between 1974 and 1993, the last being Financial Controller at Compagnie Financière Richemont AG (1987 - 1993). He was appointed on 1 September 1993 as General Manager: Finance in Vodacom (Pty) Ltd and later as Group Finance Director for Vodacom Group (Pty) Ltd.



EXECUTIVE COMMITTEE MEMBER

PIETER UYS
(39)

Managing Director - Vodacom (Pty) Ltd

Not a board member but attends all meetings by invitation

Qualifications: BSc Engineering, MSc Engineering, MBA

Membership of Committees: None

Other Directorships in the Group: None

Pieter was appointed as Executive Head in Radio Operations in July 1998 and was promoted one year later to General Manager Operations: Southern Regions. This position later changed to Director: Operations South. With effect from 1 February 2001 he was appointed as Chief Operating Officer in Vodacom (Pty) Ltd and ultimately Managing Director of Vodacom (Pty) Ltd with effect from 1 December 2001.



From left to right:
 Andrew
 Mihembu, Alan
 Knott-Craig,
 Martin
 Kerckhoff,
 Shameel Aziz
 Joosub, Tom
 Barry, Sizwe
 Nxasana, Hans
 Kuropatwa,
 Phil Williams,
 Leon Crouse,
 Seated: Wendy
 Luhabe, Dillie
 Malherbe.

NON-EXECUTIVE DIRECTORS

SIZWE NXASANA (44)

Representative of Telkom SA Ltd

Chief Executive Officer and Managing Director of Telkom SA Ltd

Appointed to the Board: 25 June 1998

Membership of Committees: Directing Committee, Audit Committee (Chairman)

Other Directorships:

Zenex Trust, Zenex Foundation, Business Against Crime SA, Telkom SA Ltd

Sizwe obtained a Bachelor of Commerce degree from the University of Fort Hare and Bachelor of Accounting Science Honours from the University of South Africa. He is a qualified Chartered Accountant (SA). He is a member of the Income Tax Special Court and Chairman of the South African Revenue Services Audit Committee.

PHILIP WILLIAMS (52) (BRITISH)

Representative of Vodafone Holdings SA (Pty) Ltd

Group Human Resources Director - Vodafone

Appointed to the Board: 26 September 1997

Membership of Committees: Directing Committee, Remuneration Committee

Phil is director of several of the Vodafone Group companies and is also a director of Vodafone's Group's pension trustee company and the Vodafone Group Charitable Trust. Prior to joining Vodafone he was Personnel Director with Costain and Burmah Castrol.

JOSUA (DILLIE) MALHERBE (46)

Representative of VenFin Ltd.

Chief Executive Officer of Venfin Ltd

Appointed to the Board: 30 May 1994

Membership of Committees: Directing Committee, Audit Committee, International Business Development Committee, Remuneration Committee.

Other Directorships: Director of several Venfin investee companies in South Africa and overseas

Dillie is a B.Com LLB who also qualified as a Chartered Accountant (SA). He spent 5 years with Rand Merchant Bank Corporate Finance Division where he was Assistant General Manager. After spending 3 years with Richemont, based in London, as assistant to the CEO, he returned to the Rembrandt Group Ltd in Stellenbosch as Director Investments until the split of Rembrandt in September 2000 into VenFin Ltd and Remgro Ltd.

TOM BARRY (58) (USA)

Representative of Telkom SA Ltd

Chief Operating Officer of Telkom SA Ltd

Appointed to the Board: 1 March 1999

Membership of Committees: Directing Committee, Remuneration Committee

Other Directorships:

Telkom SA Ltd and Thintana.

Tom obtained a Bachelors Degree in History from the University of Missouri-St Louis. Prior to joining Telkom in 1998 as Chief Operating Officer, he was Senior Vice-President: Federal Relations and Senior Vice-President: Strategic Planning at SBC Communicationsz Inc.

ALTERNATE DIRECTORS**PETER BAMFORD (48) (FOR ANDY HALFORD) (BRITISH)**

Representative of Vodafone Holdings SA (Pty) Ltd

Appointed to the Board: 1 October 2001

JAN DURAND (36) (FOR JOSUA MALHERBE)

Representative of Venfin Ltd

Appointed to the Board: 9 November 2000

JULIAN HORN-SMITH (54) (FOR HANS KUROPATWA) (BRITISH)

Representative of Vodafone Holdings SA (Pty) Ltd

Appointed to the Board: 23 March 2000

HANS KUROPATWA (44) (BRITISH)

Representative of Vodafone Holdings SA (Pty) Ltd

Managing Director of Vodafone Northern Europe Middle East and Africa (NEMEA) region

Appointed to the Board: 1 October 2001

Membership of Committees: Directing Committee, International Business Development Committee

Hans has a BSc and MBA. He spent five years at Motorola, mainly as Business Development Director, before joining Vodafone in 1995.

MARTIN KERCKHOFF (38) (USA)

Representative of Telkom SA Ltd

Group Executive of Corporate Development and IPO of Telkom SA Ltd

Appointed to the Board: 16 February 2000

Membership of Other Committees: Directing Committee, International Business Development Committee (Chairman).

Other Directorships:

Telkom Directory Services (Pty) Ltd (Chairman).

Martin is a qualified Attorney, and has been practicing as such at SBC Communications since 1992.

ANDY HALFORD (43) (BRITISH)

Representative of Vodafone Holdings SA (Pty) Ltd

Financial Director Vodafone NEMEA region

Appointed to the Board: 1 August 2000

Membership of Committees: Directing Committee, Audit Committee

Andy is a Chartered Accountant. After a twelve year stretch at PriceWaterhouse he spent another seven years at East Midlands Electricity culminating in his appointment as Finance Director. In 1999 he joined Vodafone as Financial Director of Vodafone Corporate and will take up a new position at Verizon Wireless, as Chief Financial Officer, early in the 2002/03 financial year.

MICHAEL PITT (46) (FOR PHILIP WILLIAMS) (BRITISH)

Representative of Vodafone Holdings SA (Pty) Ltd

Appointed to the Board: 26 September 1997

CHRIS VOLSCHENK (33) (FOR TOM BARRY)

Representative of Telkom SA Ltd

Appointed to the Board: 16 February 2000

5. Executive Management

31 March 2002

ALAN KNOTT-CRAIG (50)

Group Chief Executive Officer

Details and Directorships: see above under Board of Directors details

ANDREW MTHEMBU (46)

Deputy Group Chief Executive Officer

Details and Directorships: see above under Board of Directors details

LEON CROUSE (49)

Group Finance Director

Details and Directorships: see above under Board of Directors details

THOMAS BEALE (49) (USA)

Group Executive Regulatory Affairs

Qualifications: Bachelor of Arts, Doctor of Jurisprudence, Master of Arts

Directorships in the Group: VCO, VIH

PHILIP GEISSLER (39)

Director Product Development and Management#

Qualifications: B.A Economics, M.B.A Quantitative Methods

Directorships in the Group: VOD, VSP

JOAN JOFFE (63)

Group Executive Corporate Affairs

Qualifications: B.A (Math and Logic), Computer Sciences Diploma

Directorships in the Group: None

SHAMEEL AZIZ-JOOSUB (31)

Managing Director Vodacom Service Provider Company (Pty) Ltd

Details and Directorships: see above under Board of Directors details

NEVILLE JORDAN (49)

Group Executive Legal

Qualifications: B.A, LL.B

Directorships in the Group: None

MARY MXADANA (54)

Executive Head of Government Protocol

Qualifications: Teachers Secondary Diploma

Directorships in the Group: None

LUNGI NDLOVU (43)

Director of Human Resources #

Qualifications: B.A, HD Personnel Management, M.A

Directorships in the Group: VOD

ROBERT PASLEY (35) (UK)

Director of Strategy #

Qualifications: B.Sc Hons (Theoretical Physics), ACA

Directorships in the Group: VOD, VSP

MTHOBI TYAMZASHE (47)

Chairman of the Vodacom Foundation

Qualifications: BSc (Computer Science & Psychology), MBA

Directorships in the Group: None

PETER UYS (39)

Managing Director Vodacom (Pty) Ltd

Details and Directorships: see above under Board of Directors details

FANIE VILJOEN (DR.) (51)

Group Executive Technology

Qualifications: PhD (Electro Engineering), EDP

Directorships in the Group: None

Although the titles for executive management in Vodacom Group (Pty) Ltd are directors, these persons do not form part of the Board of Vodacom Group (Pty) Ltd, some have been appointed to the boards of subsidiary companies within the group



Standing left to right:
 Andrew Mthembu, Alan Knott-Craig, Leon Crouse, Robert Pasley, Shameel Aziz-Joosub, Pieter Uys, Philip Geissler, Thomas Beale, Fanie Viljoen, Neville Jordan,
 Seated left to right:
 Lungi Ndlovu, Joan Joffe, Mary Mxadana, Mthobi Tyamzashe.

OTHER GROUP COMPANIES

Vodacom (Pty) Ltd

PIETER UYS
 Managing Director
 Details and Directorships: see above under Board of Directors details

Vodacom Service Provider Company (Pty) Ltd

SHAMEEL AZIZ-JOOSUB
 Managing Director
 Details and Directorships: see above under Board of Directors details

Vodacom Tanzania Ltd

IDRIS RASHIDI (DR)
 Managing Director
 Qualifications: BA, MA (Economics), Ph.D

Vodacom Congo (RDC) s.p.r.l.

ALIOUNE DIENG
 Chief Executive Officer
 Qualifications: Diploma - Civil Engineer

Vodacom International Holdings (Pty) Ltd

ANDREW MTHEMBU
 Managing Director
 Details and Directorships: see above under Board of Directors details.

Vodacom Lesotho (Pty) Ltd

ANDY MOQHALI (51)
 Managing Director
 Qualifications: M.Eng, B.Eng (Hons)

Vodacom International Ltd (Mauritius)

LEON CROUSE
 Managing Director
 Details and Directorships: see above under Board of Directors details

- VTZ - Vodacom Tanzania Ltd
- VCL - Vodacom Lesotho (Pty) Ltd
- VSP - Vodacom Service Provider Company (Pty) Ltd

- VCO - Vodacom Congo (RDC) s.p.r.l.
- VIH - Vodacom International Holdings (Pty) Ltd
- VIM - Vodacom International Ltd (Mauritius)

Vodacom Group (Pty) Ltd

6. Group Chief Executive Officer's Review

31 March 2002

Highlights

Net profit increased 72% to R2,34 billion

Market share of 60% in South Africa

New 4U package connects 1.3 million customers within 6 months

Improved margins through productivity

Sale of non-core assets

Formation of a separate company for African expansion - Vodacom International

Roll-out of network in the Congo (DRC)

Alan Knott-Craig



Over the past year we have seen Vodacom execute on much of its stated strategy, delivering a strong operational performance.

As part of this strategy Vodacom is reshaping itself to not just be part of but actually create the African mobile market of the future. This strategy is built on being a market leader and the most admired company in Africa.

A strong experienced management team has become our most competitive advantage

1. AN OVERVIEW OF THE CURRENT YEAR

The past year has arguably been our best to date, as the group refocused on its core business in South Africa and leveraged this through its ongoing expansion in Africa.

Profit from operations before exceptional items, is most reflective of our operating results showing a 28.4% increase over the prior year to R3,6 billion. The EBITDA margin also increased nearly 2% points to 35%, or 39% excluding cellular phone and accessory sales.

These results reflect a very healthy operation, and a very steady, successful growth year. Stringent cost saving measures have again served us well and I am particularly pleased with this, considering our African expansion.

1.1 South Africa

The South Africa mobile market has exceeded all expectations and is currently estimated at just under 11 million customers. Vodacom continues to dominate the market and still holds over 60% market share despite the much awaited entry of Cell C. We anticipate, however, that Cell C will erode our market share over the next year but this is healthy and important for the market and industry. It needs no mentioning that this will also indirectly benefit us through our national roaming agreement.

In true Vodacom style the arrival of Cell C during November 2001 was pre-empted with a host of new products and services including per second billing and the new package, 4U. In addition, focus on retaining rather than connecting new contract customers has ensured a record churn rate of 14.5% for contract customers. Unfortunately, the past years market dynamics combined with low barriers to entry for prepaid has resulted in an increase in prepaid churn.

Due to continued delays in the issuing of 1800Mhz spectrum, 900Mhz spectrum has, at a cost, been used to effectively service both Cell C and Vodacom's customer base. The focus on ensuring finalisation and launching of spectrum intensive products and services such as GPRS was suspended until we were more confident of the final delivery of 1800Mhz spectrum.

The South African Network Company continues to be the main revenue and profit source contributing over 96% to operating profit. Following the appointment of Andrew Mthembu to Deputy Chief Executive Officer of the group, the Chief Operating Officer, Pieter Uys, has seamlessly taken full responsibility for the network company, as Managing Director.

Within VSPC, the changes of the previous year have certainly paid dividends. VSPC increased their share of the Vodacom market by nearly 3% points over the year while at the same time managing to keep its churn below the average for the Group. The key initiatives of customer relationship management together with the move to the main Vodacom campus has proved a winning combination.

1.2 International operations

The drive into Africa was given a boost when the board approved the creation of a new company, Vodacom International. Andrew Mthembu was appointed as Managing Director together with a vastly

experienced team. Africa has not as yet had a material impact on the financial results and only contributed 1.6% to operating profit.

Under the direct guidance of the newly formed Vodacom International, Vodacom Lesotho has prepared for the launch of a second mobile operator through substantially changing its modus operandi. Prepaid was launched and formed the basis for the 153.4% growth in customers this year to 56 549. The second network operator launched in the 2002/03 financial year.

Tanzania continues to prove our most successful African operation to date. This is based on a 56% market share, up from the prior year, and a closing customer base of 228 491. A new, fifth network operator launched during the year but had little impact. Negotiations on interconnect are proving challenging but a huge success was the finalisation and receipt of all the interconnect due by the fixed line operator.

In December, Vodacom International invested in a new venture named Vodacom Congo. This 51% venture was formed with a local company, CWN, based on their 900Mhz licence and asset base. Although the new network began roll out in January, the old network was still operational at year end with 21 116 customers. Vodacom Congo switched off this network at the end of April. The official launch of the new network was on 25 May 2002. Although there is much political uncertainty we are confident of an extremely successful operation.

1.3 Other operations

During the year we sold off all of our non-core assets. This is in line with our strategy and should provide a better base for the future.

These companies include Teljoy Television, Cellular Shop, our internet company, Vodacom World Online and our marketing and event management company Vodacom Sport and Entertainment.

Between the sale of these non-core assets and the finalisation of the outstanding issues of Globalstar, we made an exceptional profit of R56.1 million.

Other operations, including the holding companies and non-core assets delivered a positive operating profit result.



A traditional Xhosa praise singer lauds the achievements of former president Nelson Mandela at the opening of a school, clinic and crèche built by Vodacom in the rural Eastern Cape.

2. MORE ABOUT OUR CUSTOMERS

It is obvious that the Vodacom market profile has changed over the last year following our foray into Africa. We currently have over 6.9 million customers in four African countries. This is a 31.7% increase over last year and continues to be driven by prepaid customers, who now make up 83.4% (2001: 79.5%) of this base.

Gross connections for the Group are up marginally on last year to 3 257 806 but the impact of churn resulted in a 22% reduction in net growth to 1 650 734. Included in these figures are the gross connections from international operations of 219 758, which due to the low base and exponential growth trends being experienced resulted in an 118.3% increase in net connections outside of South Africa.

In South Africa the refocus on our existing customers is ground breaking. We have revised our upgrade policy and ensured effective roll-out through our distribution channel partners and proper support. The success of this exercise is most obvious in our reduced contract churn rates but is also evident in our 100% increase in the number of upgrades affected.

3. THE VODACOM PEOPLE

There has been a movement of people out of the SA component of headcount due to the sale of non-core businesses and the African expansion.

Thank you to those people who contributed to the operating results this year but who are no longer part of the Vodacom fold. Due to the formal and

informal relationships set up with many of these companies, we will continue to interact with many of the staff.

The set up of operations in Africa requires a core team of experienced people. This enables not only the set up operations, but also the transfer of the necessary skills. This has proved an exciting growth opportunity for employees from the SA operations on both short and long term assignments.

Empowerment of the local appointees through proper training is an integral part of the investment and we believe critical to its success. This is not possible without the backing of the greater group and a sound template of operating practices back home. We are proud of the fact that the vast majority of the employees are locally appointed and Vodacom trained.

Vodacom has continued to improve margins through overhead efficiencies throughout the group. This has been done while still setting up and growing into the African operations in Tanzania, Lesotho and the DRC as well as the creation of an International holding company. Vodacom currently employs just under 10% of its employees in the international operations.

The 4 353 (including contractors and temporary employees) people employed by Vodacom have had to continue to put in more, and they enjoy doing that.

As Vodacom continues to seek out the impossible to do, it is the commitment and passion of the people who make it possible. I would like to compliment all the staff for their continued commitment to the Vodacom Way.

In SA the refocus on our existing contract customers is ground breaking



4. NEW TECHNOLOGY AND PRODUCTS

Product development and enhancement was a major focus during the year and we launched a record number of new products and services. Lead times to launch were reduced by almost half ensuring a very effective response to the dynamics of the market.

One of the success stories of the year was the launch of 4U in October 2001. 4U was launched as a youth focused prepaid product, although a post-paid facility was also made available without a contract commitment. The emphasis of the product was on providing a service that supported the need for short calls and many SMSs, particularly off peak. It was the first and still the only true per second package. We had over 1.3 million 4U customers at year end.

Many exciting SMS related services were launched during the year including infotext, call back, competitions, games and SMS to email. Vodacom was also first in launching off peak SMS rates as low as 25c. SMS usage has soared during the year and peaked at over 225 million SMSs during March 2002.

Despite the substantial growth in SMS data services, including SMS, they only contribute 2.5% of revenues. We believe however that they augment our voice offering and form an integral part of our future.

Besides the more obvious data and SMS services I still think that within the next two years to have a phone with a built-in camera will be normal and nothing special, as unbelievable as it might sound today.

Accordingly, we have focused new products into a single division within the network company. As part of this we believe that an open strategy with regard to content

development is critical to our success, and we will ensure success for ourselves by making our content partners successful. This is the key.

Vodacom's new Century City offices in Cape Town represent a further investment in a key region of South Africa.

5. THE REGULATORY ENVIRONMENT

The regulatory environment across the continent continues to challenge us, although more clarity on the long outstanding South African issues of 1800Mhz spectrum and a tendering process for the second fixed line network operator (SNO) now exist and are under way.

We have added significantly through assisting with training and education, to the empowerment of the regulating bodies and believe that ensuring appropriate skilled resources exist in these bodies will form the basis of sound regulatory management.

We also continue to participate in international and African interest groups and bodies while remaining loyal to our roots through our support of, particularly, government's effort for regional upliftment through NEPAD. We believe that our input into law making in the region will be important and as such have focused on the intricacies of Southern Africa Development Countries ("SADC") and the Telecommunication Regulators Association of Southern Africa ("TRASA") to make appropriate recommendations and better comment on the initiatives of the various bodies.

5.1 South Africa

The ministerial policy directions were incorporated into the Telecommunications Amendment Bill and promulgated as Act 64 of 2001 on 30 November 2001. This has

gone a long way to giving clarity on long outstanding issues such as fixed mobile service provision, number portability and the issuance of further spectrum.

We have continued to assist ICASA with the testing and clean up of 1800Mhz spectrum in anticipation of the allocation of this spectrum. The application for spectrum is currently in progress and it is expected that the 1800 MHz spectrum issue will be finalised by November 2002.

Following extensive consultation, the terms and conditions of the mandated re-issuance of Vodacom and MTN's licence are with the Minister for approval.

We continue to move towards an environment that is clearer to us in terms of what obligations are expected of us from government and are much closer to understanding what they expect from us in terms of penetration and service obligations.

5.2 The rest of Africa

Many of Vodacom's regulatory challenges emanate from the rest of Africa. As growth in the rest of the world slows down mobile penetration of the rest of Africa has only just begun. The regulatory framework in such a high growth, economically enriching sector, in countries where political turmoil is ongoing, will continue to provide challenges. We believe that as the mobile industry settles over Africa so will the regulatory environments.

A second mobile cellular licence was issued to Telecom Lesotho. They launched their services in May 2002.

In Tanzania, Celtel, the subsidiary of the partially privatised fixed line operator, the TTCL, has been licenced to provide a mobile cellular service and have launched their service. Resolution of an acceptable interconnection agreement remains problematical.

As the newly formed operations in the Democratic Republic of the Congo (DRC) launch services, the new Telecommunications Bill is being presented to parliament. This is ringing in exciting changes through the creation of an independent Agence de Regulation de Telecommunications ("ART"). Vodacom has very much been part of and included in this process.

We still believe that the biggest contribution that we make is getting telephones into the hands of the people

6. SOCIAL RESPONSIBILITIES

On the social responsibility side, we continue to spend a lot of time and effort, not because we have to or are required to, but because it is the right thing to do.

As detailed in our report on social investment, we have, through the Vodacom Foundation, taken a specific interest in three particular challenges facing South Africa, that of education, safety and health.

Many prior year projects such as the building and renovating of schools, the magistrates court and a police station were followed in the current year by servicing and maintaining those structures.

We added post-graduate support in areas such as assistance to black accountants to be better prepared for their Board Exams; co-operating in producing Science Engineering and IT graduates as well as building much-needed capacity in Telecoms Regulatory Policy formulation. Most of this work was done through our External Bursary Scheme. Other areas of support include the training of school children and adults on entrepreneurship practices.

Our involvement in anti-crime initiatives saw a marked decrease in crime in some of the Central Business Districts' hotspots, particularly in the Gauteng and Western Cape provinces.

In the Health and Welfare areas, we have continued and expanded our support to feeding schemes in addition to our participation in collecting food supplies from those who have surpluses to the needy.

7. STRATEGY

Our long-term view for the Group remains positive and is reflected in our achievements.

We have refocused on the core business and sold off non-core assets. The 28% increase in EBITDA growth is in line with our target of 25% set last year. We have successfully started generating profits from some of our African operations and will continue to explore these opportunities albeit with caution. We have remained market leaders in all those countries in which we operate and in fact have contributed significantly to growing these markets.

While the structure of the company is fundamentally in place, it remains as dynamic as our future. We have split our cellular operations into two main legs as follows:



7.1 South Africa

In order to leverage best practice information available and ensure a seamless understanding of our South African base the South African operation is now being viewed holistically. This does not mean that we have, or intend to merge the companies. We believe that in the SA environment it is important to keep the functions of operations and sales & marketing separate.

In the network operator, the job of the company is to expand the network in South Africa and maintain it. They hold the license in South Africa. These are the high tech people who are focused on delivering the best product including quality of service and best coverage. The product development function, which relies heavily on technological advancement and expertise to deliver, will form part of this function.

The service provider is the marketing and sales company in South Africa. They are also responsible for handset sales and value added services to our customers and are the customer face of Vodacom. VSPC contributed 75.5% to Vodacom's growth and we anticipate that they will continue to ensure our growth.

Nevertheless, our dual service providers continue to be critical to our success and we value their continued contribution to our success.

7.2 Other African cellular operations

This function is still the critical one as we go forward as it is responsible for acquiring business outside of South Africa. Their responsibility is to maintain the profit growth as we go forward and they will do that by acquiring new licenses and generating profits out of those countries.

We were awarded a provisional licence in Mozambique in early June 2002.

Our strong balance sheet and cautious approach continue to give us a strong position in these ventures.

7.3 Other operations

The other operations are the holding companies set up to support the underlying investments through the provision of central management support and services including legal, regulatory, interconnect, tax, treasury, corporate affairs, Vodacom Foundation and consolidation services.

Lord McLaurin, Chairman of Vodafone, in front of a community service outlet in Soweto during his visit to South Africa in March 2002

8. IN CONCLUSION

The Vodacom Group has continued to exceed expectations and has responded well to the changing dynamics and new challenges it faced over the last year. Through our powerful brand, which has now reached across the African continent, we will continue to strive to be the market leader in all we do.

Through our expansion into other African countries we are even more convinced of the power of offering first world mobile communications to all and thereby ensuring upliftment and empowerment of both formal and informal communities in the countries we offer services.

We still believe that the biggest contribution that we will make to Africa is getting telephones into the hands of people. Without a telephone they will not truly be economically equal. Through new and innovative services, mobile communication will become an essential part of facilitating and managing one's lifestyle from day to day.

Vodacom is proud to be a leader, both financially and through its social contribution, in this vibrant and dynamic sector of the economy. We will continue to strive to grow the market and enable Africans to enter the economy through the provision of both basic and advanced mobile telephony services.

With our strong and very experienced management team, we are well placed to exploit opportunities and have every confidence in the continued growth potential of our business.

Alan Knott-Craig
Group Chief Executive Officer
Vodacom Group (Pty) Ltd

7. Group Finance Director's Review

31 March 2002

Highlights

Total customers increased by 31.7% to 6.9 million

Revenue increased 22.0% to R16.2 billion

EBITDA increased 28.0% to R5.7 billion

Profit before tax increased 65.5% to R3.6 billion

Leon Crouse



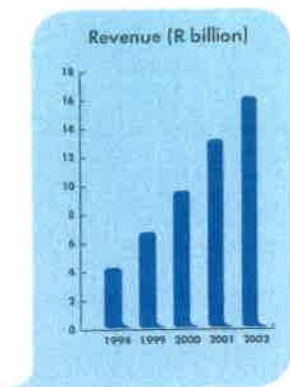
A strong focus on productivity improvements will ensure that we can continue to connect prepaid customers and maintain profit margins

The 2001/02 financial year reflects the best results in Vodacom's eight year history. It was particularly successful as the company improved profit margins through productivity improvements, despite record new customer connections and the start up of operations in Tanzania and the Democratic Republic of Congo. The commentary below will give more detailed insight into the consolidated annual results.

Compared to the prior year profit before tax of R3.6 billion was distorted by two significant figures. Firstly, the disposal of non-core businesses resulted in an exceptional profit of R56.1 million compared to an exceptional loss of R213.2 million in the prior year mainly due to

the impairment in the value of the investment in Globalstar. Secondly, the adoption of International Accounting Standard 39: Financial Instrument Recognition and Measurement, resulted in a profit of R320.4 million. Excluding the impact of the exceptional items and the adopting of IAS39, the profit before tax increased by 35.0%. Profit from operations before exceptional items increased year on year by 28.4% to R3.6 billion of which Vodacom International contributed only 1.6%.

The Dollar/Rand exchange rate weakened by 43% from R8.02 on 31 March 2001 to R11.44 on 31 March 2002. The exchange rate weakness could have a negative impact on future capital expenditure and dollar based maintenance costs, especially in South Africa, which will be offset to an extent by dollar based airtime tariffs in other markets.



1. FINANCIAL RESULTS AND PROFITABILITY

1.1 Revenue

Revenue of R16.2 billion increased by 22.0% compared to a 31.7% increase in the customer base to 6 862 976. Excluding cellular phone and accessory sales, revenue increased by 29.8%.

1.2 Profit from operations

Profit from operations before exceptional items, which includes the amortisation of intangible assets increased by 28.4% to R3.6 billion. The profit margin increased by 1.1% to 22.2%.

More competitive operating conditions demanded higher direct costs and resulted in a continued squeeze on profit margins. Despite this climate, as well as lower ARPU's, operating profit margins were maintained and improved through cost containment of overheads. Overheads increased by only 7.6% from R2.2 billion to R2.4 billion.

1.3 EBITDA

EBITDA of R5.7 billion (2001: R4.4 billion) for the year ended 31 March 2002 is a 28.0% increase over last year compared to the 30.3% growth experienced in the year ended 31 March 2001.

EBITDA as a percentage of revenue increased by 1.6% from 33.3% last year to 34.9% in the current year. Excluding the impact of low margin cellular phone and accessory sales, the EBITDA % for the year was 39.2% (2001: 38.4%).

2. CUSTOMER STATISTICS

2.1 Customers base

The total customer base of 6 862 976 has increased 31.7% over the prior year. This is a slowdown from last years' peak growth of 69.2%. The continued customer growth is driven by a 38.8% increase in prepaid customers who now make up 83.4% (2001: 79.5%) of the total base.

Gross connections were 3 257 806 compared to 3 084 561 of the prior year. Net customer growth was however 1 650 734 compared to 2 131 502. Although churn levels have reduced, arithmetically customer growth will decline due to churn being applied to the whole customer base, which is increasing year on year.

The 306 156 customers from our other African operations comprise 4.5% (2001: 2.0%) of the total customer base at year-end.

2.2 Customer average revenue per user (ARPU)

The RSA ARPU of R182 per month decreased by 12.5% year on year due to the dilutive impact of the newer prepaid customers that are generally penetrated from lower income tiers. In 2000/01 ARPU dropped by 21.8% from R266 to R208. The ARPU per month for customers in Tanzania and Lesotho was US\$31 and R144.

Due to 93% of new connections in RSA being prepaid, the ARPU arithmetically has to reduce. Even if ARPU's for contract and prepaid customers remained static year on year, the ARPU would have been R179, being a 13.9% reduction. However, contract customer ARPU increased by 11.2% whereas prepaid customer ARPU decreased by 5.1%, thereby increasing the average to R182 per month.

At 31 March 2002 3.8% of the contract customer base and 15.9% of the prepaid customer base was inactive i.e. having not made or received a revenue generating call for 3 months.

3. DATA REVENUE

Data revenue, principally from SMS contributed 2.5% to consolidated revenues compared to 2.0% last year. The pedestrian growth in data revenue is due to GPRS only being launched during the second half of the next financial year.

Average monthly data revenue has increased 15% from R29.0 million per month to the current year average of R33.3 million. New packages and services such as 4U have resulted in cheaper SMS resulting in a substantial volume growth of 93% to 941 million SMSs per annum.



Another successful purchase at one of the Vodacom franchised outlets

4. OVERHEAD COSTS

4.1 Cost containment program

The Group's cost containment of administrative expenses has been key to the maintenance of operating profit margins.

Admin overheads as a percent of revenue have dropped to a low of 14.7% (2001: 16.7%) in the current year from a high of 17.9% in the 1999/00 year.

The current year decrease is in spite of the start up nature of operations in Africa and the higher USD based costs relative to the associated revenues from these operations.

4.2 Employee productivity

At 31 March 2002 the Group employed 4 353 full time and part time employees in ongoing operations. During the year under review excellent improvements in productivity have been measured.

The ratio of customers per employee increased by 29.3% to 1 577. Revenue per employee increased by 19.8% to R3.7 million, whereas admin overheads per employee increased by only 5.6%.

5. EXCEPTIONAL ITEMS

The exceptional items are due mainly to the sale of non-core assets and the finalisation of outstanding issues on Globalstar. The non-core assets sold included Teljoy TV, Vodacom World Online and Vodacom Sport & Entertainment.

100% of Film Fun Holdings (Pty) Ltd, trading as Teljoy TV, was sold via a management buy out resulting in an effective loss on disposal of R54.1 million. The effective date of control change is 31 March 2002.

Vodacom's 40% interest in Vodacom World Online (Pty) Ltd, the internet service provider, was sold to Tiscali, effective 30 November 2001 on which a profit of R30.1 million was realised.

A R40.0 million profit was realised on the disposal of Vodacom's 51% interest in Vodacom Sport and Entertainment (Pty) Ltd. Competition Commission approval was received for South African Investments Ltd to purchase the company on the 27 February 2002.

The finalisation of outstanding Globalstar issues resulted in a net gain of R24 million. The Globalstar assets were transferred to Telkom SA Ltd and the company Globalstar Southern Africa (Pty) Ltd will be liquidated in the next financial year.

6. SHAREHOLDER DISTRIBUTIONS

Distributions to shareholders total R744.2 million comprising of interest of R144.2 million (2001: R157.9 million) and dividends of R600.0 million (2001: R480.0 million) reflecting an increase in shareholder distributions of 16.7% over the prior year. This is the second year that dividends have been paid.

Shareholder distributions increased by 16.7% to R744.2 million



The group continues to maintain a profit distribution cover of 3. The foreign exchange gain from the implementation of IAS39 was excluded from the computation.

7. CAPITAL EXPENDITURE INVESTMENT

The cumulative capital expenditure cost at 31 March 2002 was R15.6 billion (2001: R11.8 billion), an increase of 32.2% over the prior year.

The Group invested R4.2 billion (2001: R3.2 billion) in property, plant and equipment. Of this R3.6 billion (2001: R3.0 billion) was for cellular network infrastructure and related IT and billing systems. Property, plant and equipment expenditure for the International Group was R0.9 billion.

Vodacom (Pty) Ltd's, capital expenditure per customer of R1,991 (2001: R2,053) is at it's lowest level ever.

Capital expenditure was 25.8% of revenue (2001: 23.6 %).

8. FINANCIAL STRUCTURE AND FUNDING

The debt-equity ratio of 45.0% is in line with the prior year ratio of 45.1% and well within terms of borrowing covenants.

The increase in interest bearing debt is due to the inclusion of a R284.9 million finance lease for the new Service Provider Buildings on the Midrand campus occupied during the year as well as a \$47 million bridge financing facility for Vodacom Tanzania Ltd. A \$65.0 million long term project finance structure was secured for Vodacom Tanzania before year end and drawdown is expected early in the new financial year.

The Group had a negative cashflow before shareholder distributions of R0.7 billion compared to a positive cashflow of R0.9 billion last year.

The negative cashflow is mainly due to substantial investments in Tanzania and the DRC. The South African operations produced a positive cashflow of R0.9 billion.

It is a Vodacom treasury policy to cover all its foreign payment commitments on authorised order, including equity commitments.

9. ACCOUNTING POLICY CHANGE

During the year under review the Group changed its accounting policy for foreign exchange contracts and other financial instruments to comply with IAS39.

Under the new policy, foreign exchange contracts do not qualify for hedge accounting and therefore all fair value adjustments are recognised in the consolidated income statement in the period in which they occur.

This change had the effect of increasing net profit before tax by R320.4 million. Due to the large volume of foreign exchange contracts entered into to cover infrastructure purchases, the impact of IAS39 will always be material. Due to the complexities of IAS39, it is extremely difficult to forecast its impact on net profit, potentially causing volatility in financial results. Generally a continuous weakening of the Rand will result in a gain, whereas a continuous strengthening of the Rand will result in a loss.

Leon Crouse
Group Finance Director
Vodacom Group (Pty) Ltd

The official launch of Vodacom Congo took place in Kinshasa on 25 May 2002 in the People's Palace, recently refurbished by Vodacom.

8.1. Operational Review – Vodacom (Pty) Ltd

31 March 2002

Highlights

Customers increased by 28.4% to 6.6 million

Revenue increased 25.3% to R13.2 billion

Net profit increased 41.3% to R2.3 billion

Pieter Uys



1. FINANCIAL RESULTS

	2002 R'mil	2001 R'mil
Revenue	13,196.6	10,530.8
Profit from operations	3,312.8	2,818.6
Profit before taxation	3,337.4	2,352.0
Taxation	(1,017.9)	(710.8)
Net Profit	2,319.5	1,641.2

Vodacom has maintained its market share at over 60%

2. REVIEW OF RESULTS

The revenue of the company for the year represents a 25.3% increase over the previous year. This increase is largely attributable to the 28.4% increase in the total customer base.

Profit from operations for the year before exceptional items represents a 17.5% increase over the previous year. The prepaid customer base continues to show substantial growth. These customers yield a lower revenue per customer than contract customers, which only grew by 5.3% as opposed to the prepaid customer growth of 34.4%.

The net profit for the year represents a 41.3% increase over the previous year. The 24.0% difference between this and the profit from operations increase is due to a number of factors. It is however mainly due to the net positive fair value adjustment on forward exchange contracts and foreign creditors to the amount of R340.8 million.

The EBITDA for the year represents a 21.7% increase over the previous year.

3. SUMMARISED BALANCE SHEET

	2002 R'mil	2001 R'mil
Property, plant and equipment	8,182.6	7,226.6
Accounts receivable	1,958.1	1,520.6
Other assets	1,118.4	864.4
Total Assets	11,259.1	9,611.6
Capital and reserves	5,172.8	3,636.5
Liabilities	6,086.3	5,975.1
Total equity and liabilities	11,259.1	9,611.6

4. CAPITAL EXPENDITURE

During the year under review, the company invested, excluding disposals, R2,661.9 million (2001: R2,811.5 million) in network infrastructure, information technology, community services and other assets. The capital expenditure was funded by internal cash generation, extended supplier credits and bank credit.

Of this capital expenditure, the company invested R2,051 million (2001: R2,119 million) in cellular network infrastructure. This expenditure resulted in a capital expenditure per customer of R1,991 (2001: R2,053) which is Vodacom's lowest level ever.

5. CUSTOMERS AND MARKET REVIEW

	2002 '000	2001 '000
Customer base		
Contract and other	1 117.8	1 061.9
Prepaid	5 439.0	4 046.0
Total customer base	6 556.8	5 107.9
Additional customer details		
Opening balance	5 107.9	3 068.8
Connections	3 032.8	2 989.8
Churn	(1 583.9)	(950.7)
Closing balance	6 556.8	5 107.9
	%	%
Churn		
Contract	14.5	18.7
Prepaid	30.1	24.8
Market share		
Contract	55.9	57.5
Prepaid	61.3	62.3
Total market share	60.3	61.4

The net increase in the customers represents a growth of 28.4%. Vodacom's total market share has decreased marginally to 60.3%, despite the launch of Cell C. Churn in prepaid has, however, increased by 5.3% to 30.1%.

6. NETWORK INFRASTRUCTURE AND COVERAGE

As at 31 March 2002, 5 050 (2001: 4 694) sites were in operation in the network.

As at 31 March 2002 Vodacom provided access to 94% of the population and covered 60%, or 734 427 square kilometres of the country's geographical area. With a total customer base of approximately 11 million, the mobile communications market has now reached a population penetration of approximately 27%.

7. REGULATORY AFFAIRS

7.1 Re-issuance of telecommunication service licence

The statutorily mandated re-issuance of Vodacom's and MTN's mobile cellular telecommunication service licences has been long delayed (since 1997). Following extensive consultation between ICASA, Vodacom and MTN, the terms and conditions of the licences were agreed. The draft licences have been sent to the Minister for final approval.

7.2 Ministerial policy directions

Ministerial policy directions were published in August 2001, and then incorporated into the Telecommunications Amendment Bill. It was promulgated as Act 64 of 2001 on 30 November 2001. So amended, the Telecommunications Act, 1996, provides for a second phase of market liberalisation.

In order to promote MTN competition, the Act now provides for national and international call carrier pre-selection for Telkom and SNO customers. The imposition of number portability for all operators has been delayed until 2005; Vodacom committed to provide a free number-change announcement service, but is waiting for other mobile operators to get a similar service in place.

In order to set the stage for closer scrutiny and greater control of the retail and wholesale pricing of fixed and mobile operators, ICASA is in the process of changing the framework of financial reporting COACAM. It appears that ICASA wishes to mandate Long Run Incremental Cost ("LRIC") based reporting for both fixed



Andrew Mthembu (centre) at the launch of Vodacom's multimillion rand sponsorship of arch-rivals Kaizer Chiefs and Orlando Pirates.

and mobile operators. It is assumed that this information will be used to put downward pressure on wholesale prices.

7.3 1800 MHz spectrum licence

As amended, the Telecommunications Act, 1996, now expressly guarantees all mobile operators, as well as Telkom and the SNO, an assignment of 1800 MHz spectrum. Mobile operators must apply by the end of May 2002 (unless the Minister extends the deadline), and ICASA has to assign the spectrum within thirty days of receipt of the applications. Vodacom will submit an application.

7.4 3G radio frequency spectrum licences

The Act further provides that the mobile operators, Telkom and the SNO shall be granted 3G radio frequency spectrum licences upon application. The Act does not provide for a 3G service licence category, thus it appears that all of the mentioned operators will be allowed to provide 3G services in terms of their current service licences.

7.5 Fees, obligations and commitments

Finally, increasing fees, obligations and commitments continue to be a growing concern. ICASA is authorised to assign spectrum subject to additional conditions, and it appears that they may wish to impose further community service obligations. The Universal Service Fund contributions are also proposed to increase. The Portfolio Committee on Justice and Constitutional Development has made it clear that the cost of the monitoring and interception facilities will have to be borne by the mobile operators.

8. HUMAN RESOURCES

The headcount for the company inclusive of contractors and temporary staff, is 2 209 (2001: 2 207) with labour turnover of 8%.

9. THE FUTURE FOR THE NETWORK

ARPU's are now stabilising but the focus will remain on our voice offering with a compliment of data services. Data product leadership will ensure that the present ARPU's will not only be retained but also improved.

A new business model is being put in place that will promote third party content provision and product development.

Pieter Uys
 Managing Director
 Vodacom (Pty) Ltd

Vodacom expects to be issued an 1800 MHz spectrum licence before the end of the calendar year

8.2. Operational Review – Vodacom Service Provider Company (Pty) Ltd

31 March 2002

Highlights

Customers increased by 30% to 4.7 million

VSPC contributed 75.5% to Vodacom's South African growth

Contract churn of 14.26%

Profit from operations increased 43.2% to R360 million

Shameel Joosub



Following the merger of the previously independent service providers in 2000/01, VSPC (Pty) Ltd ("VSPC") has had an exceptional 2001/02.

The initiation of a customer relationship management strategy within the business has been a key element in providing better service to the customer. The move to the premises on the main Vodacom Group campus in Midrand was central to enhancing communications and creating unity in the company. These actions are already reaping benefits both in terms of improved customer service and employee effectiveness and motivation. The challenge for the year to come will be to ensure that full benefit is gained from these initiatives.

VSPC
increased their
share of
Vodacom's
market from
68.6% to
71.8%

1. CUSTOMERS

1.1 The South African market grew by 2.6 million (31.7%) users during the financial year, from 8.3 million at 31 March 2001 to just below 11.0 million at 31 March 2002. Vodacom's net growth for the year was 1 443 933 new customers.

VSPC contributed 75.5% of the Vodacom growth for the financial year, which was an outstanding achievement.

1.2 The VSPC customer base grew by 30% from March 2001, analysed as follows:

	2002 '000	2001 '000
Customer base		
Contract	756.7	729.0
Prepaid	3,934.7	2,760.4
Total	4,691.4	3,489.4
Share of Vodacom market (%)	71.8	68.3

1.3 Churn

The average contract churn percentage for the year was 14.26% (2001: 19.8%) which is the lowest ever in Vodacom history.

Prepaid churn (including 4U) at year-end was 26.2% (2001: 21.9%).

1.4 Upgrades

The retention division has focused throughout the year on ensuring that upgrades happen proactively and that users are retained. This has had a positive effect on churn and net growth. The division has been able to improve the retentions as a percentage of the base from 22% to 29% over the year.

1.5 Key initiatives for the year were:

- The launch of "Prepaid on Board" allowed ease of conversion from vodago to contract, which boosted contract connections.
- The launch of "per second billing" pre-empted Cell C's entry into the cellular market and offered customers a more comprehensive product offering.
- The launch of the "4U" prepaid product, focusing mainly on the youth, was met with a very good response and maintained the momentum of the prepaid customer gross connections.
- The launch of smartstep prepaid and freechange allowed users to swap between prepaid packages to find the one most suited to their needs.
- A key focus area has been on aggressively connecting corporate customers. The corporate base grew by 10 447 (8%) from 137 275 at the beginning of the year to 147 722 at year end.

2. FINANCIAL RESULTS

2.1 Income Statement

	2002 R'mil	2001 R'mil
Revenue	7,079.0	6,512.3
Profit from operations	360.1	251.4

The company has had an exceptional year with profit from operations growing by 43.2%.

The increase in profit was achieved through higher customer numbers and the focus on increasing Value Added Services ("VAS") sales to customers.

2.2 Balance sheet

	2002 R'mil	2001 R'mil
Total assets	2,029.8	1,608.9
Capital and reserves	115.4	266.5
Liabilities	1,914.4	1,342.4
Total equity and liabilities	2,029.8	1,608.9

VSPC has a very healthy balance sheet. A key focus for the year has been on working capital, specifically debtors days outstanding and stock levels.

i) Debtors

Collections during the year, especially on corporates, has been excellent. Credit risk exposure has been reduced to acceptable levels.

ii) Stock levels

Stock levels have been reduced to R251.6 million at year end, which is far lower than the norm of R300.0 million throughout the early part of the year. This has been achieved by improved forecasting techniques and a more efficient warehouse. The new warehouse at Service Park has also increased capacity for the future.

3. VODACARE

The critical issues identified in the prior year have been addressed. Turnaround time for repairs has improved to 80% within 48 hours, despite a 150% increase in repairs over last year.

The main challenge for the coming year will be to move the business model to a swap/refurbishment system to address service and cost issues.

4. CUSTOMER CARE

The introduction of the Vodaworld customer care walk in centre has been a great success with the centre serving on average 581 customers a day. The Vodaworld centre currently attracts on average 1,478 people a day. Walk in customer care centres will be rolled out regionally during the course of the next year.

The major challenge for the year was the move of the main call centre to the new Midrand premises and the migration of the call distribution system to a new system. Measures are being taken to improve service levels and are already bearing fruit.

The initiation of a customer relationship management strategy has been key to our success



The focus for the year ahead is on training, rostering and recruitment.

5. HUMAN RESOURCES

The headcount for VSPC (including contractors and temporary staff) is 1 471.

6. IT AND BILLING

Many developments and system enhancements were done during the year, including:

- Migration and consolidation so that we now have one billing system.
- Calendar month billing being implemented in December 2001, to enhance customer service.
- Point of Sale System being installed in 92 Vodashops, including Vodaworld.
- National Prepaid Solutions Project underway to provide pinless virtual recharges at point of sale in retail stores.
- Tariff optimiser launched during February 2002.

7. MARKETING

The focus for the year was to ensure that all sales advertising and brand marketing has a consistent look and feel and is well co-ordinated. This has been achieved, with brand marketing in particular, receiving high ratings.

The prepaid offering was significantly enhanced with the introduction of 4U (youth product), Smartstep and the ability to change freely between products.

8. CUSTOMER RELATIONSHIP MANAGEMENT (CRM)

A key initiative in the latter part of the year and going forward is the focus on CRM. Management is in the process of aligning the company culture to achieve the CRM objective of resolving 95% of customer service queries at first point of contact.

9. GENERAL

The Cellular Shop and Rentafone were sold during the year as they were considered non-core to VSPC.

VSPC attained ISO 9001 accreditation during the year.

10. THE FUTURE FOR VSPC

VSPC has completed a very successful financial year and is performing well. We intend using the year ahead to fine tune all processes and implement a comprehensive CRM strategy on which we will further improve our services to customers. Our goal is to continue to increase our market share of total Vodacom business. We also intend maximising profit and taking advantage of any new opportunities that may present themselves.

Shameel Aziz-Joosub
*Managing Director
 Vodacom Service Provider
 Company (Pty) Ltd*

Vodaworld remains the world's first dedicated cellular shopping mall and is situated in Midrand, Gauteng.

8.3. Operational Review – Vodacom International

31 March 2002

Highlights

New \$39 equity investment in Congo (DRC) made in December 2001

Total customer growth 193% to 306 156

Finalisation of \$65 million non recourse project finance for Tanzania

Andrew Mthembu

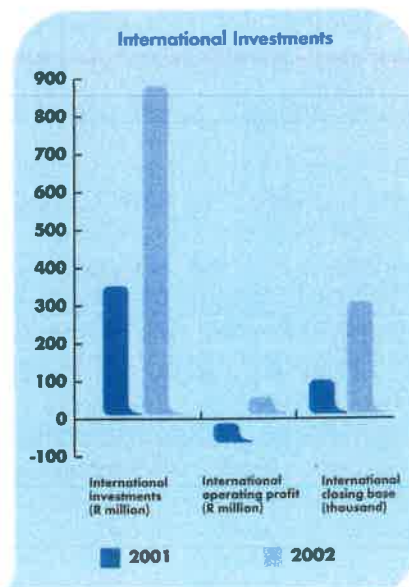


The formation
of Vodacom
International
is the
realisation of
our African
strategy

During the year under review, Vodacom Group (Pty) Ltd ("Vodacom Group") implemented a strategy to focus on expanding its operations in Africa. On the 1 April 2001 Vodacom International Holdings (Pty) Ltd ("VIH") was established as a holding company for this purpose. VIH then established an offshore holding company in the Republic of Mauritius, Vodacom International Ltd ("VIM"). It is the intention that VIM holds all new investments in Africa falling outside the Rand Common Monetary Area.

The investment and operating activities were funded by means of a shareholder loans and share capital from Vodacom Group (Pty) Ltd.

Vodacom International operates networks in Lesotho, Tanzania and the DRC. It has also won provisional licences in Zambia and Mozambique which are yet to be finalised.



Vodacom International – Operational review Vodacom Congo (RDC) s.p.r.l.

31 March 2002

Vodacom Congo (RDC) s.p.r.l. ("Vodacom Congo") was established on 28 November 2001 in the Democratic Republic of Congo and purchased a cellular licence, a customer base, and a limited amount of network infrastructure from Congolese Wireless Network s.p.r.l. ("CWN"), an existing operator.

1. REVIEW OF RESULTS

For the period under review the company was still operating the network infrastructure purchased from CWN and is loss making. The revenue for the period from 28 November 2001 to 31 March 2002 is US\$1.0 million and the resultant loss from operations US\$2.8 million. The losses included administrative expenses and the high level of seconded staff required for the operations during roll-out of the Vodacom network.

2. CAPITAL EXPENDITURE

The company purchased cellular network infrastructure from CWN with a value of US\$15.5 million.

Phase 1 of the new infrastructure roll-out with a value of US\$69 million, was completed in April 2002. This coverage includes the towns of Kinshasa, Lubumbashi, Mbuji-Mayi and surrounding areas.

3. CUSTOMERS AND MARKET REVIEW

	2002
Prepaid customer base (CWN Infrastructure)	21 116
Additional customer details:	
Opening balance	-
Customer base acquisition (November 2001)	15 372
New connections	5 744
Closing balance	21 116
Prepaid market share (%)	9%

Vodacom Congo is expected to acquire a substantial market share after the launch of the new network on 1 May 2002 and at the end of June 2002 already had 77 213 customers. The company plans to extend coverage, but focus of the government controlled areas.

4. REGULATORY AFFAIRS

Vodacom Congo obtained approval from the Government of the DRC to transfer the existing licence of CWN to the new company, and were also allocated GSM 1800 spectrum.

The licence has a remaining term of 18 years and includes six MHz of GSM 900 frequency and twelve MHz of GSM 1800 frequency.

5. HUMAN RESOURCES

Headcount at the end of March 2002 was 80.

Vodacom
Congo
launched in
May 2002 as
the country's
first true
national
network

Vodacom International – Operational review

Vodacom Tanzania Ltd

31 March 2002

Vodacom Tanzania Ltd has continued to aggressively acquire market share and ended the financial year as the largest mobile operator in Tanzania with a market share of 56%. This enabled the company to grow its revenue substantially and achieve a profit in its second year of operations.

Since commencing operations, of major concern to management was the collection of interconnect revenue from the local fixed line operator. During the year under review Vodacom Tanzania has been successful in collecting all the outstanding interconnect debt from the other network operators.

1. FINANCIAL RESULTS

	2002 USD'mil	2001 USD'mil
Revenue	56.7	18.4
Profit / (loss) from operations	11.7	(6.0)
Profit / (loss) before taxation	8.6	(7.4)
Taxation	(2.6)	2.2
Net profit / (loss)	6.0	(5.2)

2. REVIEW OF RESULTS

The revenue of the company for the year represents a 208.2% increase over the previous year's 15-month period. This translated into a \$11.7 million profit from operations. The increases are mainly attributable to the 178.4% increase in the total customer base, being 98% prepaid customers.

Net profit increased US\$11.2 million over the previous year. This included a US\$2.6 million potential deferred tax charge in respect of accelerated capital deductions resulting in the release of a US\$2.2 million deferred tax asset recognised in the prior period.

3. SUMMARISED BALANCE SHEET

	2002 USD'mil	2001 USD'mil
Fixed assets	91.8	42.4
Accounts receivable	13.0	5.0
Bank and cash	1.0	2.4
Total assets	105.8	49.8
Capital and reserves	38.4	3.4
Funding loans	47.2	41.4
Short-term liabilities	20.2	5.0
Total equity and Liabilities	105.8	49.8

4. CUSTOMERS AND MARKET REVIEW

	2002	2001
Customer base:		
Contract	4 727	3 245
Prepaid	223 714	78 819
Public phones	50	-
Total base	228 491	82 064
Churn percentage %		
Contract	0.5	1.7
Prepaid	5.0	-

Vodacom continued to dominate the market increasing its market share to 56%



	2002	2001
Market share (%)		
Contract	43.6	33.5
Prepaid	56.2	44.2
Total market share	56	40

The fifth mobile operator, Celtel, launched its services in November 2001 and has been successful in acquiring a market share of 9%. Vodacom Tanzania Ltd, however, has been able to sustain its market share greater than 50% and will be implementing strategies to continue its domination of the market.

5. CAPITAL EXPENDITURE

During the year, the company invested US\$59.8 million (2001: US\$39.9 million) in property, plant and equipment.

Capex per customer at the end of the year was US\$437 (2001: US\$487).

6. PROJECT FUNDING

Standard Bank London, appointed as the Financial Advisor and Arranger of project funding, successfully procured project funding of US\$65.0 million. In order to maximise a natural hedge, \$22.5 million of the funding is sourced through a local club facility and is repayable in Tanzanian Shillings. The balance is funded by Development Financial Institutions (\$22.5 million) and a commercial loan facility supported by South African export credit insurance (\$20.0 million).

7. NETWORK INFRASTRUCTURE AND COVERAGE

Vodacom Tanzania Ltd significantly improved its coverage and quality of the network during the year under review by rolling out an additional 100 Base Stations, 6 Base Station Controllers and 1 Mobile Switching Centre.

8. REGULATORY AFFAIRS

The Interconnect environment in Tanzania continues to be a major concern as various agreements between existing operators and the new mobile operator, Celtel, have not been finalised.

The Tanzania Communications Commission ("TCC") determined a terminating interconnect rate between all the existing operators and the fifth mobile operator, Celtel, which will be in effect until 30 September 2002 or until an earlier date if the existing mobile operators sign interconnect agreements with Celtel.

9. HUMAN RESOURCES

The headcount for Vodacom Tanzania is 188 (2001: 121) with a labour turnover of 17% (2001: 21%).

10. CONTINGENT LIABILITIES

The company is currently the defendant in a court case in the High Court of Tanzania in which the plaintiff is demanding compensation of US\$8.8 million for losses and damages allegedly caused to him for an illegal breach of contract. The said contract was in fact not a contract, but rather a request to tender and thus the company's legal counsel are of the opinion that the case has a limited chance of success.

11. FUTURE DEVELOPMENTS OF THE BUSINESS

The company aims to maintain its position as the dominant player in the Tanzanian mobile market. Vodacom Tanzania's coverage advantage will be maintained with the implementation of VSAT sites to reach certain strategic areas where there is no transmission available from the fixed line operator (TTCL). The roll out and public awareness of Peoples Phones will be actively pursued in the new Financial year.

Vodacom Tanzania covers Mount Kilimanjaro, the highest point in Africa and the tallest free-standing mountain in the world.

Vodacom International – Operational review

Vodacom Lesotho (Pty) Ltd

31 March 2002

In preparation of imminent competition, the company introduced prepaid services on an Intelligent Network (IN) platform during the financial year. It is as a direct result of this that the customer base increased by 153%. Conversely contract customers declined over the year as customers chose to migrate to the prepaid product.

In addition to the capital expenditure, Vodacom Lesotho incurred substantial costs to establish an effective distribution network for the prepaid product. This had a negative impact on the operating profit of the company.

1. SUMMARISED INCOME STATEMENT

	2002 M'mil	2001 M'mil
Revenue	69.6	49.6
Profit from operations	11.2	12.2
Profit before taxation	9.0	11.5
Taxation	(2.0)	(4.1)
Net profit	7.0	7.4

The company introduced prepaid services in anticipation of competition

2. SUMMARISED BALANCE SHEET

	2002 M'mil	2001 M'mil
Fixed assets	77.4	70.2
Accounts receivable	9.3	2.7
Bank and cash	1.6	4.8
Total assets	88.3	77.7
Capital and reserves	57.0	50.0
Finance Leases	6.5	8.3
Short term liabilities	24.8	19.4
Total equity and liabilities	88.3	77.7

1 Lesotho Maloti = 1 South African Rand

3. REVIEW OF RESULTS

The revenue of the company increased by 40.4% over the previous year. This is largely attributable to the increase in the prepaid customer base. Profit from operations decreased by 8.1% for the year. This was due to increased infrastructure depreciation, resulting from the large capex investment including prepaid infrastructure over the past two years and substantial costs to establish an effective distribution network for the prepaid product.



4. CUSTOMERS AND MARKET REVIEW

	2002	2001
Customer base		
Contract	15 429	22 319
Prepaid	41 110	-
Total customer base	56 539	22 319
Churn percentage (%)		
Contract	54.8	14.8
Prepaid	0.6	N/A
Market share (%)	100%	100%

Contract churn is expected to remain high as contract customers continue to migrate to the prepaid product. Disclosure of prepaid above does not include customers who were previously paying in advance on the contract system (virtual prepaid).

The second cellular network has been licensed in Lesotho and is expected to launch its services on 1 May 2002. The introduction of competition in the market is expected to generate a higher growth and market penetration.

5. CAPITAL EXPENDITURE

During the year under review, the company invested M25.7 million (2001: M34.8 million) in property, plant and equipment.

Capex per customer at the end of the year was M2,160 (2001: M4,320).

6. NETWORK INFRASTRUCTURE AND COVERAGE

Vodacom Lesotho improved its coverage and quality of the network during the year under review by rolling out an additional 8 Base Stations.

7. REGULATORY AFFAIRS

The second GSM cellular licence was issued by the Lesotho Telecommunications Authority to a consortium consisting of LTC and Econet.

The term of Vodacom Lesotho's licence has been affirmed for a period of 15 years.

The new regulatory fee structure for Vodacom Lesotho continues to be unresolved and a fee proposal will be submitted to the Lesotho Telecommunications Authority before the end of June 2002.

8. HUMAN RESOURCES

The headcount for Vodacom Lesotho is 66 (2001: 55). Labour turnover is 20% (2001: 6%).

9. FUTURE DEVELOPMENTS OF THE BUSINESS

The company plans to aggressively grow the customer base in the coming financial year to ensure the achievement of a high penetration before and after the launch of the second cellular operator. The investment in network infrastructure will be increased substantially in the new financial year to support the growth strategy of Vodacom Lesotho.

Vodacom's Lesotho network was the company's first investment outside of South Africa and there are now more cellphones than fixed lines in that country.

9. Five-year Review

31 March 2002

	Five-year CAGR (%)	2002	2001	Years ended 31 March		
				2000	1999	1998
INCOME STATEMENT (R'mil)						
Revenue	46%	16,187	13,264	9,665	6,823	4,362
Profit from operations before amortisation of intangibles and exceptional items	49%	3,784	3,048	2,365	1,634	1,005
Exceptional items	-	56	(213)	-	-	2
Amortisation of intangible assets	-	(187)	(246)	(63)	(23)	(7)
Income from investments	-	37	25	130	6	-
Net finance costs	-	(101)	(446)	(536)	(484)	(299)
Profit before taxation	55%	3,589	2,168	1,896	1,133	701
Earnings before interest, taxation, depreciation and amortisation (EBITDA)	48%	5,653	4,418	3,390	2,288	1,425
BALANCE SHEET (R'mil)						
Non current assets	40%	11,468	8,808	6,934	5,144	2,761
Current assets	49%	4,288	3,553	2,788	2,082	1,038
Total assets	42%	15,756	12,361	9,722	7,226	3,799
Shareholders' equity	40%	6,519	4,636	3,770	2,411	1,668
Minority interest	n/a	418	(7)	(2)	-	-
Non current liabilities	25%	1,865	1,528	1,142	815	767
Current liabilities	50%	6,954	6,204	4,812	4,000	1,364
Total equity and liabilities	42%	15,756	12,361	9,722	7,226	3,799
CASH FLOW STATEMENT (R'mil)						
Cash flows from operating activities	36%	3,753	3,669	1,657	2,176	879
Cash flows from investing activities	41%	(5,098)	(2,912)	(2,653)	(2,542)	(1,023)
Cash flows from financing activities	35%	1,226	(1,038)	646	230	65
Net increase (decrease) in cash	-	(119)	(281)	(350)	(136)	(79)

	Years ended 31 March				
	2002	2001	2000	1999	1998
PROFITABILITY RATIOS (%)					
Profit from operations (as included here) to revenue	23.4%	23.0%	24.5%	23.9%	23.0%
EBITDA to revenue	34.9%	33.3%	35.1%	33.5%	32.7%
EBITDA to revenue (excluding cellular equipment sales)	39.2%	38.4%	40.8%	39.1%	39.6%
Return on equity	53.5%	52.0%	61.7%	63.4%	52.6%
Return on assets	15.8%	15.9%	15.3%	14.6%	16.7%
SOLVENCY AND LIQUIDITY					
Net finance cost cover (excluding interest on shareholder loans and impact of IAS39)	9.4	11.6	7.1	7.2	8.2
Current ratio	0.6	0.6	0.6	0.5	0.8
Debt-equity ratio (%)	45.0%	45.1%	68.9%	100.1%	59.0%
PRODUCTIVITY					
Admin overhead costs to revenue (%)	14.7%	16.7%	17.9%	16.4%	14.5%
Number of employees	4 353	4 272	4 091	3 446	2 050
Revenue per employee (R'000)	3,719	3,105	2,362	1,980	2,128
Admin overhead costs per employee (R'000)	546	517	422	326	309
Customers per employee	1 577	1 220	753	579	556
Revenue per customer (R)	2,359	2,545	3,137	3,419	3,825
Admin overhead costs per customer (R)	347	424	560	562	555
ARPU					
South Africa (R)	182	208	266	358	394
Contract (R)	547	492	n/a	n/a	n/a
Prepaid (R)	93	98	n/a	n/a	n/a
Tanzania (\$)	31	n/a	n/a	n/a	n/a
Lesotho (R)	144	207	n/a	n/a	n/a
CAPEX					
Capex additions (R'mil)	4,174	3,137	1,947	2,466	1,033
South Africa	3,291	2,204	1,947	2,466	1,033
International	883	933	-	-	-
Capex as a % of turnover	25.8%	23.6%	20.1%	36.1%	23.7%
South Africa	21.6%	17.3%	20.1%	36.1%	23.7%
Capex per customer	2,308	2,146	2,549	2,952	2,998
South Africa	1,991	2,053	2,543	2,897	2,951
MARKET STATISTICS					
South Africa	6,556,820	5,107,859	3,068,786	1,990,524	1,137,423
Contract customers	1,117,566	1,061,824	986,983	889,227	711,561
Prepaid customers	5,439,254	4,046,035	2,081,803	1,101,297	425,862
Tanzania	228,491	82,064	-	-	-
Contract customers	4,777	3,245	-	-	-
Prepaid customers	223,714	78,819	-	-	-
Lesotho	56,549	22,319	11,954	5,001	2,972
Contract customers	15,439	3,526	11,954	5,001	2,972
Prepaid customers*	41,110	18,793	-	-	-
Congo	21,116	-	-	-	-
Contract customers	-	-	-	-	-
Prepaid customers	21,116	-	-	-	-
Total customers	6,862,976	5,212,242	3,080,740	1,995,525	1,140,395
Prepaid percentage of total customers (%)	83%	79%	68%	55%	37%
Estimated cellular market share (%)					
South Africa	60%	61%	60%	60%	59%
Tanzania	56%	40%	-	-	-
Lesotho	100%	100%	100%	100%	100%
DRC	9%	-	-	-	-

* Includes virtual prepaid n/a is not available

Admin overhead costs comprise of staff expenses, marketing expenses and administration expenses per the audited financial statements

10. Translation of Selected Financial Data

31 March 2002

	2002 USD'mil	2001 USD'mil	2002 GBP'mil	2001 GBP'mil
INCOME STATEMENT				
Revenue	1,698.5	1,811.6	1,185.5	1,222.3
Profit from operations before exceptional items and amortisation	397.0	416.3	277.1	280.9
Exceptional items	5.9	(29.1)	4.1	(19.6)
Amortisation of intangible assets	(19.6)	(33.5)	(13.7)	(22.6)
Income from investments	3.9	3.4	2.7	2.3
Net finance costs	(10.6)	(60.9)	(7.4)	(41.1)
Profit before taxation	376.6	296.2	262.8	199.9
Earnings before interest, taxation, depreciation and amortisation (EBITDA)	593.2	603.4	414.0	407.1
BALANCE SHEET				
Non-current assets	1002.5	1,096.5	702.9	774.6
Current assets	374.8	442.4	262.8	312.4
Total assets	1,377.3	1,538.9	965.7	1,087.0
Shareholders' equity	569.8	577.1	399.53	407.7
Minority interest	36.6	(0.9)	25.6	(0.6)
Non-current liabilities	163.1	190.3	114.4	134.3
Current liabilities	607.8	772.4	426.2	545.6
Total equity and liabilities	1,377.3	1,538.9	965.7	1,087.0



	2002 USD'mil	2001 USD'mil	2002 GBP'mil	2001 GBP'mil
CASH FLOW STATEMENT				
Cash flows from operating activities	393.8	501.1	274.9	338.1
Cash flows from investing activities	(535.0)	(397.7)	(373.4)	(268.3)
Cash flows from financing activities	128.6	(141.8)	89.8	(95.7)
Net decrease in cash	(12.6)	(38.4)	(8.7)	(25.9)

The following are the applicable translation rates:

	2002 USD	2001 USD	2002 GBP	2001 GBP
Closing	11.440	8.033	16.316	11.371
Average	9.530	7.321	13.654	10.851

Vodacom's newest addition to its Midrand campus is still in construction and will be occupied by Vodacom International Product Research and Development in December 2002.

Vodacom Group (Pty) Ltd

11. Significant Events in the History of Vodacom

31 March 2002

July 1993	Vodacom (Pty) Ltd is incorporated to bid for one of two GSM cellular network licences in South Africa
September 1993	Awarded a licence to operate a GSM cellular network in South Africa
February 1994	First cellular network in Southern Africa to announce detailed information regarding the coverage its GSM network will provide
March 1994	Official limited switch-on of the cellular network
June 1994	Full commercial operation connecting 10 000 customers on the first day
June 1995	Awarded a GSM licence in Lesotho, Vodacom's first outside of South Africa
December 1996	Launch of Vodago, the prepaid service, and connects 60 000 prepaid users in the first month
May 1997	The South African market reaches the one million cellular customer mark, Vodacom reaches 606 000 customers
July 1997	Vodacom announces it has generated R1 billion of economic activity outside its core business reflecting its massive boost on the South African economy
November 1997	Vodacom publicly commits itself to a national environmental policy
March 1998	Vodaworld, the world's first cellular shopping mall, is opened in Midrand
October 1998	Launch of prepaid access to the Internet, a world first



- | | | |
|----------------------|---|---|
| July 1999 | ISO14001 accreditation received for its national environmental policy, a first for cellular | Vodacom Congo launch campaign "simply the best" |
| December 1999 | Awarded a GSM cellular licence in Tanzania | |
| February 2000 | The GSM Association inducts Vodacom CEO Alan Knott-Craig as one of just eight Gold Members of the Association's inaugural "Roll of Honour" for the role he has played in making mobile communications accessible to Africa's masses | |
| March 2000 | The announcement of the consolidation of Vodacom's various service provider companies into a single company, Vodacom Service Provider Company (Pty) Ltd | |
| April 2001 | Vodacom International Holdings (Pty) Ltd is established to spearhead Vodacom's African expansion | |
| July 2001 | Vodacom Tanzania reaches the 100 000 customer mark and confirms its position as the biggest cellular network in Tanzania | |
| July 2001 | Vodacom and Cell C sign a national roaming agreement, enabling Cell C customers to have access to national coverage from day one | |
| December 2001 | An investment is made in a company in the Democratic Republic of the Congo which acquires a licence to operate in that country | |

Vodacom Group (Pty) Ltd

12.1. Corporate Governance Statement

31 March 2002

1. THE CODE OF CORPORATE PRACTICES AND CONDUCT

The primary objective of any Code of Corporate Practices and Conduct is to ensure that directors and other executive management, to whom the running of large corporations has been entrusted by the shareholders, carry out their responsibilities faithfully, placing the interests of the corporation ahead of their own. In addition, such a code should establish structures and processes to evidence that management are meeting their responsibilities.

Vodacom Group (Pty) Ltd and its subsidiaries (the Group) confirm their commitment to the principles of good governance as advocated in the King Code of Corporate Practices and Conduct. The characteristics of this code are recognised as including discipline, transparency, through timely and accurate information, independence, accountability and responsibility to statute and law as well as to the relevant stakeholders, which is balanced by, fairness and social responsibility. Through this process, shareholders and other stakeholders may derive assurance that the Group is being ethically managed according to prudently determined risk parameters in compliance with generally accepted corporate practices. Monitoring the Group's compliance with the King Code, as updated from time to time, forms part of the mandate of the Audit Committee.

Vodacom is committed to the principals of good governance

2. BOARD OF DIRECTORS

The Vodacom Group (Pty) Ltd (the Company) board of directors (Board) consists of twelve members, four executive and eight non-executive and also comprise five alternate non-executive directors. All companies within the Group have unitary Board structures, with a mix of non-executive and executive directors.

Meetings are held quarterly, more frequently if circumstances or decisions require, and the board retains full and executive control over the companies concerned. Meetings are conducted in accordance with a formal agenda, ensuring that all substantive matters are properly addressed. This includes the review of the operational performance of the Group, the strategic issues, the business plan, any acquisitions, disposals and other major contracts and commitments, group policies and procedures including stakeholder reporting and communication policy as well as ensuring the integrity of the company's risk identification and management process and internal controls.

The Board has a formal schedule of matters specifically reserved for decisions, including the approval of Group commercial strategy, major capital projects and investments, borrowings, the adoption of any significant change in accounting policies or practices and material contracts not in the ordinary course of business.

The board monitors its management ensuring that material matters are subject to board approval. The board delegates responsibility for day to day activities to the Chief Executive Officer.

In terms of the current shareholder agreements the directors are appointed and approved by the shareholders. Directors are appointed on the basis of skill, acumen, experience and level of contribution to and impact on the activities of the Group. On appointment, all directors are provided with guidance as to their duties, responsibilities and liabilities as a director of a company and also have the opportunity to discuss organisational, operational and administrative matters with the chairman, the Chief Executive Officer and the Company Secretary.

In the event that a potential conflict of interest may arise, involved directors withdraw from all deliberations concerning the matter and are not permitted to exercise any influence over other board members or receive relevant board papers.

2.1 Chairman and Chief Executive Officer

The role of Chairman and Chief Executive Officer do not vest in the same persons. The Chairman is a Non-executive Director. The Chairman and Chief Executive Officer provide leadership and guidance to the company's board and encourage proper deliberation of all matters requiring the board's attention, and obtain optimum input from the other directors. Telkom SA Ltd, the group's major shareholder, appoints the chairman.

2.2 Non-executive Directors and directing committee

The Board has a strong contingent of Non-executive Directors with at least three Non-executive Directors on each entity's board. Non-executive Directors bring with them diversity of experience, insight, business acumen and skills, and independent judgement on issues of strategy, performance, resources and standards of conduct.

Non-executive Directors have no service contracts with the Company, and are nominated and appointed, in terms of the Articles of Association, on a proportional basis by the shareholders of the company, who have an equity interest of more than ten percent in the Group. Recommendation for re-appointment as director is not automatic, but considered individually based on their contribution.

The Board has delegated all its powers, functions and authority to act for and on behalf of the company to a Directing Committee.

The Chairman and members of the directing committee consist of the eight non-executive directors nominated for appointment to the board by the committed shareholders. Committee meetings are held at the same time and on the same basis as board meetings.

2.3 Executive Directors and executive committee

Being involved with the day to day business activities of the Group these directors are responsible for ensuring that decisions, strategies and views of the board are implemented. There are a number of executive directors on the boards of the group's main subsidiaries. Executive directors are considered for re-appointment annually. The Group follows a decentralised approach with regard to the day to day running of its businesses.

The Managing Directors of the Group meet each month as the executive committee under the chairmanship of the Chief Executive Officer. This committee is responsible for the day-to-day management of the Group's businesses and it also reviews strategic plans, potential acquisitions, major capital expenditure projects, company operating and financial performance and the central and administrative functions of the Group.

2.4 Company Secretary and professional advice

All directors have unlimited access to the advice and services of the Company Secretary, who is responsible to the Board for ensuring that board procedures are followed.

All directors are entitled to seek independent professional advice at the Group's expense, concerning the affairs of the group, after obtaining the approval of the Chairman. The Audit Committee is responsible for monitoring the independence and suitability of all professional advisors.

2.5 Committees of the board of directors

The board has a number of committees, which have been established to consider issues and strategies, within common areas, in order to advise and guide the board. Ad-hoc committees are also established as the

need arises. These committees comprise both executive and non-executive directors. Board committees that have operated during the year (unless otherwise indicated) are detailed below. Ad-hoc committees are created as and when necessary. The names of the members of the Board and committees at the date of this Annual Report are given on pages 10 to 13.

3. REMUNERATION COMMITTEE

The Group has a Remuneration Committee, consisting mainly of Non-Executive Directors, which is also chaired by a Non-Executive Director and advised by independent outside experts. Its written charter and specific terms of reference include direct authority for, or consideration and recommendation to the Board of, matters relating to inter alia general staff policy, strategy for employment, affirmative action, remuneration, performance bonuses, executive remuneration, directors' remuneration and fees, service contracts, share purchase and option schemes and group pension and retirement funds. Two meetings of the committee are scheduled annually, with ad hoc meetings convened as and when required.

The broad objectives of the committee are to:

- i) Ensure that the Group's Directors, and staff, are fairly rewarded for their individual contributions to the Group's overall performance;
- ii) Approve the annual remuneration review of the Group and to ensure that salaries are market related;
- iii) Approve profit sharing arrangements and annual bonuses; and
- iv) Approve the allocation of share scheme participation.

Basic remuneration and short and long-term incentives are determined with reference to applicable market rates and practices. Performance-related remuneration practices and the share schemes are considered important elements in attracting, rewarding and retaining high potential and high performance executive management. The annual financial statements accompanying this report reflect the total of executive and non-executive directors' earnings and other benefits in accordance with the requirements of the Companies Act, 1973.

Effective risk management is integral to the group's value added philosophy

4. AUDIT COMMITTEE

The Group has an audit committee, whose chairman and members are Non-Executive directors of the board. All the members are financially literate and no relationships exist which could possibly interfere with the committee member's independence from management. Both the internal and external auditors have unrestricted access to the committee, which ensures that their independence is in no way impaired or compromised. The committee meets at least three times a year. These meetings are attended by both the external and internal auditors and appropriate members of executive management including those involved in risk management, control and finance. The primary responsibility of the committee is to assist the board in carrying out its duties relating to the group's accounting policies, internal control, financial reporting practices, and identification of and exposures to significant risks.

The committee has a written charter from the board and provides assistance to the board with regards to:

- i) Ensuring that management has created and maintained an effective control environment throughout the group, monitoring its effectiveness, and that management demonstrates and stimulates the necessary respect for the internal control structure;
- ii) Ensuring compliance with the applicable legislation and the requirements of the regulatory authorities;
- iii) Obtaining an appreciation of the state of the internal control systems;
- iv) Reviewing and recommending internal audits, specifically the internal audit plan which is risk based, and internal audit policy, as well as reviewing their activity and significant findings;
- v) Monitoring relationships with external auditors and reviewing the audit plans and policy, scope and activity, management reports and fees of the external auditors, and to discuss any significant finding, issues of concern or changes to the statutory and interim audits as well as setting principals for external auditors to do other work,;
- vi) Reviewing and considering the presentation and disclosure of the interim and preliminary results statements and the annual financial



statements of the Group, considering accounting policies, and to report fully thereon to the board;

- vii) Reviewing compliance with the group's code of ethics;
- viii) Receiving the reports of the compliance officers and monitoring compliance with the King Code as updated from time to time; and
- ix) Executing special projects and other investigations where deemed necessary.

Critical findings arising from both internal and external audit activities are formally reported to, and comprehensively addressed by, the audit committee.

Management has reviewed the annual financial statements together with the audit committee, with the external auditors being present. The quality of the accounting policies was discussed with the external auditors. The committee considers the annual financial statements of the company and the group to be a fair presentation of its financial position on 31 March 2002, results of operations, changes in equity and cash flows for the period ended then, in terms of International Accounting Standards and the Companies Act.

In order to assess the principal of going concern, management reviews the operations and business competitiveness together with the audit committee. In addition to the historical financial statements and the current year balance sheet and cashflow, the 5 year forecasts, budgets and cashflow projections are considered. Due consideration is also given to the information contained in the current initiative of effective

ongoing risk management. The committee has reviewed and noted the assumptions taken on these issues and considers the going concern principal to be appropriate for the company and the group as at the date of signing the financial statements.

5. RISK MANAGEMENT

Effective risk management is integral to the Group's objective of consistently adding value to the business. Management is continuously developing and enhancing its risk and control procedures to improve the mechanisms for identifying and monitoring risks.

Operating risk is the potential for loss to occur through a breakdown in control information, business processes and compliance systems. Key policies and procedures in place to manage operating risk involve segregation of duties, transaction authorisation, supervision, monitoring and financial and managerial reporting.

A new division within Vodacom Group, Insurance, Fraud and Risk Management, was formed to formally identify, measure, respond and record the core risks facing the Group.

During the period under review a risk identification process was conducted in conjunction with an internal audit to determine and categorise the risks as well as assess the cultural awareness of risk. The results were recorded on a newly purchased software system, which produced a risk summary based on:

- i) whether the risk was insured, uninsured or uninsurable;

Executive Directors from left to right: Alan Knorr-Craig, Pieter Uys, Shameel Aziz-Joosub, Andrew Mthembu, Leon Crouse.

ii) the perceived financial impact.

The process implemented is to remain up to date through continual review and ultimately by roll-out to individual companies and divisions who will maintain the source information that drives the system. This system forms the foundation for the initiative to decide on the effective management or acceptance of the identified risks, the implementation of policies and procedures to establish operating standards within the various disciplines and the test for compliance of these standards. This initiative is as dynamic as the risks that face Vodacom.

The role of internal audit will not be to assume the functions, systems and processes of risk management but will be to assist the board and management in the monitoring and evaluation of the process. Audit plans will accordingly include a risk based approach.

The major business risks that are identified are evaluated by the directors when setting strategy, approving budgets and monitoring progress against budget.

Risk management is addressed in the areas of general business risks, worker safety, product liability, credit risks, exchange rate exposure, insurable losses, interest rate and liquidity risks.

Professional advisors are invited to assist the directors in evaluating risk management strategies presented by management.

6. INTERNAL CONTROL SYSTEMS

To meet its responsibility with respect to providing reliable financial information, the group maintains financial and operational systems of internal control. These controls are designed to provide reasonable assurance that transactions are concluded in accordance with management's authority, that the assets are adequately protected against material loss of unauthorised acquisition, use or disposition and that transactions are properly authorised and recorded.

There are inherent limitations in the effectiveness of any system of internal control, including the possibility of human error and the circumvention or overriding of controls. Accordingly, even an effective internal control system can provide only reasonable assurance with respect to

financial statement preparation and the safeguarding of assets. Furthermore, the effectiveness of an internal control system can change with circumstances.

6.1 Responsibility for internal controls

The Board has overall responsibility for the Group's system of internal control. The Group's systems have been designed to provide the directors with reasonable assurance that assets are safeguarded, transactions are authorised and recorded properly, and that material errors and irregularities are either prevented or detected within a timely period.

6.2 Control environment

The Board has established an organisation structure with clear operating procedures, lines of responsibility, segregation of duties, delegated authority, policies and procedures, including a Code of Ethics to foster a strong ethical climate, and the careful selection, training and development of people. These are communicated throughout the Group. The board has delegated to executive management the establishment and implementation of appropriate internal control systems.

6.3 Financial reporting system

The Group's operating procedures include a comprehensive system for reporting financial information to the directors. The principal elements of this include the formal review by the directors of:

- i) Detailed budgets prepared by management and reviewed by the executive directors before formal adoption by the board;
- ii) Forecasts, revised on a quarterly basis, compared against budget; and
- iii) Monthly management accounts with a comparison against the latest forecast and budget.
- iv) An annual update of the five year forecast including key assumptions and indicators.

6.4 Main control procedures

Written financial policies and procedures have been issued which specify the minimum requirements for financial and administrative matters within the Group. These policies and procedures address the areas of significant business risk and include:



financial limits on delegated authority; and detailed policies and procedures regulating treasury activities, approved annually.

Joint venture undertakings are monitored closely through attendance at their board meetings and review of key financial information. It is the Group's policy that its external auditors are appointed as external auditors of joint venture undertakings, where possible. Detailed post investment reviews of all the Group's investments are conducted on a regular basis.

6.5 Review of effectiveness

The Board believe that the Group's system of internal control provides reasonable, but not absolute, assurance that problems are identified on a timely basis, and dealt with appropriately.

The Board confirm that they have reviewed the effectiveness of the system of internal control through the monitoring process set out above and are not aware of any significant weakness or deficiency in the Group's system of internal control during the period covered by this report.

7. INTERNAL AUDIT

Group internal audit is an independent appraisal function to examine and evaluate the Group's activities. Its objective is to assist members of executive management in the effective discharge of their responsibilities. The scope of group internal audit is to review the reliability and integrity of financial and operating information, the risk management process, the systems of internal control, the means of safeguarding assets, the efficient management of the Group's resources, effective quality assurance, and the effective conduct of its operations. The

function is fully mandated by, and accountable to, the board and audit committee as an independent appraisal activity for the review of all operations.

There are clear procedures for monitoring the system of internal financial control. The significant components of these are:

- i) Formal annual confirmation by subsidiary Managing Directors concerning the operation of internal control systems for which they are responsible;
- ii) Group internal audit, while reporting directly to the Group Finance Director, has access to the audit committee, and which on a continuous risk assessment basis undertakes periodic examination of business processes and reports on internal controls throughout the Group;
- iii) Reports from the external auditors on internal controls and relevant financial reporting matters; and
- iv) Corrective actions are taken to address control deficiencies and other opportunities for improving the system as they are identified.

8. CODE OF ETHICS

Directors and employees are required to understand and maintain the highest standard of ethics ensuring that business practices are conducted in a manner which, in all reasonable circumstances, are beyond reproach. Ethical conduct must be an integral part of the organisation, a deeply ingrained tradition that is passed from one generation of employees to the next.

The Group has adopted a Code of Ethics (Code), which complies to the highest standards of integrity, behaviour, honesty

The Vodacom Foundation donated funds to the STTEP music school for the training of children from disadvantaged backgrounds in the use of a variety of musical instruments. Students excelled in the London Trinity College Exams.

and ethics in dealing with all its stakeholders, including the Group's directors, managers, employees, customers, suppliers, competitors, investors, shareholders, and society at large. The Code also spells out policies and guidelines regarding the personal conduct of directors and employees.

All new staff receive a copy of the Code and they are required to sign a declaration stating that they have received it, have read and understood it, and will comply with it. The Code was developed through a process of consultation throughout the Group. All new staff receive a presentation on the Code as part of the induction process. The Directors regularly review this Code to ensure it reflects best practice in corporate governance.

9. STAKEHOLDER COMMUNICATION AND RELATIONSHIPS

The Group has formalised its stakeholder philosophy and introduced structures of corporate governance to manage the interface with the various stakeholder groups. There are responsive systems of governance and practice which the board and management regard as appropriate. Stakeholder communication and relationships are limited with the Group not being a public or listed company but does include, by invitation, two formal presentations to the investor community per year, of which one is the presentation of the annual results.

Communication with stakeholders addresses material matters of significant interest to shareholders, other stakeholders and the financial and investment community. The quality of information is based on the guidelines of promptness, relevance, transparency and substance over form.

10. EMPLOYEES AND EMPLOYEE PARTICIPATION

For employee-related matters, the Group is dependent on consultative committees of Vodacom (Pty) Ltd and Vodacom Service Provider Company (Pty) Ltd, the major subsidiaries within the Group, which contributes to employee policies within the Group. A consultative committee consists of a maximum of nine staff members with the Chairman always being the Managing Director of the subsidiary concerned. Members are elected by the employees of the company for a term of one year and may be re-elected.

The group has designed employment policies, which are appropriate to its business and markets, and which attract, retain and motivate the quality of staff necessary. These policies are required to provide equal employment opportunities, without discrimination. Reports are made available to employees.

The broad objectives of the committee include:

- i) Creating an environment in which the best person can be employed for the job regardless of gender, creed, colour or race;
- ii) Enhancing the motivation and commitment of all employees by providing opportunities for involvement in business performance improvement, on the basis of mutual information sharing;
- iii) Creating within the Group a balanced profile of employees that reflects the composition of the broad South African society;
- iv) Correcting racial and social imbalances of the past;
- v) Providing for the Group's present and future requirements for skilled staff;
- vi) Identifying training opportunities for employee upliftment;
- vii) Identifying upliftment programs for previously disadvantaged groups;
- viii) Ratifying promotions on certain levels;
- ix) Ratifying employees for "fast track" development programs;
- x) Ratifying affirmative action policies; and
- xi) Facilitating the resolution of matters outside the control of line management.

10.1 Affirmative action and employment equity

The Group is committed to providing equal opportunities to all its employees regardless of their ethnic origins or gender and to equitable remedial and development objectives. It has also embarked on various programmes to ensure that its employee profile will be more representative of the demographics of the country and to create a discrimination free work place. All our developmental programmes, succession planning, career path programmes and bursary projects take cognisance of this commitment.

The Group has developed an employment equity policy, which has been approved by the board and is available to employees. The policy focuses strongly on providing training and development opportunities for historically disadvantaged groups and complies with the objectives and requirements of Employment Equity Act and

Employees are encouraged to become involved in the Group's affairs



Skills Development Act. The essence of the policy document is for implementation of a fair and reasonable employment equity programme based on moral decency, sound business practice and principles of economic common sense.

The Group provides educational assistance by way of an open bursary scheme, particularly to those from designated groups who may be potential employees. The Group also provides educational assistance to employees by way of a bursary scheme.

10.2 Employee participation

Employees are encouraged to become involved in the Group's affairs and to obtain a sound understanding of its activities. The Group employs a variety of participative structures, which focus on material issues affecting employees directly. These are designed to achieve good employer / employee relations through the effective sharing of relevant information and consultation, the speedy identification of potential conflict areas and the effective and prompt resolution of issues.

Employee participation structures embrace goals relating to values, productivity, training and retraining and serve as a means of encouraging empowerment through participation and information sharing, and of enhancing communication between employees and executive management.

Employees are informed of issues that affect their jobs and work environment, through a range of communication channels. Inhouse training courses and Group publications are provided for employees to enable them to maintain an understanding of the Group's activities.

When an employee is dissatisfied or feels that an injustice has been done, access is available through the Group's grievance procedures, whereby the employee's grievances are addressed, by management, without fear of discrimination or victimisation. Policies and practices have also been developed to timeously identify issues of potential conflict and to effectively resolve them in a timely fashion.

All staff qualify to participate in the Vodacom Group Staff Phantom Share Option Scheme (also referred to as Deferred Bonus Incentive Scheme).

Vodacom Group has also adopted and is practicing an appropriate HIV AIDS policy for the benefit of all staff.

A full report on human resources and employment equity as well as social investment is included on pages 52 to 54 and 55 to 57 respectively.

11. QUALITY CONTROL

The Group manages specific quality compliance of environmental, health and safety, information security and other quality issues through the internal audit function. This function is specialised and relies on dedicated staff to ensure the highest standards. As with all other matters in internal audit it has direct access to the audit committee. Its function is principally to monitor and review environmental, health and safety performance and standards.

A full report on safety, health and environmental management is included on pages 58 and 59.

The Vodacom campus in Midrand housing all the Vodacom group companies as well as Vodaworld, a Chip and Putt course, an Employee Wellbeing Centre, a Virgin Active gym and several restaurants.

12.2. Report on Human Resources and Employment Equity

31 March 2002

"Happy companies create an environment wherein employees are committed to work harder to make our customers happy. This translates in sustainable delivery to our Shareholders."

Lungi Ndlovu - Group Executive Human Resources

The 2001/02 financial year was a memorable year for Vodacom Group and a year of record-breaking business performance in all respects. Vodacom's success can be directly attributable to the commitment, dedication and passion of its employees whose actions are true embodiment of the Vodacom Way "... where everyone is imbued with a spirit to win, to be passionate in whatever we do, to be the best, to never give up, to work harder than anybody else, to know that our best is better than anybody else's best. Losing is just not an option. We are a team and competition is our sport". We care deeply about our people as well as about how we deliver our performance.

1. KEY FOCUS OF ACTIVITIES

The key focus areas of the human resource strategy continue to be in the areas of developing leadership, management skills and succession development. The thrust is on developing and enhancing individual competencies to improve business performance, and create a pool of talented and capable

people to meet our future needs as well as the imperatives of the Employment Equity Act and the Skills Development Act.

2. EMPLOYEE NUMBERS AND MOVEMENTS

At 31 March 2002 the Vodacom Group employed 4 353 employees (2001: 4 272) representing an increase of 1.8%. The current year figures include the operating companies in Africa and Teljoy TV (284) which has been disposed of with effect 31 March 2002. The Group has performed admirably in containing headcount growth notwithstanding Vodacom's international expansion and significant increase in customer numbers.

The Group prides itself on the advances it has made in having an employee profile that is highly representative of designated groups. At 31 March 2002 72% (2001: 62%) of the Group's employees are from groups designated as previously disadvantaged.

"We are a team and competition is our sport" The Vodacom Way



The staff turnover in the Group has reduced for the year ending 31 March 2002, to 7.7% (2001: 11.1%).

3. HUMAN RESOURCE DEVELOPMENT

The Group's human resources development strategy is aimed at developing managerial leadership and technical competencies amongst our employees to build organisational capabilities to succeed in the future. To this end the Group invested more than 26 223 man-days in training, in which 76.9% of participants were from designated groups.

The Group invested 7.9% of its salary bill on training and development. The Group complied with the Skills Development Act by submitting the skills-plan to the information system, electronic, technology and telecommunication sector education and training authority. We have been able to recoup R1.2 million as rebates from Seta which is being ploughed back to fund development initiatives like the Vodafone Experience Programme and the Global Leadership Programme.

Other initiatives of the group are:

- i) The implementation of a virtual learning centre to facilitate E-learning and learner paced training.
- ii) A leadership development programme.
- iii) A personal development programme for each employee as well as a mentor-mentee programme.
- iv) A succession development programme.

v) The implementation of the Vodafone Exchange Programme and participation in the Global Management Development Programme and the Vodafone Global Leadership Development programme.

vi) Actively supporting the concept of life-long learning through part-time studies.

A glance at typical Vodacom employees reveals a celebration of diversity that is a real South African success story.

4. INDUSTRIAL RELATIONS

The Group's industrial relations policies comply with the Labour Relations Act and other relevant employment acts. The Group prides itself on harmonious relationship with its employees and facilitates this through the consultative committees. Members of the committees are elected by their colleagues. The Managing Directors of the respective companies within the Group chair the meetings.

The Group subscribes to freedom of association. At 31 March 2002, union density in the Group was 5.6% (2001: 5.8%). The group has no recognition agreement with any union.

5. EDUCATIONAL ASSISTANCE

To facilitate learning and skills growth the Group extends educational assistance to its full time employees through its "Yebo" bursary scheme. For the year ended 31 March 2002 the Group spent R3.0 million by way of bursaries spend (2001: R2.0 million). As at 31 March 2002, 532 employees (2001: 362) were participating in the bursary scheme.



Performers at a Vodacom Foundation Event

The bursary scheme has been in operation for 4 years and to date 2 320 employees have benefited from the scheme. To date R8.8 million has been spent by the Group towards employee educational assistance, illustrating the premium the Group places on education.

Further details of our external bursary scheme are presented in the Report on Social Investment set out on pages 55 to 57.

6. HIV AND AIDS

Sub-Saharan Africa continues to be plagued by the scourge of HIV and AIDS. Vodacom Group recognises HIV/AIDS as both a human tragedy of unprecedented proportions and a vital business issue. To this end the Group has developed an HIV/AIDS Policy as well as a strategy to combat the spread of HIV/AIDS. The HIV/AIDS strategy rests on four pillars:

- i) Awareness and prevention
- ii) Care and support
- iii) Treatment and lifestyle management
- iv) Human resources management practices and corporate social responsibility.

The policy also includes maintaining appropriate confidentiality in all cases.

7. FUTURE FOCUS ON HUMAN RESOURCES

The future focus of Human Resources will be in the following areas:

- Improving Employment Equity representivity in line with our targets with particular thrust on managerial levels;
- Extension of Succession Development Initiative to VSPC, Group and VIH;
- Incentive Schemes;
- Human Capital Accounting;
- Talent Management, and
- Executive development and education.

The Group's Human Resource policies and procedure, and the Vodacom Way create a climate in which our employees can dream the dreams, put their hearts and souls in everything they do to contribute to the continued success of Vodacom.

Vodacom is an exciting and diverse workplace of which the employees can be proud

12.3. Report on Social Investment

31 March 2002

"The Foundation's philosophy regarding charitable contributions is premised on a platform of HELPING OTHERS TO HELP THEMSELVES."

Mthobi Tyamzashe, Vodacom Foundation Chairman

Vodacom's corporate care philosophy involves the realisation that business has obligations beyond its responsibilities to its shareholders. To this end Vodacom established the Vodacom Foundation for the purposes of affording the company an avenue to play a role in improving the quality of lives of the communities in which it operates.

The Vodacom Foundation has identified capacity building as the thrust of its Corporate Social Investment programme particularly in the areas of Health, Education and Safety and Security.

1. VODACOM FOUNDATION

The Vodacom Foundation was established in 1999 to manage the Company's Corporate Social Investment programme. The philosophy behind the Vodacom Foundation is embodied in these lines from the Vodacom Way:

"Vodacom is a caring company..." and "Vodacom believes that it can enhance people's lives..."

Caring for people and enhancing their lives is exactly what the company's commercial success has enabled it to do. Vodacom is just eight years old and yet it already enjoys a top-ten rating in the country, according to the July 2001 Corporate Care Check.

Strategy

The Vodacom Foundation follows a strategy of proactively sourcing the projects it wishes to support on the basis of fewer-but-bigger projects at both provincial and national levels. Their activities also contribute to the building of the Vodacom brand. Amongst the key criteria applied by the Vodacom Foundation in evaluating proposals are the following:-

- FOCUS AREAS

These priorities are primarily in the areas of Education, Health, and Safety and Security. The Vodacom Foundation has also extended its support and sponsorships into other fields, including the areas of Arts and Culture and the

...capacity building is the thrust of the programme...



The strategy of the Vodacom Foundation revolves around sustainability and the empowerment of people to help themselves.

Environment. The choice of focus areas by the Vodacom Foundation was strongly influenced by what we saw as national government priorities.

- PUBLIC-PRIVATE SECTOR PARTNERSHIPS

Government cannot rebuild the country on its own without support from the private sector. Vodacom has risen to the challenge of forming Public-Private partnerships and, as far as possible, Vodacom's Corporate Social Investment projects are developed and/or implemented in conjunction with the responsible government departments.

- MAKING A DIFFERENCE

In assessing the numerous and often overwhelming number of requests for support, ad hoc sponsorships are avoided wherever possible. Instead, investments are made directly into projects that are designed to achieve maximum benefit for the target communities.

- SUSTAINABILITY

Investments are made in projects that are sustainable and that also have the potential to achieve self-sufficiency. Projects are therefore carefully monitored to ensure that they achieve these goals.

- COMMUNITY INVOLVEMENT

Much of the Vodacom Foundation's activity has involved the forging of strong and enduring partnerships with communities targeted for upliftment. Flagship examples of Vodacom Foundation projects include the

more than R15 million overhaul of the Alexandra Police Station and Wynberg Magistrates' Court, as well as the R10 million construction of a school, clinic, teachers' facilities and creche in a rural area of the Eastern Cape. In both cases, Vodacom worked closely with the communities involved to ensure the projects' successful implementation.

Examples of Recent Projects

- VODACOM EXTERNAL BURSARY SCHEME

Vodacom awarded bursaries to a total of 282 students, during the period 1995 to 2001. These bursaries covered the commercial, electrical engineering and IT disciplines, at both University and Technikon level. The total amount involved during the period was R7.5 million. In 2002 alone there are 137 bursars in the Scheme. Additionally, no less than 113 trainees were part of the Vodacom in-service training, during the period 1998 to 2001.

- BUSINESS AGAINST CRIME

The Gauteng branch of Business Against Crime (BAC) has been in the forefront of the fight against crime. Proof of this can be seen from the reduction in criminal activity in the Johannesburg Central Business District. Vodacom has been instrumental in the establishment of BAC's Gauteng branch as well as the funding of the operations of BAC's national office. To date Vodacom has



invested more than R1.1 million in the fight against crime through BAC.

- NELSON MANDELA FOUNDATION AND NELSON MANDELA CHILDREN'S FUND

Vodacom has donated more than R4 million towards a five-year commitment of R6.25 million to the Nelson Mandela Foundation and the Nelson Mandela Children's Fund. The two organisations play an important role in improving the living conditions of disadvantaged children and families in South Africa.

2. COMMERCIAL EQUITY

Vodacom (Pty) Ltd, the Group's largest subsidiary, has successfully embarked on a programme to achieve commercial equity with regards to its suppliers coming from the designated "historically disadvantaged individual or company" (HDI).

The Vodacom HDI Procurement Empowerment Programme (Vodacom HDIP) was established in 1999, with the objective to foster HDI economic empowerment within South Africa through the recruitment of HDI owned enterprises and HDIP enterprises that adhere to Vodacom's Procurement HDI Policy.

2.1 Procurement Commercial Expenditure

The 30% (2001: 30%) HDI target for the year ended 31 March 2002, based on Vodacom's commercial expenditure with HDIs, was achieved. In fact, a total figure of 42% (2001: 38%) of the total expenditure was achieved. In monetary terms this equates to R411.8 million (2001: R363.4 million) for the year, representing an increase of 13%.

At the opening of the Alexandra Police Station in 2000, the police station and adjacent Wynberg Magistrates courts were renovated by Vodacom at a cost of some R15 million.

12.4. Report on Safety, Health and Environmental Management

31 March 2002

"By applying the key principles of sustainable development, Vodacom will remain the industry leader and will be the pride of Africa. This means being the leader financially, socially and environmentally."

James Harding - Environment, Health and Safety Manager

1. IQMS DESCRIPTION AND FUNCTIONS

Vodacom's Integrated Quality Management System (IQMS) comprises the four areas of:

- (i) Quality Management, in terms of ISO 9001;
- (ii) Occupational Health and Safety, in terms of Occupational Health and Safety Act and OHSAS 18000;
- (iii) Environmental Management, in terms of ISO 14001; and
- (iv) Information Security, in terms of ISO 17799.

Each of the operating companies within the Vodacom group of companies is responsible for its own implementation and maintenance of the respective systems at company level. Vodacom Group (Pty) Ltd operates its own integrated Quality system that provides a framework for the respective subsidiary company systems. A group-wide steering committee comprising representatives

from each of the Vodacom group of Companies has been established to bring the IQMS to corporate level and to ensure consistency amongst the companies.

2. REVIEW OF SAFETY AND HEALTH ACTIVITIES

The most significant Occupational Health and Safety project conducted during the year was to ensure that the Vodacom Group is compliant with the Occupational Health and Safety Act 85 of 1993.

The corporate and regional premises of each company within the group was evaluated, using the HASLAC Audit System, during the period March 2001 to February 2002. The average legal compliance percentage achieved in the group of company's was 91%. This was measured against a management target of 85% compliance. It can therefore be concluded that legal compliance has been achieved in all the major buildings.

Vodacom prides itself as an industry leader in innovative and proactive environmental management



In February 2002, Vodacom (Pty) Ltd qualified for a rebate from the Workman's Compensation Commissioner. Companies qualify for rebates on the basis of claims submitted to the Commissioner for injuries on duty.

Group Internal Audit carried out gap analyses in the Vodacom operations in Lesotho. No similar audits have yet been performed in Tanzania and the Democratic Republic of Congo.

3. REVIEW OF ENVIRONMENT MANAGEMENT

Vodacom prides itself, both locally and internationally, as an industry leader in innovative and proactive environmental management. Furthermore, Vodacom has a duty to ensure that it is protecting the quality of the natural environment, while offering the benefits of cellular technology.

3.1 Corporate Environment Policy

Vodacom's environmental policy is based on requirements set out in ISO 14001, Environmental Management Systems, Specifications with guidance for use (ISO 14001: 1996 (E)):

3.2 ISO 14001 Certification

Vodacom's Environmental Management System (EMS) is formally certified ISO 14001 compliant.

3.3 Recent Projects

Given the geographic extent of Vodacom's operations and the competitive nature of the cellular industry, one of the most visible

impacts Vodacom has on the environment is the construction of base station structures. Vodacom's environmental management system ensures that sites are constructed to strict environmental standards and guidelines and ensures that all legal and regulatory requirements are complied with.

The specific issues addressed by these specifications include taking into consideration the identification and effect on sensitive fauna and flora, soil erosion, sites of historical or archaeological importance, as well as the visual impact of masts.

- PEACE PARKS FOUNDATION

Vodacom remains a corporate member of the Peace Parks Foundation, which aims to link Trans-frontier conservation areas into "Peace Parks".

- WORLDWIDE FUND FOR NATURE

Vodacom is a corporate member of the Worldwide Fund for Nature (South Africa) (WWFSA).

- WILDLIFE BIOLOGICAL RESOURCE CENTRE

Vodacom funds the Wildlife Biological Resource Centre (WBRC), a working group of the Endangered Wildlife Trust.

- RED DATA BOOK FOR SOUTH AFRICAN MAMMALS

Vodacom sponsored the updating of the Red Data Book of South African Mammals, a conservation tool that lists all mammal species of conservation importance.

Members of the Vodacom Super Eagles soccer team from Alexandra in Gauteng examine an immobilised lioness after she had been artificially inseminated by the Wildlife Biological Resource Centre staff.

12.5. Consolidated Value Added Statement

31 March 2002

VALUE ADDED (excluding value added tax)

	2002 R'mil	2002 %	2001 R'mil	2001 %
VALUE ADDED BY OPERATING ACTIVITIES	6,796.7	99.5	5,339.9	99.5
Revenue	16,186.7		13,263.5	
Net operating expenses (note 1)	(9,390.0)		(7,923.6)	
VALUE ADDED BY INVESTING ACTIVITIES	37.0	0.5	25.4	0.5
Income from investments	0.1		-	
Interest income	36.9		25.4	
	6,833.7	100	5,365.3	100
VALUE DISTRIBUTED				
DISTRIBUTED TO EMPLOYEES	1,143.8	16.7	922.3	17.2
Salaries, wages, medical and other benefits	1,099.9		879.8	
Pension and retirement fund contributions	43.9		42.5	
DISTRIBUTED TO PROVIDERS OF FINANCE	700.7	10.3	926.1	17.3
Finance costs	100.7		446.1	
Dividends	600.0		480.0	
DISTRIBUTED TO GOVERNMENT	1,072.7	15.7	834.2	15.5
SA normal taxation	995.7		771.2	
Secondary taxation on companies	74.5		60.5	
Foreign taxation	2.5		2.5	
VALUE REINVESTED	2,154.2	31.5	1,810.2	33.7
Depreciation of property, plant and equipment	1,869.3		1,369.9	
Amortisation of intangible assets	186.7		245.5	
Exceptional items	(56.1)		213.2	
Deferred taxation	125.0		(18.4)	
Foreign deferred taxation	29.3		-	
VALUE RETAINED	1,762.3	25.8	872.5	16.3
Retained profit (adjusted for dividends)	1,737.6		881.7	
Outside shareholders' interest	24.7		(9.2)	
	6,833.7	100	5,365.3	100

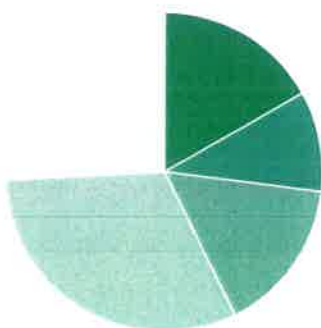


Cats and Stormers competing in the Vodacom Super 12 Rugby event.

	2002 R'mil	2001 R'mil
Notes to the consolidated value added statement		
1. Net operating expenses		
Cost of sales	10,053.7	8,054.2
Other operating income	(29.2)	(48.5)
Marketing expenses	542.0	514.6
Administration expenses	692.8	773.2
Less: Depreciation	(1,869.3)	(1,369.9)
	9,390.0	7,923.6

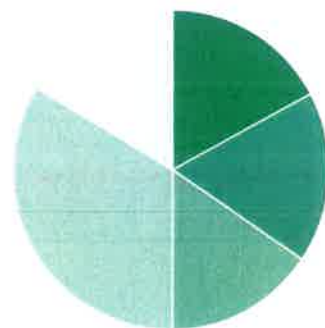
2. Analysis of value distributed

Value Distributed 2002



- Employees
- Finance providers
- Government
- Reinvested
- Retained

Value Distributed 2001

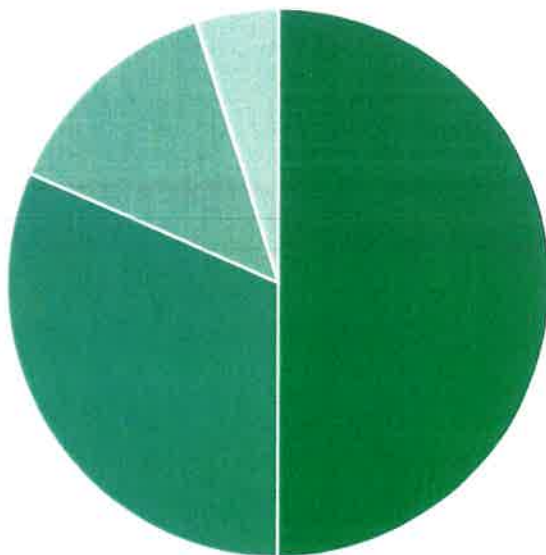






Vodacom Group (Pty) Ltd

13. Analysis of Shareholders

31 March 2002

"Vodacom is supported by strong value adding shareholders"



	Telkom SA Ltd	50%
	Vodafone Group Plc	31.5%
	VenFin Ltd	13.5%
	Hosken Consolidated Investments Ltd	5%

The authorised (100 000 ordinary shares of 1 cent each) and issued (10 000 ordinary shares of 1 cent each) share capital remained unchanged during the year. Shareholder loans have been given in the same proportion as the shareholder's percentage holding. The following represents the corporate profile of the shareholders:



Telkom SA Ltd (Telkom) is an integrated communication group with investments in Vodacom Group (Pty) Ltd, Telkom Directory Services (Pty) Ltd and Swiftnet (Pty) Ltd. Telkom is also the incumbent fixed-line operator in South Africa. Telkom has group revenues of R34 billion for the year ended March 2002.

Telkom's fixed-line business held the exclusive licence to provide public switched telecommunication services until 7 May 2002. The principal of exclusivity was granted in May 1997, when the South African Government sold 30% of its equity stake to Thintana Communications LLC, a consortium comprising of SBC Communications Inc (60%) and Telkom Malaysia Berhad (40%). Telkom's fixed-line business has 39 444 employees, 4.9 million fixed access lines and R38.3 billion fixed assets as at March 2002.

Telkom owns 50% of Vodacom Group (Pty) Ltd.



Vodafone Group Plc (Vodafone) is the world's largest mobile telecommunications company and is headquartered in Newbury in the United Kingdom. Vodafone has interests in 28 countries across five continents.

Vodafone's market capitalisation stood at £98 billion as at the end of March 2002. The Vodafone proportionate customer base at the end of March 2002 stood at over 101 million customers. (Proportionate customers refer to the number of Vodafone Group Plc customers connected to Vodafone networks worldwide taking into account the company's shareholding in those networks.)

Vodafone aims to be the world's leading wireless telecommunication and information provider generating more customers, more services and more value than any of its competitors. Vodafone's global strategy embraces voice, data and internet-based services, and focuses on satisfying customer's needs. This strategy will enable Vodafone to bring an ever wider and richer range of services to its customers, capitalising on new developments in technology. The Vodafone Group employs more than 100,000 staff worldwide.

Vodafone owns 31,5% of Vodacom Group (Pty) Ltd through its wholly-owned subsidiary, Vodafone Holdings SA (Pty) Ltd.

VenFin Limited

Venfin Ltd (Venfin) is an investment holding company listed on the JSE Securities Exchange South Africa. It has investments in telecommunications, media, technology, financial services and other businesses.

VenFin focuses on technology oriented investments, in South Africa and internationally, which own proprietary intellectual property and have the potential to produce superior growth.

At the end of March 2002, VenFin's market capitalisation was approximately R9 billion.

VenFin owns 13.5% of Vodacom Group (Pty) Ltd through its wholly owned subsidiary, Van Rijn Beleggingskorporasie Ltd.



Hosken Consolidated Investments Limited

Hosken Consolidated Investments Ltd (HCI) is a trade union investment vehicle and is controlled by the South African Clothing and Textile Workers' Union (SACTWU) and the National Union of Mineworkers (NUM).

HCI is involved in high growth technology industries via cellular telecommunications and information technology, media, and video gaming interests, and in financial services. HCI's market capitalisation, at the end of March 2002, is close to R0.8 billion.

HCI owns 5% of Vodacom Group (Pty) Ltd through its wholly-owned subsidiary, Descarte Investments No.8 (Pty) Ltd.

14. Abbreviations

31 March 2002

3G	3 rd Generation Cellular Technology providing higher access speeds and functionality	LRIC	Long Run Incremental Costs
Admin overheads	Comprise of staff expenses, marketing expenses and administration expenses per the audited financial statements (page 73)	MHz	Megahertz
ARPU	Average Revenue per User	MSC	Mobile Switching Centre
ART	Agence de Regulation de Telecommunications	MTN	MTN South Africa
BAC	Business Against Crime	NEMEA	Northern Europe Middle East and Africa
BSC	Base Station Controller	NEPAD	New Partnership for African Development
BTS	Base Transceiver Station	NUM	National Union of Mineworkers
CAGR	Compound Annual Growth Rate	OHSAS	Occupational Health and Safety Act
CAPEX	Capital expenditure	PLMN	Public Land Mobile Network
CEO	Group Chief Operating Officer	PSTN	Public Switched Telephone Network
COACAM	Chart of Accounts/Cost Allocation Manual	PTT	Post and Telecommunications Company
CRM	Customer Relations Management	(Pty) Ltd	Proprietary Limited
CWN	Congolese Wireless Network s.p.r.l.	RDC	Democratic Republic of Congo (French abbreviation)
DRC	Democratic Republic of the Congo	RSA or SA	Republic of South Africa
EAC	East African Community	SACTWU	South African Clothing and Textile Workers' Union
EBITDA	Earnings before Interest, Tax, Depreciation and Amortisation	SADC	Southern African Development Community
GSM	Global System for Mobile Communications	SMME's	Small Micro Medium Enterprises
HDI	Historically Disadvantaged Individuals (or Company)	SMS	Short Messaging Service
HDIO	HDI Owned	SNO	Second (fixed line) Network Operator
HDIP	HDI Programme	TCC	Tanzania Communications Commission
HLR	Home Location Register	TRASA	Telecommunication Regulations Association of Southern Africa
IAS	International Accounting Standards	TTCL	Tanzania Telecommunications Company Ltd
IAS39	Financial Instrument: Recognition and Measurement	TWL	Time Window Locked
ICASA	Independent Communications Association of Southern Africa	VAS	Value Added Services
IN	Intelligent Network	VCL	Vodacom Lesotho (Pty) Ltd
IPO	Initial Public Offering	VCO	Vodacom Congo (RDC) s.p.r.l.
ISO (14001)	International Standards Organisation	VIH	Vodacom International Holdings (Pty) Ltd
ISP	Internet Service Provider	VIM	Vodacom International Ltd (Mauritius)
ITU	International Telecommunications Union	VOD	Vodacom (Pty) Ltd or the South African Network Company
Kbit/s	Kilobit per second	VSPC	Vodacom Service Provider Company (Pty) Ltd
LIBOR	London Interbank Offer Rate	VTZ	Vodacom Tanzania Ltd
		WWFSA	Worldwide Fund for Nature (South Africa)

Vodacom Group (Pty) Ltd

15. Consolidated Annual Financial Statements

31 March 2002

Contents

Statement of Responsibility by the Board of Directors	66
Report of the Independent Auditors	67
Directors' Report	68 – 72
Consolidated Income Statement	73
Consolidated Balance Sheet	74
Consolidated Statement of Changes in Equity	75
Consolidated Cash Flow Statement	76
Statement of Accounting Policies	77 – 85
Notes to the Consolidated Annual Financial Statements	86 – 119

Vodacom Group (Pty) Ltd

Statement of Responsibility by the Board of Directors

31 March 2002

The directors are responsible for the preparation, integrity and fair presentation of the consolidated annual financial statements of Vodacom Group (Pty) Ltd.

The consolidated annual financial statements have been audited by the independent accounting firms, PricewaterhouseCoopers Inc. and Deloitte & Touche, which were given unrestricted access to all financial records and related data, including minutes of meetings of shareholders, the board of directors and committees of the board. The directors believe that all representations made to the independent auditors during their audit were valid and appropriate. The report of the joint auditors is presented on the next page.

The consolidated annual financial statements for the year ended 31 March 2002 presented on pages 68 to 119 have been prepared in accordance with International Accounting Standards. They are based on appropriate accounting policies which have been consistently applied, and which are supported by

WYN LUHABE
(CHAIRMAN)

reasonable and prudent judgements and estimates. The going concern basis has been adopted in preparing the consolidated annual financial statements. The directors have no reason to believe that the Group will not be a going concern in the foreseeable future based on forecasts and available cash resources.

The directors are also responsible for the Group's system of internal controls. These are designed to provide reasonable but not absolute assurance as to the reliability of the consolidated annual financial statements and to adequately safeguard, verify and maintain accountability of assets. These controls are monitored throughout the Group by management and employees with the necessary segregation of authority and duties. Processes are in place to monitor internal controls, to identify material breakdowns and implement timely corrective action.

The consolidated annual financial statements were approved by the board of directors on 11 June 2002 and are signed on its behalf:

ADC KNOTT-CRAIG
(CHIEF EXECUTIVE OFFICER)

CERTIFICATE BY THE COMPANY SECRETARY

In my capacity as Company Secretary, I hereby confirm that for the year ended 31 March 2002, the Group has lodged with the Registrar of Companies all such returns required in terms of relevant company legislation and that all such returns are true, correct and up to date.

L CROUSE
(COMPANY SECRETARY)

Vodacom Group (Pty) Ltd

Report of the Independent Auditors

To the members of
Vodacom Group (Pty) Ltd

31 March 2002

We have audited the group financial statements set out on pages 68 to 119 for the year ended 31 March 2002. These financial statements are the responsibility of the Group's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

Scope

We conducted our audit in accordance with statements of South African Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit includes:

- examining, on a test basis, evidence supporting the amounts and disclosures included in the financial statements,
- assessing the accounting principles used and significant estimates made by management, and
- evaluating the overall financial statement presentation.

We believe that our audit provides a reasonable basis for our opinion.

Deloitte & Touche

*Registered Accountants and Auditors
Chartered Accountants (SA)*
Pretoria
11 June 2002

Audit Opinion

In our opinion the financial statements fairly present, in all material respects, the financial position of the Group at 31 March 2002 and the results of their operations and cash flows for the year then ended in conformity with International Accounting Standards and in the manner required by the Companies Act, in South Africa.

PricewaterhouseCoopers Inc.

*Registered Accountants and Auditors
Chartered Accountants (SA)*
Pretoria
11 June 2002

Vodacom Group (Pty) Ltd

Directors' Report

for the year ended 31 March 2002

The directors have the pleasure of presenting their report, which forms part of the audited consolidated annual financial statements, for the year ended 31 March 2002.

1. NATURE OF BUSINESS

The principal nature of the business of Vodacom Group (Pty) Ltd is the investment in the telecommunications industry through its subsidiaries. The principal nature of business of the Group as a whole is the provision of voice and data communication services to its customer base.

2. MATERIAL CHANGES IN THE GROUP

The Group's operations outside South Africa were expanded in December 2001 by acquiring a 51% interest in a licence to operate in the Democratic Republic of Congo. Shareholding of the operations in the Democratic Republic of Congo is held via Vodacom International Holdings (Pty) Ltd and Vodacom International Ltd, a company based in Mauritius. Further details of these and other investment activities are highlighted in point 7 below.

The Group refocused its activities to concentrate on core business operations and as a result the investments in the subsidiaries Vodacom Sport and Entertainment (Pty) Ltd and Film Fun (Holdings) (Pty) Ltd trading as Teljoy, and the 40% equity interest in Vodacom World Online (Pty) Ltd were disposed of during the year. Further details of these disposals are highlighted in point 7 below.

3. REVIEW OF ACTIVITIES AND RESULTS

Revenue for the year was R16.2 billion (2001: R13.3 billion), representing a 22.0% increase over the previous year. This is largely attributable to the 31.7% increase in the total subscriber base. Total cellular subscribers on the South African, Lesotho, Tanzanian and Congolese networks at 31 March 2002 were 6,862,976 (2001: 5,212,242), which includes 5,725,194 prepaid subscribers (2001: 4,124,854). The Average Revenue Per User (ARPU) for the respective networks was R182 for South Africa (13% decrease), R144 for Lesotho and US\$31 for Tanzania.

Profit from operations for the year was R3.7 billion (2001: R2.6 billion), representing a 41.1% increase over the previous year. The net profit for the year under review is R2.3 billion (2001: R1.4 billion). The 71.7% increase in net profit was mainly due to the increased profit from operations, exceptional profit from investing activities versus the exceptional loss in the prior year, and a R224.2 million after tax investment income due to the adoption of IAS 39 Financial Instruments: Recognition and Measurement.

For information on the exceptional profit of R56.1 million (2001: R213.2 million loss) during the year, refer to Note 4 to the consolidated annual financial statements.

The Earnings before Interest, Taxation, Depreciation and Amortisation (EBITDA) for the year was R5.7 billion (2001: R4.4 billion), representing a 27.9% increase over the previous year. EBITDA as a

percentage of revenue is currently 34.9% (2001: 33.3%). EBITDA as a percentage of turnover was 39.0% (2001: 39.2%), when mobile phone and accessory sales and profit are excluded from the Group results. Refer to Note 31 to the consolidated annual financial statements for further information regarding the EBITDA.

Headline earnings for the year was R2.4 billion (2001: R1.8 billion), representing a 37.7% increase over the previous year. Refer to Note 32 to the consolidated annual financial statements for further information regarding the earnings per share.

Further information on the activities and performance of the Group is presented in the consolidated income statement and notes thereto.

4. DIVIDENDS AND PROFIT DISTRIBUTION

An ordinary dividend of R600 million (2001: R480 million) was declared for the year:

	2002 R'mil	2001 R'mil
Final ordinary dividend (Declared 21 March 2002)	600	-
Final ordinary dividend (Declared 15 March 2001)	-	480

The payment of the current ordinary dividend will be made on 28 June 2002 to all shareholders registered on that date. The payment of the prior ordinary dividend was made on 29 June 2001 to all shareholders registered on that date.

5. CHANGE IN ACCOUNTING POLICY

The Group changed its accounting policy for the recognition and measurement of foreign exchange contracts by adopting IAS 39 Financial Instruments: Recognition and Measurement. Under the new policy, foreign exchange contracts do not qualify for hedge accounting and therefore all fair value adjustments are recognised in the consolidated income statement in the period in which they occur.

Details of the effect of this change are disclosed in Note 23 to the consolidated annual financial statements.

6. PROPERTY, PLANT AND EQUIPMENT

During the year the Group invested R4.2 billion (2001: R3.2 billion) in property, plant and equipment. Of this capital expenditure R3.1 billion (2001: R2.6 billion) was in cellular network infrastructure. The capital expenditure was funded by internal cash generation, extended supplier credits and bank credit.

Commitments at 31 March 2002 in respect of contracts for orders placed for the new financial year amount to R1.7 billion (2001: R1.6 billion). Commitments at 31 March 2002 not yet contracted for amount to R0.9 billion (2001: R3.7 billion).

Further information on the investment in property, plant and equipment of the Group is presented in Note 9 to the consolidated annual financial statements.

7. INVESTMENT ACTIVITIES

7.1 Vodacom International Holdings (Pty) Ltd

Vodacom International Holdings (Pty) Ltd was established as the holding company for the group of companies operating beyond South Africa's borders. As a result the Vodacom Group (Pty) Ltd investments in Vodacom International Ltd, Vodacom Lesotho (Pty) Ltd and Vodacom Congo (RDC) s.p.r.l. are held through Vodacom International Holdings (Pty) Ltd. It is envisaged that Vodacom International Ltd will hold all new investments in companies outside South African borders.

• VODACOM CONGO (RDC) s.p.r.l.

The company was incorporated on 28 November 2001 and the licence and infrastructure of an incumbent network was acquired in December 2001. The new infrastructure and newly branded Vodacom services were activated on 1 May 2002. Vodacom International Holdings (Pty) Ltd, via Vodacom International Ltd, holds 51% of the ordinary share capital of the company. Vodacom International Ltd issued redeemable preference shares totalling R386.9 million (US\$39.0 million) to Vodacom Group (Pty) Ltd in December 2001 to generate funding for those operations.

• VODACOM TANZANIA LTD

The Tanzanian operations continued to grow showing a healthy increase in profitability. Shareholder's loans totalling \$27.6 million (2001: \$3.9 million) were advanced by Vodacom Group (Pty) Ltd to fund operations during the current year, bringing shareholder's loans advanced to the company at year end to \$34.1 million (R390.4 million). The company obtained bridging finance via the international market to fund its operations while project finance was being negotiated.

7.2 Disposal of non-core operations

• VODACOM SPORT & ENTERTAINMENT (PTY) LTD

Vodacom Group (Pty) Ltd disposed of its 51% shareholding in Vodacom Sport and Entertainment (Pty) Ltd to South African Investments Ltd on the transaction date of 1 September 2001. The company was responsible for the Group's sport and entertainment marketing operations. The sale price of R45.0 million was settled by receiving 50% of the amount on the aforementioned transaction date, and the balance is receivable in two equal instalments on 31 August 2002 and 31 August 2003. A consolidated profit of R40.0 million arose on the disposal. No tax charge or credit arose from the transaction. Approval for this transaction was granted by the Competition Commission on 27 February 2002 (see Note 28 to the consolidated annual financial statements). The date of de-consolidation of the company was 28 February 2002.

• VODACOM WORLD ONLINE (PTY) LTD

Vodacom Group (Pty) Ltd disposed of its 40% joint venture shareholding in Vodacom World Online (Pty) Ltd to Tiscali International BV on the transaction date of 30 November 2001. The company was responsible for the Group's internet service provider operations. The sale price of Euro 3.5 million was settled on 3 January 2002, resulting in a profit of R30.1 million on the disposal, being the proceeds of disposal less the net asset value disposed of (see Note 29 to the consolidated annual financial statements). No tax charge or credit arose from the transaction. The date of de-consolidation of the company was 30 November 2001.

• FILM FUN (HOLDINGS) (PTY) LTD

The business operations of Film Fun (Holdings) (Pty) Ltd trading as Teljoy, Africell Cellular Services (Pty) Ltd and Teljoy Botswana (Pty) Ltd have been sold to a management consortium. These companies were subsidiaries of Teljoy Holdings Ltd. The sale agreements were signed on 27 March 2002 and stipulated the effective date of sale as follows:

- Africell Cellular Services (Pty) Ltd - 1 February 2002
- Teljoy Botswana (Pty) Ltd - 1 March 2002
- Film Fun (Holdings) (Pty) Ltd - 31 March 2002

The following dormant subsidiaries of Teljoy Holdings Ltd, a subsidiary of Vodacom Group (Pty) Ltd, have been placed under final liquidation:

- MDT Telecommunications (Pty) Ltd previously trading as Cellphones Direct
- Africell Holdings (Pty) Ltd
- Visionhire (Pty) Ltd
- Teljoy (Swaziland) (Pty) Ltd
- Teljoy Rediffusion (Pty) Ltd
- Oaktree Ltd
- Greenmill Investments (Pty) Ltd

A loss of R54.1 million was realised, being the proceeds of disposal less the carrying amount of the subsidiary's net assets. The date of de-consolidation of Film Fun (Holdings) (Pty) Ltd was 31 March 2002. (see Note 28 to the consolidated annual financial statements).

• GLOBALSTAR SOUTHERN AFRICA (PTY) LTD

During the current financial year a decision was taken to cease the operations of Globalstar Southern Africa (Pty) Ltd as no satellite license was issued by The Independent Communications Authority of South Africa. The assets of the company have been taken over by Telkom SA Ltd for no consideration. An impairment loss of R97.7 million was recognised in the previous financial year.

Globalstar Southern Africa (Pty) Ltd and Telkom SA Ltd reached a R22.8 million, inclusive of VAT, settlement agreement during the course of the year regarding a disputed invoice for services rendered by Telkom SA Ltd at the earth station in Delareyville over a period of 26 months.



7.3 Other investment activities

Vodacom Group (Pty) Ltd acquired an investment in Nova Risk Partners Ltd for an insurance Cell Captive in the 2001 financial year. The Vodacom Cell Captive acts as insurer for the Vodacom Group of companies. The results of the Vodacom Cell Captive special purpose entity were consolidated for the first time during the current financial year.

Further financial information in respect of interests in subsidiaries and joint ventures of the company are disclosed in Notes 41 and 42 to the consolidated annual financial statements, respectively.

8. CURRENT PORTION OF LONG-TERM FUNDING

On 17 March 2000 two loans of R200 million each were granted by Commerzbank AG and Cr dit Agricole Indosuez bearing interest at 13.7% p.a. NACQ (Nominal Amount Compounded Quarterly) and 14.0% p.a. NACQ respectively. Both loans are repayable on 17 March 2003 and have been reflected under current liabilities.

9. SHARE CAPITAL AND SHAREHOLDER LOANS

The authorised and issued share capital remained unchanged during the year under review.

The issued share capital of R100 (2001: R100) and shareholder loans of R920 million (2001: R920 million) are ultimately held in the following percentages, which remained unchanged during the current year:

	2002 Shareholding	2002 Shareholder loan balance R'mil	2001 Shareholding	2001 Shareholder loan balance R'mil
Telkom SA Ltd	50.0%	460.0	50.0%	460.0
Vodafone Group Plc	-	124.3	-	124.3
Vodafone Holdings (SA) (Pty) Ltd	31.5%	165.5	31.5%	165.5
Van Rijn Beleggings- korporasie Ltd	13.5%	-	13.5%	-
VenFin Finansierings- korporasie (Pty) Ltd	-	124.2	-	124.2
Descarte Investments No.8 (Pty) Ltd	5.0%	46.0	5.0%	46.0
	100.0%	920.0	100.0%	920.0

Refer to Note 17 to the consolidated annual financial statements for further details on the shareholder loans.

10. EVENTS SUBSEQUENT TO THE YEAR END

The directors are not aware of any matter or circumstance arising since the end of the financial year, not otherwise dealt with in the consolidated annual financial statements, which significantly affected the financial position of the Group and the results of its operations.

11. DIRECTORS AND SECRETARY

The following movements in the directorate and company secretary took place during the year under review:

	In office 31/03/2001	Resignations	Appointments	In office 31/03/2002
Directors	WYN Luhabe (Chairman) ADC Knott-Craig (Chief Executive Officer) MS Aziz-Joosub PR Bamford * TM Barry # L Crouse AN Halford * MD Kerckhoff # J Malherbe AFB Mthembu SE Nxasana PR Williams *	PR Bamford* (01/10/01)	HA Kuropatwa* (01/10/01)	WYN Luhabe (Chairman) ADC Knott-Craig (Chief Executive officer) MS Aziz-Joosub TM Barry # L Crouse AN Halford * MD Kerckhoff # HA Kuropatwa * J Malherbe AFB Mthembu SE Nxasana PR Williams *
Secretary			L Crouse (16/06/01)	L Crouse
Alternate Directors	JJ Durand JM Horn-Smith * HA Kuropatwa * MJ Pitt * CWJ Volschenk	JM Horn-Smith * (01/10/01) HA Kuropatwa * (01/10/01)	PR Bamford * (01/10/01) JM Horn-Smith * (01/10/01) (re-appointed as alternate director to HA Kuropatwa*)	PR Bamford * JJ Durand JM Horn-Smith * MJ Pitt * CWJ Volschenk

* British
USA

12. BUSINESS AND POSTAL ADDRESSES

Business address: Vodacom Corporate Park
082 Vodacom Boulevard
Vodavalley
MIDRAND

Postal address: Private Bag X9904
SANDTON
2146

13. AUDITORS

PricewaterhouseCoopers Inc. and Deloitte & Touche will continue in office in accordance with Section 270(2) of the Companies Act, 1973.

Vodacom Group (Pty) Ltd

Consolidated Income Statement

for the year ended 31 March 2002

	Notes	2002 R'mil	2001 R'mil
Revenue	1	16,186.7	13,263.5
Cost of sales		(10,053.7)	(8,054.2)
Gross profit		6,133.0	5,209.3
Other operating income		29.2	48.5
Staff expenses		(1,143.8)	(922.3)
Marketing expenses		(542.0)	(514.6)
Administration expenses		(692.8)	(773.2)
Amortisation of intangible assets	2	(186.7)	(245.5)
Profit from operations before exceptional items	3	3,596.9	2,802.2
Exceptional items	4	56.1	(213.2)
Profit from operations		3,653.0	2,589.0
Income from investments	6	37.0	25.4
Profit before finance costs		3,690.0	2,614.4
Net finance costs	7	(100.7)	(446.1)
Profit before taxation		3,589.3	2,168.3
Taxation	8	(1,227.0)	(815.8)
Profit after taxation		2,362.3	1,352.5
Minority interest		(24.7)	9.2
Net profit		2,337.6	1,361.7

Vodacom Group (Pty) Ltd

Consolidated Balance Sheet

as at 31 March 2002

	Notes	2002 R'mil	2001 R'mil
Assets			
Non-current assets		11,468.1	8,807.8
Property, plant and equipment	9	10,025.8	7,749.2
Intangible assets	10	941.3	713.4
Investments	11	22.7	13.4
Deferred taxation	12	478.3	331.8
Current assets		4,287.6	3,553.3
Foreign currency assets		215.5	107.7
Inventory	13	306.4	398.4
Accounts receivable	14	2,920.1	2,249.6
Short-term investments	11	58.6	-
Bank and cash balances		787.0	797.6
Total assets		15,755.7	12,361.1
Equity and liabilities			
Capital and reserves		6,518.8	4,635.6
Ordinary share capital	15	-	-
Non-distributable reserves	16	176.5	134.2
Shareholder loans	17	920.0	920.0
Retained earnings		5,422.3	3,581.4
Minority interest	18	417.7	(7.1)
Non-current liabilities		1,865.6	1,528.5
Interest bearing debt	19	780.2	896.1
Non-interest bearing debt	20	-	28.1
Deferred taxation	12	859.9	498.7
Provisions	22	225.5	105.6
Current liabilities		6,953.6	6,204.1
Accounts payable	21	3,107.5	3,019.4
Taxation payable		368.5	832.9
Provisions	22	319.5	273.8
Shareholders for dividend		605.4	483.8
Short term interest bearing debt	19	975.9	0.5
Bank overdraft and other short-term debt		1,576.8	1,593.7
Total equity and liabilities		15,755.7	12,361.1

Vodacom Group (Pty) Ltd

Consolidated Statement of Changes in Equity

for the year ended 31 March 2002

	Share capital and premium R'mil	Retained earnings R'mil	Non- distributable reserves R'mil	Shareholder loans R'mil	Total R'mil
2001					
Balance at 31 March 2000	-	2,699.7	0.6	1,070.0	3,770.3
Net profit for the year	-	1,361.7	-	-	1,361.7
Dividends declared	-	(480.0)	-	-	(480.0)
Shareholder loans repaid	-	-	-	(150.0)	(150.0)
Net gains and losses not recognised in the income statement (Note 16)	-	-	-	-	-
Foreign exchange contracts	-	-	136.5	-	136.5
Foreign currency translation reserve	-	-	(2.9)	-	(2.9)
Balance at 31 March 2001	-	3,581.4	134.2	920.0	4,635.6
2002					
Balance at 31 March 2001	-	-	-	-	-
Previously stated	-	3,581.4	134.2	920.0	4,635.6
Change in accounting policy (Note 23)	-	107.6	(136.5)	-	(28.9)
Restated balance	-	3,689.0	(2.3)	920.0	4,606.7
Foreign currency translation reserve	-	-	98.9	-	98.9
Foreign equity revaluation	-	-	91.3	-	91.3
Foreign equity revaluation - deferred taxation	-	-	(19.9)	-	(19.9)
Subsidiaries liquidated	-	4.2	-	-	4.2
Net gains and losses not recognised in the income statement in the current year	-	3,693.2	168.0	920.0	4,781.2
Net profit for the year	-	2,337.6	-	-	2,337.6
Dividends declared	-	(600.0)	-	-	(600.0)
Other non-distributable reserves - Vodacom Cell Captive contingency reserve	-	(8.5)	8.5	-	-
Balance at 31 March 2002	-	5,422.3	176.5	920.0	6,518.8

Vodacom Group (Pty) Ltd

Consolidated Statement of Changes in Equity

for the year ended 31 March 2002

	Share capital and premium R'mil	Retained earnings R'mil	Non- distributable reserves R'mil	Shareholder loans R'mil	Total R'mil
2001					
Balance at 31 March 2000	=	2,699.7	0.6	1,070.0	3,770.3
Net profit for the year	=	1,361.7	=	=	1,361.7
Dividends declared	=	(480.0)	=	=	(480.0)
Shareholder loans repaid	=	=	=	(150.0)	(150.0)
Net gains and losses not recognised in the income statement (Note 16)	=	=	136.5	=	136.5
Foreign exchange contracts	=	=	(2.9)	=	(2.9)
Foreign currency translation reserve	=	=	=	=	=
Balance at 31 March 2001	=	3,581.4	134.2	920.0	4,635.6
2002					
Balance at 31 March 2001	=	3,581.4	134.2	920.0	4,635.6
Previously stated	=	3,581.4	134.2	920.0	4,635.6
Change in accounting policy (Note 23)	=	107.6	(136.5)	=	(28.9)
Restated balance	=	3,689.0	(2.3)	920.0	4,606.7
Foreign currency translation reserve	=	=	98.9	=	98.9
Foreign equity revaluation	=	=	91.3	=	91.3
Foreign equity revaluation - deferred taxation	=	=	(19.9)	=	(19.9)
Subsidiaries liquidated	=	4.2	=	=	4.2
Net gains and losses not recognised in the income statement in the current year	=	3,693.2	168.0	920.0	4,781.2
Net profit for the year	=	2,337.6	=	=	2,337.6
Dividends declared	=	(600.0)	=	=	(600.0)
Other non-distributable reserves - Vodacom Cell Captive contingency reserve	=	(8.5)	8.5	=	=
Balance at 31 March 2002	=	5,422.3	176.5	920.0	6,518.8

Vodacom Group (Pty) Ltd

Consolidated Cash Flow Statement

for the year ended 31 March 2002

	Notes	2002 R'mil	2001 R'mil
Cash flow from operating activities			
Cash receipts from customers		15,515.0	12,681.1
Cash paid to suppliers and employees		(9,389.0)	(8,017.1)
Cash generated from operations	24	6,126.0	4,664.0
Finance costs paid	25	(383.1)	(439.5)
Interest income received		35.7	25.4
Taxation paid	26	(1,539.1)	(567.6)
Merger costs		-	(13.7)
Dividends paid - shareholders		(480.0)	-
Dividends paid - minority shareholders		(6.3)	-
Net cash flows from operating activities		3,753.2	3,668.6
Cash flow from investing activities			
Additions to property, plant and equipment	27	(4,174.1)	(3,136.7)
Proceeds on disposal of property, plant and equipment		92.4	83.0
(Increase) / decrease in capex related creditors		(606.0)	243.0
Net acquisition of intangible assets		(377.8)	(0.1)
Net disposal / (acquisition) of subsidiaries	28	1.6	(113.8)
Net disposal of joint ventures	29	23.3	-
Net disposal of other investments		-	18.0
Other investing activities		(57.7)	-
Advances paid - in respect of Globalstar (Pty) Ltd		-	(4.9)
Net cash flows from investing activities		(5,098.3)	(2,911.5)
Cash flow from financing activities			
Shareholder loans repaid		-	(150.0)
Interest bearing debt incurred/(repaid)		852.8	(847.4)
Funding received from minority shareholders		373.0	-
Non-interest bearing debt repaid		-	(16.9)
Finance lease capital repaid		-	(23.9)
Net cash flows from financing activities		1,225.8	(1,038.2)
Net decrease in cash and cash equivalents		(119.3)	(281.1)
Cash and cash equivalents at the beginning of the year		(796.1)	(515.0)
Effect of foreign exchange rate changes		125.6	-
Cash and cash equivalents at the end of the year	30	(789.8)	(796.1)

Statement of Accounting Policies

31 March 2002

BASIS OF PREPARATION

These consolidated annual financial statements have been prepared in accordance with International Accounting Standards as the primary basis of accounting and have been prepared on the historical cost basis, unless otherwise indicated. The consolidated annual financial statements have been presented in South African Rands, as this is the currency in which the majority of the Group's transactions are denominated.

The principal accounting policies are consistent in all material respects with those applied in the previous period, except where disclosed elsewhere. The following are the principal accounting policies adopted by the Group in the preparation of these consolidated annual financial statements:

1. CONSOLIDATION

1.1 Basis of consolidation

The consolidated annual financial statements include the consolidated financial position, results of operations and cash flows of Vodacom Group (Pty) Ltd and its subsidiaries, both foreign and domestic, up to 31 March 2002.

Joint ventures are included using the proportionate consolidation method, whereby the Group's share of the assets, liabilities, income, expenses and cash flows of joint ventures are combined on a line-by-line basis with similar items in the consolidated annual financial statements.

Subsidiaries and joint ventures where control is intended to be temporary, as they are acquired and held exclusively with a view to their subsequent disposal in the near future or the subsidiary or joint venture is operating under severe long-term restrictions, which

significantly impairs its ability to transfer funds, are not consolidated, or proportionately consolidated. Such subsidiaries and joint ventures are accounted for as investments in terms of the accounting policy for Financial Instruments. The Group, however, does not speculate in the acquisition and disposal of investments.

Minority interests in the consolidated balance sheet and income statement are separately presented.

Goodwill, or negative goodwill, on the acquisition of subsidiaries, joint ventures and associates is accounted for in accordance with the Group's accounting policy for Business Combinations set out below.

1.2 Business combinations

• ACQUISITIONS IN A BUSINESS COMBINATION

Business combination acquisitions are accounted for using the purchase method of accounting, whereby the acquisition is accounted for at its cost plus any costs directly attributable to the acquisition. Cost represents the cash or cash equivalents paid or the fair value, at the date of the acquisition, of the purchase consideration. Business combinations include the acquisition of subsidiaries, joint ventures and associates.

On acquisition, the identifiable assets and liabilities of the relevant subsidiaries, joint ventures or associates are measured at the Group's interest in their fair value at the date of acquisition. The interest of minority shareholders is stated at the minority's portion of the fair values of the identifiable assets and liabilities recognised.

• DISPOSALS IN A BUSINESS COMBINATION

On subsequent disposal, the profit or loss on disposal is the difference between the selling price and the fair value of net assets and liabilities, adjusted for any related goodwill or negative goodwill to the extent that it has not been taken to the consolidated income statement.

1.3 Subsidiaries

Subsidiaries are those entities controlled by the Group. Control can be demonstrated where the Group has an interest of more than one half of the voting rights or the power to control the financial and operating activities of the entities so as to obtain benefits from its activities.

Inter-company balances and transactions, and resulting unrealised profits, between Group companies are eliminated in full on consolidation. Unrealised losses are also eliminated, unless the cost cannot be recovered.

Where subsidiaries are consolidated using different reporting dates, adjustments are made for the effects of significant transactions or other events that occur between those dates and the Group's reporting date.

Where necessary, accounting policies of subsidiaries are adjusted to ensure that the consolidated annual financial statements are prepared using uniform accounting policies.

Investments in subsidiaries are consolidated from the date on which the Group exercises control, up to the date on which control ceases.

1.4 Joint ventures

Joint ventures, for the purpose of these consolidated annual financial statements, are those entities in which the Group has joint control through a contractual arrangement with one or more other ventures.

Investments in joint ventures are proportionately consolidated from the date on which the Group exercises joint control, up to the date on which joint control ceases.

The Group's proportionate share of inter-company balances and transactions, and resulting unrealised profit or losses, between Group companies and jointly controlled entities are eliminated on consolidation. Where unrealised losses provide evidence of a reduction in the net realisable value of current assets or an impairment loss, the Group recognises the loss immediately.

2. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment, with the exception of land, are stated at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated and is recorded at cost less any accumulated impairment losses.

Cost of property, plant and equipment includes all directly attributable expenditure incurred in the acquisition, establishment and installation of such assets so as to bring them to a working condition for their intended use. Finance costs directly associated with the construction or acquisition of property, plant and equipment are expensed in the period in which they are incurred and are therefore excluded from cost.

Depreciation is calculated so as to write off the cost of property, plant and equipment on a straight-line basis, over their estimated useful lives to its estimated residual value. Depreciation commences when the asset is ready for its intended use (in the case of infrastructure assets this is deemed to be the date of acceptance). The estimated useful lives of depreciable property, plant and equipment are as follows:

General purpose buildings	50 years
Special purpose buildings	15 years
Infrastructure	
- GSM	8 years
- VAS equipment	8 years
- VAS software	3 years
Community services	
- Containers	5 years
- Cellular equipment	2 years
Information services	
- Equipment	4 years
- Software	3 years
SIM centre	4 years
Office automation	2 - 3 years
Other assets:	
- Motor vehicles	4 years
- Furniture and fittings	5 years
- Office equipment	4 years

General purpose buildings are classified as owner-occupied. They are therefore held at cost and depreciated as property, plant and equipment, and not regarded as investment properties.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Maintenance and repairs, which neither materially add to the value of the assets nor appreciably prolong their useful lives, are recognised as an expense in the period incurred. Minor plant and equipment items are also recognised as an expense in the period incurred.

Profits or losses on the retirement or disposal of property, plant and equipment, determined as the difference between the actual or estimated disposal proceeds and the carrying amount of the assets, are recognised in the consolidated income statement in the period in which they occur.

3. INTANGIBLE ASSETS

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses, if any. The residual value of intangible assets is assumed to be zero. Intangible assets are amortised to the consolidated income statement on a straight-line basis over their estimated useful lives, which are reviewed on an annual basis. Amortisation commences when the intangible asset is available for use. The estimated useful lives of intangible assets are currently as follows:

Licences	
- Mobile	5 - 20 years
Other intangible assets	
- Contract mobile subscriber related	1 month - 5 years
- Internet subscriber related	3 years

The following are the main categories of intangible assets:

3.1 Licences

Licences, which are acquired to yield an enduring benefit, are capitalised at cost and amortised from the date of commencement over the duration of the licence agreement.

3.2 Subscriber bases

Cost of contract subscriber bases represents the purchase price on the acquisition of mobile or Internet subscriber bases. Subscriber bases are amortised on a straight-line basis over their estimated useful lives.

3.3 Trademarks and brands

Purchased trademarks and brands are capitalised at cost and amortised over their estimated useful lives. Expenditure incurred to develop, maintain and renew trademarks and brands internally is recognised as an expense in the period incurred.

3.4 Goodwill

Goodwill represents the excess of the cost of the acquisition of a subsidiary, joint venture or associate, over the Group's interest in the fair value of identifiable assets and liabilities at the date of acquisition, and is carried at cost less accumulated amortisation and accumulated impairment losses, if any. Goodwill is amortised on a straight-line basis over its estimated useful life, which is currently as follows:

Mobile licence related	5 - 20 years
Mobile subscriber related	1 month - 5 years
Internet subscriber related	3 years

4. INVENTORY

Inventory is stated at the lower of cost and net realisable value. Cost is determined by the first-in-first-out method and comprises all costs of purchase, costs of conversion and other costs incurred in bringing it to its present location and condition. Net realisable value represents the estimated selling price in the ordinary course of business less all estimated costs to completion and the estimated costs necessary to make the sale, including marketing, selling and distribution costs.

The amount of any write-down of inventory to net realisable value and all losses of inventory is recognised as an expense in the period the write-down or loss occurs.

5. FOREIGN CURRENCIES

5.1 Transactions and balances

Foreign currency transactions are translated, on initial recognition, at the foreign exchange rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rate ruling at settlement date or balance sheet date. Exchange differences on the settlement or translation of monetary assets or liabilities are included in finance costs in the period, in which they arise, except in the case of translating the financial statements of foreign entities.

5.2 Foreign entities

The annual financial statements of foreign entities are translated into South African Rands for incorporation into the consolidated annual financial statements. Assets and liabilities are translated at the foreign exchange rates ruling at balance sheet date. Income, expenditure and cash flow items are translated at the actual foreign exchange rate or average foreign exchange rates for the period.

All resulting unrealised exchange differences are classified as equity. On disposal, the cumulative amounts of unrealised exchange differences that have been deferred are recognised in the consolidated income statement as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the Group and translated at the foreign exchange rates ruling at transaction date.

Goodwill arising within a foreign entity is translated at the exchange rate ruling at the balance sheet date.

5.3 Foreign currency hedges

Foreign currency hedges are dealt with in the Financial Instruments accounting policy.

6. TAXATION

6.1 Current taxation

The charge for current taxation is based on the results for the period and is adjusted for items that are non-assessable or disallowed. Current taxation is measured at the amount expected to be paid, using taxation rates and laws that have been enacted or substantively enacted by the balance sheet date.

6.2 Deferred taxation

Deferred taxation is provided using the balance sheet liability method for all temporary differences arising between the carrying amounts of assets and liabilities, on the consolidated balance sheet, and their respective taxation bases. Deferred taxation is not provided on differences relating to goodwill for which amortisation is not deductible for taxation purposes nor on the initial recognition of assets or liabilities, which is not a business combination and, at the time of the transaction, affects neither accounting nor taxable profit or loss.

Deferred taxation liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and joint ventures and associates, except where the Group is able to control the timing of the reversal of the temporary differences and it is probable that it will not reverse in the foreseeable future. Deferred taxation assets are recognised for deductible temporary differences associated with investments in subsidiaries and joint ventures and associates to the extent it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The deferred taxation balance is measured at taxation rates expected to apply to the period when the deferred taxation liability is settled or asset realised, using taxation rates and laws that have been enacted or substantively enacted by the balance sheet date. The effect on deferred taxation of any changes in taxation rates is charged or credited to the consolidated income statement, except to the extent that it relates to items previously charged or credited to equity, in which case the deferred taxation is also dealt with in equity.

Deferred taxation assets are recognised to the extent that it is probable that future taxable profit will be available against which the associated unused taxation losses or credits and deductible temporary differences can be utilised.

Provision for taxation, which could arise if undistributed retained profit of certain subsidiaries is remitted, is only made where a decision has been taken to remit such retained profits.

6.3 Secondary Taxation on Companies

Secondary Taxation on Companies (STC) is provided for at a rate of 12.5% on the amount of the net dividend declared by Vodacom Group (Pty) Ltd. It is recorded as an expense when dividends are declared.

7. EMPLOYEE BENEFITS

7.1 Post-employment benefits

The Group provides defined contribution funds for the benefit of employees, the assets of which are held in separate funds. The funds are funded by payments from employees and the Group. Contributions to the fund are recognised as an expense in the period in which the employee renders the related service.

The Group has no liability for contributions to the medical aid of retired employees.

7.2 Short-term and long-term benefits

The cost of all short-term employee benefits, such as salaries, employee entitlements to leave pay, bonuses, medical aid and other contributions, are recognised during the period in which the employee renders the related service. The Group recognises the expected cost of bonuses only when the Group has a present legal or constructive obligation to make such payment and a reliable estimate can be made. There are currently no long-term benefits provided for by the Group, other than compensation benefits described below.

7.3 Accumulated Termination Benefits

Accumulated termination benefits are payable when:

- an employee's employment is terminated before the normal retirement date, or
- an employee accepts voluntary redundancy in exchange for these benefits.

The Group recognises accumulated termination benefits when it is constructively obliged to either terminate the employment of current employees according to a detailed formal plan without the possibility of withdrawal or to provide accumulated termination benefits as a result of an offer made to encourage voluntary redundancy. If the benefits fall due more than 12 months after balance sheet date, they are discounted to present value. In the case of an offer to encourage voluntary redundancy, the measurement of accumulated termination benefits is based on the number of employees expected to accept the offer.

7.4 Compensation benefits

Employees of the wholly owned subsidiaries, including executive directors, are eligible for compensation benefits in the form of a Deferred Bonus Incentive Scheme. Periodically, a number of entitlements are issued to employees, the value of which depends on the seniority of the employee. Benefits of eligible employees arising from the entitlements are determined with reference to the value per entitlement, which is determined annually based on profits as per the audited consolidated annual financial statements of Vodacom Group (Pty) Ltd.

The fair value of the entitlements is calculated as the difference in the entitlement value at balance sheet date and the value at which the entitlements were issued, multiplied by the number of entitlements allocated to a participant. This increase in entitlement value is expensed in the income statement and recorded as a liability in the balance sheet. Participating employees are entitled to cash in the entitlements over a six year period.

8. REVENUE RECOGNITION

Revenue, which excludes Value Added Taxation and sales between Group companies, represents the invoiced value of goods and services supplied by the Group. The Group measures revenue at the fair value of the consideration received or receivable. Revenue is recognised only when it is probable

that the economic benefits associated with a transaction will flow to the Group and the amount of revenue, and associated costs incurred or to be incurred, can be measured reliably. If necessary, revenue is split into separately identifiable components in order to reflect the substance of the transaction.

The main categories of revenue and bases of recognition for the Group are:

8.1 Contract Products

• CONNECTION FEES

Revenue is recognised on the date of activation.

• ACCESS CHARGES

Revenue is recognised in the period to which it relates.

• AIRTIME

Revenue is recognised on the usage basis.

8.2 Prepaid Products

• AIRTIME

Revenue is recognised on the usage basis commencing on the date of activation with any revenue on airtime forfeited being recognised on expiry date.

• STARTERPACKS

Revenue is recognised on the date of delivery and acceptance by the customer.

• INCOMER VOUCHERS

Revenue is recognised evenly over the period to which it relates commencing at the date of activation.

8.3 Equipment Sales

Revenue is recognised on the date of delivery and acceptance by the customer.

8.4 Other Revenue and Income

• INTERCONNECT INCOME

Interconnect income is recognised on the usage basis.

• DIVIDENDS

Dividends from investments are recognised when the right to receive payment has been established.

• INTEREST

Interest is recognised on a time proportion basis with reference to the principal amount receivable and the effective interest rate applicable.

• ROYALTIES

Revenue is recognised on an accrual basis in accordance with the substance of the relevant agreement.

• OTHER SALES AND SERVICES

Revenue is recognised on the date of delivery and acceptance by the customer.

9. LEASES

9.1 Lease classification

Leases involving property, plant and equipment whereby the lessor provides finance to the lessee with the asset as security, and where the lessee assumes the significant risks and rewards of ownership of those leased assets, are classified as finance leases.

Leases of property, plant and equipment to the lessee, under which the lessor effectively retains the significant risks and rewards of ownership of those leased assets, are classified as operating leases.

9.2 Group as lessee

• FINANCE LEASES

Lessee finance leases are capitalised, as property, plant and equipment, at their cash equivalent cost and a corresponding finance lease liability is raised. The cash equivalent cost is the lower of fair value or the present value of the minimum lease payments, at inception of the lease. Such assets are depreciated in terms of the accounting policy on property, plant and equipment stated above.

Lease payments are allocated between lease finance costs and a capital reduction of the finance lease liability. Lease finance costs are allocated to the consolidated income statement over the term of the lease using the effective interest rate method, so as to produce a constant periodic rate of return on the remaining balance of the liability for each period.

• OPERATING LEASES

Lessee operating lease rental payments are expensed in the consolidated income statement on a straight-line basis over the lease term.

When an operating lease is terminated before the lease term has expired any payment to the lessor that is required, by way of penalty, is recognised as an expense in the period in which termination takes place.

9.3 Group as lessor

• FINANCE LEASES

Lessor finance leases are recognised at an amount equal to the gross investment in the lease less unearned finance income. The gross investment in the lease is the aggregate of the minimum lease payments receivable and any unguaranteed residual value accruing to the Group in terms of the lease. Unearned finance income is equivalent to the gross investment less the present value of the gross investment at the interest rate implicit in the lease.

The investment is reduced by the principal component of the lease receipts. The interest component is recognised as income over the term of the lease using a constant periodic rate of return.

• OPERATING LEASES

Lessor operating lease rental income is recognised in the consolidated income statement on a straight-line basis over the lease term. Such leased assets are included under property, plant and equipment and depreciated in terms of the accounting policy stated above.

10. FINANCIAL INSTRUMENTS

10.1 Initial recognition and measurement

All financial instruments, including derivative instruments, are recognised on the consolidated balance sheet. Financial instruments are initially recognised when the Group becomes party to the contractual terms of the instruments and are measured at cost, which is the fair value of the consideration given (financial asset) or received (financial liability or equity instrument) for it. Financial liabilities and equity instruments are classified according to the substance of the contractual arrangement on initial recognition. Transaction costs are included in the initial measurement of the financial instrument. Subsequent to initial recognition these instruments are measured as set out below.

10.2 Financial assets

The Group's principal financial assets are investments, foreign currency assets, receivables and bank and cash balances:

• INVESTMENTS

Investments in equity instruments, excluding those in subsidiaries, joint ventures and associates, are classified as available for sale and are stated at fair value. Gains and losses from changes in fair value of available for sale financial assets are recognised directly in equity until the financial asset is disposed of or it is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the consolidated income statement.

Interest bearing investments, including investments in finance leases, are stated at original investment less principal payments, and amortisations, and less accumulated impairment. The accounting policy for investments in finance leases is dealt with under leases set out above.

• FOREIGN CURRENCY ASSETS

Foreign exchange contracts are initially recorded at cost and are remeasured to fair value at subsequent reporting dates.

Changes in the fair value of foreign exchange contracts that do not qualify for hedge accounting are recognised in the income statement as they arise.

- **RECEIVABLES**

Receivables originated by the Group are stated at their cost less a provision for impairment. An estimate of doubtful debts is made based on a review of all outstanding amounts at balance sheet date. Bad debts are written off during the period in which they are identified.

- **BANK AND CASH BALANCES**

The accounting policy for bank and cash balances is dealt with under cash and cash equivalents set below.

10.3 Financial liabilities

The Group's principal financial liabilities are shareholder loans, interest bearing debt, non-interest bearing debt, accounts payable, shareholder for dividends, provisions and bank borrowings and other short term debt:

- **SHAREHOLDER LOANS**

Shareholder loans are recognised at the original proceeds received less principal payments. Shareholder loans are disclosed under equity due to their long-term nature and the fact that they are subordinated and comprise the majority of the Group's initial financing.

- **INTEREST BEARING DEBT**

Interest bearing debt, including finance lease obligations, is recognised at amortised cost, namely original debt less principal payments and amortisations. The accounting policy for finance lease obligations is dealt with under leases set out above.

- **ACCOUNTS PAYABLE**

Accounts payable are stated at their cost.

- **SHAREHOLDER FOR DIVIDEND**

Shareholders for dividend are stated at amortised cost less principal payments.

- **BANK BORROWINGS AND OTHER SHORT TERM DEBT**

The accounting policy for bank borrowings and other short-term debt is dealt with under cash and cash equivalents set below.

10.4 Equity instruments

The Group's principal equity instrument is ordinary share capital, which is recorded at original cost.

Dividends on ordinary share capital are recognised in equity in the period in which they are declared.

10.5 Derivative instruments

Derivative instruments are entered into for risk management purposes, and not for speculative or trading purposes, and are used only to hedge exposure to foreign currency risk and interest rate risk. Derivatives utilised comprise mainly of foreign exchange contracts and interest rate swap agreements, which are utilised to hedge the respective risks. Derivatives are measured at fair value.

Derivatives, while providing effective economic hedges under the Group's risk management policies, do not qualify for hedge accounting.

10.6 Gains and losses on remeasurement to fair value

- **FOREIGN EQUITY LOANS**

Gains and losses on the translation of equity loans to foreign entities, to the exchange rate ruling at balance sheet date, are recognised in equity. On disposal, the cumulative amounts of gains or losses that have been deferred are recognised in the consolidated income statement.

- **OTHER FINANCIAL INSTRUMENTS**

Gains and losses arising from a change in the fair value of other financial instruments, including derivatives, are included in finance costs for the period in which they occur.

10.7 De-recognition

Financial assets (or a portion thereof) are de-recognised when the Group realises the rights to the benefits specified in the contract, the rights expire or the Group surrenders or otherwise loses control of the contractual rights that comprise the financial asset. On de-recognition, the difference between the carrying amount of the financial asset and proceeds receivable and any prior adjustment to reflect fair value that had been reported in equity are included in the consolidated income statement.

Financial liabilities (or a portion thereof) are de-recognised when the obligation specified in the contract is discharged, cancelled or expires. On de-recognition, the difference between the carrying amount of the financial liability, including related unamortised costs, and amount paid for it are included in the consolidated income statement.

10.8 Fair value methods and assumptions

The fair value of financial instruments traded in an organised financial market are measured at the applicable quoted prices, adjusted for any transaction costs necessary to realise the assets or settle the liabilities.

The fair value of financial instruments not traded in an organised financial market, is determined using a variety of methods and assumptions that are based on market conditions and risk existing at balance sheet date, including independent appraisals and discounted cash flow methods. The fair value determined is adjusted for any transaction costs necessary to realise the assets or settle the liabilities.

The carrying amounts of financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair value.

10.9 Off-set

Where a legally enforceable right of off-set exists for recognised financial assets and financial liabilities, and there is an intention to settle the liability and realise the asset simultaneously, or to settle on a net basis, all related financial effects are off-set.

11. PROVISIONS

Provisions are recognised when the Group has a present legal or constructive obligation resulting from past events, for which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. A past event is deemed to give rise to a present obligation if, taking account of the available evidence, it is more likely than not that a present obligation exists at balance sheet date.

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at balance sheet date, taking into account risks and uncertainties surrounding the provision. Where the effect of the time value of money is material, the provisions are discounted to the present value of expenditures expected to be required to settle the obligation. The expenditures are discounted using a pre-tax discount rate that reflects current market assessments of the time value of money and, where appropriate, risks specific to the liability. Reimbursements on the settlement of provisions are only recognised when it is virtually certain that reimbursements will be received if the Group settles the obligation.

12. IMPAIRMENT OF ASSETS

The carrying amounts of assets, mentioned in the accounting policy notes, are assessed at each balance sheet date to determine whether there is any indication of impairment. If any

such indication exists, the Group estimates the recoverable amount of the asset, being the higher of the asset's net selling price and its value in use. An impairment loss is recognised if the recoverable amount of an asset is less than its carrying amount. The impairment loss is recognised as an expense in the consolidated income statement immediately. Any impairment loss on a revalued asset is treated as a revaluation decrease.

The net selling price represents the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less costs of disposal. The value in use of an asset represents the expected future cash flows, from continuing use and disposal that are discounted to their present value using an appropriate pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs. An impairment loss is recognised whenever the recoverable amount of a cash-generating unit is less than its carrying amount. The impairment loss is allocated to reduce the carrying amount of the assets of the cash-generating unit, first to goodwill in respect of the cash generating unit, if any, and then to the other assets on a pro-rata basis based on their carrying amounts.

A previously recognised impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount, however not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognised in prior periods.

After the recognition of an impairment loss, any depreciation or amortisation charge for the asset is adjusted for future periods to allocate the asset's revised carrying amount, less its estimated residual value, on a systematic basis over its remaining useful life.

For goodwill a recognised impairment loss is not reversed, unless the impairment loss was caused by a specific external event of an exceptional nature that is not expected to recur and the increase relates clearly to the reversal of the effect of that event.

13. CASH AND CASH EQUIVALENTS

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call, and investments in money market instruments, net of bank borrowings, all of which are available for use by the Group unless otherwise stated.

Cash on hand is measured at its face value.

Deposits held on call, and investments in money market instruments are classified as loans originated by the company and carried at amortised cost. Due to the short-term nature of these, the amortised cost approximates its fair value.

Bank borrowings, consisting of interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance costs, including premiums payable on settlement or redemption, are accounted for on an accrual basis and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

14. DISCONTINUING OPERATIONS

Discontinuing operations are significant, distinguishable components of an enterprise that have been sold, abandoned or are the subject of formal plans for disposal or discontinuance.

The profit or loss on the sale or abandonment of a discontinuing operation is determined from the earlier of the enterprise entering into a binding sale agreement for substantially all of the assets attributable to the discontinuing operation, or, the approval and announcement of a detailed, formal plan of discontinuance by the board of directors.

15. EXPENSES

Marketing and advertising costs are expensed as they are incurred.

16. COMPARATIVES

Comparative figures have been reclassified or restated, where required or necessary, in accordance with current period classifications and presentation.

Vodacom Group (Pty) Ltd

Notes to the Consolidated Annual Financial Statements

31 March 2002

	2002 R'mil	2001 R'mil
1. Revenue		
Airtime, connection and access	9,522.5	7,242.2
Interconnect revenue	4,300.9	3,260.1
Equipment sales	1,627.4	2,042.3
Other sales and services	434.8	458.9
International services	301.1	260.0
	16,186.7	13,263.5
2. Amortisation of intangible assets		
Goodwill	(169.9)	(223.0)
Licences	(11.2)	(7.2)
Trademarks	(4.1)	(13.8)
Subscriber bases	(1.5)	(1.5)
	(186.7)	(245.5)
3. Profit from operations before exceptional items		
The profit from operations before exceptional items is arrived at after taking the following income / (expenditure) into account:		
Net profit on disposal of property, plant and equipment	3.4	0.4
Loss on disposal of property, plant and equipment	(2.6)	(8.2)
Profit on disposal of property, plant and equipment	6.0	8.6

3. Profit from operations before exceptional items (continued)

	2002 R'mil	2001 R'mil
Depreciation of property, plant and equipment	(1,869.3)	(1,369.9)
Land and buildings	(12.7)	(10.5)
Infrastructure	(1,400.4)	(1,013.9)
Information services	(332.1)	(177.9)
Community services	(11.1)	(7.4)
Motor vehicles	(19.7)	(6.7)
Furniture	(16.3)	(4.1)
Office equipment	(14.3)	(2.3)
Leasehold improvements	(31.0)	(2.9)
Other assets	(31.7)	(144.2)
Auditors' remuneration	(7.3)	(9.4)
Current year audit fees	(5.3)	(4.5)
Prior year under provision of audit fees	-	(0.4)
Expenses	(0.1)	(0.1)
Other services	(1.9)	(4.4)
Consultancy services	(84.9)	(35.4)
Administrative fees	(22.5)	(9.4)
Managerial fees	(3.5)	(1.5)
Secretarial fees	(0.1)	-
Technical fees	(58.8)	(24.5)
Operating lease rentals	(474.2)	(471.5)
GSM transmission and data lines	(336.0)	(332.3)
Office accommodation	(79.7)	(66.8)
Other accommodation	(49.4)	(54.3)
Office equipment	(7.6)	(13.1)
Motor vehicles	(1.5)	(5.0)
Licence fees - GSM	(384.4)	(328.8)
Foreign exchange losses	(11.2)	(0.1)
Realised	(3.0)	(0.1)
Unrealised	(8.2)	-
Directors remuneration	(25.8)	(17.4)
Executive directors - fees as directors: salaries	(8.3)	(5.6)
Executive directors - fees as directors: bonuses	(16.9)	(11.3)
Non-executive directors - fees as directors	(0.6)	(0.5)
Directors' remuneration and emoluments paid by:	(25.8)	(17.4)
Vodacom Group (Pty) Ltd	(16.2)	(11.3)
Subsidiaries	(9.6)	(6.1)
Staff expenses - pension and provident fund contributions	(43.9)	(42.5)
Pension fund contributions	(42.8)	(42.5)
Provident fund contributions	(1.1)	-
Bad debts written off	(111.2)	(107.4)
Decrease / (increase) in provision for bad debts	64.9	(49.0)

	2002 R'mil	2001 R'mil
4. Exceptional items		
Impairment of investment - Globalstar Southern Africa (Pty) Ltd	46.8	(148.0)
Impairment of property, plant and equipment	1.3	(97.7)
Writeback / (Impairment) of inventory - satellite phones	45.5	(45.5)
Impairment of shareholder loan	-	(4.8)
Capital gain on disposal of discontinuing operations (Note 4)	18.7	1.6
Joycell Shops (Pty) Ltd and Yellow Lizard Web Design (Pty) Ltd	2.7	1.6
Vodacom Sport & Entertainment (Pty) Ltd	40.0	-
Film Fun (Holdings) (Pty) Ltd	(54.1)	-
Vodacom World Online (Pty) Ltd	30.1	-
Globalstar SA (Pty) Ltd management fees paid to Telkom Ltd i.r.o. the Delareyville earth station	(22.8)	-
Write-off of investment in GSM Companies	(0.3)	-
Recoupment of Gateway assets accrual	13.7	-
Vodacom Service Provider Company (Pty) Ltd - merger costs	-	(36.5)
Film Fun (Holdings) (Pty) Ltd, trading as Teljoy - provisions for merger costs and pre-acquisition claims	-	(30.3)
	56.1	(213.2)

5. Discontinued operations

On 1 September 2001, the effective date of the transaction, the Group entered into a sale agreement to dispose of its 51% interest in Vodacom Sport & Entertainment (Pty) Ltd to South African Investments Ltd (SAIL). The company carried out the Group's sport and entertainment marketing operations. The disposal was completed on 27 February 2002, on which date control of Vodacom Sport & Entertainment (Pty) Ltd passed to SAIL. The results were de-consolidated from 28 February 2002. A profit of R40.0 million arose on the disposal of Vodacom Sport & Entertainment (Pty) Ltd, being the proceeds of disposal less the carrying amount of the subsidiary's net assets (see Note 28). No tax charge or credit arose from the transaction.

On 9 November 2001, the Group entered into a sale agreement to dispose of its 40% interest in the joint venture of Vodacom World Online (Pty) Ltd to Tiscali International BV the other party to the joint venture. The company carried out the Group's internet service provider operations. The disposal was completed on 30 November 2001, on which date control of Vodacom World Online (Pty) Ltd passed to Tiscali International BV. A profit of R30.1 million arose on the disposal of Vodacom World Online (Pty) Ltd, being the proceeds of disposal less the net asset value as determined after the write-off of the shareholder's loan of R134.9 million, realising accumulated losses of R34.9 million and deferred profit on sale of the internet division by Vodacom (Pty) Ltd in the 2000 financial year (see Note 29). No tax charge or credit arose from the transaction. The results were de-consolidated from 30 November 2001.

The 100% shareholding in Film Fun (Holdings) (Pty) Ltd, Teljoy Botswana (Pty) Ltd and Africell Cellular Services (Pty) Ltd was sold to a management consortium for R9.0 million. A loss of R54.1 million was realised, being the proceeds of disposal less the carrying amount of the subsidiary's net assets. The sale agreements were signed on 27 March 2002. The results were de-consolidated from 31 March 2002.

These disposals were effected in order to dispose of non-core operations and to focus on the main business of providing its subscriber base access to mobile voice and data telecommunication services.

The results and cash flows of Vodacom Sport & Entertainment (Pty) Ltd (VSE), Vodacom World Online (Pty) Ltd (VWOL), Film Fun (Holdings) (Pty) Ltd (FFH), which have been included in the consolidated annual financial statements, were as follows:

5. Discontinued operations (continued)

2002

Income Statement

	R'mil VSE	R'mil VWOL	R'mil FFH
Revenue	52.8	36.1	160.7
Expenditure	(38.0)	(56.0)	(148.0)
Profit / (loss) before taxation	14.8	(19.9)	12.7
Taxation	(4.3)	-	(0.1)
Profit / (loss) after taxation	10.5	(19.9)	12.6

Cash Flow Statement

Net cash flows from operating activities	(2.8)	1.4	54.2
Net cash flows from investing activities	(2.6)	-	(0.3)
Net cash flows from financing activities	-	4.8	(129.4)
Net (decrease) / increase in cash and cash equivalents	(5.4)	6.2	(75.5)

2001

Income Statement

Revenue	48.9	43.0	215.2
Expenditure	(32.3)	(55.1)	(218.1)
Profit / (loss) before taxation	16.6	(12.1)	(2.9)
Taxation	(6.0)	-	4.5
Profit / (loss) after taxation	10.6	(12.1)	1.6

Cash Flow Statement

Net cash flows from operating activities	(5.4)	(9.1)	29.8
Net cash flows from investing activities	(0.8)	(5.8)	(17.5)
Net cash flows from financing activities	-	4.0	48.4
Net (decrease) / increase in cash and cash equivalents	(6.2)	(10.9)	60.7

6. Income from investments

	2002 R'mil	2001 R'mil
Interest received - banks and loans	27.7	25.4
Realised foreign exchange profit	4.9	-
Interest rate swaps	4.3	-
Dividends received - unlisted investments	0.1	-
	37.0	25.4

	2002 R'mil	2001 R'mil
7. Net finance costs		
Shareholder's loans	(144.2)	(157.9)
Finance leases	(98.9)	(60.8)
Funding loans	(87.2)	(65.7)
Bank and other interest	(85.9)	(162.9)
Foreign exchange hedging income (see point 7.1)	315.5	2.3
Interest rate swaps	-	(1.1)
	(100.7)	(446.1)
7.1 Foreign exchange hedging income		
Gain on foreign liability revaluation	18.3	-
Loss on foreign liability revaluation	(247.8)	-
Gain on foreign exchange contract revaluation	778.4	-
Loss on Foreign exchange contract revaluation	(199.0)	-
Realised foreign exchange gains	2.5	2.3
Realised foreign exchange losses	(36.9)	-
	315.5	2.3
<p>Foreign exchange hedging income consists of the foreign value adjustment on foreign exchange contracts that have matured and the fair valuing of the underlying creditors to spot rate.</p>		
8. Taxation		
South African normal taxation	(995.7)	(771.2)
Current year	(1,016.9)	(786.7)
Prior year over provision	21.2	15.5
Deferred taxation	(125.0)	18.4
Current year	(122.0)	23.1
Prior year under provision	(3.0)	(4.7)
Secondary taxation on companies	(74.5)	(60.5)
Current year	(75.5)	(60.5)
Prior year over provision	1.0	-
Foreign taxation	(2.5)	(2.5)
Current year	(3.7)	(2.4)
Prior year (over) / under provision	1.2	(0.1)
Foreign deferred taxation - current year	(29.3)	-
	(1,227.0)	(815.8)



8. Taxation (continued)

Reconciliation of rate of taxation

	2002 R'mil	2002 %	2001 R'mil	2001 %
Normal taxation on profit before taxation	1,076.8	30.0	650.5	30.0
Adjustment for:				
Exempt income	-	-	(0.1)	-
Disallowable expenditure	87.2	2.4	64.2	3.0
Prior year over provision	(19.4)	(0.5)	(3.9)	(0.2)
Unutilised assessed loss	21.9	0.6	42.8	1.9
Utilisation of assessed loss	(0.6)	-	(2.2)	(0.1)
Foreign taxation rate differences	14.1	0.4	-	-
Secondary taxation on companies	74.5	2.1	60.5	2.8
Temporary differences in subsidiaries not provided for	(27.5)	(0.8)	4.0	0.2
Globalstar Southern Africa (Pty) Ltd	(4.1)	(0.1)	-	-
Vodacom Tanzania Ltd	(16.5)	(0.5)	4.0	0.2
Other	(6.9)	(0.2)	-	-
	1,227.0	34.2	815.8	37.6

	2002 R'mil	2001 R'mil
Utilisation of assessed losses		
Opening assessed loss	439.3	-
Current year assessed loss created / (utilised)	699.8	439.3
Closing assessed loss	1,139.1	439.3
Utilised to reduce deferred taxation	(986.3)	(357.4)
Assessed losses available to reduce deferred taxation	152.8	81.9

9. Property, plant and equipment

	Cost R'mil	Accumulated depreciation R'mil	Net book value R'mil
2002			
Land and buildings	795.7	(34.0)	761.7
Infrastructure	12,609.8	(4,316.7)	8,293.1
Information services	1,606.3	(936.6)	669.7
Community services	85.2	(55.6)	29.6
Motor vehicles	97.5	(55.0)	42.5
Furniture	96.7	(48.6)	48.1
Office equipment	69.0	(42.6)	26.4
Leasehold improvements	196.6	(76.1)	120.5
Other assets	56.2	(22.0)	34.2
	15,613.0	(5,587.2)	10,025.8
2001			
Land and buildings	456.6	(21.4)	435.2
Infrastructure	9,487.4	(3,011.2)	6,476.2
Information services	932.1	(471.4)	460.7
Community services	80.1	(48.6)	31.5
Motor vehicles	15.0	(6.2)	8.8
Furniture	46.5	(31.6)	14.9
Office equipment	21.0	(13.1)	7.9
Leasehold improvements	11.2	(6.3)	4.9
Other assets	757.7	(448.6)	309.1
	11,807.6	(4,058.4)	7,749.2

	Land and buildings R'mil	Infras- structure R'mil	Inform- ation services R'mil	Com- munity services R'mil	Motor vehicles R'mil	Furniture R'mil	Office Equip- ment R'mil	Lease Improve- ments R'mil	Other assets R'mil	Total R'mil
9. Property, plant and equipment (continued)										
2002										
Opening balance as previously reported	435.2	6,476.2	460.7	31.5	8.8	14.9	7.9	4.9	309.1	7,749.2
Asset category transfers	-	-	95.6	-	-	-	(0.1)	(0.1)	(95.4)	-
Restated opening balance	435.2	6,476.2	556.3	31.5	8.8	14.9	7.8	4.8	213.7	7,749.2
Additions	339.6	3,137.8	476.4	9.5	21.8	39.2	15.9	94.2	39.7	4,174.1
Disposals	(0.5)	(48.4)	(17.5)	(0.3)	(0.1)	(4.1)	(0.1)	(0.1)	(17.8)	(88.9)
Foreign currency translation reserve	0.1	128.2	0.7	-	1.6	0.5	0.1	1.0	-	132.2
Depreciation	(12.7)	(1,400.4)	(332.1)	(11.1)	(19.7)	(16.3)	(14.3)	(31.0)	(31.7)	(1,869.3)
Impairment	-	-	(0.1)	-	-	(0.1)	-	-	-	(0.2)
Impairment reversal	-	-	-	-	-	-	-	-	1.3	1.3
Business combinations	-	-	(12.2)	-	(0.2)	(4.4)	(1.0)	-	(54.8)	(72.6)
Asset category transfers	-	(0.3)	(1.8)	-	30.3	18.4	18.0	51.6	(116.2)	-
Closing balance	761.7	8,293.1	669.7	29.6	42.5	48.1	26.4	120.5	34.2	10,025.8
2001										
Opening balance	369.0	4,870.7	310.2	20.4	4.4	9.7	7.6	4.5	257.5	5,854.0
Additions	109.7	2,621.6	331.6	18.5	11.2	9.3	9.8	5.0	126.3	3,243.0
Disposals	(33.0)	-	(3.2)	-	(0.1)	-	(11.9)	(1.7)	(55.6)	(105.5)
Depreciation	(10.5)	(1,013.9)	(177.9)	(7.4)	(6.7)	(4.1)	(2.3)	(2.9)	(144.2)	(1,369.9)
Impairment	-	(2.2)	-	-	-	-	4.7	-	125.1	127.6
Closing balance	435.2	6,476.2	460.7	31.5	8.8	14.9	7.9	4.9	309.1	7,749.2

	2002 Net book value R'mil	2002 Valuation R'mil	2001 Net book value R'mil	2001 Valuation R'mil
9. Property, plant and equipment (continued)				
Freehold land and buildings				
Portions 859, 847, 827, the remaining extent of Portion 45 (a portion of Portion 9), and Portion 828 (a portion of Portion 9) of farm Randjesfontein no. 405, Registration division J.R., Province of Gauteng	32.4	32.4	-	-
43 Kwale Road, Dar es Salaam, Tanzania	6.8	6.8	-	-
Stand 172 Sandton	-	-	0.5	0,5
Stand 200 Chelmsfordville	0.1	0.1	0.1	0.1
	39.3	39.3	0.6	0.6
Leasehold land and buildings				
Portion 827 and 828 of farm Randjesfontein No. 405	279.4	279.4	-	-
Portion 769 of farm Randjesfontein No. 405	164.8	164.8	155.9	155.9
Stand 34083 Bellville, City of Tygerberg	109.5	109.5	111.1	111.1
Erf 5259 and 5260 Montague Gardens	98.1	98.1	99.6	99.6
Holding 350 Erand Agricultural Holdings Ext. 1	62.2	62.2	66.4	66.4
Portion 45 of Randjesfontein No. 405, and Holding 202 Erand Agricultural Holdings Ext. 1	6.8	6.8	-	-
Holding 359 Erand Agricultural Holdings Ext. 1	1.6	1.6	1.6	1.6
	722.4	722.4	434.6	434.6

Interest bearing debt is secured over leasehold land and building and the fair value of the lease liability is R790.6 million (2001: R495.7 million). A detailed list of land and buildings is available for inspection at the company's registered address.

	Cost R'mil	Accumulated amortisation R'mil	Net Book value R'mil
10. Intangible assets			
2002			
Goodwill	1,125.9	(482.2)	643.7
Licences	326.4	(58.7)	267.7
Trademarks	51.5	(24.8)	26.7
Subscriber bases	7.5	(4.3)	3.2
	1,511.3	(570.0)	941.3
2001			
Goodwill	943.5	(327.0)	616.5
Licences	108.8	(47.6)	61.2
Trademarks	52.2	(21.2)	31.0
Subscriber bases	7.5	(2.8)	4.7
	1,112.0	(398.6)	713.4

	Opening net book value R'mil	Additions R'mil	Foreign currency translation reserve R'mil	Business combination R'mil	Amortisation R'mil	Closing net book value R'mil
10. Intangible assets (continued)						
2002						
Goodwill	616.5	191.2	28.3	(22.4)	(169.9)	643.7
Licences	61.2	186.6	31.2	(0.1)	(11.2)	267.7
Trademarks	31.0	-	-	(0.2)	(4.1)	26.7
Subscriber bases	4.7	-	-	-	(1.5)	3.2
	713.4	377.8	59.5	(22.7)	(186.7)	941.3
2001						
Goodwill	693.6	-	-	145.9	(223.0)	616.5
Licences	63.7	-	1.5	3.2	(7.2)	61.2
Trademarks	44.5	-	-	0.3	(13.8)	31.0
Subscriber bases	6.2	-	-	-	(1.5)	4.7
	808.0	-	1.5	149.4	(245.5)	713.4

	2002 R'mil	2001 R'mil
11. Investments		
Money market investment - Vodacom Cell Captive (refer to note 11.1)	65.0	-
South African Investments Ltd - long term portion of the consideration for the disposal of Vodacom Sport & Entertainment (Pty) Ltd. Interest is charged on this amount receivable at the prime lending rate minus one percent per annum from the transaction date.	11.8	-
Non-current receivables	-	11.2
Net investment in leased assets	-	0.8
Unlisted redeemable preference shares (refer to note 11.2)	-	0.7
Other	4.5	0.7
Less: Short-term portion of investments (refer to note 11.3)	(58.6)	-
	22.7	13.4

11.1 Money Market Investment - Vodacom Cell Captive

Details of the maturity periods and interest rates of the Vodacom Cell Captive's investments at year end are as follows:

Maturity period R'mil	Interest rate	Market value R'mil
0 - 6 months	9.1% - 9.6%	36.2
6 - 12 months	10.0% - 11.1%	18.4
Over 12 months	9.7% - 12.0%	10.4
		65.0



	2002 Number of shares	2002 Market valuation R'mil	2001 Number of shares	2001 Market valuation R'mil
11. Investments (continued)				
11.2 Unlisted Redeemable Preference Shares				
Nova Risk Partners Ltd	-	-	5	0.7

The above investment forms part of the consolidation from 1 April 2002. The investment consists of 10 class "1" variable rate, cumulative redeemable preference shares (2001: 5 shares) of R0.01, issued at a premium of R0.7 million (2001: R0.7 million). Vodacom Group (Pty) Ltd subscribed for and was issued the above shares.

	2002 R'mil	2001 R'mil
11.3 Short-term portion of investments		
Money market investment - Vodacom Cell Captive (refer to note 11.1)	54.6	-
Other - Minority shareholder interest of funds advanced by Vodacom Tanzania Ltd. The amount was repaid in full in May 2002	4.0	-
	58.6	-
12. Deferred taxation		
Deferred taxation asset	478.3	331.8
Deferred taxation liability	(859.9)	(498.7)
	(381.6)	(166.9)
12.1 Components		
Capital allowances	834.1	498.7
Foreign equity revaluation reserve	17.9	-
Assessed losses	(295.9)	(107.2)
Provisions	(172.0)	(220.3)
Prepayments and other allowances	(2.5)	(4.3)
	381.6	166.9
12.2 Reconciliation		
Balance at the beginning of the year	166.9	185.6
Income statement expense / (income)	154.3	(18.4)
Foreign equity revaluation reserve	19.9	-
Movement due to IAS 39 adjustment	46.1	-
Business combinations		
Acquisitions	-	(0.3)
Foreign exchange differences on consolidation of foreign subsidiaries	(7.2)	-
Disposal of subsidiaries	1.6	-
Balance at the end of the year	381.6	166.9

There are unused tax losses to the value of R152.8 million (2001: R81.9 million) available with which to reduce the net deferred taxation liability. The effect of this would be a reduction in the net deferred taxation liability to R335.8 million (2001: R142.3 million) (see Note 8). A deferred tax asset was not recognised for the above-mentioned unused tax losses as uncertainty existed at year-end on whether future taxable profits would be available to utilise the asset against. The recognition of the future taxable profits relating to the unrecognised deferred tax asset will be re-assessed in the next financial period.

	2002 R'mil	2001 R'mil
13. Inventory		
Finished goods	305.3	392.1
Other inventory	1.1	6.3
	306.4	398.4
14. Accounts receivable		
Trade debtors	2,461.4	2,017.7
Prepayments	336.7	174.0
Value added taxation	31.3	57.9
Advances	10.2	-
South African Investments Ltd - short term portion of the consideration for the disposal of Vodacom Sport & Entertainment (Pty) Ltd. Interest is charged on this amount receivable at the prime lending rate minus one percent per annum from the transaction date.	11.8	-
Disposal of Film Fun (Holdings) (Pty) Ltd	9.0	-
Other	59.7	-
	2,920.1	2,249.6
	2002 R	2001 R
15. Ordinary share capital		
Authorised		
100,000 ordinary shares of 1 cent each	1,000	1,000
Issued		
10,000 ordinary shares of 1 cent each	100	100
Unissued share capital is not under the control of the board of directors.		
	2002 R'mil	2001 R'mil
16. Non-distributable reserves		
Foreign currency translation reserve	96.6	(2.3)
Foreign equity revaluation reserve	71.4	-
Vodacom Cell Captive contingency reserve	8.5	-
Foreign exposure equity	-	136.5
	176.5	134.2
The foreign equity revaluation reserve relates to translation of foreign exchange differences on foreign denominated equity loan investments in foreign entities. The reserve arose as follows:		
Gross foreign exchange differences	91.3	-
Deferred taxation	(19.9)	-
	71.4	-

16. Non-distributable reserves (continued)

	2002 R'mil	2001 R'mil
Reconciliation		
Balance at the beginning of the year - as previously stated	134.2	0.6
IAS 39 adjustment - foreign exposure equity	(136.5)	-
Restated balance at the beginning of the year	(2.3)	0.6
Foreign exposure equity raised	-	136.5
Foreign equity revaluation reserve	71.4	-
Revaluation of equity investments	91.3	-
Deferred taxation	(19.9)	-
Foreign currency translation reserve	98.9	(2.9)
Other non-distributable reserves		
Transferred from distributable reserves - Vodacom Cell Captive contingency	8.5	-
In terms of the Short-term Insurance Act, 1998, the Vodacom Cell Captive is required to raise a contingency reserve equal to 10% of the premiums written less approved reinsurance (as defined in the Act). This reserve can be utilised only with the prior permission of the Registrar of Insurance.		
Balance at the end of the year	176.5	134.2

17. Shareholder loans

Telkom SA Ltd	460.0	460.0
Vodafone Group Plc	124.3	124.3
Vodafone Holdings (SA) (Pty) Ltd	165.5	165.5
VenFin Finansieringskorporasie (Pty) Ltd	124.2	124.2
Descarte Investments No. 8 (Pty) Ltd	46.0	46.0
	920.0	920.0

The shareholder loans are unsecured and bear interest at a rate of prime +2% (2001: prime +2%). The average effective interest rate per annum during the year was 15.69% (2001: 17.16%). The loans are repayable on 31 March 2019. The shareholders have deferred their right to claim or accept payment of the R920.0 million owing to them in favour of all other creditors in the event of the liquidation of Vodacom Group (Pty) Ltd or similar event.

18. Minority interest

Equity	373.4	(11.4)
Loans	44.3	4.3
Vodacom Tanzania Ltd		
The loan is unsecured, bears interest at the Libor rate plus 1% and no repayment terms have been determined	40.0	-
Vodacom Lesotho (Pty) Ltd		
The loan is unsecured, interest free and no repayment terms have been determined	4.3	4.3
	417.7	(7.1)

The fair value of the loans is not determinable.

	2002 Current portion R'mil	2002 Long-term portion R'mil	2002 Total R'mil	2001 Current portion R'mil	2001 Long-term portion R'mil	2001 Total R'mil
19. Interest bearing debt						
Finance leases	10.4	780.2	790.6	0.5	496.1	496.6
Funding loans	400.0	-	400.0	-	400.0	400.0
Other short term loans	565.5	-	565.5	-	-	-
	975.9	780.2	1,756.1	0.5	896.1	896.6

	2002 R'mil	2001 R'mil
19.1 Finance Leases		
Vodacom (Pty) Ltd The finance leases are secured by various land and buildings with a book value of R443.0 million (2001: R444.9 million), bear interest at effective interest rates of between 13.85% and 14.69% and are repayable between 5 and 13 years	502.4	495.7
Vodacom Service Provider Company (Pty) Ltd The finance leases are secured by various land and buildings with a book value of R279.4 million (2001: nil), and incurs interest at a variable nominal annual interest rate of 13.76% compounded monthly. Payments are made every six months in arrears and commenced on 1 March 2002. The finance lease expires on 1 September 2011.	288.2	-
Teljoy Holdings Ltd The finance lease bears interest at an effective interest rate of 14.5% and is repayable by March 2004.	-	0.9
	790.6	496.6
Less: Current portion of finance leases		
Vodacom (Pty) Ltd	(7.1)	-
Vodacom Service Provider Company (Pty) Ltd	(3.3)	-
Teljoy Holdings Ltd	-	(0.5)
	(10.4)	(0.5)
Long-term portion of finance leases	780.2	496.1
The fair value of the Group's finance lease liability is R790.6 million (2001: R496.6 million).		

19.2 Funding Loans		
Commerzbank AG The R200 million loan is unsecured, bears interest at a fixed rate of 13.7% NACQ (Nominal Amount Compounded Quarterly) and is repayable on 17 March 2003.	200.0	200.0
Crédit Agricole Indosuez The loan is unsecured, bears interest at a fixed rate of 14.0% NACQ and is repayable on 17 March 2003.	200.0	200.0
	400.0	400.0
Less: Current portion of funding loans		
Commerzbank AG	200.0	-
Crédit Agricole Indosuez	200.0	-
	400.0	-
Long term portion of funding loans	-	400.0
The fair value of the Group's funding loan liability is R400.0 million (2001: R400.0 million).		



	2003	2004	2005	2006	2007	Total
	R'mil	R'mil	R'mil	R'mil	onwards R'mil	R'mil
19. Interest bearing debt (continued)						
19.3 Repayment of interest bearing debt						
Finance leases						
Vodacom (Pty) Ltd	7.1	(5.7)	8.7	20.4	471.9	502.4
Vodacom Service Provider Company (Pty) Ltd	3.3	(2.4)	1.5	6.6	279.2	288.2
Funding loans						
Commerzbank AG	200.0	-	-	-	-	200.0
Crédit Agricole Indosuez	200.0	-	-	-	-	200.0
Other short term loans	565.5	-	-	-	-	565.5
	975.9	(8.1)	10.2	27.0	751.1	1,756.1

	2002	2001
	R'mil	R'mil
20. Non-interest bearing debt		
Vodacom Tanzania Ltd	-	28.1
Shareholders loans from Planatel Communication of R15.3 million, and from Caspian Construction of R12.8 million respectively. These loans are unsecured, interest free and no repayment terms have been determined. The fair value of the Group's non-interest bearing debt liability could not be reasonably determined.		
21. Accounts payable		
Trade creditors	2,054.3	1,370.7
Income charged in advance	484.0	702.2
Capital expenditure creditors	457.8	664.8
Value added taxation	16.3	45.5
Interest accrual	5.7	28.9
Sundry accounts payable and accruals	89.4	207.3
	3,107.5	3,019.4
22. Provisions		
Deferred bonus incentive provision	348.9	243.5
Bonus provision	95.8	66.0
Leave pay provision	44.6	33.6
Vodacom Cell Captive provision - claims incurred but not yet paid	21.9	-
Vodacom Cell Captive provision - claims intimated but not paid	21.3	-
Advertising provision	5.7	-
Other	6.8	36.3
Warranty provision	-	-
	545.0	379.4

	Deferred bonus incentive provision R'mil	Bonus provision R'mil	Leave pay provision R'mil	Vodacom Cell Captive provision – claims incurred but not yet paid R'mil	Vodacom Cell Captive provision – claims intimated but not paid R'mil	Advertising provision R'mil	Other R'mil	Warranty provision R'mil
22. Provisions (continued)								
Reconciliation 2002								
Balance at the beginning of the year	243.5	66.0	33.6	=	=	=	36.3	=
Provision created	170.2	112.0	19.5	21.9	21.3	45.2	11.5	38.0
Provision utilised	(64.8)	(82.2)	(8.5)	-	-	(39.5)	(41.0)	(38.0)
Balance at the end of the year	348.9	95.8	44.6	21.9	21.3	5.7	6.8	-
Reconciliation 2001								
Balance at the beginning of the year	181.1	48.1	27.0	-	-	-	38.5	-
Provision created	105.2	48.1	13.1	-	-	-	69.4	-
Provision utilised	(42.8)	(30.2)	(6.5)	-	-	-	(71.6)	-
Balance at the end of the year	243.5	66.0	33.6	=	-	-	36.3	-
						2002 R'mil	2001 R'mil	
Timing of Provisions								
Within one year						319.5	273.8	
After one year						225.5	105.6	
						545.0	379.4	

22.1 Deferred Bonus Incentive Provision

The deferred bonus incentive provision represents the value of bonus entitlements at 31 March 2002. The value of the bonus entitlements are determined based on the audited consolidated annual financial statements of Vodacom Group (Pty) Ltd. Periodically, a number of entitlements are issued to employees, the value of which depends on the seniority of the employee.

The provision created represents the difference in the entitlement value at balance sheet date and the value at which the entitlements were issued, multiplied by the number of entitlements allocated to a participant.

The provision is utilised when eligible employees receive the value of vested entitlements.

22.2 Bonus Provision

The bonus provision consists of a profit based performance bonus. The performance bonus is payable at the sole discretion of the shareholders in May each year to Level 1 – 4 employees and biannually in May and December to Level 5 and 6 employees. The maximum bonus payable is fixed by applying a specific formula based on Vodacom Group (Pty) Ltd's consolidated profit and the employee's achievement of performance targets. The employee must be in service on 31 May to qualify for the bonus.

22. Provisions (continued)

22.3 Leave Pay Provision

The leave pay provision relates to vested leave pay to which employees may become entitled upon leaving the employment of the Group. The provision arises as employees render a service that increases their entitlement to future compensated leave. The provision is utilised when employees become entitled to and is paid for the accumulated leave pay or utilises compensated leave due to them. The Group expects to incur the liability over the next year.

22.4 Vodacom Cell Captive Provision

Claims incurred but not yet paid comprise claims and related expenses, including expenses incurred in the administration of the claims department, paid in the year. It also comprises charges for outstanding claims, including claims incurred but not reported and related expenses, together with adjustments to claims from previous years.

For claims intimated but not paid, full provision is made for the estimated cost of:

- claims (net of anticipated salvage and recoveries) notified but not settled at the reporting date, using the best information available at that time. The estimates include provision for inflation and other contingencies arising in the settlement of claims.
- claims (net of anticipated salvage and recoveries) incurred at the reporting date but not reported until after that date using the best information available at that time. The estimates include provision for inflation and other contingencies arising in the settlement of claims.

22.5 Warranty Provision

The warranty provision was created to cover the second year of warranty on handsets sold to customers. The provision was utilised during the year as the liability for the provision was paid to the Vodacom Insurance Cell Captive.

22.6 Advertising Provision

The advertising provision is based on a percentage of the selling price of handsets purchased by external service providers, passed on to Vodacom Service Provider Company (Pty) Ltd by the handset manufacturers. The external service providers can claim future advertising expenditure incurred by them per manufacturer, from these funds.

23. Change in accounting policy

As stated in the directors' report under point 5, Change in Accounting Policy, the Group changed its accounting policy for foreign exchange contracts and other financial instruments in terms of International Accounting Standard 39 - Financial Instruments: Recognition and Measurement.

These changes have had the effect of increasing net profit and retained profit at the beginning of the year, and have been applied prospectively:

	Net profit	Retained profit
Gross effect	320.4	153.7
Foreign exchange contracts	315.5	136.5
Derivatives - Interest rate swaps	4.9	17.2
Taxation effect	(96.2)	(46.1)
Foreign exchange contracts	(94.7)	(40.9)
Interest rate swaps	(1.5)	(5.2)
	224.2	107.6

The retained profit on foreign exchange contracts allocated to the non-distributable reserve in the prior year has now been released into profit as a result of the change in accounting policy.

	2002 R' mil	2001 R' mil
24. Cash generated from operations		
Profit from operations	3,653.0	2,589.0
Adjusted for:		
Depreciation of property, plant and equipment	1,869.3	1,369.9
Net profit on disposal of property, plant and equipment	(3.4)	(0.4)
Revaluation of equity investment	8.9	-
Globalstar Southern Africa (Pty) Ltd assets accrual	(13.7)	-
Impairment of property, plant and equipment reversed	(1.3)	-
Bad debts written-off	111.2	-
Capital (profit) / loss on disposal of subsidiaries	(16.0)	213.2
GSM investment write-off	0.3	-
Impairment of assets	(1.0)	-
Amortisation of intangible assets	186.7	245.5
Cash flow from operations before working capital changes	5,794.0	4,417.2
Increase in accounts receivable	(368.6)	(582.3)
Decrease / (Increase) in inventory	92.9	(162.5)
Increase in accounts payable and provisions	607.7	991.6
Cash generated from operations	6,126.0	4,664.0
25. Net finance costs paid		
Shareholders' loans	(144.2)	(157.9)
Finance leases	(98.9)	(60.8)
Funding loans	(87.2)	(65.7)
Bank and other interest	(85.9)	(162.9)
Interest accrual at the beginning of the year	(28.9)	(22.3)
Interest accrual at the end of the year	5.7	28.9
	(439.4)	(440.7)
Foreign exchange hedging income	315.5	1.2
Unrealised gain on revaluation of foreign exchange contract	(220.4)	-
Unrealised losses on spot rate revaluation of creditor	(41.0)	-
Unrealised gain on interest rate swap revaluation	2.2	-
	(383.1)	(439.5)
26. Taxation paid		
Taxation per the income statement	(1,227.0)	(815.8)
Taxation payable at the beginning of the year	(832.9)	(560.1)
Taxation payable at the end of the year	368.5	832.9
Deferred taxation at the beginning of the year	(166.9)	(185.6)
Deferred taxation at the end of the year	381.6	166.9
Business combination	(3.6)	(5.9)
Movement due to IAS 39 adjustment	(46.1)	-
Movement due to revaluation of equity loans	(19.9)	-
Exchange difference on consolidation of foreign subsidiary	7.2	-
	(1,539.1)	(567.6)

	2002 R'mil	2001 R'mil
27. Additions to property, plant and equipment		
Additions to property, plant and equipment (Note 9)	4,174.1	3,243.0
Less: Property, plant and equipment acquired in business combinations	-	(106.3)
Vodacom (Pty) Ltd finance leases	-	-
	4,174.1	3,136.7
28. Net disposal / (acquisition) of subsidiaries		
Vodacom Sport & Entertainment (Pty) Ltd (Note 28.1 a and Note 28.2 e)	17.9	7.9
Film Fun (Holdings) (Pty) Ltd (Note 28.1b)	(16.2)	-
Vodacom International Holdings (Pty) Ltd and Vodacom International Ltd (Note 28.2 a)	(0.1)	-
Globalstar Southern Africa (Pty) Ltd (Note 28.2 b)	-	(91.1)
Vodacom Tanzania Ltd (Note 28.2 c)	-	(28.9)
Film Fun (Holdings) (Pty) Ltd trading as Teljoy (Note 28.1 b and Notes 28.2 f)	-	(8.5)
Vodacom Tanzania Ltd (Note 28.2 d)	-	6.8
	1.6	(113.8)
28.1 Subsidiaries disposed		
a) Vodacom Sport & Entertainment (Pty) Ltd		
On 27 February 2002, the Group disposed of its 51% interest in Vodacom Sport & Entertainment (Pty) Ltd. The fair value of the assets and liabilities disposed were as follows:		
Carrying amount of net assets disposed of	9.8	-
Property, plant and equipment	1.3	-
Investments	2.7	-
Inventory	0.5	-
Accounts receivable	228.6	-
Deferred taxation	1.6	-
Cash and cash equivalents	4.6	-
Accounts payable	(227.9)	-
Taxation payable	(0.4)	-
VAT payable	(1.2)	-
Minority interest	(4.8)	-
Capital gain on disposal	40.0	-
Selling price	45.0	-
Cash and cash equivalents	(4.6)	-
Cash consideration	40.4	-
Selling price satisfied by:	45.0	-
Cash	22.5	-
Deferred consideration to be settled in two equal instalments on 31 August 2002 and 31 August 2003. The amounts receivable are reflected under current assets and a loan advanced to the purchaser	22.5	-

	2002 R'mil	2001 R'mil
28. Net disposal / (acquisition) of subsidiaries (continued)		
28.1 Subsidiaries disposed (continued)		
b) Film Fun (Holdings) (Pty) Ltd		
On 31 March 2002, the Group disposed of its interest in Film Fun (Holdings) (Pty) Ltd, Africell Cellular Services (Pty) Ltd and Teljoy (Botswana) (Pty) Ltd. The fair value of the assets and liabilities disposed were as follows:		
Carrying amount of net assets disposed	63.1	-
Property, plant and equipment	64.7	-
Loan - Teljoy Holdings Ltd	28.0	-
Goodwill	22.5	-
Cash and cash equivalents	16.2	-
Accounts receivable	7.2	-
Inventory	5.3	-
Shareholding in subsidiaries	4.2	-
Investments	3.3	-
Taxation receivable	1.1	-
Accounts payable	(64.2)	-
Provision for licences	(25.0)	-
Non-distributable reserve	(0.2)	-
Capital loss on disposal	(54.1)	-
Selling price	9.0	-
Cash and cash equivalents	(16.2)	-
Cash consideration	(7.2)	-
Selling price satisfied by:	9.0	-
Cash	-	-
Deferred consideration	9.0	-
The deferred consideration was settled in cash by the new owners on 15 May 2002.		
28.2 Subsidiaries acquired		
a) Vodacom International Holdings (Pty) Ltd and Vodacom International Ltd		
Both companies became operational from 1 April 2001. Vodacom Group (Pty) Ltd holds 100% of the issued share capital of Vodacom International Holdings (Pty) Ltd, who in turn holds 100% of the issued share capital of Vodacom International Ltd, a company based in Mauritius. The fair value of the share capital acquired is as follows:		
Share capital	(0.1)	-



28. Net disposal / (acquisition) of subsidiaries (continued)

28.2 Subsidiaries acquired (continued)

b) Globalstar Southern Africa (Pty) Ltd

During the previous year the Group acquired 100% of Globalstar Southern Africa (Pty) Ltd. The fair value of the assets acquired and liabilities assumed were as follows:

	2002 R'mil	2001 R'mil
Carrying amount of net assets acquired	-	(43.5)
Property, plant and equipment	-	96.6
Inventory	-	0.7
Accounts receivable	-	1.9
Cash and cash equivalents	-	10.0
Shareholders' loans	-	(33.0)
Accounts payable	-	(32.7)
Goodwill	-	(24.6)
Shareholders' loans	-	(33.0)
Purchase price	-	(101.1)
Cash and cash equivalents	-	10.0
Cash consideration	-	(91.1)

c) Vodacom Tanzania Ltd

On 14 July 2000, the Group acquired an additional 14% of Vodacom Tanzania Ltd. The fair value of the assets acquired and liabilities assumed were as follows:

Carrying amount of net assets acquired	-	9.6
Property, plant and equipment	-	6.7
Intangible assets	-	6.8
Inventory	-	10.2
Accounts receivable	-	6.8
Cash and cash equivalents	-	2.7
Shareholders' loans	-	(39.2)
Accounts payable	-	(3.6)
Minority interest	-	(3.4)
Investments previously recognised	-	(4.9)
Goodwill	-	(30.2)
Cash consideration	-	(28.9)

d) Vodacom Tanzania Ltd

During the financial year ended 31 March 2000, Vodacom Tanzania Ltd was treated as a joint venture and proportionately consolidated at 51%, but from the prior year, it is consolidated in full. The adjustments that were made are as follows:

Carrying amount of net assets acquired	-	(1.0)
Property, plant and equipment	-	0.7
Intangible assets	-	3.2
Investments	-	4.7
Accounts receivable	-	0.4
Cash and cash equivalents	-	6.8
Non distributable reserve	-	0.1
Shareholders' loans	-	(14.0)
Accounts payable	-	(0.9)
Net assets acquired	-	7.8
Cash consideration	-	6.8

	2002 R'mil	2001 R'mil
28. Net disposal / (acquisition) of subsidiaries (continued)		
28.2 Subsidiaries acquired (continued)		
e) Vodacom Sport & Entertainment (Pty) Ltd		
During the financial year ended 31 March 2000, Vodacom Sport & Entertainment (Pty) Ltd was treated as a joint venture and proportionately consolidated at 51%, but from the prior year, it is consolidated in full. The adjustments that were made are as follows:		
Carrying amount of net assets acquired	-	(1.0)
Property, plant and equipment	-	0.9
Deferred taxation	-	0.3
Investments	-	0.1
Accounts receivable	-	9.3
Cash and cash equivalents	-	7.9
Accounts payable	-	(15.0)
Taxation	-	(2.5)
Net assets acquired	-	8.9
Cash consideration	-	7.9
f) Film Fun (Holdings) (Pty) Ltd		
During January 2000, the Group acquired 100% of Film Fun (Holdings) (Pty) Ltd trading as Teljoy. The investment was consolidated from the 2001 financial year. The fair value of the assets acquired and liabilities assumed were as follows:		
Carrying amount of net assets acquired	-	(8.7)
Property, plant and equipment	-	126.9
Intangible assets	-	0.3
Investments	-	0.3
Inventory	-	12.9
Accounts receivable	-	17.2
Shareholders' loans	-	(70.0)
Interest bearing debt	-	(20.4)
Accounts payable	-	(46.7)
Taxation	-	(3.4)
Cash and cash equivalents	-	(8.4)
Goodwill	-	(37.1)
Purchase price	-	(45.8)
Cash and cash equivalents	-	54.3
Cash consideration	-	(8.5)



	2002 R'mil	2001 R'mil
29. Disposal of joint ventures		
Joint ventures disposed (Note 29.1)	23.3	-
29.1 Joint ventures disposed		
On 30 November 2001, the Group disposed of its 40% joint venture shareholding in Vodacom World Online (Pty) Ltd. The fair value of the assets and liabilities disposed were as follows:		
Carrying amount of net assets disposed	1.7	-
Property, plant and equipment	6.7	-
Intangibles	-	-
Inventory	0.6	-
Accounts receivable	6.6	-
Taxation payable	(0.1)	-
Cash and cash equivalents	8.5	-
Accounts payable	(20.6)	-
Capital gain on disposal	30.1	-
Selling price	31.8	-
Cash and cash equivalents	(8.5)	-
Cash consideration	23.3	-
30. Cash and cash equivalents at end of year		
Bank and cash balances	787.0	797.6
Bank overdrafts and other short term debt	(1,576.8)	(1,593.7)
	(789.8)	(796.1)
31. Earnings before interest, taxation, depreciation and amortisation (EBITDA)		
Profit from operations	3,653.0	2,589.0
Depreciation of property, plant and equipment	1,869.3	1,369.9
Amortisation of intangible assets	186.7	245.5
Exceptional items	(56.1)	213.2
	5,652.9	4,417.6
	2002 R	2001 R
32. Earnings, headline earnings and dividend per share		
32.1 Basic earnings per share		
The calculation of basic earnings per ordinary share is based on earnings of R2,337.6 million (2001: R1,361.7 million) and 10,000 issued ordinary shares (2001: 10,000)	233,765	136,172
32.2 Headline earnings per share		
The calculation of headline earnings per ordinary share is based on headline earnings of R2,438.4 million (2001: R1,746.5 million) and 10,000 issued ordinary shares (2001: 10,000)	243,849	176,646

	2002 R'mil	2001 R'mil
32. Earnings, headline earnings and dividend per share (continued)		
32.2 Headline earnings per share (continued)		
Reconciliation of net profit to headline earnings		
Net Profit	2,337.6	1,361.7
Adjusted for:		
Exceptional items (Note 4)	(56.1)	213.2
Exceptional items - taxation effect	14.1	(31.0)
Amortisation of goodwill	169.9	223.0
Net profit on disposal of property, plant and equipment	(2.4)	(0.4)
Minority interest	(1.9)	-
Abnormal item - Globalstar Southern Africa (Pty) Ltd management fees paid to Telkom SA Ltd i.r.o. the Delareyville earth station	(22.8)	-
Headline earnings	2,438.4	1,766.5
	2002 R	2001 R
32.3 Dividend per share		
The calculation of the dividend per ordinary share is based on a declared ordinary dividend of R600.0 million (2001: R480.0 million) and 10,000 issued ordinary shares (2001: 10,000). The dividends were declared as follows:		
Declared 21 March 2002 and payable 28 June 2002 (Final)	60,000	-
Declared 15 March 2001 and payable 29 June 2001 (Final)	-	48,000
	60,000	48,000
In respect of the current year, a dividend of R600.0 million (R60,000 per share) will be paid on 28 June 2002 to shareholders registered on that date.		
	2002 R'mil	2001 R'mil
33. Capital commitments		
Commitments for orders in respect of existing contracts		
Vodacom (Pty) Ltd	1,005.2	1,272.1
Vodacom Congo (RDC) s.p.r.l. (Euro59.7 million @ R9.99)	596.4	-
Vodacom Tanzania Ltd (US\$6.9 million @ R11.44)	78.9	47.5
Vodacom Service Provider Company (Pty) Ltd	59.9	290.8
Vodacom International Holdings (Pty) Ltd	2.2	-
Vodacom Group (Pty) Ltd	0.3	-
Vodacom Lesotho (Pty) Ltd	-	5.1
	1,742.9	1,615.5
Commitments not yet contracted for		
Vodacom (Pty) Ltd	805.5	2,871.9
Vodacom Congo (RDC) s.p.r.l. (US\$2.8 million @ R11.44)	32.1	-
Vodacom Service Provider Company (Pty) Ltd	15.9	250.8
Vodacom Tanzania Ltd (US\$0.9 million @ R11.44)	10.3	484.5
Vodacom Lesotho (Pty) Ltd	1.9	23.5
Vodacom Group (Pty) Ltd	-	2.7
Other	-	32.9
	865.7	3,666.3

The capital expenditure of the Group will be financed from internal cash generation, extended supplier credit and bank credit.

	2002 R'mil	2001 R'mil
34. Other commitments		
Operating leases	2,313.7	3,749.3
Sports and marketing contracts	321.1	388.8
Finance lease building	93.5	496.6
	2,728.3	4,634.7

It is intended to finance these commitments from internal cash generation, extended supplier credits and bank credit.

	Within one year R'mil	Between two and five years R'mil	After five years R'mil	Total R'mil
34.1 Operating leases				
Transmission and data lines GSM	366.9	1,467.8	366.9	2,201.6
Office equipment	0.4	1.1	-	1.5
Other operating leases	47.2	56.8	6.6	110.6
	414.5	1,525.7	373.5	2,313.7
34.2 Sports and marketing contracts	189.9	131.2	-	321.1
34.3 Finance lease building	93.5	-	-	93.5

	2002 R'mil	2001 R'mil
35. Contingent liabilities		
Globalstar Southern Africa (Pty) Ltd	-	34.0
An invoice amounting to R34.0 million was raised and issued to Globalstar Southern Africa (Pty) Ltd on 22 May 2001, for services rendered at the earth station in Delareyville, over a period of 26 months. The invoice was under dispute as no formal agreement was in place with the supplier, Telkom SA Ltd, for those services rendered. Globalstar Southern Africa (Pty) Ltd and Telkom SA Ltd reached an agreement during the course of the year whereby an invoice of R22.8 million, inclusive of VAT, was issued and paid in December 2001.		
Globalstar Southern Africa (Pty) Ltd	11.1	-
The functionality of the Gateway assets are under dispute and Globalstar Southern Africa (Pty) Ltd and Vodafone Satellite Services Ltd do not recognise the liability to Globalstar LP.		
Legal matters	5.0	-
Outstanding lease liabilities	18.3	-
Building - Craighall Park	7.5	-
Building - Gwen Lane, Sandton	8.1	-
Building - Wierda Valley, Sandton	2.7	-
	34.4	34.0

36. Retirement benefits

All eligible employees of the company and wholly-owned subsidiaries are members of the Vodacom Group Pension Fund, a defined contribution pension scheme. Executive employees of the group company and wholly owned subsidiaries also have the option to be members to the Vodacom Group Executive Provident Fund, a defined contribution provident scheme. Both schemes are administered by ABSA Consultants and Actuaries (Pty) Ltd. Current contributions to the pension fund amounted to R42.8 million (2001: R42.5 million). Current contributions to the provident fund amounted to R1.1 million (2001: nil). South African funds are governed by the Pension Funds Act of 1956.

	2002 R'mil	2001 R'mil
37. Related party transactions		
37.1 Balances with related parties (not disclosed elsewhere)		
Included in accounts receivable:		
Telkom SA Ltd - Interconnect	529.4	516.4
Telkom SA Ltd - Other	14.1	13.8
Vodafone Group plc	1.6	1.0
Included in accounts payable:		
Telkom SA Ltd	78.2	50.1
Telkom SA Ltd - Other	3.0	-
Vodafone Group plc	-	0.8
37.2 Transactions with related parties		
Telkom SA Ltd	2,154.6	1,939.3
Interconnect income	2,942.5	2,729.1
Subscriber billing	24.1	43.4
Interest paid - commercial	0.4	-
Lease of transmission lines	(336.0)	(321.1)
Interconnect fees	(305.7)	(297.0)
Interest payments on shareholder loan	(72.1)	(78.9)
Telephone landline usage	(34.6)	(20.4)
Installation of transmission lines	(32.7)	(34.3)
Management fees	(20.0)	-
Site costs	(11.3)	(6.5)
Shareholder loan repayment	-	(75.0)
Vodafone Group Plc	(25.5)	(70.2)
Roaming income (transacted within the Vodafone Group)	27.4	24.1
Roaming expense (transacted within the Vodafone Group)	(33.4)	(24.6)
Interest payments on shareholder loan	(19.5)	(22.4)
Shareholder loan repayment	-	(47.3)
Vodafone Holdings (SA) (Pty) Ltd	(26.0)	(27.3)
Interest payments on shareholder loan	(26.0)	(27.3)
VenFin Finansieringskorporasie (Pty) Ltd	(56.8)	(81.1)
Interest payments on shareholder loan	(19.5)	(21.3)
Interest payments on overdraft account	(37.3)	(39.6)
Shareholder loan repayment	-	(20.2)
Descarte Investments No.8 (Pty) Ltd	(7.2)	(15.4)
Shareholder loan repayment	-	(7.5)
Interest payments on shareholder loan	(7.2)	(7.9)

Transactions with related parties are priced at prevailing market rates.

38. Financial instruments and risk management

The Group purchases or issues financial instruments in order to finance its operations and to manage the interest rate and currency risks that arise from those operations and from its sources of finance. Various financial balances for example, trade debtors, trade creditors, accruals and prepayments, and provisions, arise directly from the Group's operations. Changing market conditions exposes the Group to various financial risks and has highlighted the importance of financial risk management as an element of control for the Group. Principal financial risks faced in the normal course of the Group's business are foreign currency rate risk, interest rates risk, credit risk, and liquidity risk.

The Group finances its operations through a mixture of retained profits, bank borrowings and long-term loans. Long-term financing is arranged locally by the South African entities. A treasury division within Vodacom Group (Pty) Ltd has been established to provide treasury related services within the Group, including co-ordinating access to domestic and international financial markets, and the managing of various financial risks relating to the Group's operations.

The Group utilises derivative instruments, the objective of which is to reduce exposure to fluctuations in foreign currency rates and interest rates, and to manage the liquidity of cash resources within the Group. Trading in derivative instruments for speculative purposes is strictly prohibited.

Group treasury policies, risk limits, and control procedures are continuously monitored by management and the board of directors, through the Audit Committee, the objective being to minimise exposure to foreign currency, interest rate, credit risk and liquidity risk. These risks are managed within an approved Treasury Policy.

38.1 Foreign currency management

The Group enters into foreign exchange contracts to buy specified amounts of various foreign currencies in the future at a predetermined exchange rate. The contracts are entered into in order to manage the Group's exposure to fluctuations in foreign currency exchange rates on specific transactions. The contracts are matched with anticipated future cash flows in foreign currencies primarily from purchases of capital equipment. The Group's policy is to enter into foreign exchange contracts for 100% of the committed net foreign currency payments.

The Group has entered into numerous foreign exchange contracts to cover foreign capital commitments in respect of future imports of GSM infrastructure. The total value of foreign exchange contracts at year end was:

Forward contracts to buy foreign currency	Foreign value 'mil	Forward value R 'mil	Total value R 'mil
2002			
United States Dollar	102.6	1,099.4	1,218.4
Euro	134.8	1,285.6	1,381.3
Pound Sterling	0.2	2.6	2.5
		2,387.6	2,602.2
2001			
United States Dollar	130.2	995.0	1,063.4
Deutschmark	90.2	322.7	331.6
Euro	41.3	300.2	300.1
Pound Sterling	0.9	10.9	11.0
Swedish Krona	1.7	1.3	1.3
Swiss Franc	0.1	0.6	0.6
		1,630.7	1,708.0

	Foreign value 'mil	Forward value R 'mil	Total value R 'mil
38. Financial instruments and risk management (continued)			
38.1 Foreign currency management (continued)			
Forward contracts to sell foreign currency			
2002			
United States Dollar	3.6	42.7	42.1
Euro	6.1	63.3	63.0
Pound Sterling	0.1	1.0	1.0
		107.0	106.1
2001			
United States Dollar	1.6	12.4	13.0
Euro	1.2	9.3	9.3
Deutschmark	14.0	52.1	51.8
		73.8	74.1

Of these, the following foreign exchange contracts relate to commitments for which authorised orders have been placed but the underlying assets and related liabilities remain unrecognised on the consolidated balance sheet because the risks and rewards of ownership of the related assets have not been transferred to the Group:

	Foreign value 'mil	Total value R 'mil
2002		
United States Dollar	119.0	1,412.5
Euro	95.6	980.0
		2,392.5
2001		
United States Dollar	69.1	479.2
Euro	3.2	22.9
Deutschmark	59.9	208.8
		710.9

38.2 Interest rate risk management

The Group has entered into interest rate swap contracts that entitle, or oblige, it to receive, or pay, interest at fixed, or floating, rates on notional principal amounts and oblige, or entitle, it to pay interest at floating, or fixed, rates on the same amounts. The interest rate swaps allow the Group to raise long-term debt at fixed, or floating, rates and swap them into floating, or fixed, rates that are lower, or higher, than those available if it had borrowed at floating, or fixed, rates directly. Under the interest rates swaps, the Group agrees with other parties to exchange, at specified intervals (usually quarterly), the difference between fixed rate and floating rate interest amounts calculated by reference to the agreed notional principal amounts. At 31 March 2002 the fixed interest rate was 14.9% (2001: 14.9%) NACQ (Nominal Amount Compounded Quarterly) and the floating rates are linked to the BA (Banker's Acceptance) rate.

	2002 R'mil	2001 R'mil
Fair value of interest rate swap asset	9.4	17.3

The fair value of the interest rate swap asset is represented by a notional principal amount of R148.8 million (2001: R117.9 million) at a floating interest rate of between 12.1% and 12.6% (2001: 12.6%).

38. Financial instruments and risk management (continued)

38.3 Credit risk management

Financial assets, which potentially subject the Group to concentrations of credit risk, consist principally of cash, short-term deposits and trade receivables. The Group's cash and cash equivalents and short-term deposits are placed with high credit quality financial institutions. Trade receivables are presented net of an allowance for doubtful receivables. Credit risk with respect to trade receivables is limited due to the large number of customers comprising the Group's customer base and stringent credit approval processes for contracted subscribers.

The Group does not have any significant exposure to any individual customer or counter-party, except commercially to Telkom SA Ltd (the Group's largest shareholder), Mobile Telecommunications Network (Pty) Ltd, the Group's largest competitor, and Cell-C (Pty) Ltd, the country's third network operator.

With respect to the forward exchange contracts, the Group's exposure is on the full amount of the foreign currency payable on settlement. The Group minimises such risk by limiting the counter-parties to a group of major international banks, and does not expect to incur any losses as a result of non-performance by these counter-parties. The positions in respect of these counter-parties are closely monitored.

The carrying amounts of financial assets included in the consolidated balance sheet represent the Group's exposure to credit risk in relation to these assets. The credit exposure of forward exchange contracts is represented by the fair value of the contracts.

38.4 Liquidity risk management

The Group is exposed to liquidity risk as a result of uncertain debtor related cash flows as well as capital commitments of the Group. In terms of its borrowing requirements, the Group ensures that adequate funds in all currencies are available to meet its expected and unexpected financial commitments. In terms of its long-term liquidity risk, a reasonable balance is maintained between the period over which assets generate funds and the period over which the respective assets are funded.

38.5 Fair value of financial instruments

At 31 March 2002 and 31 March 2001, the carrying amounts of cash and short-term deposits, accounts receivables, accounts payable and accrued expenses, and short-term debt approximated their fair values due to the short-term maturities of these assets and liabilities.

The fair value of long-term investments and long-term debt is not materially different from their carrying amounts.

The fair value of forward exchange contracts and interest rate swaps, using quoted prices or, where such prices are not available, discounted cash flow analysis is used. These amounts reflect the approximate values of the derivative positions at balance sheet date.

39. Undrawn borrowing facilities and guarantees

The Group has a twelve month revolving credit facility of R3,327.6 million with R1,913.1 unutilised at 31 March 2002. The facilities expiring within one year are of a general banking nature and thus subject to review at various dates (usually on an annual basis), and it is expected that this profile will continue relative to core working capital and seasonal peak borrowing requirements. Foreign currency term facilities are predominantly US dollar based, at various maturities and are utilised for bridging and short-term working capital needs. All other loans with external financial institutions are linked to the prime overdraft rate.

39. Undrawn borrowing facilities and guarantees (continued)

Companies within the Group have provided the following guarantees:

Company	Details	Beneficiary	2002 R'mil	2001 R'mil
Vodacom (Pty) Ltd	All guarantees below R0.2 million in terms of various lease agreements	Various	1.9	1.9
Vodacom (Pty) Ltd	Electricity supply	Eskom	1.0	1.0
Vodacom (Pty) Ltd	Standby letter of credit for 27 months commencing 28 September 2001	Alcatel CIT	299.9	36.2
Vodacom Service Provider Company (Pty) Ltd	All guarantees below R0.1 million in terms of various lease agreements	Various	0.4	0.4
Vodacom Service Provider Company (Pty) Ltd	Electricity supply	Midrand Town Council	1.0	1.0
			304.2	40.5

All of the above guarantees are included as liabilities in the balance sheet.

Vodacom Group (Pty) Ltd has provided a letter of support to the Standard Bank Group for credit facilities comprising short-term loans of US\$15.0 million and US\$32.0 million provided to Vodacom Tanzania Ltd.

Vodacom (Pty) Ltd provides an unlimited guarantee for borrowings entered into by Vodacom Group (Pty) Ltd.

40. Segmental information

The Group is primarily an integrated mobile telecommunication and data communication business located in South Africa but does have businesses in other African countries. The primary reporting format therefore comprises the business segments of the Group.

	Holding company R'mil	Networks R'mil	Service providers R'mil	Other R'mil	Inter- group R'mil	Total R'mil
2002						
Business segments						
Segment revenue	-	13,934.2	7,121.4	311.6	(5,180.5)	16,186.7
External	-	9,037.4	6,900.1	249.2	-	16,186.7
Inter-segment	-	4,896.8	221.3	62.4	(5,180.5)	-
Segment profit / (loss) from operations	(93.6)	3,457.5	343.6	(32.6)	(21.9)	3,653.0
Income from investments	1,268.0	8.2	14.7	15.0	(1,268.9)	37.0
Net external finance costs	(146.6)	(61.7)	(112.7)	(1.4)	366.0	43.6
Profit / (loss) before taxation	1,027.8	3,404.0	245.6	(19.0)	(924.8)	3,733.6
Shareholders' interest						(144.3)
Profit before taxation						3,589.3
Included in segment profit / (loss) from operations						
Depreciation and amortisation	(2.3)	(1,789.6)	(66.3)	(31.9)	(165.9)	(2,056.0)
Property, plant and equipment	(2.3)	(1,774.6)	(60.7)	(31.7)	-	(1,869.3)
Intangible assets	-	(15.0)	(5.6)	(0.2)	(165.9)	(186.7)
Exceptional items	(109.9)	45.5	(3.5)	(20.0)	144.0	56.1
Capital expenditure	36.1	3,555.3	562.4	21.7	(1.4)	4,174.1
Assets	4,761.7	13,829.1	2,524.1	688.8	(6,048.0)	15,755.7
Segment assets	4,737.3	13,441.9	2,466.5	679.7	(6,048.0)	15,277.4
Deferred taxation assets	24.4	387.2	57.6	9.1	-	478.3
Liabilities	(2,247.2)	(7,338.8)	(2,120.3)	(291.5)	3,178.6	(8,819.2)
Segment liabilities	(1,544.5)	(6,250.6)	(2,103.7)	(139.8)	3,053.2	(6,985.4)
Deferred tax liabilities	(17.9)	(837.3)	(4.7)	-	-	(859.9)
Taxation liabilities	(84.8)	(240.3)	(11.9)	(31.5)	-	(368.5)
Shareholders' for dividend	(600.0)	(10.6)	-	(120.2)	125.4	(605.4)

	Holding company R'mil	Networks R'mil	Service providers R'mil	Other R'mil	Inter- group R'mil	Total R'mil
40. Segmental information (continued)						
2001						
Business segments						
Segment revenue	106.3	10,715.3	6,554.3	332.7	(4,445.1)	13,263.5
External	-	6,540.3	6,417.3	305.9	-	13,263.5
Inter-segment	106.3	4,175.0	137.0	26.8	(4,445.1)	-
Segment profit / (loss) from operations	(154.5)	2,736.7	13.1	(55.9)	49.6	2,589.0
Income from investments	1,529.8	7.4	31.4	14.0	(1,557.2)	25.4
Net external finance costs	(229.0)	(284.8)	(27.5)	(0.8)	253.9	(288.2)
Profit / (loss) before taxation	1,146.3	2,459.3	17.0	(42.7)	(1,253.7)	2,326.2
Shareholders' interest						(157.9)
Profit before taxation						2,168.3
Included in segment profit / (loss) from operations						
Depreciation and amortisation	(2.1)	(1,293.3)	(92.0)	(53.8)	(174.2)	(1,615.4)
Property, plant and equipment	(2.1)	(1,286.2)	(35.2)	(46.4)	-	(1,369.9)
Intangible assets	-	(7.1)	(56.8)	(7.4)	(174.2)	(245.5)
Exceptional items	(165.0)	(50.3)	(173.4)	(42.1)	217.6	(213.2)
Capital expenditure	(5.3)	(3,155.2)	(80.4)	(33.5)	31.4	(3,243.0)
Assets	3,316.9	10,182.0	1,639.9	273.0	(3,050.7)	12,361.1
Segment assets	3,292.8	9,967.4	1,557.7	262.1	(3,050.7)	12,029.3
Deferred taxation asset	24.1	214.6	82.2	10.9	-	331.8
Liabilities	(1,077.2)	(6,457.1)	(1,393.1)	(126.3)	1,316.8	(7,736.9)
Segment liabilities	(527.2)	(5,289.8)	(1,313.5)	(107.8)	1,316.8	(5,921.5)
Deferred taxation liability	-	(487.0)	(1.5)	(10.2)	-	(498.7)
Taxation liability	(70.0)	(680.3)	(78.1)	(4.5)	-	(832.9)
Shareholders' for dividend	(480.0)	-	-	(3.8)	-	(483.8)

40. Segmental information (continued)

"Holding company" comprises the reporting relevant to Vodacom Group (Pty) Ltd, the parent company in the Group, which is primarily an investment holding company, but also offers combined administrative and shared-function services to companies within the Group.

"Networks" comprise services provided by cellular networks within South Africa and other African countries. Services offered by the companies include the standard voice telecommunication services of cellular networks as well as data communication services through the cellular network, including short message servicing (SMS) and wireless application protocol (WAP).

"Service providers" comprise services provided by cellular telecommunication, satellite telecommunication and Internet service providers within South Africa. Cellular and satellite telecommunication service providers purchase bulk airtime from their respective networks and sell this on to their subscriber base. Internet service providers provide their subscriber base access to the World Wide Web. The internet service provider was disposed on 30 November 2001.

"Other" comprises of other business lines of the Group, including the providing of promotion and event services as well as providing television rental and related rental services, neither of which fall within the Group's strategic focus nor do they constitute a separately reportable segment. The promotion and event service business, and the rental service business were disposed on 27 February 2002 and 31 March 2002 respectively.

	South Africa R'mil	Other African countries R'mil	Inter- group R'mil	Total R'mil
2002				
Geographical segments				
Segment revenue	15,453.5	738.3	(5.1)	16,186.7
External	15,448.4	738.3	-	16,186.7
Inter-segment	5.1	-	(5.1)	-
Segment profit / (loss) from operations	3,597.0	62.1	(6.1)	3,653.0
Income from investments	47.3	0.5	(10.8)	37.0
Net external finance costs	74.0	(41.2)	10.8	43.6
Profit / (loss) before taxation	3,718.3	21.4	(6.1)	3,733.6
Shareholders' interest				(144.3)
Profit before taxation				3,589.3
Included in segment profit / (loss) from operations				
Depreciation and amortisation	(1,917.0)	(132.9)	(6.1)	(2,056.0)
Property, plant and equipment	(1,744.6)	(124.7)	-	(1,869.3)
Intangible assets	(172.4)	(8.2)	(6.1)	(186.7)
Exceptional items	56.1	-	-	56.1
Capital expenditure	3,292.0	883.5	(1.4)	4,174.1
Assets	13,356.0	2,505.4	(105.7)	15,755.7
Segment assets	13,175.3	2,207.8	(105.7)	15,277.4
Deferred tax assets	180.7	297.6	-	478.3
Liabilities	(7,674.5)	(1,236.0)	91.3	(8,819.2)
Segment liabilities	(6,151.6)	(925.1)	91.3	(6,985.4)
Deferred taxation liabilities	(559.1)	(300.8)	-	(859.9)
Taxation liabilities	(363.8)	(4.7)	-	(368.5)
Shareholders for dividend	(600.0)	(5.4)	-	(605.4)

40. Segmental information (continued)

2001

Geographical segments

	South Africa R'mil	Other African countries R'mil	Inter- group R'mil	Total R'mil
Segment revenue	13,195.1	184.4	(116.0)	13,263.5
External	13,079.1	184.4	-	13,263.5
Inter-segment	116.0	-	(116.0)	-
Segment profit / (loss) from operations	2,618.9	(31.6)	1.7	2,589.0
Income from investments	27.2	0.7	(2.5)	25.4
Net external finance costs	(279.0)	(10.4)	1.2	(288.2)
Profit / (loss) before taxation	2,367.1	(41.3)	0.4	2,326.2
Shareholders' interest				(157.9)
Profit before taxation				2,168.3
Included in segment profit / (loss) from operations				
Depreciation and amortisation	(1,576.4)	(34.7)	(4.3)	(1,615.4)
Property, plant and equipment	(1,335.6)	(34.3)	-	(1,369.9)
Intangible assets	(240.8)	(0.4)	(4.3)	(245.5)
Exceptional items	(213.2)	-	-	(213.2)
Capital expenditure	(2,920.4)	(354.0)	31.4	(3,243.0)
Assets	11,764.9	579.0	17.2	12,361.1
Segment assets	11,541.9	470.2	17.2	12,029.3
Deferred taxation asset	223.0	108.8	-	331.8
Liabilities	(7,222.3)	(490.9)	(23.7)	(7,736.9)
Segment liabilities	(5,501.4)	(396.4)	(23.7)	(5,921.5)
Deferred taxation liability	(408.5)	(90.2)	-	(498.7)
Taxation liability	(828.6)	(4.3)	-	(832.9)
Shareholders for dividend	(483.8)	-	-	(483.8)

"South Africa", which is also the home country of the parent, comprises the segment information relating to the South African based cellular network as well as all the segment information of the service providers and other business segments. "Other African countries" comprise of only cellular networks and are located in Tanzania, Lesotho and the Democratic Republic of Congo.

ACCOUNTING POLICIES AND BASIS OF PREPARATION

Segment information is prepared in conformity with accounting policies adopted for preparing and presenting the consolidated annual financial statements.

Segment revenue excludes value-added taxation and includes inter-Group revenue. Net revenue represents segment revenue from which inter-Group revenue has been eliminated. Sales between segments are made on a commercial basis. Segment profit / (loss) from operations represents segment revenue less segment operating expenses. Segment expenses include direct and operating expenses. Exceptional items, depreciation and amortisation have been allocated to the segments to which they relate.

The segment assets and liabilities comprise all assets and liabilities of the different segments including those relating to operating, investing and financing activities. Unallocated assets and liabilities comprise of deferred taxation and other unallocatable balances.

Cash flows from operating, investing and financing activities have been allocated to the segments to which they relate. Capital expenditure in property, plant and equipment and intangible assets have been allocated to the segments to which they relate.

	Country of Incorporation	Issued share capital		Interest in issued ordinary share capital	
		2002 R	2001 R	2002 %	2001 %
41. Interest in subsidiaries					
Cellular network operators					
Vodacom (Pty) Ltd	RSA	100	100	100	100
Vodacom Lesotho (Pty) Ltd	LES	4,180	4,180	88,3	88,3
Vodacom Tanzania Ltd	TZN	100	100	65	65
Vodacom Congo (RDC) s.p.r.l.	DRC	US\$1,000,000	-	51	-
Service providers					
Vodacom Service Provider Holding Company (Pty) Ltd (INV)	RSA	1,023	1,023	100	100
Vodacom Service Provider Company (Pty) Ltd (C)	RSA	20	20	100	100
Globalstar Southern Africa (Pty) Ltd (S) *	RSA	100	100	100	100
Vodac (Pty) Ltd *	RSA	1	1	100	100
GSM Cellular (Pty) Ltd *	RSA	1,200	1,200	100	100
Other					
Teljoy Holdings Ltd (INV)	RSA	158,999	158,999	100	100
Film Fun (Holdings) (Pty) Ltd (TV)	RSA	-	100	-	100
Vodacom Sport & Entertainment (Pty) Ltd (SE)	RSA	-	100	-	51
Vodacom Equipment Company (Pty) Ltd *	RSA	100	100	100	100
Vodacare (Pty) Ltd *	RSA	100	100	100	100
Vodacom International Holdings (Pty) Ltd (INV)	RSA	100	-	100	-
Vodacom International Ltd (INV)	MAU	US\$100	-	100	-

The above information discloses interests in subsidiaries material to the financial position of the Group. A full list of subsidiaries is available to shareholders, on request, at the registered office of Vodacom Group (Pty) Ltd. The interest in the ordinary share capital is representative of the voting power.

RSA - Republic of South Africa; TZN - Tanzania; LES - Lesotho; DRC - Democratic Republic of Congo; MAU - Mauritius; C - Cellular; S - Satellite; SE - Sport and entertainment contracts manager; TV - Television and related rental services; INV - Investment holding company; * - Dormant as at 31 March 2002.

42. Interest in joint ventures

The Group's only joint venture was Vodacom World Online (Pty) Ltd, in which it held 40% interest. Effective 30 November 2001, the Group disposed of this interest. Details of the disposal are presented in Note 29 to the consolidated annual financial statements. There are no other joint venture interests held by the Group at balance sheet date.

Vodacom Group (Pty) Ltd

16. Disclaimer

31 March 2002

In respect of the annual report of Vodacom Group (Pty) Ltd

Vodacom Group (Pty) Ltd ("Vodacom") has prepared this Annual Report. Telkom SA Ltd ("Telkom"), who has previously announced the government's intention to conduct an initial public offering of its shares (the "Offering"), owns 50% of Vodacom.

Any opinions, forecasts or estimates herein constitute a judgement as at the date of this report, and there can be no assurance that future results or events will be consistent with any such opinions, forecasts or estimates. This information is subject to change without notice, its accuracy is not guaranteed, it may be incomplete or condensed and it may not contain all material information concerning Vodacom.

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