VODACOM GROUP ANNUAL REPORT 2008

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GROUP | ANNUAL REPORT

2008

A CONNECTED UNIVERSE

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VODACOM GROUP ANNUAL REPORT 2008

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HIGHLIGHTS

Total customers increased by 12.7% to 34.0 million

- Customers increased by 7.9% to 24.8 million in South Africa
- Customers increased by 29.6% to 4.2 million in Tanzania
- Customers increased by 25.0% to 3.3 million in the Democratic Republic of Congo
- Customers increased by 41.6% to 395 thousand in Lesotho
- Customers increased by 29.8% to 1.3 million in Mozambique

Revenue increased by 17.1% to R48.2 billion

Profit from operations increased by 15.0% to R12.5 billion

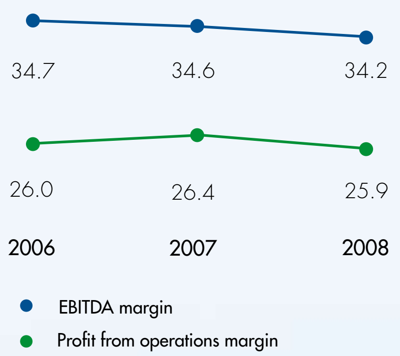
EBITDA increased by 15.7% to R16.5 billion

Net profit after taxation increased by 21.3% to R8.0 billion

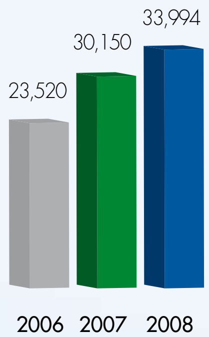
Cash generated from operations increased by 17.8% to R16.3 billion

Dividends declared to Group shareholders increased by 10.0% to R5.9 billion

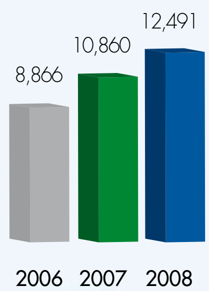
EBITDA and profit from operations margins %



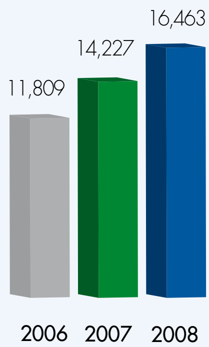
Total customers Thousands



Profit from operations Rand millions



EBITDA Rand millions



CHAIRMAN'S REVIEW

Adv Oyama Mabandla
Chairman
Vodacom Group (Proprietary) Limited

"A KEY SUCCESS FACTOR IN ALL OUR COUNTRIES OF OPERATION IS THE POWERFUL VODACOM BRAND AND PEOPLE HAVE CONTINUED TO FLOCK TO IT, OFTEN AT THE EXPENSE OF OUR COMPETITORS."

It is an honour to present the Vodacom Group's Annual Report for the third time during my term as Chairman. During the financial year ended March 31, 2008 Vodacom has continued its excellent performance. I am privileged to report a set of results that has yet again shown significant growth in all the key indicators and set new records in our South African and non-South African operations.

A new era

For the past fifteen years, Vodacom has shown how a dynamic telecommunications role-player can stimulate economic growth and add value to millions of lives.

We started operations in the same year as South Africa's first democratic elections and the telecommunications industry has developed and matured alongside our democracy. Indeed, the industry has been an important building block in the new South Africa.

The country now has a cellphone penetration of more than 94% and our network covers 98% of the population. Vodacom continues to lead the South African market with an estimated market share of 55%.

In our four non-South African operations we continue to grow at a rapid pace. The markets are rich with potential and we have steadily increased our respective market shares.

Now, as we reach the end of the 2008 financial year, Vodacom stands at the dawn of a new era. We have reached a milestone moment in the Group's history where we will reposition ourselves from being a mobile centric network operator to a leading provider of electronic communication infrastructure and related services.

Empowered by the changes in the Electronic Communications Act and armed with cutting-edge technology, Vodacom will differentiate itself at the service end of the market. I have the utmost confidence in its ability to do this. Vodacom has a service culture, is customer orientated and has a track record of delivering on its promises.

Opportunities for growth

I believe the new strategic emphasis I have outlined above will ensure that the Vodacom Group continues to deliver growth and continued profits to our shareholders. In particular, our twin-pronged strategy of providing electronic communications infrastructure and services will differentiate us in a market that is quickly becoming crowded.

Over the past year the Group's various horizontal growth initiatives have continued to gather speed. A number of innovative products and services were successfully introduced that maximised the continually evolving computing powers of cellphones. With these initiatives management has continued to extract value from Vodacom's markets and customer bases.

A key success factor in all our countries of operation is the powerful Vodacom brand and people have continued to flock to it, often at the expense of our competitors.

In the current South African climate of high interest rates and increasing inflation, Vodacom has been fortunate to largely escape the contraction in consumer expenditure that characterised a number of other sectors.

While we believe this indicates to what extent cellphones and airtime are essential to most consumers, selling smaller units of airtime has also ensured that it remains affordable. These factors have made it possible for Vodacom to ride out these difficult economic times without significant impact on the bottom-line.

The continued demand for high-speed data broadband has been one of the strongest drivers for new growth. While Vodacom is now licenced to build data transmission networks, South Africa needs to address the critical shortage of international transmission infrastructure.

Broadband is a vital tool for growth in a developing economy, to the extent that the United Nations Conference on Trade and Development ("UNCTAD") has called for it to be considered a utility such as water or electricity.

With the World Cup Soccer tournament looming in South Africa in 2010, adequate bandwidth will be a key requirement for the world to view the event. It is hoped that government and the private sector will work together to reach finality on the way forward.

Regulatory developments

One of the biggest obstacles to higher penetration of cellphones in Africa is an often haphazard approach to regulation and taxation. Telecommunications is a powerful growth multiplier in developing economies.

An important contributor to sustainable business is predictability. With convergence licensing on the cards in many African countries; perhaps the time has come for a protocol on regulation and taxation on the electronic communications sector in the Southern African Development Community ("SADC").

Allowing regulatory certainty and consistency will create a climate that nurtures economic growth, thereby encouraging the healthy cycle of investment, network expansion, higher telephone penetration and an affordable service. This is the cycle that can help Africa to bridge the digital divide and achieve sustainable economic growth.

In South Africa, the regulatory authorities are to be congratulated on the enabling legislation that has been passed. The Electronic Communications Act has brought new players into the market, widened the scope of existing players like Vodacom and should ultimately benefit the consumer with more choice and more competitive pricing.

Vodacom South Africa's licence has now been successfully converted to an electronic communications network operator. Its original rights and obligations have been grandfathered to the new licence.

Broad Based Black Economic Empowerment ("BBBEE")

As much as Vodacom was built for South Africans, it was also built by South Africans. Now Vodacom South Africa has created an opportunity to give something back to the South Africans who have been so supportive of us over the past decade and a half.

Our shareholders have agreed to make a share of R7.5 billion, which represents about 6% of Vodacom South Africa, available to BBBEE shareholders and I believe we have created a BBBEE deal that will honour the true spirit of empowerment.

Of the BBBEE share, a substantial stake of 30% will be made available to black South Africans and our black business partners in a public share offer that will specifically be targeted at low-income groups.

Our staff, who have created a world-class company with their service levels and commitment, will take up a further 25% of the BBBEE share. I firmly believe this will be very effective in nurturing a culture of ownership and loyalty.

Vodacom selected two BBBEE consortiums as our preferred BBBEE partners to take up the remaining 45%. Royal Bafokeng Holdings (Proprietary) Limited ("Royal Bafokeng") and Thebe Investment Corporation (Proprietary) Limited ("Thebe") both have an excellent record of broad-based empowerment.

Thebe is one of South Africa's empowerment pioneers and was one of the first to implement true broad-based empowerment in black communities all over the country.

I have no doubt that this has been one of Vodacom's most important competitive advantages.

One of the major benefits of such leadership is that it creates new leaders who are attracted to a winning business and enjoy the mentorship of top management. The Group has now reached a time when a new generation of younger leaders are ready to take over the reins.

On behalf of the shareholders, directors and staff of Vodacom I want to thank Messrs Knott-Craig and Crouse for their contribution to the success of our Group. They dedicated themselves to the task way beyond the call of duty and we wish them well in their future endeavours.

I would also like to welcome Mr Johan van der Watt on board as Acting CFO. Vodacom looks forward to his contribution and the energy and enthusiasm that he will bring to the position.

"Allowing regulatory certainty and consistency will create a climate that nurtures economic growth, thereby encouraging the healthy cycle of investment, network expansion, higher telephone penetration and an affordable service. This is the cycle that can help Africa to bridge the digital divide and achieve sustainable economic growth."

Royal Bafokeng has an excellent track record in delivering empowerment to its community of some 300,000 Bafokeng.

Royal Bafokeng has reinvested the income received from platinum mining in education and health, spending almost R2 billion in the past ten years on building schools and clinics, as well as infrastructure such as roads and sanitation in their community.

I am pleased to say that with our BBBEE partners we have identified strategic investors who will become an important voice in the boardroom and will add value to Vodacom's process of transformation and building skills and capacity.

Leadership

Over the past fifteen years the Vodacom Group has been steered by visionary leadership. Led by Chief Executive Officer ("CEO") Mr Alan Knott-Craig, the key members of the founding management team have largely remained in place over this time. No other telecommunications operator in South Africa and certainly few in the world have enjoyed such consistency of quality leadership.

After a relentlessly demanding decade and a half, Mr Knott-Craig has announced his decision to step down as CEO in September this year but will remain as consulting CEO until the end of the 2009 financial year. I am confident that this lengthy handover to a successor soon to be named will provide continuity to the Group's performance and ensure that the best successor is appointed.

Mr Knott-Craig has rightly received many awards and accolades for leading Vodacom to the top. I want to pay tribute here to one of the most impressive and far-sighted business leaders I have known. He has ignited a passion in thousands of people to build a network and provide communication services that have made a difference in the lives of millions.

At the end of the 2008 financial year our founding Chief Financial Officer ("CFO") Mr Leon Crouse ended his term. His acute financial skills, integrity and diligence helped to build the Group's solid foundation and we will enjoy the benefits of his exceptional legacy for many years to come. After fifteen years with Vodacom, Mr Crouse returns to the Remgro Group.

Board of Directors

Mr Papi Molotsane resigned from the Vodacom Board of Directors during the financial year and I would like to thank him for the contribution he made. In 2008 Mr Deon Fredericks was appointed to the Board and Vodacom looks forward to sharing his expertise.

Conclusion

As the Vodacom Group embraces the opportunities of a new era of electronic communications, we face exciting yet challenging times. We will nurture and grow our traditional mobile telephony business in five countries of operation while entering the wider world of providing convergence infrastructure and services.

The Group's success so far has been as a result of the absolute focus of management, employees, suppliers and business partners, which has also laid the groundwork for future success. Your dedication and enthusiasm are an inspiration and I thank you.

Alan Knott-Craig
Chief Executive Officer
Vodacom Group (Proprietary) Limited

"OUR DREAM WAS THAT ALL SOUTH AFRICANS WOULD ENJOY THE BASIC HUMAN RIGHT OF ACCESS TO COMMUNICATIONS."

This year it is yet again my pleasure to present annual results that report the continued growth and improvement in profits of the Vodacom Group. However, this is a particularly poignant report-back for me. My tenure as Group Chief Executive Officer ("CEO") will end by September 2008 and this will be the last time that I report on Vodacom's results.

The past fifteen years at the helm of Vodacom has been the defining time of my life. Even though this was often a challenging time, I am fortunate to have shared a dream with a group of management, staff and business partners who were passionately dedicated to the same goal.

Our dream was that all South Africans would enjoy the basic human right of access to communications. It is with great pride and gratitude to my team that I can say we have made a leading contribution so that the majority of people in South Africa now have access to a cellphone or at least easy access to a subsidised community phone service. To put this in perspective, in 1993 less than 10% of the population had a telephone. Today 98% of South Africans live within our network footprint.

Democratising the telephone has made great strides in making South Africans more economically equal. Now we are striving to achieve the same goal in our non-South African countries of operation, while taking the business to a new level, which I will detail further on.

The time has come for a second generation of leaders to take over. This is a very positive development for Vodacom, as younger leaders with new and fresh thinking will rejuvenate the company. As the leader in our industry, we have managed to attract and retain top talent and there is a lot of management depth in the company. I have full confidence in Vodacom's future under their leadership.

The year under review

The past financial year was one with a very high level of activity and excellent growth.

Customer growth

Vodacom achieved a total of close to 18 million gross connections in all our operations. This resulted in the total number of customers reaching 34.0 million (2007: 30.2 million) on March 31, 2008, while churn was 43.5% (2007: 33.8%), a level to be expected in emerging markets with predominantly prepaid customers. Vodacom retained the leading market share in all its countries of operation and nudged closer to the market leader in Mozambique.

The Group's average revenue per user ("ARPU") declined to R106 (2007: R111) per month, again reflecting the proportionate growth in prepaid customers. It is interesting that ARPU in certain bands of customers increased, for example from R849 to R895 amongst business contract customers in South Africa.

Financial performance

The Vodacom Group's strong momentum continued with revenue for the financial year increasing by 17.1% to R48.2 billion (2007: R41.1 billion) while profit from operations grew 15.0% to R12.5 billion (2007: R10.9 billion). Our EBITDA continued to look healthy with a 15.7% increase to R16.5 billion (2007: R14.2 billion).

Our confidence in investing in the potential of our non-South African operations continued to pay off. Operations in these four countries contributed a record 11.2% (2007: 10.1%) to Group revenue and now account for more than a quarter of the customers of the Vodacom Group (2007: 23.7%).

Cost control continued to be a priority for the Group and we are focussing on achieving economies of scale with the building and hiring of infrastructure. This should also go some way to counter the negative impact of a weak Rand on our costs, as our infrastructure equipment is almost all imported. In addition, it is critical for us to reduce the cost of international bandwidth by becoming more self-sufficient, and we hope to halve this cost in the next two years.

Data services

We have made great strides in data and Vodacom is arguably the biggest provider of data services in the country. These include Vodacom's 3G, HSDPA and recently launched HSUPA services, Vodafone live! as well as broadband from iBurst. Our strategy three years ago to invest almost R3.0 billion in a high-speed wireless network has paid off with data revenues of more than R4.7 billion in the current year.

In order to continue growing our data offering, we have established infrastructure and service provider agreements that have enabled us to build a WiMax network and offer WiMax services to the market. WiMax allows Vodacom to launch two key services: a wireless broadband service similar to ADSL that complements our HSDPA wireless broadband service; and an Assured Rate service, which functions as a "wireless leased line" with quality of service and SLA guarantees.

As cellphones become more computer-like, it has become the most used social and business tool in the world by far. Shortly phones will be available with a Google bar to further boost data communication. Each of these cellphones is also a camera and already a million photographs per month in South Africa are printed from cellphones at photo shops and photo machines in Vodashops.

Customer care

Vodacom continued to invest in customer service and completed a sixth customer care call centre, built at a cost of R116 million in the Johannesburg Central Business District ("CBD"), employing about 580 agents. Vodacom invested in the CBD with the encouragement of local government, who helped us to secure the building and gave us a rebate for training staff as part of their CBD rejuvenation programme. This move to the CBD has paid off, helping Vodacom to recruit enthusiastic young people who enjoy the working conditions and convenient transport nodes in the CBD. A sizeable investment was also made in training advanced data specialists that have been deployed at our customer care centres nationally to answer data related queries.

Two more walk-in customer care centres were completed in major shopping malls in Gauteng this year, bringing the total number nationally to seven walk-in centres, offering a repair service, sales and data support. A superstore walk-in centre is planned for Sandton in the new financial year.

Engineering Centre and Vodacom Earth Stations

During the period under review Vodacom built what is probably the most focussed business engineering centre in the country ("Techno Park"), creating a culture of excellence and innovation in this discipline.

Techno Park houses most of the engineering technology functions and staff in one building. It includes a state of the art laboratory where network configurations, hardware and software can be evaluated and developed, as well as providing a simulated live network for testing. There are also plans afoot to set up an Experience Centre within Techno

Park, where future technology will be developed and showcased.

Techno Park also houses a major technical node of the commercial Vodacom network, including key switching, intelligent networking, value added services and radio and transmission equipment. This includes two Vodacom Earth Stations that were completed during the last financial year. These are now commercially operational and provide direct satellite communications with our non-South African operations. In future the Earth Stations will have the potential to provide alternate transmission links for some of our more critical South African signalling infrastructure, ultimately ensuring a more robust network.

authorities. This scrutiny makes prospective acquisition parties hesitant to even explore opportunities.

Organic growth is time consuming, management intensive and has a high capital cost. Even so, we have managed our margins well. The upside of organic growth is that we are building an excellent investment with good profit potential three to five years down the line.

We are constantly seeking organic growth opportunities in an effort to expand horizontally in the market. Vodacom has made an important foray into television and radio. We have tested the water with our DSTV Select offering such as the Seacom, Eassy Cable and Infraco developments. It seems likely that a high-speed undersea cable between South Africa and Europe will be ready by 2009. Having this infrastructure in place should see a 70% to 90% drop in international bandwidth costs and be a major boost for many of our business incentives.

Regulatory

The recently promulgated Electronic Communications Act has opened the industry to a large number of players, many of which have already fallen by the wayside. It is important for the regulating authorities to ensure healthy competition, but in capital-intensive industries it is not in the interest of the consumer to encourage

"Our focus in the future is to be active in every area of communications. This means a significant shift away from being a mobile-centric operator to becoming a leading provider of electronic communications infrastructure and related services. This is not a tightly defined arena and Vodacom will proactively pursue opportunities. Our activities will be spearheaded by Vodacom Business, the new group we have set up to provide converged solutions and services to corporate customers."

Going forward

Our focus in the future is to be active in every area of communications. This means a significant shift away from being a mobile-centric operator to becoming a leading provider of electronic communications infrastructure and related services. This is not a tightly defined arena and Vodacom will proactively pursue opportunities. Our activities will be spearheaded by Vodacom Business, the new group we have set up to provide converged solutions and services to corporate customers.

Vodacom is firmly set on an organic growth path. As a result of being a major player in the mobile business in South Africa and our shareholder Telkom being a dominant player in the fixed-line business, opportunities for acquisition are severely limited by the competition and Vodacom Radio, and are convinced that these areas have the potential of generating highly profitable growth.

Vodacom is well positioned to take advantage of innovative media opportunities, like advertising on cellphones. In my view this is one of the most promising, lucrative ways to advertise and has become a viable and growing business in its own right within a small space of time, already contributing R24.1 million to Vodacom's revenue during the past financial year.

Underpinning our growth in data and our launch into converged solutions is transmission capacity, which will require committed involvement in new international transmission infrastructure. It is critical for Vodacom to play a significant role and we are active in a number of international transmission incentives, an unlimited number of players.

When scarce resources like radio spectrum are given to many small, non-viable businesses in an attempt to increase competition, their non-profitability ultimately drives prices up by forcing bigger players to pay a premium for those scarce resources.

We believe that regulating with a light touch – and ensuring healthy competition – is in the best interest of the consumer and a thriving industry. Competition is at its most effective when the competing players are strong and have large enough operations that ensure economies of scale which drive prices down.

Africa

We have continued to search for acquisition opportunities that meet the

criteria for investment returns required by our shareholders in emerging markets. On a continent where investment opportunities are already on the expensive side of the scale, we have not been able to meet the requirements to make a successful acquisition. While possible acquisitions are constantly looked at, Vodacom's growth in Africa has focussed on growing horizontally in our existing non-South African operations.

Broad Based Black Empowerment ("BBBEE")

Our BBBEE transaction valued at R7.5 billion is well on track. It will be broad based, include strategic BBBEE partners, our staff, the black South African public and strategic partners who contribute meaningfully to Vodacom South Africa. We expect to announce the full details of the transaction in the third quarter of this year and to be implemented by the fourth quarter of 2008.

I am particularly pleased that the majority of participants in the transaction will be Vodacom staff – for whom 25% of the transaction is earmarked – and ordinary black South African citizens, not simply a few prominent individuals.

In line with Vodacom's commitment to transformation, the BBBEE transaction is designed to provide long-term, sustainable benefits to a broad base of South African participants. We believe this development will transform the company's equity ownership to reflect the demographics of South Africa, while preserving shareholder value and reaching out to needy communities and designated groups.

Dividends and shareholders

To date the Vodacom Group has paid a total of R23.0 billion in dividends to shareholders. This is in line with our dividend policy to return profits to shareholders after the business' expansion and investment needs have been met. In the period under review dividends of R5.9 billion (2007: R5.4 billion) were declared, an increase of 10%.

Human Resources

Investing in the health and wellbeing of our employees is part of the Vodacom Way of doing business. A healthy, productive and enthusiastic work force benefits the employee as much as the employer. Vodacom is in the process of completing the building of a Wellbeing Centre on the Vodacom campus in Midrand, where all aspects of health, such as blood pressure, cholesterol, weight and blood sugar levels can be tested and managed.

Vodacom staff also benefit from a full HIV/Aids programme, which includes awareness, counselling, support and medication, at no cost to staff members and with anonymity guaranteed.

At the same time, Vodacom is striving to meet the challenges of transformation. Empowerment, and by extension gender empowerment, is a top priority. We currently employ a total number of employees of 6,247, of which 69% are black and 44% are women. A total of 35% senior executives are black and 16% are women and previously disadvantaged individuals make up 58% of management.

A force for good

One of the most gratifying experiences of the past 15 years has been the realisation that Vodacom has the ability to be a powerful force for good in the communities in which we operate. We set up the Vodacom Foundation some years ago to become the vehicle for our Corporate Social Responsibility programmes.

The Vodacom Foundation has built a legacy that to my mind is one of the Group's most important achievements. The numbers reported to you in this review are statistics of our success. But behind those statistics are Vodacom's 34 million customers; flesh and blood people living in the communities where we do business. And if those communities flourish, so will we.

It has been astonishing to witness how communities or people in need have benefited and how much it has assisted them to become self sustainable. Like the orphanage in Tanzania that started a chicken farm with Vodacom's help and are now funding their children's school fees. Or the operation I was invited to attend last year at the Johannesburg Hospital as a sponsor of Smile Week. It was one of the most moving moments of my life to watch Professor George Psaras and his team operate on a seven year old boy who was born with a cleft palate and make it possible for him to smile for the first time in his life. It has been humbling to see the thousands of caregivers, medical practitioners, ordinary citizens and Vodacom staff members who continue to make such a huge contribution.

I like to believe that Vodacom is a company with heart. The best proof I have of that is our Yebo Heroes volunteer programme, where our staff donate their time and skills to help others. One Yebo Heroes team built a sanctuary garden at an orphanage in two days. An IT specialist helped a remote police station to get all their computers on-line. Our marketing experts have helped charities with their branding and fund-raising.

Conclusion

It has been a privilege to serve as CEO under the six exceptional business leaders who have been chairpersons of Vodacom. I was wisely guided by the founding chairman, the late Jack Clarke and his successors: Danie du Toit, Alwyn Martin, Hasmukh Gajjar, Wendy Luhabe and Oyama Mabandla. They have taught me so much and contributed to shaping my life. Thank you.

One of my most valued colleagues and friends is Vodacom's founding Chief Financial Officer, Leon Crouse, who ended his term on March 31, 2008. His financial discipline, integrity and sharp mind always created the framework for our dreams and plans. Although his name was not always in the headlines, his contribution to Vodacom's success has been enormous.

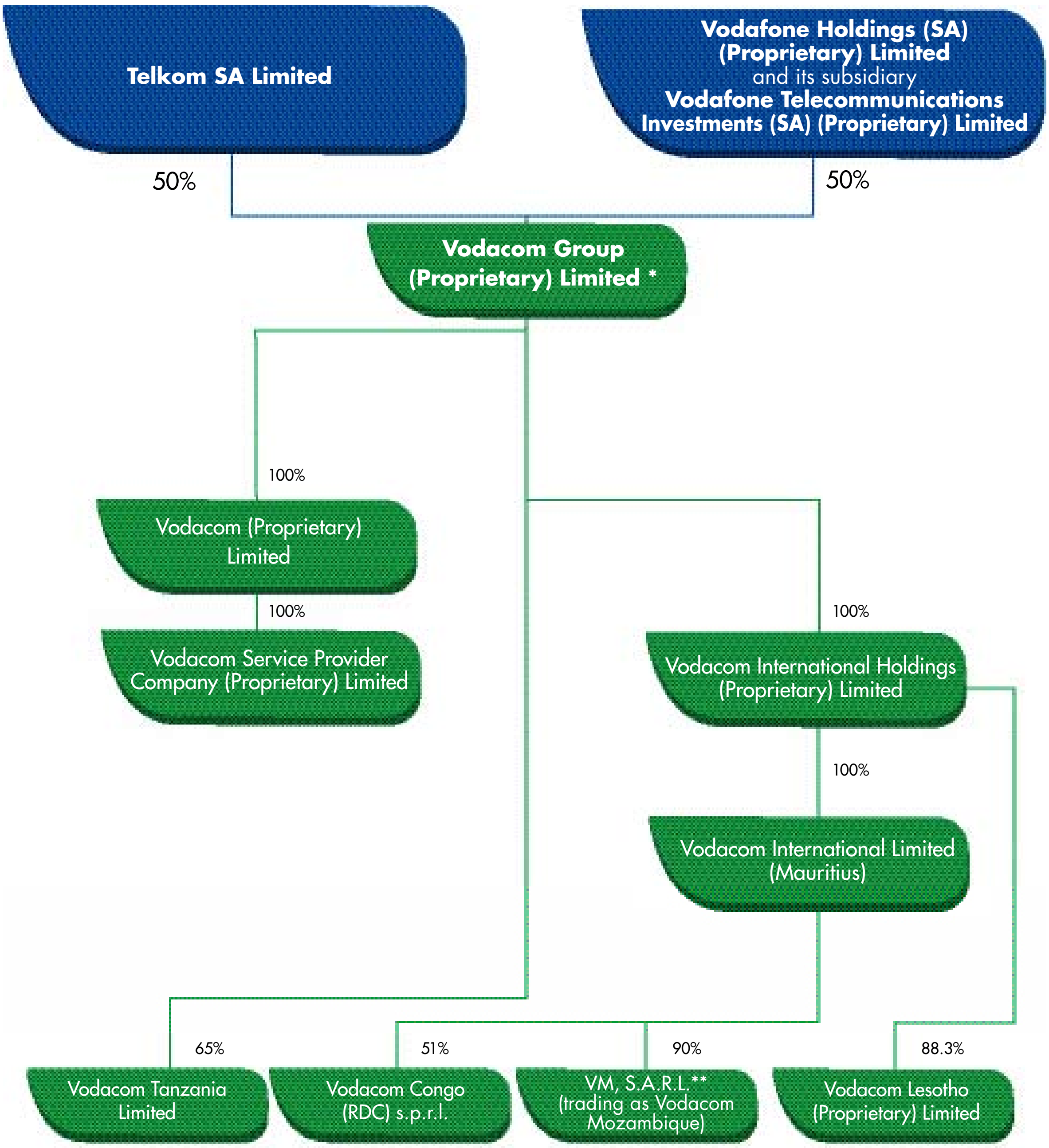
I also thank my management team and the staff of Vodacom. There is no point in trying to do the impossible if you don't have a team who believes that they can do anything and then set out with total commitment to achieve it. This is such a team and they will carry Vodacom forward, to even greater success.

Most critically, I want to acknowledge our business partners. Thank you to our service providers, dealers and retailers that have kept the tills ringing, the suppliers that have conquered impossible deadlines and the business partners who have contributed their best creative thinking, energy and enthusiasm.

And finally to our millions of customers, thank you for your patronage, and for making it possible for us to build you a world class network.

GROUP STRUCTURE

as at March 31, 2008



* The structure only includes major operating entities and holding companies.

** Effective April 1, 2007 Vodacom International Limited (Mauritius) sold an 8% equity interest to local investors, with 5% being purchased by Intelec Holdings Limitada and Empresa Moçambicana de Telecommunicãcoes acquiring an additional 3%.

BOARD OF DIRECTORS

as at March 31, 2008

Non-executive Directors

Mr Oyama Mabandla

(45) Chairman

Appointed to the Board in 2006

Mr Oyama Mabandla is a representative of Telkom SA Limited and joined the Board of Vodacom Group (Proprietary) Limited in January 2006. He is Executive Chairman of the Langa Group, a corporate investment company and also Chairman of Consol Glass (Proprietary) Limited. He is the former Deputy Chief Executive Officer of South African Airways, where he also served as General Counsel and Executive Vice President for Strategy, Revenue Management and Network Planning. In the mid 1990's he worked as a merchant banker at Union Bank of Switzerland in London and Johannesburg. He later joined the Johannesburg Bar and holds a Bachelor of Arts degree in Political Science from the University of California and a Juris Doctorate in Corporate Law from Columbia University in New York City.

Mr Robert Barr

(49) British

Appointed to the Board in 2005

Mr Robert Barr is a representative of Vodafone Group Plc and joined the Board of Vodacom Group (Proprietary) Limited in March 2005. He is the Chief Financial Officer of the Vodafone Group's EMAPA (Eastern Europe, Middle East, Asia Pacific and Affiliates) region. He joined Vodafone Group Plc in 1993 and has held a number of senior finance roles in the Group during this period, including that of Group Financial Controller and Chief Financial Officer of Vodafone's global business development unit. He currently serves as a Director on the Boards of a number of Vodafone's subsidiary companies.

Mr Robert Collymore

(50) British

Appointed to the Board in 2006

Mr Robert Collymore was born in Guyana in 1958 and moved to the United Kingdom in 1974 where he completed his formal education. He has spent most of his career in the telecommunications industry starting with British Telecommunications Plc where he held a number of marketing, purchasing and commercial roles over a 15 year period. From 1994 to 1998 he was the Purchasing Director for Dixons Stores Group, the largest electrical retailer in the United Kingdom from where he joined Vodafone as the Purchasing Director for its United Kingdom business. In 2000 he was appointed to the role of Global Handset Purchasing Director responsible for Vodafone's handset business across 26 countries. In 2003 he moved to Japan in the more commercial role of Consumer Marketing Director (Asia). As Vodafone's Governance Director for Africa, he sits on the Board of Safaricom Limited in Kenya as well as the Board of Vodacom Group (Proprietary) Limited.

Mr Gavin Darby

(52) British

Appointed to the Board in 2004

Mr Gavin Darby is a representative of Vodafone Group Plc and is the Chief Executive Officer of Vodafone Americas/Africa/China/India responsible for affiliate investments outside of Europe. He holds a Bachelor of Science (Honours) degree in Management Sciences from the University of Manchester. Prior to Vodafone, he joined Coca-Cola Great Britain in 1985 as Marketing Director. Between 1988 and 1998 he held several positions at Coca-Cola including Division President of Coca Cola North-West Europe and Division President for Central Europe responsible for 23 countries. He left Coca-Cola in February 2001 to take up the position of Chief Operating Officer at Vodafone UK. In September 2002, he became Chief Executive Officer of Vodafone UK.

Mr Deon Fredericks

(47)

Appointed to the Board in 2008

Mr Deon Fredericks is a representative of Telkom SA Limited where he is the acting Chief Financial Officer. Between 2004 and 2006 he served as Telkom's Group Executive: Corporate Finance: Accounting Services and as Chief Accountant. He originally joined Telkom SA Limited in 1993 as a Senior Manager in Internal Audit and has held several executive positions in the various facets of finance. He is a member of the South African Institute of Chartered Accountants (SAICA) and the Chartered Institute of Management Accountants (UK). Deon also holds a Bachelor of Commerce (Honours) degree in Business Management. Other directorships include the following Telkom subsidiary companies: TDS Directory Operations (Proprietary) Limited, Telkom Media (Proprietary) Limited, Multi-Links Telecommunications Limited and Africa On-Line Holdings Limited.

Mr Reuben September

(50)

Appointed to the Board in 2005

Mr Reuben September was appointed Chief Executive Officer of Telkom SA Limited in November 2007. Prior to that, he served as Telkom's Chief Operating Officer from September 2005, Chief Technical Officer from May 2002 and as Managing Executive of Technology and Network Services from March 2000. He has worked in various engineering and commercial positions in Telkom since 1977. He is also the Chairman of the Telkom Executive Committee and of Multi-links Telecommunications Limited and serves on the Board of Telkom Media (Proprietary) Limited. He is a member of the Professional Institute of Engineers of South Africa (ECSA) and holds a Bachelor of Science degree in Electrical and Electronic Engineering from the University of Cape Town.

Mr Richard Snow

(41) British

Appointed to the Board in 2006

Mr Richard Snow joined Vodafone in 2006 where he currently holds the position as Group Director: Investor Relations. Born in 1967 he holds a Masters degree in Natural Sciences from Trinity College, Cambridge (1988) and qualified as a member of the Institute of Chartered Accountants of England and Wales in 1991 having trained at Arthur Andersen in London. Between 1993 and 2006 he worked in investment banking firstly for Charterhouse Bank, then from 1996 for Merrill Lynch latterly as Managing Director of investment banking, before moving to Goldman Sachs in 2004 where he served as Managing Director in its financing group until his move to Vodafone in 2006.

Dr Ekwow Spio-Garbrah

(54)

Appointed to the Board in 2007

Dr Ekwow Spio-Garbrah is the Chief Executive Officer of the Commonwealth Telecommunications Organisation based in London. His career reflects nearly thirty years of experience, at senior levels within the spheres of International Organisations, including as Minister of Education; Minister of Communication of Ghana, Ambassador to the United States of America and Senior Executive of the African Development Bank, the World Bank Group and UNESCO. He is a representative from Telkom SA Limited and holds a Bachelor of Arts (Honours) degree in English as well as a Graduate Diploma in Journalism and Communications from the University of Ghana. He obtained a Master of Arts in International Affairs from the Ohio University and a Graduate Certificate in International Banking from the New York University. He was awarded an Honorary Doctorate in Laws (LLD) by Middlebury University for achievements in the fields of diplomacy, government, education and business.

BOARD OF DIRECTORS

as at March 31, 2008

Executive Directors

Mr Alan Knott-Craig

(56) Chief Executive Officer

Appointed to the Board in 1996

Mr Alan Knott-Craig has served as Managing Director of Vodacom (Proprietary) Limited since May 1993 and Chief Executive Officer of Vodacom Group (Proprietary) Limited since October 1996. He holds a Bachelor of Science degree in electrical engineering (cum laude) from the University of Cape Town, a Master of Business Leadership degree from the University of South Africa and was awarded an honorary Doctorate in Business Leadership from the University of South Africa in 2006. In 2001 he was inducted as one of only eight Gold Members worldwide of the GSM Association's inaugural "Roll of Honour" for the role he played in making mobile communications accessible to Africans. He serves as a commissioner on the Presidential National Commission on Information Society and Development for Information and Communication Technology. He was made a Fellow of the Computer Society of South Africa in 2005 for his exceptional contributions to the Society and to the computer industry in South Africa. In 2007 he received the South African Institute of Electrical Engineers (SAIEE) President's award for the outstanding contribution made to the telecommunications industry in South Africa and in Africa.

Mr Leon Crouse

(55) Chief Financial Officer

Appointed to the Board in 1996

Mr Leon Crouse has served as Group Finance Director and Chief Financial Officer since October 1996. Prior to that, he served as Vodacom's General Manager of finance since Vodacom's inception in 1993. He is a qualified chartered accountant (South Africa).

Mr Pieter Uys

(45) Chief Operating Officer

Appointed to the Board in 2004

Mr Pieter Uys has served as the Chief Operating Officer for Vodacom Group (Proprietary) Limited since April 2004. He also served as Managing Director of Vodacom (Proprietary) Limited from December 2001 until March 2005. He holds a Bachelor of Science degree and a Master of Science degree in Engineering from the University of Stellenbosch and a Master of Business Administration degree from the Stellenbosch Business School. He joined Vodacom in 1993 as a member of the initial engineering team.

Mr Shameel Aziz Joosub

(37)

Appointed to the Board in 2000

Mr Shameel Aziz Joosub joined Vodacom in March 1994 and has held various positions within the Vodacom Group. He was appointed as Managing Director of Vodacom (Proprietary) Limited in April 2005. He has served as the Managing Director of Vodacom Service Provider Company (Proprietary) Limited and as a Director of Vodacom Group (Proprietary) Limited since September 2000. He was also Managing Director and founder of Vodacom Equipment Company (Proprietary) Limited, the former handset distribution company in the Vodacom Group. He holds a Bachelor of Accounting Science (Honours) degree from the University of South Africa and a Master of Business Administration degree from the University of Southern Queensland, Australia. He is an associated general accountant and commercial and financial Accountant (South Africa).

Leon Crouse
Chief Financial Officer
Vodacom Group (Proprietary) Limited

The year under review

This year marked an important event in Vodacom's development where the Group ventured into new business avenues to support growth and also further expand services to its customers in a changing business environment. Solid growth in customers and revenues was offset by cost increases as a result of higher inflation and depreciation of the Rand against major currencies, thereby putting pressure on margins. Revenue increased by 17.1% to R48.2 billion (2007: R41.1 billion), profit from operations by 15.0% to R12.5 billion (2007: R10.9 billion), earnings before interest, taxation, depreciation, amortisation, impairment and profit on sale of investments and property, plant and equipment ("EBITDA") by 15.7% to R16.5 billion (2007: R14.2 billion) and net profit after taxation by 21.3% to R8.0 billion (2007: R6.6 billion). Gross connections increased to 18.0 million customers; 15.4% more than the previous financial year. Disconnection rules were amended to classify SIM cards whose only activity was call forwarding to voicemail for an uninterrupted period of 13 months as inactive. This change increased prepaid churn, but provides a better reflection of active prepaid SIM cards on the network and hence results in higher average revenue per user ("ARPU").

Key financial indicators

				% points change	
Year ended March 31,	2006	2007	2008	06/07	07/08
Profit from operations margin (%)	26.0	26.4	**25.9**	0.4	**(0.5)**
EBITDA margin (%)	34.7	34.6	**34.2**	(0.1)	**(0.4)**
Net profit margin (%)	15.1	15.9	**16.5**	0.8	**0.6**
Net debt/EBITDA (%)[1]	32.6	42.4	**52.6**	9.8	**10.2**
Net debt/equity (%)[1]	50.5	72.8	**93.1**	22.3	**20.3**
Capital expenditure additions (including software) as a % of revenue (%)	15.1	16.4	**12.3**	1.3	**(4.1)**

1. Debt includes dividends payable and the secondary tax on companies ("STC") thereon as these dividends are payable in April every year. In terms of covenant calculations, certain intangible assets as well as minority interest are excluded from equity

Revenue

Revenue increased by 17.1% for the year to March 31, 2008 boosted by a 49.7% increase in data revenue.

The increase in revenue was mainly driven by a 12.7% increase in the customer base to 34.0 million customers.

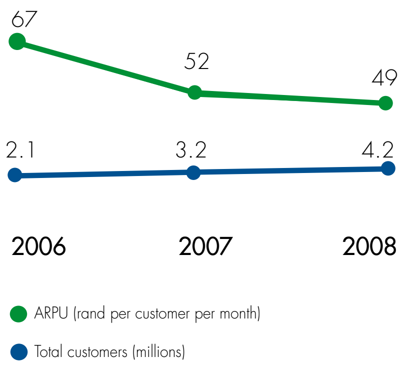
Prepaid customers represent 88.8% (2007: 89.4%) of the total customer base.

Revenue
Geographical split

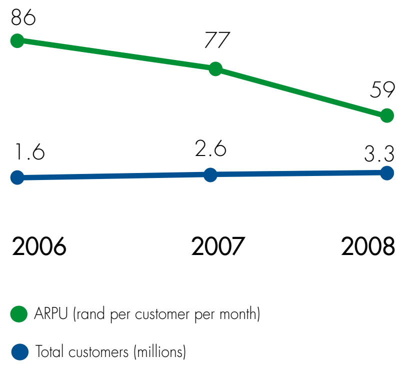
	Rand millions			% change	
Year ended March 31,	2006	2007	2008	06/07	07/08
South Africa, including holding companies	31,069	37,007	**42,784**	19.1	**15.6**
Tanzania	1,312	1,729	**2,354**	31.8	**36.1**
DRC	1,334	1,914	**2,297**	43.5	**20.0**
Lesotho	170	227	**309**	33.5	**36.1**
Mozambique	158	269	**434**	70.3	**61.3**
Revenue	**34,043**	**41,146**	**48,178**	**20.9**	**17.1**

South Africa

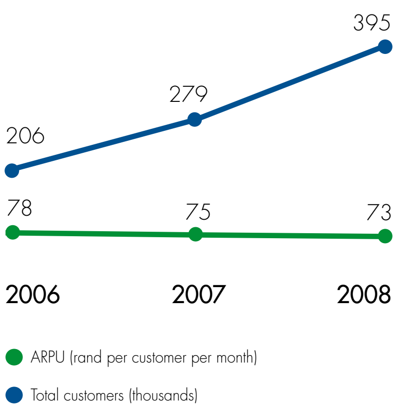
Tanzania



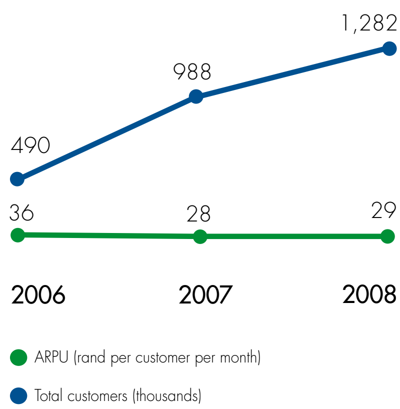
DRC



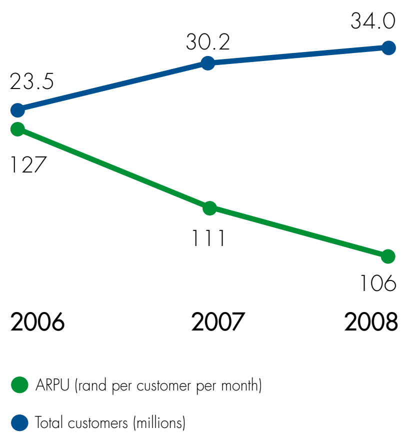
Lesotho



Mozambique



Consolidated



Revenue composition

Year ended March 31,	Rand millions 2006	2007	2008	% of total 2006	2007	2008	% change 06/07	07/08
Airtime, connection and access	20,085	23,708	**27,095**	58.9	57.7	**56.2**	18.0	**14.3**
Data	2,038	3,342	**5,002**	6.0	8.1	**10.4**	64.0	**49.7**
Interconnection	6,697	7,835	**8,887**	19.7	19.0	**18.5**	17.0	**13.4**
Equipment sales	3,986	4,699	**5,052**	11.7	11.4	**10.5**	17.9	**7.5**
International airtime	971	1,306	**1,836**	2.9	3.2	**3.8**	34.5	**40.6**
Other sales and services	266	256	**306**	0.8	0.6	**0.6**	(3.8)	**19.5**
Revenue	**34,043**	**41,146**	**48,178**	**100.0**	**100.0**	**100.0**	**20.9**	**17.1**

Data revenue
Geographical split

Year ended March 31,	Rand millions 2006	2007	2008	% of total 2006	2007	2008	% change 06/07	07/08
South Africa	1,886	3,113	**4,669**	92.6	93.1	**93.4**	65.1	**50.0**
Tanzania	108	146	**207**	5.3	4.4	**4.1**	35.2	**41.8**
DRC	25	52	**79**	1.2	1.6	**1.6**	108.0	**51.9**
Lesotho	16	23	**31**	0.8	0.7	**0.6**	43.8	**34.8**
Mozambique	3	8	**16**	0.1	0.2	**0.3**	166.7	**100.0**
Data revenue	**2,038**	**3,342**	**5,002**	**100.0**	**100.0**	**100.0**	**64.0**	**49.7**

Airtime, connection and access

Vodacom's airtime, connection and access revenue increased primarily due to the number of customers increasing by 12.7% to 34.0 million.

Data

Vodacom's data revenue increased mainly due to higher penetration levels, but also due to more affordable product offerings. Vodacom South Africa transmitted 4.7 billion (2007: 4.5 billion) SMSs over its network during the year ended March 31, 2008. The number of active data users includes: MMS users 1.4 million (2007: 1.2 million); data card and USB modem users 370 thousand (2007: 149 thousand); 3G/HSDPA handsets 1.3 million (2007: 584 thousand); Vodafone live! users 1,421 thousand (2007: 899 thousand); Unique Mobile TV users 31 thousand (2007: 33 thousand).

Data revenue now constitutes 11.9% (2007: 9.4%) of service revenue (service revenue excludes equipment sales, starter pack sales and non-recurring revenue). Data revenue in all countries increased substantially, reaffirming the increased consumer connectivity needs.

Interconnection

Vodacom's interconnection revenue increased by 13.4%, predominantly due to the growth in the customer base and the related increase in airtime traffic.

Equipment sales

In South Africa, handset sale volumes increased by 10.9% to 5.1 million (2007: 4.6 million) units. The growth in equipment unit sales was mainly driven by growth in customer bases, phone upgrades by customers and lower overall prices of new handsets due to more suppliers focusing on more affordable handsets. The average price per handset sold was R1,052 compared to R1,067 in the previous financial year.

International airtime

International airtime revenue of R1.8 billion, which increased by 40.6% year on year, comprises international calls by Vodacom customers, roaming revenue from Vodacom's customers making and receiving calls whilst abroad and revenue from international visitors roaming on Vodacom's networks.

Other sales and services

Revenue from other sales and services includes revenue from Vodacom's cell captive insurance vehicle, wireless application service provider ("WASP") revenue, site sharing rental income as well as other revenue from non-core operations.

Profit from operations

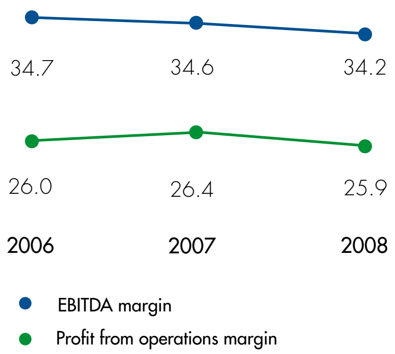
Profit from operations for the Group increased by 15.0% to R12.5 billion, based on revenue growth of 17.1% which was offset by cost increases in all operations in a rising inflationary environment and the start up costs of Vodacom Business. Operating expenses increased by 17.8% compared to revenue growth of 17.1%, resulting in Vodacom's profit from operations margin decreasing to 25.9% (2007: 26.4%).

The Mozambique loss from operations includes an impairment of assets of R29.9 million (2007: R22.9 million).

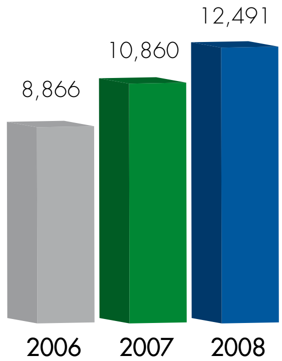
Profit from operations
Geographical split

	Rand millions			% change	
Year ended March 31,	2006	2007	2008	06/07	07/08
South Africa	8,602	10,293	**11,669**	19.7	**13.4**
Tanzania	263	346	**460**	31.6	**32.9**
DRC	117	277	**364**	136.8	**31.4**
Lesotho	51	75	**123**	47.1	**64.0**
Mozambique	(144)	(177)	**(157)**	(22.9)	**11.3**
Holding companies	(23)	46	**32**	>200.0	**(30.4)**
Profit from operations	8,866	10,860	12,491	22.5	15.0
Profit from operations margin (%)	26.0	26.4	25.9	0.4	(0.5)

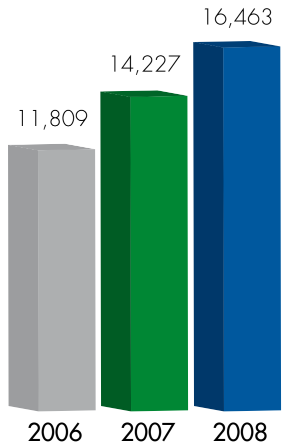
EBITDA and profit from operations margins %



Profit from operations Rand millions



EBITDA Rand millions



EBITDA

Vodacom's EBITDA margin adjusted for the impact of low margin cellular phone and equipment sales at 39.3% was 0.6% lower than the previous year figure of 39.9%.

EBITDA
Geographical split

Year ended March 31,	Rand millions 2006	2007	2008	% change 06/07	07/08
South Africa	11,053	12,963	14,790	17.3	14.1
Tanzania	465	584	765	25.6	31.0
DRC	373	603	745	61.7	23.5
Lesotho	67	97	139	44.8	43.3
Mozambique	(129)	(69)	(32)	46.5	53.6
Holding companies	(20)	49	56	> 200.0	14.3
EBITDA	11,809	14,227	16,463	20.5	15.7
EBITDA margin (%)	34.7	34.6	34.2	(0.1)	(0.4)
EBITDA margin excluding equipment sales (%)	39.9	39.9	39.3	-	(0.6)

Operating expenses

Operating expenses composition

Year ended March 31,	Rand millions 2006	2007	2008	% change 06/07	07/08
Depreciation, amortisation and impairment	2,943	3,384	3,941	15.0	16.5
Payments to other network operators	4,634	5,636	6,557	21.6	16.3
Other direct network operating costs	13,663	16,804	19,743	23.0	17.5
Staff expenses	2,042	2,373	2,976	16 .2	25.4
Marketing and advertising	977	1,146	1,264	17.3	10.3
Other operating expenditure	1,043	1,064	1,362	2.0	28.0
Other operating income	(125)	(120)	(156)	4.0	(30.0)
Operating expenses	25,177	30,287	35,687	20.3	17.8
Operating expenses as a % of revenue (%)	74.0	73.6	74.1	(0.4)	0.5

Depreciation, amortisation and impairment

The depreciation expense is largely driven by capital expenditure on upgrading and expanding the Group's networks. Capital expenditure on network equipment has increased in recent years with the implementation and expansion of 3G/HSDPA networks, but also through coverage strategies followed in the international operations.

The implementation of IAS 16: Property, Plant and Equipment, during the 2006 financial year, contributed to a lower depreciation charge for that year. Depreciation and amortisation increased by 16.5% (2007: 15.0%) to R3,941 million for the current financial year. Mozambique's asset impairment amounted to R29.9 million (2007: R22.9 million).

Payments to other network operators

Payments to other network operators increased as a result of an increased amount of outgoing traffic terminating on other cellular networks, rather than on fixed-line networks. As the cost of terminating calls on other cellular networks is materially higher than calls terminating on fixed-line networks and as mobile substitution increases with the growing number of total mobile users in South Africa, interconnection charges will continue increasing, putting pressure on margins.

Other direct network operating costs

Other direct network operating costs include the cost to connect customers onto the network as well as expenses such as cost of equipment and accessories sold, commissions paid to the distribution channels, customer retention expenses, regulatory and licence fees, distribution expenses, transmission rental costs as well as site and maintenance costs.

Staff expenses

Staff expenses increased primarily as a result of an increase in permanent headcount of 5.5% to 6,247 (2007: 5,920) employees in 2008. The headcount increase is mainly the result of the expansion of customer care operations, the strengthening of senior management structures to support the growth in ongoing operations and the launch of Vodacom Business. Annual salary increases and increased provisions for long-term incentive schemes also contributed to the increase in staff expenses.

Employee productivity has improved in all of Vodacom's operations, as measured by customers per employee, improving by 6.9% to 5,442 (2007: 5,093) customers per employee.

Marketing and advertising

Marketing and advertising expenses are mainly driven by advertising related to new technology products and enhancing brand presence in all operations.

Other operating expenditure

The increase in other operating expenditure was primarily due to inflationary factors and the growth in the business. Other operating expenditure comprise of expenses such as accommodation, information technology costs, office administration, consultant expenses, social economic investment and insurance.

Other operating income

Other operating income comprises income that Vodacom does not consider as part of its core activities such as cost recoveries for risk management and consultancy services, franchise fees and rent received.

Interest, dividends and other financial income and finance costs

Net gains/(losses) on financial instruments analysed by category, is as follows:

	Rand millions			% change	
Year ended March 31,	2006	2007	2008	06/07	07/08
Finance income	130	75	**72**	(42.3)	**(4.0)**
Finance expenses	(246)	(369)	**(681)**	(50.0)	**(84.6)**
Gain/(loss) on foreign exchange forward contract revaluation	(261)	468	**346**	>200.0	**(26.1)**
Loss on revaluation of foreign denominated liabilities	(225)	(642)	**(162)**	(185.3)	**74.8**
(Loss)/gain on revaluation of foreign denominated assets	(27)	10	**(15)**	137.0	**(>200.0)**
Loss on interest rate swap revaluation	(7)	(10)	**(10)**	(42.9)	**-**
Gain/(loss) on sale of investments	(3)	(1)	**2**	66.7	**>200.0**
Gain on revaluation of foreign denominated cash and cash equivalents	-	6	**24**	-	**>200.0**
Total net losses on financial instruments	**(639)**	**(463)**	**(424)**	**27.5**	**8.4**

Remeasurement of foreign exchange contracts ("FECs"), asset and liability revaluations, interest rate swaps, cash and cash equivalents, and a gain/loss on sale of investments resulted in a net gain of R185.1 million (2007: losses of R169.1 million). In terms of a shareholders agreement, the minority shareholder in Vodacom Congo (RDC) s.p.r.l., Congolese Wireless Network s.p.r.l. ("CWN") has a put option which comes into effect three years after the commencement date, December 1, 2001, and for a maximum of five years thereafter. In terms of the option, CWN shall be entitled to put to Vodacom International Limited such number of shares in and claims on loan account against Vodacom Congo (RDC) s.p.r.l. as constitute 19% of the entire issued share capital of that company. CWN can exercise this option in a maximum of three tranches and each tranche must consist of at least 5% of the entire issued share capital of Vodacom Congo (RDC) s.p.r.l.. The option price will be the fair market value of the related shares at the date the put option is exercised. The put option has a nil value as at March 31, 2008 and 2007. The option liability had a value of R396.5 million (2007: R249.3 million) as at March 31, 2008.

Finance costs increased by 84.6% to R681.3 million mainly due to higher bank overdraft levels utilised to fund working capital. The net debt to equity ratio increased to 93.1% (2007: 72.8%) at March 31, 2008.

Taxation

The taxation expense increased by 7.1% to R4.1 billion (2007: R3.8 billion) for the year ended March 31, 2008, mainly due to higher South African normal taxation paid on higher profits. Vodacom's effective tax rate however decreased to 34.1% (2007: 36.9%) primarily due to a decrease in the secondary taxation on companies ("STC") liability incurred as a result of the reduction in the STC rate from 12.5% to 10.0% effective October 1, 2007.

Group shareholder distributions

Dividends declared for the 2008 financial year totalled R5,940.0 million (2007: R5,400.0 million), an increase of 10.0%. The final dividend of R3,190.0 million was paid on April 3, 2008.

Capital expenditure

Capital expenditure additions

Geographical split

Year ended March 31,	Rand millions 2006	2007	2008	% of total 2006	2007	2008	% change 06/07	07/08
South Africa	4,384	4,993	**4,252**	85.3	73.9	**71.8**	13.9	**(14.8)**
Tanzania	318	957	**713**	6.2	14.2	**12.1**	> 200.0	**(25.5)**
DRC	273	506	**658**	5.3	7.5	**11.1**	85.3	**30.0**
Lesotho	26	25	**36**	0.5	0.4	**0.6**	(3.8)	**44.0**
Mozambique	121	85	**111**	2.4	1.3	**1.9**	(29.8)	**30.6**
Holding companies	16	182	**146**	0.3	2.7	**2.5**	>200.0	**(19.8)**
Capital expenditure for the year	5,138	6,748	5,916	100.0	100.0	100.0	31.3	(12.3)
Capital expenditure additions (including software) as a % of revenue (%)	15.1	16.4	12.3	-	-	-	1.3	(4.1)

The Group's investment in infrastructure amounted to R5.9 billion (2007: R6.7 billion) of which R4.9 billion (2007: R6.1 billion) relates to property, plant and equipment and R1.0 billion (2007: R0.6 billion) to computer software.

Closing capital expenditure investment at cost

Geographical split

Year ended March 31,	2007 R billions	2007 Foreign	2008 R billions	2008 Foreign
South Africa (R billions)	27.3	-	**31.2**	**-**
Tanzania (TSH billions)	2.7	456.7	**3.8**	**579.1**
DRC (US$ millions)	2.9	391.3	**3.9**	**483.4**
Lesotho (Maloti millions)	0.2	184.1	**0.2**	**219.6**
Mozambique (MT millions)	0.8	2,961.2	**1.1**	**3,358.0**
Holding companies (R billions)	0.2	-	**0.1**	**-**
Closing capital expenditure investment at cost	34.1	-	40.3	-

Property, plant and equipment (including software) that was sold and scrapped, amounted to R706.2 million (2007: R1,956.9 million).

Foreign currency translation differences for 2008 increased cumulative capital expenditure by R1,042.1 million (2007: R793.0 million).

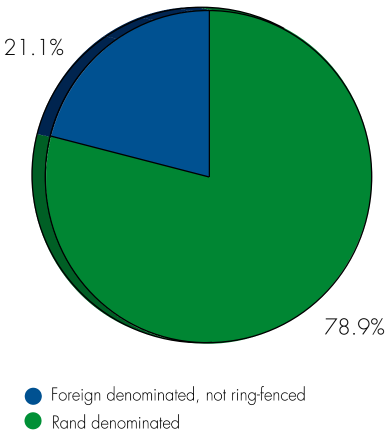
It is Vodacom's policy to hedge foreign denominated commitments of South African operations above a certain deminimis level. However, Vodacom does not qualify for hedge accounting in terms of IAS 39 and therefore, all capital expenditure in South Africa is recorded at the exchange rate ruling at the date of acceptance of the equipment. Capital expenditure of Vodacom's non-South African operations is translated at the average exchange rate of the Rand against the operation's reporting currency for the period, while closing capital expenditure is translated at the closing exchange rate of the Rand against the reporting currency. For this reason, Vodacom's capital expenditure in any given year cannot be properly evaluated without taking the exchange rate movements against the Rand into account, which are shown under the section "Financial instruments and risk management".

Financial structure and funding

Vodacom's net debt position increased to R5.2 billion (2007: R2.7 billion) as at March 31, 2008. The Group's net debt to EBITDA ratio was 52.6% (2007: 42.4%) while Vodacom's net debt to equity ratio increased to 93.1% (2007: 72.8%).

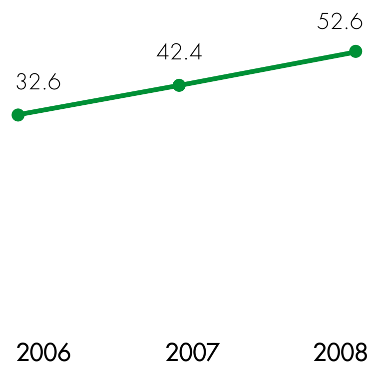
Debt includes the final dividend of R3.2 billion (2007: R2.9 billion) payable to the Group's shareholders and the STC thereon, due to these dividends being paid very soon after year-end and the materiality thereof. In addition, in terms of covenant calculations, certain intangible assets as well as minority interest are excluded from equity.

Net debt composition including bank overdrafts R5.2 billion

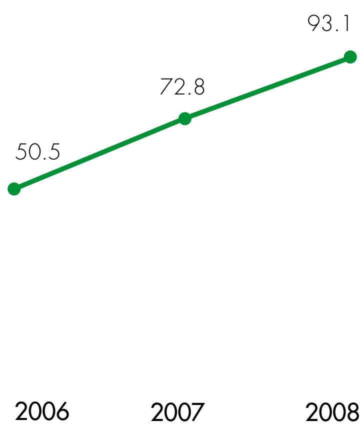


Summary of net debt

Net debt/EBITDA %



Net debt/equity %



Funding sources

Vodacom's ongoing objective is to fund all its non-South African operations by means of project finance, structured such that there is no recourse to our South African operations. Strong South African cash flows would then be utilised principally to pay dividends and make new growth-enhancing investments. The Group utilises its own funds and supported funding structures, subject to South African Reserve Bank approval to fund offshore investments in the initial stages of the investment, until the project is able to support project funding. Non-recourse funding for non-South African operations is not always suitable to an explosive high customer growth environment due to the capital expenditure requirements thereof.

While Vodacom Tanzania repaid its project funding on March 31, 2008, Vodacom Congo and Vodacom Mozambique are still substantially dependent on funding and guarantees from South Africa. These operations are funded by a mix of market priced direct loans as well as security to facilitate their own credit lines.

In South Africa, debt consists primarily of finance lease liabilities, a long-term funding loan and short-term money market borrowings at variable interest rates.

Foreign exchange rates

Year ended March 31,	Rand exchange rate 2006	2007	2008	% change 06/07	07/08
US Dollar					
Average	6.40	7.05	**7.11**	10.2	**0.9**
Closing	6.19	7.29	**8.13**	17.8	**11.5**
Tanzanian Shilling					
Average	180.72	182.02	**171.95**	0.7	**(5.5)**
Closing	198.03	170.83	**151.99**	(13.7)	**(11.0)**
Mozambican Metical					
Average	3.89	3.73	**3.57**	(4.1)	**(4.3)**
Closing	4.37	3.63	**2.99**	(16.9)	**(17.6)**

Financial instruments and risk management

Subject to central bank regulations in the various countries as well as local market condition restrictions, Vodacom manages foreign currency risk, interest rate risk, credit risk and liquidity risk on an ongoing basis. The Group's risk management procedures are described fully in the Group's Annual Financial Statements.

Cash flow

Vodacom had a positive free cash flow before shareholder distributions and financing activities of R3.4 billion (2007: R3.7 billion), a decrease of 8.0% when compared to the previous year due to investments in Smart companies amounting to R956.5 million. The cash generated from operations of R16.3 billion had a positive variance of R2.5 billion (2007: positive variance of R2.8 billion) compared to the previous year.

Conclusion

Vodacom is positioning itself to leverage on its existing customers and relationships through current capabilities as well as the new convergent Vodacom Business unit's technologies. There continues to be growth potential in all the markets that Vodacom operates in. The year under review illustrated that in an environment with slower economic growth and inflationary pressures, Vodacom is able to not only weather the downturn but also increase revenues. Exposure to all segments of the population and all sectors of the economy during a period of economic uncertainty, combined with relatively conservative debt gearing in a rising interest cost environment, will continue serving in Vodacom's favour. Increased profits translated directly into an improvement in cash flows. High confidence levels in the success of all its operations remains unscathed despite the fierce competitive playing field and rigorous challenges presented by regulatory constraints. We have achieved the point where mobile communication is well and truly commoditised. This has enabled Vodacom to capitalise on the introduction of new technologies through the strength of its brand supported with a healthy balance sheet.

Pieter Uys
Chief Operating Officer
Vodacom Group (Proprietary) Limited

"TO ENSURE THAT WE MAXIMISE THESE OPPORTUNITIES VODACOM NURTURES A CULTURE OF INNOVATION AND MONITORS INTERNATIONAL TRENDS TO REMAIN AT THE FOREFRONT."

Vodacom continued its forward momentum with excellent growth in our five African countries of operation. Growth was fuelled by the continuing strong demand for voice communications, horizontal growth initiatives and rapid growth in data products.

With a total of almost 34.0 million customers, Vodacom is one of the most powerful telecommunications brands on the continent. We have cemented our leadership in South Africa with an estimated market share consistently above 55% and have positioned ourselves to maximise new opportunities in the industry.

Our operations in Tanzania, the Democratic Republic of Congo, Mozambique and Lesotho recorded impressive double-digit growth rates and significantly increased their profit contribution to the Group. These countries now account for 27.0% of the total customer base. Robust economic growth on the African continent boosted the demand for telecommunication services, while at the same time these services were enablers of growth. Increasingly telecommunication is becoming a basic need for African communities.

Significant reductions in the barriers to entry also resulted in higher telephone penetration. The significantly reduced cost of handsets, and in many cases lower tariffs made telecommunications more affordable for millions of Africans.

South Africa

With the launch of Vodacom Business, Vodacom South Africa has significantly expanded our scope of operations to position us as the electronic communications service provider of choice to the corporate market.

Although Vodacom Business was only launched in the last quarter of the period under review, many of South Africa's blue-chip companies have already contracted to the service.

Vodacom South Africa will build transmission infrastructure and offer centralised network architecture combined with a hosted environment to offer a full range of converged telecommunication solutions. The resulting economies of scale will generate significant cost savings for customers as well as improvements in network efficiencies, security, back-up of data and applications and power redundancy.

Vodacom South Africa plans to lead with an aggressive converged solutions strategy in the market place while remaining the cellular market leader.

During the financial year strong growth continued in the increasingly mature South African market with our cell phone customer base growing by 7.9% to a total of 24.8 million. Gross connections were up by 10.9% and ARPU remained stable compared to the previous year. As contracts have become more affordable and tailored to different market segments, the number of contract customers increased to 14.3% of total customers, up from 13.1% in the previous year.

South Africans' thirst for high-speed reliable broadband resulted in rapid growth in Vodacom South Africa's number of data customers, securing a significant slice of the mobile broadband market with 370 thousand data card and USB modem users.

We continued our horizontal growth initiatives in the South African market, which were well received by our customers who are increasingly technologically sophisticated. In addition, the feature rich technology of our GSM 3G network and the ever-evolving computing power of cellphones provided a constant source of value added opportunities.

To ensure that we maximise these opportunities Vodacom nurtures a culture of innovation and monitors international trends to remain at the forefront.

A particularly successful initiative was the launch of mobile advertising. Our DSTV Select offering generated excitement and activity in Vodacom South Africa's retail network, thereby also boosting take-up of other services.

Tanzania

Our largest non-South African operation passed a significant milestone to end the financial year on 4.2 million customers, a year on year increase of 29.6% and making it the largest network in Tanzania. This performance under Managing Director Dietlof Maré was achieved despite the highly competitive and difficult operating environment. The country recorded strong economic growth, mostly driven by tourism, and was fortunately unaffected by political instability in neighbouring Kenya.

Our 3G offering was successfully implemented in Dar es Salaam and data products have shown strong growth. By the end of the financial year more than 50 thousand 3G devices were registered on the network. The demand for data was also driven by the launch of innovative data and email bundles by Vodacom Tanzania.

An exciting development in Vodacom Tanzania is the scheduled launch of M-PESA in the new financial year. M-PESA is one of the world's first cell phone to cell phone cash transfer services that is expected to revolutionise the way Tanzanians save and manage money. Of the 21 million Tanzanians over the age of 16, only 1.6 million currently have a bank account, but more than six million Tanzanians have a cell phone or have access to a cell phone. We are confident that M-PESA will increase customer loyalty in a market that has so far been easily swayed by price and promotions.

Democratic Republic of Congo ("DRC")

The DRC continues on its difficult path to peace and stability and overall the country has remained stable. The economic outlook is positive and the DRC's fiscal position and Gross Domestic Product ("GDP") growth have been boosted by significant international investment in the country. The informal sector also generated good economic growth, although not reflected in GDP data.

In this buoyant economy Vodacom Congo grew its customer base by 25.0% to 3.3 million customers, led by Managing Director Mervyn Visagie.

Vodacom Congo's Internet Service Provider ("ISP") acquired in the previous financial year made good progress in the corporate market, especially as the demand for broadband is stimulated by economic growth. We plan to expand the ISP's coverage and increase access points in the market.

Lesotho

The stable political and business environment in the mountain kingdom resulted in continued profit growth for Vodacom Lesotho. In a thriving economy more people became first-time cell phone users and customers increased by 41.6%.

Under the leadership of Managing Director Godfrey Mbingo, Vodacom Lesotho remained the market leader with its market share stable at 80.0%.

Vodacom Lesotho plans to provide broadband access in this market with the roll-out of a WiMax and/or 3G network in certain key areas.

Mozambique

Mozambique remains a challenging environment in which to do business, ranging from political challenges to logistical problems as a result of the size of the country and lack of proper infrastructure. The country remains dependent upon foreign assistance for much of its annual budget.

With Managing Director José dos Santos at the helm, total customers increased by 29.8% to 1.3 million, growing Vodacom Mozambique's market share to a new high of 40.0%.

The GPRS network that had been launched in the previous financial year was well adopted by the market, with growing numbers of customers using the service every month.

Shameel Aziz Joosub
Managing Director
Vodacom (Proprietary) Limited

Commercial

Service providers

Vodacom (Proprietary) Limited has contracts with a number of companies for the distribution of its services. These companies are referred to as service providers. They each have their own individual brand, manage the customer interface, are responsible for the billing and credit control of their own customers on behalf of Vodacom (Proprietary) Limited and provide individualised value added services such as customer care, insurance, itemised billing, etc. For the year Vodacom distributed its services through four service providers.

Vodacom Service Provider Company (Proprietary) Limited ("VSPC"), a wholly owned Vodacom (Proprietary) Limited subsidiary is one of the service providers that distributes only Vodacom services. VSPC remains the flagship of our service provider channel, managing 95.9% (2007: 73.9%) of the total customer base and 79.3% (2007: 79.6%) of the contract base.

Vodacom services are also provided exclusively by Global Telematics (Proprietary) Limited, trading as Orchid; which have recently been bought by VSPC subsequent to obtaining Competition Commission approval on March 20, 2008, with an effective date of April 1, 2008.

Vodacom services are also distributed through our valued independent (non-exclusive) service providers Nashua Mobile (Proprietary) Limited and Altech Autopage Cellular (Proprietary) Limited.

Distribution channels

As at March 31, 2008, Vodacom's distribution network consisted of the following:

- Vodaworld: a unique one-stop mobile telecommunications mall, showcasing the latest technology in cellular hardware;
- Dealers and franchises: 980 (2007: 945) Vodacom and independently owned cellular dealer and franchise outlets which include Vodashop, Vodacare, Vodacom 4U, Chatz, Cellshack, Smartcall, Smartcom and Glocell;
- National chains: 14,300 (2007: 13,800) retail outlets;
- Vodacom Direct: Vodacom's call centre-based and online selling division;
- Vodacom Business: an extensive direct sales division within Vodacom which concentrates on the sale of contracts, data products and value added services and more recently the total spread of Information and Communications Technology ("ICT") converged services to businesses;
- Wholesale: a significant channel representing the informal sector comprising of street vendors serving under-serviced areas; and
- Service provider distribution through Nashua and Autopage consisting of direct dealers, corporate dealers and franchise stores.

Customers and traffic

Customer growth and connections

The total number of customers increased by 7.9% to 24.8 million

(2007: 23.0 million). The number of prepaid customers has increased by 6.4% to 21.2 million, while the number of contract customers has increased by 17.5% to 3.5 million.

The strong growth in customers was a direct result of the remarkable number of gross connections achieved, with continued levels of handset support to service providers in respect of the contract base, coupled with decreased churn in the contract base.

Contract gross connections increased by 17.4% to 782 thousand (2007: 666 thousand), and prepaid gross connections increased by 11.1% to 11.2 million (2007: 10.1 million), bringing the total number of connections for the year to 12.0 million (2007: 10.9 million).

The year under review was another year of records in South Africa, with 1.3 million prepaid gross connections achieved in December 2007 the highest ever for a single month, 9.7% more than the previous high of 1.2 million in December 2006. Contract gross connections of 80 thousand, achieved in May 2007, were also the highest ever, 9.4% higher than the previously reported high of 68 thousand in December 2006.

Loyalty and retention programmes continue to play an integral role in achieving the strategy of retaining market share and attracting new customers.

Average revenue per user ("ARPU")

During the period under review, total ARPU remained stable at R125 (2007: R125) per month as a result of the implementation of the supplementary disconnection rule on the prepaid customer base.

Contract customer ARPU has decreased by 6.0% to R486 (2007: R517) per month. The main contributing factor to this decrease was the rapid growth in data customers as well as in the low end top up packages.

The developing market through the prepaid service continued to drive market penetration in 2008 and made up 93.4% (2007: 93.2%) of all gross connections. The prepaid customer ARPU remained stable at R62 (2007: R63) per month.

Community services ARPU decreased by 23.6% to R689 (2007: R902) per month due to increased competition.

Churn

The cost of acquiring contract customers in a highly developed market is considerable. Vodacom implemented upgrade and retention policies over the last few years to retain its customers. Through the continued high level of handset support to service providers and an improvement in service to customers, Vodacom reduced contract churn to an all time low of 8.3% (2007: 9.7%).

The prepaid market is characterised by low acquisition costs due to the flexibility required by this market to access our services. Prepaid churn increased during the year under review to 47.9% (2007: 37.5%) due to a supplementary disconnection rule implemented on prepaid customers. This change increased prepaid churn, but provides a better reflection of active prepaid SIM cards on the network.

Traffic and minutes of use

Total traffic increased with 11.7% to 22.8 billion (2007: 20.4 billion) minutes. This growth was due mainly to the 7.9% growth in the total customer base from 23.0 million to a base of 24.8 million at March 31, 2008. Customer calling patterns continued the trend of the last few years where total mobile-to-mobile traffic increased with 13.5% while total mobile-to-fixed and fixed-to-mobile traffic only increased with 3.5%.

Minutes of use is reflective of voice trends outside and in excess of the bundle and shows a stabilised trend for the period under review. Contract minutes show an 8.5% decrease to 172 (2007: 188) minutes per customer per month for 2008, as a result of high sales in hybrid products at the low end of the market; prepaid minutes show a 2.1% decrease to 46 (2007: 47) minutes per customer per month in 2008.

Estimated market share

Despite strong competition, Vodacom remained the leader in the South African market with an estimated 55% (2007: 58%) market share as at March 31, 2008. The slight decline in market share is a result of increased deletions on the prepaid customer base and renewed efforts by the existing competitors to increase their share of the gross connections of both contract and prepaid customers. The cellular industry in South Africa has grown by an estimated 10% since March 2007. The market penetration of the cellular industry is now an estimated 94% (2007: 84%) of the population with a total cellular market of approximately 45 million (2007: 40 million) customers. Prepaid customers continue to dominate the market and comprise an estimated 83% (2007: 83%) of the total cellular market.

Brand

Vodacom remains the number one telecommunications brand in South Africa. This position was again confirmed in the annual Markinor - Sunday Times Top Brands survey where in addition to being the top brand in telecommunications, Vodacom was voted third in the category overall favourite brand (alongside Coca-Cola and SABMiller) and fifth in the "coolest brand" category.

In the same survey, Vodacom was voted South Africa's favourite advertiser which can be attributed to the iconic "Meerkat" and the entertaining "Lucky and George" television commercials that were flighted during the year. The highly rated commercials were well received by both the public and media.

Vodacom has an extremely positive image in the market and is characterised by its leadership, innovation and entertainment capabilities. As the South African market continues to mature and consumers become more discerning, it is even more important for Vodacom to continue its evolution into a truly customer-centric brand. This will be achieved by a more targeted approach to the market as well as by consistently delivering on Vodacom's brand promise. During the year under review customer segmentation models were further extended into the business.

Sponsorship

Vodacom is recognised as a major sponsor of sport in South Africa. These sponsorships include sporting teams on a national and provincial level such as the Springboks, Bafana Bafana, Vodacom Blue Bulls, Vodacom Cheetahs, Vodacom Stormers, Kaizer Chiefs, Orlando Pirates, and Bloemfontein Celtics. Vodacom also sponsors tournaments and events such as the Vodacom Super 14, Vodacom Cup, the Vodacom Tri Nations, Vodacom Challenge and the Vodacom Durban July.

South Africa's Rugby World Cup victory, an all South African Vodacom Super 14 final and the success of the Vodacom Challenge ensured that Vodacom was able to achieve enormous value during the past year, particularly in comparison to previous years. These factors coupled with the umbrella marketing campaigns around these sponsorships, specifically the Greatest Supporters Tour/Experience created once in a lifetime opportunities and experiences within its consumer base thereby increasing brand popularity amongst South African sports supporters.

In addition to the benefits that these sponsorships have to the brand, the events and broadcast opportunities are successfully used to promote Vodacom's products and services. In the year ahead, Vodacom will also utilise its sponsorship properties as a vehicle to promote its corporate social responsibility initiatives and associating the passion of sport with the Vodacom brand.

Products and services

Vodacom has a culture of innovation and our record of accomplishments with regard to our product offering bears testimony to this. Recent significant products launched include prepaid data bundles, instant messaging and social networking platforms, remote video surveillance and a music application which converts a mobile phone into an unlimited portal for downloading worldwide music content. Another new innovation was a product which allows prepaid customers to reverse charge a call to the account of a contract customer. As an extension to our mobile television offering, Mobile TV Playa was launched to users of 2.5G handsets to allow them monthly access to television content. Due to focus in the mobile entertainment industry shifting towards mobile television, Vodacom has taken the lead in exploring participation television developments, and was first to market with launching an interactive service that enables mobile users/television viewers to be directly involved through SMS, MMS, games and chat rooms to shape content on screen. The InLive product was launched on eTV's breakfast brain show in August 2007 via an Interactive Voice Response ("IVR") service. Vodacom also launched mobile advertising successfully. The Vodafone Group and other global operators are currently using this Vodacom service as a benchmark. Mobile advertising is a service that holds excellent revenue growth potential.

Contract services

Vodacom offers contract customers a range of mobile service packages designed to appeal to specific customer segments. Packages range from hybrid packages and Weekend Everyday for consumer customers and business packages, such as Business Call, for business customers. Additional packages like Shared Talk 1500 were launched to target the small, medium and micro-sized enterprises ("SMME") market.

As of March 31, 2008, 14.3% (2007: 13.1%) of Vodacom's customers were contract customers. The high spending contract customer market is of strategic importance and therefore a number of retention and upgrade strategies have been implemented to retain these customers. The decrease in churn rates for contract customers bears testimony to our continued success in achieving this goal.

The innovative Top Up product launched in 2003, designed to facilitate migrations to contract packages from existing prepaid packages has proven highly successful and contributed to the growth in contract customers. As at March 31, 2008, 26.4% (2007: 30.0%) of Vodacom's contract base comprised Top Up customers. During the year a number of new Top Up products were launched to complete our range and lower the entry pricing.

Prepaid services

The majority of Vodacom's customers are prepaid and at March 31, 2008 the prepaid base comprised 85.3% (2007: 86.5%) of customers. Vodacom has three prepaid products, namely: Vodago, SmartStep and 4U. Our 4U offering, which is Vodacom's per second billing option, continues to prove highly successful and as at March 31, 2008, 92.7% (2007: 85.3%) of Vodacom's prepaid customers were 4U customers.

Value added voice and data services

A comprehensive value added services ("VAS") portfolio complements Vodacom's contract and prepaid offerings. Vodacom's current data portfolio includes various pay-as-you-use and bundled GPRS as well as 3G offerings available to prepaid, Top Up and contract customers.

Vodacom was the first operator to introduce a commercial 3G offer into the local market in December 2004 and has created a new niche market in data-related products and services. The number of active 3G/HSDPA handsets on the network as at March 31, 2008 was 1.3 million (2007: 584 thousand). The 3G launch included a number of innovative products such as the Vodafone Mobile Connect Card and USB Modem which offers a viable alternative to fixed connectivity. As at March 31, 2008 Vodacom already connected 370 thousand (2007: 149 thousand) users.

Vodacom was also the first to launch BlackBerry devices into the South African market, shifting the focus to data and e-mail on demand. As at March 31, 2008 Vodacom had acquired 32 thousand (2007: 23 thousand) BlackBerry users.

During the year there was an increase in the usage of GPRS, 3G and HSPDA, with the number of users of Packet Switched Data ("PSD") increasing to 4.7 million (2007: 2.8 million) at March 31, 2008.

A significant contributor to the number and volume of GPRS and 3G data traffic is Vodafone live!, which was launched on March 22, 2005 and by March 31, 2008 there were 1,421 thousand (2007: 899 thousand) users.

Vodacom continued to deliver on its data strategy which is centred on a wireless application service provider ("WASP") model for ease of connectivity and standardised interfaces. Currently, the WASP model is driven largely by consumer applications, with the majority of interest being in premium-rated outgoing SMS and bulk incoming SMS services. As of March 31, 2008, 149 (2007: 165) WASPs were active on the Vodacom network. During the year a consolidation of WASPs had been encouraged by Vodacom, which resulted in the reduction of active WASPs.

Premium rated SMS content is still focused on competitions, information and alert services. Consumer sensitivity to pricing appears to be stabilising, as average monthly volumes have grown to 25.2 million (2007: 15.8 million) premium rated SMSs. A number of new bearers have become significant, as Vodacom also provides premium rated MMS and IVR (155 thousand average monthly users for the quarter ended March 31, 2008) as well as the Vodacom online billing service. This enables a WASP to issue Vodacom billing tickets which enables Vodacom to collect subscription services amongst others on their behalf. Revenues from WASP services have grown by 33% year on year as the number of services and bearers have increased.

In addition, Vodacom launched an adult content management system, the first and to date only mobile system that enables parents to "opt out" their children on request from receiving mature content. Vodacom has adopted a very conservative approach which prohibits the delivery of undesirable content and limits all users to a level of content similar to that which is freely available at news agents. Children are further protected from not only visually unsuitable material but also chat rooms and unsuitable web sites like gambling and drugs.

Handset sales

The number of handsets sold during the year was 5.1 million (2007: 4.6 million) units, which represented year on year growth of 10.9% from 2007. The state of the art warehouse in Midrand, handled an average of 2,600 orders per day, an increase of 13.7% from the prior year figure of 2,287 orders per day. Vodacom finalises 98.1% of all deliveries to its distribution channels within 48 hours of receiving the order.

The Vodafone live! handset portfolio accounted for 18% of our total sales for the year. 3G handset pricing has also reduced significantly in the last year making 3G handsets now more affordable. HSDPA data card sales have increased significantly, accounting for 5% of total sales for the year. The introduction of Laptop computers with embedded HSDPA 36 modules has been very successful, with further bundled offers planned for the next year. Camera technology in the phones has improved with 2 mega pixel cameras being the standard and seven mega pixel cameras now available on high end phones.

International and national roaming services

At March 31, 2008, Vodacom had international roaming agreements with 397 mobile communications network operators in 182 countries (2007: 386 network operators in 180 countries) for contract telephony services, 149 (2007: 146) GPRS roaming contracts, 54 (2007: 46) 3G roaming contracts and 27 (2007: 31) prepaid roaming telephony contracts.

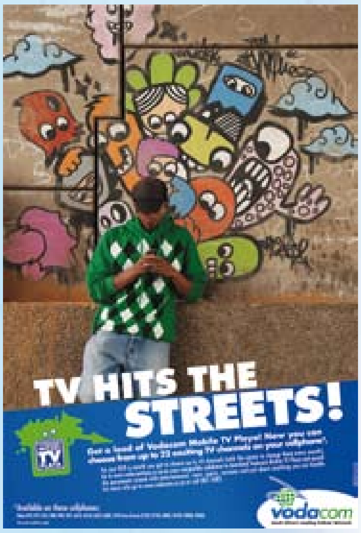
For 2008 focus will be placed on increasing the footprint for Vodafone Passport, prepaid and GPRS networks as well as on reducing the inter-operator tariffs charged to Vodacom by other networks.

Vodacom has a national roaming agreement with Cell C which offers Cell C the ability to provide services to its customers using Vodacom's network on a national basis.

Vodacom Business

In order to achieve company growth and revenue targets, Vodacom diversified horizontally into the internet service provider ("ISP") and information technology ("IT") services industries. A "follow the money" strategy was conceived in which key opportunities in the provision of ICT services to corporate and business markets were identified as an area that Vodacom could successfully develop.

With the aim of offering the market a full set of converged communications services through a compelling value proposition, Vodacom Business was officially launched in February 2008. The strategic aim of the division is to play a key role in



the important broadband access services space, capitalise on transmission and self-provisioning opportunities, grow revenue through managed services opportunities and enhance the "stickiness" of corporate clients.

A "build and buy" approach is being followed in development of the division, the purpose of which is to gain market traction and a customer base while developing a next generation network ("NGN") core, edge and access network in support of services. Vodacom Business developed a service portfolio that includes next-generation Internet Protocol ("IP") voice services, managed networks and infrastructure services, access services, hosting and applications.

The platforms, systems and organisation have been created and are prepared to sell, fulfil, support and bill the initial commercial products, with the balance of the service portfolio coming online during the course of 2008.

Customer Relationship Management ("CRM")

As the South African cellular market approaches saturation, customer retention remains the number one priority for cellular operators in South Africa.

The loyalty programmes implemented in 2005 and 2006 are now fully entrenched and play a pivotal role in Vodacom's retention strategy. The Vodacom Talking Points programme has had a positive affect on the churn rate amongst Vodacom's high value prepaid customers. This is particularly evident from the 200% increase in the number of Talking Points redemptions that were done in the year under review. Part of this increase is attributable to targeted customer campaigns that were implemented during the year.

The Yebo Millionaires game show continues to be a favourite with Vodacom's emerging market customers and continues to attract more than 1.5 million entries per week. During this year more than 360 thousand customers won prizes including 12 cars, 474 cell phones, airtime and cash. Two of these customers became instant millionaires when they were able to predict the winning letters for the week and two others received R500 thousand. Yebo Millionaires has a corporate social responsibility element whereby computer centres are given to four public schools every month.

These programmes have significantly contributed to the high levels of satisfaction among Vodacom's customers, evident in the customer satisfaction surveys that are conducted on a quarterly basis. These surveys are based on best practices used by Vodafone and enable Vodacom to better understand our customers' likes and dislikes and how customers would like Vodacom to interact with them. Using these insights, Vodacom ensure that staff are trained to interact with customers in a customer-centric manner and that the business processes support the customer relationship management principles of Vodacom.

Customer care

With sufficient capacity in place customer care has been able to focus on a more strategic approach to call handling and successfully implemented the many projects assigned to this initiative. The primary focus was on the redesign of the existing customer care IVRs. The latter included new IVR menu structures; the re-scripting of IVR prompts; and more effective call routing from the IVR to the correctly skilled agent thus improving the overall customer experience. This went live on the November 6, 2007 and the outcome is a more "customer friendly" IVR experience that guides customers more effectively through the options, to correctly skilled agents. These changes have reduced the number of repeat callers to customer care and assisted in the reduction of calls being transferred between the various agent skills. The average number of calls entering the IVR per month for the financial year was 14.9 million.

The new strategic call handling approach was aligned to the re-engineering of our agent skills. This was done by means of new skills definitions, in line with the mix of existing and emerging products, and was implemented in August 2007 and September 2007. The skills implementation project proved to be very successful and moved customer care from a multi-skilled environment, to a specialised single skilled environment thus providing the required agent knowledge competency to more effectively address customers' queries. Teams across the country are now specialised by skill which creates accountability with management of a specific skill(s).

The consolidated customer care service level target for the financial year was successfully achieved. The consolidated service level has consistently been above 70% from September 2007 to March 2008.

Productivity increased from March 2007 to March 2008 from 9,991 to 10,133 customers per agent. A national project to train an additional 400 flexi agents was implemented during October 2007 in order to address the anticipated annual increase in call volumes during December 2007 and January 2008. Over and above this, a structured long term plan for continuous recruitment, training, coaching and up-skilling of flexi agents was implemented.

At the beginning of November 2007 a project to review quality management was initiated. The objective was to ensure positive agent behaviour and service excellence within customer care, and its supporting divisions. The focus of this new model shifts the objective from detection to prevention of faults and has the added ability to provide feedback to all key areas of monitoring – recruitment, training and coaching, consultant feed back, call handling and other departments within the organisation.

The focus areas for the Ladder of Learning trade training was to ensure that training delivery took place more frequently nationally thus necessitating that the team of trainers be increased. A minimum standard curriculum covering all Vodacom products and services was implemented that included an advanced data training programme. Classroom training achieved record attendance and eLearning and In-store training were successfully implemented. The latest additions to the portfolio of courses are the compulsory induction programme for new franchisee employees and training of Vodacare staff on processes and technical support thus ensuring a consistent delivery of service across all customer touch points

Walk-in customer care

Dedicated customer care centres located in busy shopping centres across the country continue to be highly successful in providing customers with a one stop shop in terms of their customer care related queries. The success of these outlets is evident in a 10% year on year increase in foot-traffic. This increase contributed to the decision to continue increasing the number of centres. There are seven centres currently located in the following areas: Vodaworld – Gauteng, Menlyn – Pretoria, Eastgate – Gauteng, Canal Walk – Cape Town, Gateway – Durban, Greenacres – Port Elizabeth and Mimosa Mall – Bloemfontein.

As data services have become more popular, all of these centres have been upgraded to assist customers with queries of a technical nature.

We have seen an increase in foot-traffic year on year in Vodaworld and currently over a million customers visit on an annual basis.

Vodacare

Vodacare specialises in cellular repairs and consists of 39 branches and franchises in all the major centres providing walk-in customer support to

Vodacom customers and an advanced repair centre hub for high level repairs situated in Midrand. With an average of over 80 thousand repairs per month, this dedicated customer service support centre differentiates Vodacom's offering from that of competitors.

Vodacom's primary focus with respect to repairs is to manage and facilitate the process of putting the customer back on the air with as little interruption as possible. This is achieved by using a combination of repairs, swaps, refurbished handsets and loan handsets. The 48 hour swap programme and managed repairs are done through third parties. 20% of high level repair customers have opted to use the 48 hour swap programme with the remainder of the high level repair customers selecting to use the seven day turnaround time programme offered by the advanced repair centre. The balance of the low level repair customers, which comprises over 80% of the business, is serviced within 24 hours by the franchise service centres.

Network infrastructure and technology

Vodacom operates the largest mobile communications network in South Africa with excellent network quality. As at March 31, 2008 Vodacom had achieved the following 2G voice quality measured, through vehicle trialling:

- 99.8% (2007: 99.7%) call set-up success rate;
- 99.3% (2007: 99.6%) call retention rate; and
- 99.1% (2007: 99.3%) call success rate.

The 3G network, although providing the fundamental infrastructure for data services of up to 3.6 Mbps through HSDPA, also carries voice calls and achieved the following voice quality as measured through vehicle trialling as at March 31, 2008:

- 99.1% (2007: 97.7%) call set-up success rate;
- 99.1% (2007: 98.2%) call retention rate.

The network continued to deliver high levels of performance as is clearly reflected by the preceding trialling results. Extensive efforts were put into increasing the available capacity through the introduction of new infrastructure as well as upgrades to the existing infrastructure by way of hardware and software. This has ensured that the network is able to service a growing demand, whilst still improving the network quality delivered to customers.

Vodacom's GSM infrastructure covers an estimated 98% (2007: 98%) of the population, based on the available census information of 2001, and 72% (2007: 71%) of the geographical area of South Africa.

The 3G infrastructure covers an estimated 25% of the population and 1% of the geographical area of South Africa. Growth in both population and geographical coverage has continued proportionally during the year under review.

The network's core GSM infrastructure as at March 31, 2008 consisted of the following:

CORE	GSM/GPRS/EDGE	3G/HSDPA
• 53 mobile switching centres * (including HLR's, VLRs, STP's and gateways); *This is up from 45 mobile switching centres in March 2007 due to the addition of VLR , HLR and STP platforms.	• 379 base station controllers (2007: 325); • 5,603 macro-base transceiver stations (2007: 5,231); • 1,697 micro-base transceiver stations (2007: 1,634); • 76,895 transceivers (2007 : 69,527) ; • 6,753 sites (macro/micro combination) are activated with CS3 and 4 (2007: 6,110); • 2,427 sites are activated with EDGE (2007: 2,195 sites); and • GPRS functionality across the network.	• 29 Radio Network Controllers (2007: 22); • 2,559 UMTS Base Transceiver Stations (NodeB) (2007: 2,119); • 13,731 UMTS Transceivers (2007: 9,606); and • HSDPA functionality across the 3G network (3.6Mbps).

Vodacom has GSM 1800 dual band base stations in 2,532 (2007: 2,225) locations operational in South Africa, containing 19,081 GSM 1800 transceivers.

New MSC facilities in Bloemfontein and Midrand that were completed during the year contain fully redundant energy centres and transmission hubs to improve network availability and service quality.

Vodacom's transmission network comprises of 24,238 (2007: 19,931) E1 links and 484 (2007: 385) broadband links leased from Telkom, which are managed by a comprehensive new generation Synchronous Digital Hierarchy ("SDH"), digital cross-connect and multi-services platforms infrastructure.

In addition, Vodacom operates an extensive data network for its internal and commercial data requirements, based on Multi-protocol Label Switching ("MPLS") IP. It comprises of more than 450 nodes (2007: 300 nodes) and is supported (for transport) by the Ethernet over SDH.

Vodacom embarked on transmission self-provisioning towards the end of 2007. 145 microwave links, operating in the regulated frequency band have been installed and is operational. The links were primarily installed for the backhaul of the WiMax phase 1 roll-out. Vodacom is currently also busy with the deployment of core fibre rings in Gauteng and northern borders for the self-provisioning of the regional core transmission network.

A software upgrade to allow for convergent charging of the data traffic and rating of the voice traffic from one IN platform was completed this year. Previously data charging was done using one platform and voice rating using another platform.

In parallel to this, the data environment was upgraded by more robust redundant blades thus ensuring stability on the Authentication and Charging Gateway ("ACG") platform and the Common User Repository ("CUR"). The CUR was upgraded to an improved design that helps speed up replication and reduces revenue loss. The IVR environment was upgraded to 10,050 ports to cater for the InLive service.

Managed services/Vodacom Business

Base capability was developed to support the suite of services launched by Vodacom Business. This entailed:

- Deployment of infrastructure;
- Tier 1 internet network capability;
- Corporate grade national MPLS Virtual Private Network ("VPN");
- A data centre in Midrand to offer hosting, managed hosting and security services, and commencement of the final phase to complete a thousand square metre data centre;
- A soft switch to offer Voice over Internet Protocol ("VoIP") based corporate/fixed line telephony services;
- A client services operations centre to provide service support to corporate customers;
- Development and configuration of systems to facilitate operating and business processes; and
- Definition and implementation of the processes and people organisation.

Procurement

Vodacom solicits bids for all goods and services in excess of R1 million. Bids are by invitation only via a closed tender system. A multi-disciplinary cross-functional team evaluates and awards bids to the best supplier based on the best overall score, taking into account technical specification, delivery time, costing, financial viability, Broad Based Black Economic Empowerment ("BBBEE") and quality. Vodacom spent 72.4% (2007: 70.8%) of its eligible procurement expenditure with BBBEE companies. Vodacom seeks to utilise at least two suppliers for all critical equipment where possible, to minimise supply risk. Vodacom's main technology suppliers are Nokia Siemens for the core network, 3G network and Alcatel and Motorola for the radio networks.

Regulatory affairs

The regulatory environment in South Africa continues to be in a state of flux, given the advent of the Electronic Communications Act, Act 36 of 2005 ("ECA"). The Independent Communications Authority of South Africa ("ICASA") is also managing a number of rule-making processes such as interconnection, facilities leasing and essential facilities in an endeavour to implement the ECA.

The ECA

All existing licences issued under the previous Telecommunication Act, Act 103 of 1996 ("Telecoms Act") are valid until converted by ICASA to comport with the new licensing scheme contemplated under the ECA. ICASA has 24 months, from the commencement date of the ECA, to convert all existing licences. The conversion of any licence which was issued under the Telecoms Act will be on no less favourable terms than the terms embodied in the licence that is to be converted. Vodacom and other industry players are in discussions with ICASA in an endeavour to reach agreement on the best way forward for managing the transition to the ECA and the licence conversion process.

ICT BEE Charter

The draft ICT BEE Charter has been aligned with the Codes of Good Practice published on February 9, 2007. The DTI will soon be releasing the draft ICT BEE Charter for public comment and thereafter it will be gazetted as Sector Code as envisioned in the Codes of Good Practice. The Department of Communications anticipates that the ICT BEE Charter Sector Code will have the force of law and be effective by end of 2008.

1800MHz and 3G spectrum

From a technical regulatory perspective, Vodacom is well positioned for future growth. Vodacom has 1800MHz and 3G spectrum licences. Both the 1800MHz and 3G spectrum fees are the same as the 900MHz spectrum fees.

In light of this, Vodacom accepted the additional universal service obligations imposed by ICASA, i.e. 2.5 million SIM cards and 125 thousand handsets to be distributed over a period of five years to under served persons in under serviced areas and internet connectivity to 5 thousand schools and 140 institutions for people with disabilities over a period of eight years. The licence stipulates that roll-out can only commence upon approval of the implementation plans by ICASA. The implementation plans in respect of 1800MHz and 3G were submitted to ICASA in August 2005. The roll-out process for 1800MHz is currently on hold.

The airtime used on the SIM cards will be charged at a uniform commercial prepaid rate to be agreed between all three mobile cellular operators and the internet usage rates at a 50% discounted E-rate, as provided for in the ECA. The implementation plan for 3G roll-out was approved for the following provinces Gauteng, Limpopo, North West, Kwazulu Natal and Eastern Cape. Vodacom finished rolling out in all but two provinces, which are Kwazulu Natal and Eastern Cape. Vodacom is still waiting for further school allocations.

Mobile Number Portability ("MNP")

MNP was launched in South Africa on November 10, 2006. The uptake on MNP was slower than expected. The total ported customers until March 31, 2008 are set out in the table below.

Approximately 15 thousand unique Mobile Station International Subscriber Directory Numbers ("MSISDNs") attempt to port each month, with 86% doing so successfully.

Under Serviced Area Licences ("USALs")

Vodacom has roaming agreements with six USALs, namely, Amatole, Bokone, B-TEL, ITEL, Karabotel and Kingdom Communications. These agreements allow these USALs to have access to the Vodacom network to provide GSM services to their customers, both within their respective regions and outside of such regions on a national basis. All the USALs, except Bokone, have launched commercial services.

Regulation of Interception of Communication and provision of communication-related information Act ("RICA")

The amendment bill on RICA was discussed at the select committee on security and constitutional affairs ("select committee") in the National Council of Provinces ("NCOP") after being passed by the national assembly. After discussions, the select committee decided to postpone deliberations on the bill indefinitely. The effect of this decision of the select committee is that the RICA amendment bill is not likely to be finalised by parliament during the 2008 session but is likely to be considered during the 2009 session of parliament.

Conclusion

Vodacom increased its customer base by 7.9% from 23.0 million to 24.8 million customers, with the majority of the growth coming from the prepaid market. The strong growth in customers was a direct result of the number of gross prepaid connections achieved, with continued levels of handset support, coupled with decreased churn in the contract base. From a profitability perspective, it was an outstanding achievement to increase EBITDA with 14.1% from R13.0 billion to R14.8 billion and profit from operations with 13.4% from R10.3 billion to R11.7 billion for 2008.

Although the cellular industry is faced with a number of challenges in the year ahead, Vodacom is well positioned to maintain its position as the market leader in South Africa.

Net ports per network operator Year ended March 31,	2007	2008
Vodacom	(6,018)	4,484
Cell C	14,057	(10,622)
MTN	(8,039)	6,138

KEY INDICATORS	Year ended March 31, 2006	2007	2008	% change 06/07	07/08
Customers (thousands) [1]	19,162	23,004	24,821	20.1	7.9
Contract	2,362	3,013	3,541	27.6	17.5
Prepaid	16,770	19,896	21,177	18.6	6.4
Community services	30	95	103	>200.0	8.4
Gross connections (thousands)	9,140	10,859	12,040	18.8	10.9
Contract	506	666	782	31.6	17.4
Prepaid	8,618	10,124	11,248	17.5	11.1
Community services	16	69	10	>200.0	(85.5)
Inactives (3 months - %)	8.7	10.7	10.3	2.0 pts	(0.4 pts)
Contract	2.4	3.1	4.0	0.7 pts	0.9 pts
Prepaid	9.6	11.8	11.4	2.2 pts	(0.4 pts)
Churn (%) [2]	17.7	33.8	42.3	16.1 pts	8.5 pts
Contract	10.0	9.7	8.3	(0.3 pts)	(1.4 pts)
Prepaid	18.8	37.5	47.9	18.7 pts	10.4 pts
Traffic (millions of minutes) [3]	17,066	20,383	22,769	19.4	11.7
Outgoing	11,354	13,638	15,323	20.1	12.4
Incoming	5,712	6,745	7,446	18.1	10.4
ARPU (Rand per month) [4]	139	125	125	(10.1)	-
Contract	572	517	486	(9.6)	(6.0)
Prepaid	69	63	62	(8.7)	(1.6)
Community services	1,796	902	689	(49.8)	(23.6)
Minutes of use per month [5]	74	69	66	(6.8)	(4.3)
Contract	206	188	172	(8.7)	(8.5)
Prepaid	49	47	46	(4.1)	(2.1)
Community services	2,327	1,151	883	(50.5)	(23.3)
Gross capex spend (Rand millions) [6]	4,384	4,993	4,251	13.9	(14.9)
Capex as a % of revenue (%)	14.1	13.5	9.9	(0.6 pts)	(3.6 pts)
Cumulative capex (Rand millions) [6]	24,095	27,310	30,742	13.3	12.6
Capex per customer (Rand)	1,257	1,187	1,239	(5.6)	4.4
Number of employees	4,148	4,388	4,504	5.8	2.6
Customers per employee	4,619	5,242	5,511	13.5	5.1
Estimated mobile penetration (%) [7]	71	84	94	13 pts	10 pts
Estimated mobile market share (%) [7]	58	58	55	-	(3.0 pts)

Notes

1. *Customer totals are based on the total number of customers registered on Vodacom's network, which have not been disconnected, including inactive customers, as at the end of the period indicated.*
2. *Churn is calculated by dividing the average monthly number of disconnections during the period by the average monthly total reported customer base during the period.*
3. *Traffic comprises total traffic registered on Vodacom's network, including bundled minutes, outgoing international roaming calls and calls to free services, but excluding national roaming and incoming international roaming calls.*
4. *ARPU is calculated by dividing the average monthly revenue during the period by the average monthly total reported customer base during the period. ARPU excludes revenues from equipment sales, other sales and services and revenues from national and international users roaming on Vodacom's networks.*
5. *Minutes of use per month is calculated by dividing the average monthly minutes during the period by the average monthly total reported customer base during the period. Minutes of use exclude calls to free services, bundled minutes and data minutes.*
6. *Cumulative capital expenditure ("capex") includes software.*
7. *Estimated mobile penetration and market share is calculated based on Vodacom's total reported customers and the estimated total reported customers of MTN and Cell C.*

OPERATIONS REVIEW - VODACOM TANZANIA

Dietlof Maré
Managing Director
Vodacom Tanzania Limited

Overview

Vodacom Group (Proprietary) Limited owns a 65% interest in Vodacom Tanzania Limited with the remaining 35% held by a local shareholder, Mirambo Limited. Vodacom Tanzania was issued its licence in December 1999 and commenced operations in August 2000. The licence was re-issued and its term extended on July 26, 2006 under the new converged licencing regulatory framework. Vodacom Tanzania became the largest mobile operator in the country within one year of launching and still remains the largest mobile communications network operator in Tanzania.

The company's operating results were ahead of expectations for the year ended March 31, 2008, driven primarily by the continued growth in the customer base.

Infrastructure

Vodacom Tanzania's infrastructure network comprised six (2007: five) Mobile Switching Centres ("MSCs"), 32 (2007: 28) Base Station Controllers ("BSCs"), 765 (2007: 602) Base Transceiver Stations ("BTSs"). The network had a home location register ("HLR") capacity of 8 million and an effective visitor location register ("VLR") capacity of 4.5 million. Vodacom Tanzania is planning to increase capacity by installing two further VLRs during the next financial year, extending the capacity to 6.2 million.

Vodacom Tanzania's cumulative capital expenditure (excluding the licence) at March 31, 2008 amounts to TSH 579.1 billion (2007: TSH 456.7 billion), or R3.8 billion (2007: R2.7 billion).

Vodacom Tanzania focused its infrastructure investment in building additional coverage and related transmission to stimulate the growth in the customer base and improve quality of service during the year. Additional network capacity was installed in the core network to accommodate growth, and capacity sites have been built where it was necessary to improve quality of service and enhance established sites in the existing coverage areas.

Products and services

The company commercially launched its 3G/HSDPA and GPRS data product offering in the last quarter of the previous financial year and together with the commercial launch of WiMax in the current financial year, has been well received by the corporate market and has enhanced data revenues. The 3G/HSDPA data product covers Dar es Salaam whilst the GPRS network has national coverage. Core data revenues continue to be from standard short message service ("SMS"), supported by the Vodaflava (previously Vodatariffa), a premium rated SMS-based information, ring tone and logo download service.

Vodachoice continues to be the preferred contract package although Vodajazza, a contract hybrid product offered on the prepaid billing platform, continues to gain popularity in the corporate market. The latter was re-launched during the year into structured packages.

Customers

The Vodacom Tanzania customer profile is currently 99.4% (2007: 99.3%) prepaid, 0.4% (2007: 0.4%) contract and 0.2% (2007 0.3%) public phones. The total customer base at March 31, 2008 was 4.2 million (2007: 3.2 million), a substantial increase of 29.6%. This growth has primarily been achieved by an increase in the prepaid customer base of 29.7% to 4.2 million customers. Gross connections of 2.6 million (2007: 2.1 million), represents an increase of 26.4% over the year. The churn rate increased to 45.5% (2007: 35.6%). The company continues to introduce more effective methods and channels of distribution to ensure product availability throughout the country.

Competition

There are three other GSM mobile operators licenced and operating in Tanzania namely Celtel, Tigo and Zantel. A further licence was issued to Excellent Com Tanzania Limited and it is anticipated that they will commence operations towards the end of 2008. Two further operators, Tanzanian Telecommunications Company Limited ("TTCL") and Benson Informatics Limited trading as Benson Online ("BOL"), both locally controlled companies, operate with Code Division Multiple Access ("CDMA") mobile networks. Zantel continued to enhance its coverage during the year whilst continuing to operate under a national roaming agreement with Vodacom Tanzania, effective from July 31, 2005 in areas not covered by its own network. Mobile Telecommunications Company ("MTC") of Kuwait holds a majority shareholding in Celtel whilst Tigo (formerly Mobitel) is controlled by Millicom International Cellular S.A.

During the year, Celtel launched a roaming product ("One Network") over all its networks in the East African region namely Tanzania, Uganda and Kenya. This product will allow all prepaid customers to roam on these networks at the tariff of the host network. Vodacom in co-operation with Safaricom in Kenya and MTN in Uganda launched its Kama Kawaida product which allows roaming at home tariffs on these preferred roaming partner networks.

There was no national prepaid tariff reduction during the year, however Celtel and Tigo have been active in providing unlimited free on net calls during peak times and free or substantially discounted late night calls. Zantel have provided free calls across all networks on a promotional basis. Vodacom Tanzania has responded by launching and then enhancing on a promotional basis its late night offering "Chombeza Time".

The estimated Vodacom Tanzania market share is 52% (2007: 55%).

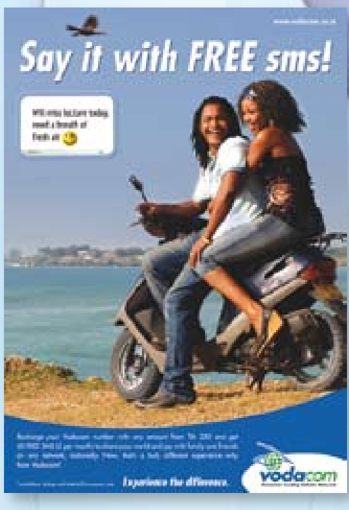
Employees

At March 31, 2008, Vodacom Tanzania had a total headcount of 618 (2007: 527) employees, which includes secondees employed out of Vodacom International Limited (Mauritius).

Vodacom Tanzania continues to support the development of local Tanzanian skills and views employee relations as a key factor in ensuring a positive working environment.

Regulatory

Vodacom Tanzania was granted its new licences on July 26, 2006. These licences were for national and international network facilities, network services, application services and radio frequency spectrum resource usage. All licences, with the exception of the application licence, run for a fixed term of 25 years. The application services licence is for an initial term of five years for national and 10 years for international, which is automatically renewable with no additional obligations up to a period of 25 years. The microwave frequency usage licence covers GSM and Digital Cross-connect System ("DCS") at 900MHz and 1800MHz and broadband frequencies for Worldwide Interoperability for Microwave Access ("WiMax") and 3G/ Universal Mobile Telecommunication System ("UMTS").



VODACOM TANZANIA KEY OPERATIONAL INFORMATION

The mobile termination rates and glide path determined by the Tanzanian Communications and Regulatory Authority were reviewed and determined effective from January 1, 2008. The determination was extended to include all international terminating calls and going forward no differentiation will be made between fixed and mobile operators.

Prospects

Vodacom Tanzania is anticipating further growth in its existing business, customer base and profitability in the coming financial year, which will be achieved by improved coverage and quality of service to existing customers. In addition, the company will further enhance its 3G/HSDPA coverage.

The ability to manage costs in line with the ARPUs and harness skills and resources to expand existing business and introduce new products and services will be critical to achieve the company's objectives going forward.

	Year ended March 31,			% change	
KEY INDICATORS	2006	2007	2008	06/07	07/08
Customers (thousands) [1]	2,091	3,247	4,207	55.3	29.6
Contract	7	14	16	100.0	14.3
Prepaid	2,081	3,223	4,181	54.9	29.7
Community services	3	10	10	>200.0	-
Gross connections (thousands)	1,353	2,092	2,645	54.6	26.4
Churn (%)	28.5	35.6	45.5	7.1 pts	9.9 pts
ARPU (Rand) [2]	67	52	49	(22.4)	(5.8)
Gross capex spend (Rand millions)	318	957	713	>200.0	(25.5)
Capex as a % of revenue (%)	24.3	55.3	30.3	31.0 pts	(25.0 pts)
Cumulative capex (Rand millions)	1,503	2,674	3,810	77.9	42.5
Number of employees [3]	438	527	618	20.3	17.3
Customers per employee	4,774	6,161	6,807	29.1	10.5
Estimated mobile penetration (%) [4]	9	16	20	7 pts	4 pts
Estimated mobile market share (%) [4]	58	55	52	(3 pts)	(3 pts)

Notes

1. *Customer totals are based on the total number of customers registered on Vodacom's network which have not been disconnected, including inactive customers, as of end of the period indicated.*
2. *ARPU is calculated by dividing the average monthly revenue during the period by the average monthly total reported customer base during the period. ARPU excludes revenue from equipment sales, other sales and services and revenue from national and international users roaming on Vodacom's networks.*
3. *Headcount includes secondees.*
4. *Estimated mobile penetration and market share is calculated based on Vodacom estimates.*

Mervyn Visagie
Managing Director
Vodacom Congo (RDC) s.p.r.l.

Overview

Vodacom Congo (RDC) s.p.r.l. ("Vodacom Congo") was established on December 11, 2001 in the Democratic Republic of Congo ("DRC") and the network was officially launched on May 1, 2002. Vodacom International Limited (Mauritius) owns a 51% interest in Vodacom Congo, with the remaining 49% owned by Congolese Wireless Network s.p.r.l..

Vodacom Congo is currently performing well under challenging circumstances. Overall market conditions proved to be more aggressive with competitors cutting retail prices and offering various packages to attract new connections. Despite aggressive competition for market share, Vodacom Congo has been able to retain dominance in the Congolese cellular market. The main contributing factors in achieving customer and profit growth include coverage roll-out in strategic areas, capacity upgrades, launching of new products and services and an effective and aggressive sales and distribution strategy.

Vodacom Congo operated under an investment tax concession since 2003. The concession came to an end on December 31, 2007 resulting in Vodacom Congo being liable for corporate taxes and duties from January 1, 2008. This will have an adverse affect on profitability going forward.

The increased political stability and improvement in the macro-economic environment in the DRC is expected to continue. The excellent network quality and coverage, strong multi-national brand, extended distribution channel and market share levels put Vodacom Congo in a very favourable position to further entrench its market leading status.

Infrastructure

Vodacom Congo invested R658 million or US$92.6 million during the year to maintain and expand its high-quality network throughout the country. Network coverage has been rolled out in all of the provinces of the DRC. This includes roll-out in 274 (2007: 238) towns and consists of 425 (2007: 368) base transceiver stations ("BTSs") and six (2007: four) mobile service switching centres ("MSCs") with 20 base station controllers ("BSCs") (2007: 17). Vodacom Congo is financing its capital expenditure roll-out with internally generated funds and shareholder funding.

The company's cumulative capital expenditure at March 31, 2008 was R3.9 billion or US$483.4 million (2007: R2.9 billion or US$391.3 million).

Products and services

Vodacom Congo offers contract, prepaid, Private Automatic Branch Exchange ("PABX"), Internet Service Provider ("ISP") and public phone services. The contract

product is aimed at the corporate market, with a focus on value added and customer service. To further enhance its revenue streams, Vodacom Congo commercially launched a new prepaid per second billing package in December 2007. The package was introduced to counter similar products introduced by the competition in the market and to further enhance the Vodacom Congo portfolio of products and services. Vodacom Congo also introduced a MMS service and a missed call notification service.

Alternative revenue streams, that were introduced during the previous year such as PABX and ISP products have been consolidated. New business solutions such as Automatic Teller Machine ("ATM") recharge and General Packet Radio Service ("GPRS") terminals have been launched to the banks and other corporate customers, performing real time transactions to enable their businesses in the DRC. A walk-in customer care centre was opened with the objective of improving service to corporate and data customers.

In order to strengthen the distribution channel for prepaid airtime vouchers, Vodacom Congo introduced a bulk secure airtime voucher printing system with great success in the DRC. The system has grown to account for over 55% of the recharge revenue in the DRC and has been well accepted by the market as an alternative prepaid distribution. Vodacom Congo further introduced a new niche service in the distribution of airtime allowing Vodacom customers to be topped up by their relatives from overseas.

Customers

Vodacom Congo's customer base increased by 25.0% to 3.3 million (2007: 2.6 million) customers at the end of the financial year. This was the result of 2.1 million (2007: 1.7 million) gross connections and a churn percentage of 48.0% (2007: 30.4%).

Churn was significantly higher than the previous year due to invalid connections during the last quarter of the previous year and the first and second quarters of the current year as a result of airtime transfers and undercutting by dealers. Business rules have consequently been adjusted to counter this situation and it is expected that churn levels will remain high until the balance of these connections are removed from the customer base by July 2008.

Vodacom Congo's key success factors in the market are the extended effective distribution channels, roll-out of coverage in new areas, sound network quality, launch of new products and services and a strong and respected brand.

Market share and competition

Vodacom Congo continued to be the leading telecommunication network in the DRC, with an estimated market share of 41% (2007: 47%) as at March 31, 2008. Vodacom Congo's main competitor Celtel, controls approximately 37% (2007: 39%) of the market. The remaining balance of the market is shared with Tigo and Congo Chine Telecom accounting for 9% (2007: 5%) and 13% (2007: 9%), respectively. Tigo and Congo Chine Telecom increased market share mainly as a result of significantly reduced tariffs and the launch of new packages offering low tariffs and increased bonuses combined with aggressive marketing and advertising.

Employees

Vodacom Congo ended the financial year with 691 (2007: 627) employees, which includes secondees. The DRC employment market is currently very competitive with the arrival of multinational companies, Vodacom Congo staff are an attractive target for recruitment as a result of their highly valued skills and training. Vodacom Congo embarked on an intensive programme of training and retention of staff and projects such as the implementation of the Vodacom Congo employees co-operative and wellness programme.

Effective April 1, 2007, Mervyn Visagie was appointed as the Managing Director of Vodacom Congo taking over from Dietlof Maré who moved to Vodacom Tanzania as Managing Director.

Regulatory

The regulatory environment of the past financial year was highly political and the efforts were concentrated on the smooth landing of the elections process. Limited activity was experienced from the National Regulatory Agency ("NRA") and not much was done towards capacity building for the establishment of a fully functional regulatory agency.

The government was highly involved in the examination of the current state of the Congolese economy and the assessment of the available means to carry on all electoral promises to deliver to their constituency.

During the budget session at the parliament the discussions were focused on fiscal expansion. The necessity to optimise the revenue generated by the telecommunications sector and the mining sector was raised. A senatorial committee was nominated in December 2007 to liaise with the ministry and the network operators to collect the statistics for the Ministry of Finance.

A Bill that was initiated by the Minister of Finance will subject mobile operators to excise duties of 10% with a total burden of taxes on services revenue amounting to 28%. This Bill was passed on May 8, 2008 with the next step being the promulgation of the law by the Head of State.

The lack of appropriate institutional framework in the DRC has an adverse impact on Vodacom Congo strategies to meet technology developments. Technologies are disorderly converging. Generally, this lack of control has a negative impact on the development of the industry as it creates opportunities for fraud that enable "grey operators" to operate without the required licences thus causing a distortion of competition.

During the latter part of the financial year, network operators were under pressure from the security and intelligence service with respect to mandatory customers' registration.

Despite objections pertaining to lack of proper identification documents issued to Congolese citizens, the lack of communication infrastructure and the negative socio-economic impact of the mandatory registration, the NRA resolved to pass a decision in June 2007 that was only communicated to the stakeholders in December 2007. This decision is subjecting the network operators to a paper based registration with very short timelines for the completion of customer registration in the whole territory. At the end of March 2008, a decree was co-signed by the Minister of Post and Telecommunications and the Minister of Internal Affairs, which reinforces the modalities of the mandatory registration and adds harsh sanctions on the operator. This decree mentions "the right" of the network operator to disconnect customers that are not registered at the expiration of the prescribed delays.

Social responsibility

After violent eruptions in March 2007 the country is experiencing a peaceful period. DRC is the third largest country in Africa, with a population of more than 65 million, of which 90% survives on less than US$1 per day. Social challenges are considerable.

Vodacom Congo positioned itself as a caring and sharing company through its social responsibility programme which focuses on education, health, welfare, environment, culture and art. Since 2002, the company has invested close to US$3.5 million in various social projects such as school benches, scholarship bursary programmes, school renovation, hospital renovation, blood donation and a new programme rewarding the best teachers of primary schools of the DRC with a bicycle.

The social programme is forming the image of the company as a respected and preferred company among the population.

Prospects

Vodacom Congo is well placed to take advantage of opportunities in the market as it continues to deliver the highest quality and best value in wireless voice and data telecommunication to its customers. The ability to grow revenue through customer acquisition and retention and effective management of costs and margins will ensure continued growth in EBITDA and profit from operations given that the country's economic and political environment remains stable.

VODACOM CONGO KEY OPERATIONAL INFORMATION

KEY INDICATORS	Year ended March 31, 2006	2007	2008	% change 06/07	07/08
Customers (thousands) [1]	1,571	2,632	3,289	67.5	25.0
Contract	14	17	21	21.4	23.5
Prepaid	1,538	2,587	3,209	68.2	24.0
Community services	19	28	59	47.4	110.7
Gross connections (thousands)	892	1,688	2,141	89.2	26.8
Churn (%)	28.1	30.4	48.0	2.3 pts	17.6 pts
ARPU (Rand) [2]	86	77	59	(10.5)	(23.4)
Gross capex spend (Rand millions)	273	506	658	85.3	30.0
Capex as a % of revenue (%)	20.5	26.4	28.7	5.9 pts	2.3 pts
Cumulative capex (Rand millions)	2,000	2,852	3,928	42.6	37.7
Number of employees [3]	479	627	691	30.9	10.2
Customers per employee	3,279	4,198	4,759	28.0	13.4
Estimated mobile penetration (%) [4]	6	9	12	3 pts	3 pts
Estimated mobile market share (%) [4]	48	47	41	(1 pt)	(6 pts)

Notes

1. *Customer totals are based on the total number of customers registered on Vodacom's network which have not been disconnected, including inactive customers, as of end of the period indicated.*
2. *ARPU is calculated by dividing the average monthly revenue during the period by the average monthly total reported customer base during the period. ARPU excludes revenue from equipment sales, other sales and services and revenue from national and international users roaming on Vodacom's networks.*
3. *Headcount includes secondees.*
4. *Estimated mobile penetration and market share is calculated based on Vodacom estimates.*

Godfrey Mbingo
Managing Director
Vodacom Lesotho (Proprietary) Limited

Overview

Vodacom International Holdings (Proprietary) Limited owns an 88.3% interest in Vodacom Lesotho (Proprietary) Limited. The remaining 11.7% stake is owned by a local consortium, Sekhametsi Enterprises (Proprietary) Limited.

Vodacom Lesotho's operating results were well above expectations for the year ended March 31, 2008, driven primarily by growth in customers, higher than expected ARPU, stable churn and cost containment.

Infrastructure

The network consists of 77 (2007: 66) base stations ("BTSs"), one (2007: one) mobile switching centre ("MSC"), three (2007: three) base station controllers ("BSCs"), one (2007: one) short message service centre ("SMSC") and one (2007: one) voicemail platform. 12 WiMax base stations have been installed in various towns in the lowlands of Lesotho to facilitate fixed data connections for enterprise clients.

Products and services

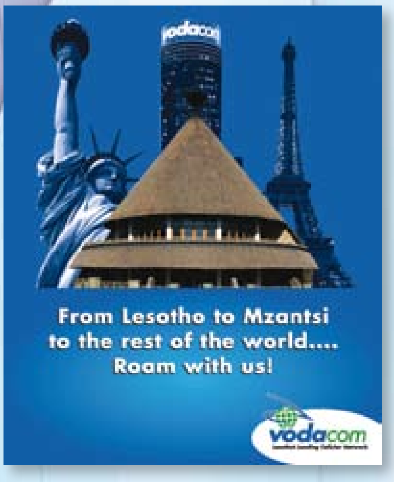
Prepaid offerings

The current prepaid offering is known as Mocha-o-chele, with the FreeChange option that allows customers to switch between three prepaid options for free, once every thirty days. Mocha-o-chele recharges are available in different denominations – Yebo 5 being by far the most popular voucher. Vodacom Lesotho launched bulk printing, a new concept where Vodacom dealers can print paper vouchers from their own premises, a strategy aimed at phasing out physical vouchers to reduce production costs and minimise shrinkage. It has created a platform for the launch of a M5 voucher, which is now the lowest denomination.

Vodacom Lesotho also offers public phone services and has recently introduced an ultra low cost product, Motsamai Payphone, to promote entrepreneurship thus increasing public phone distribution. With Motsamai, a new tariff of M0.50 per unit was also introduced to promote accessibility and affordability to communication.

Contract offerings

Super Talk packages remain the first and only contracts in Lesotho offering bundled minutes and subsidised handsets. Super Talk 50 and 100 are the most popular contracts. The recently launched Super Talk Dual 500 and 1000 packages offer free bundled minutes and SMSs in Lesotho,



South Africa and other selected countries worldwide.

Through the corporate direct connect service, Vodacom Lesotho allows customers to access the mobile network directly from their private automatic branch exchange ("PABX"), a service offering the lowest on-net tariff.

Distribution is maintained through seven dealers with their respective sub-dealers and outlets as well as four retail groups including Vodacom franchises (Vodashops & customer walk-in-centres).

Customer care related issues are handled through a Vodacom call centre that operates seven days a week. A state-of-the-art repair centre with depots around the country was completed this year.

Customers

During the year under review, Vodacom increased its customer base by 41.6% to 395 thousand customers (2007: 279 thousand). The prepaid market is by far the biggest segment, contributing 97.0% (2007: 97.5%) to Vodacom Lesotho's customer base.

Competition

Telecom Lesotho and Econet-Ezicell remain the main competitors but through growth Vodacom Lesotho has been able to defend its market share. Vodacom Lesotho owns 80% of the mobile phone market.

Employees

The headcount for Vodacom Lesotho increased from 60 employees in 2007 to 70 employees in 2008. During the current year, the company also employed seven interns from different universities. This headcount increase is attributed to an increased workload as the company keeps on expanding.

Regulatory

The framework for liberalisation of the communications sector was implemented in February 2007 and Vodacom Lesotho was authorised as a second network operator with an international gateway license. Further liberalisation proposed in the framework, to allow specified classes of Internet Service Providers ("ISPs") to have gateway licences was not implemented.

Partial implementation of the recommendations of a tariff rationalisation study have been made by the regulatory authority. The recommendation in respect of reduced interconnection rates as recommended by the study has been implemented. The recommendation for relaxation of the regulatory regime for tariff regulation in respect of mobile operators, to allow for price reductions to stimulate competition has not been implemented. Tariff regulation is still strictly controlled by the tariff approval process of the regulatory authority.

A new license fee structure was implemented by the regulatory authority in February 2008. The revised license fee structure has retained the existing 3.5% annual royalty fee but has increased the spectrum usage fees by 100%.

A further increase in fees through the introduction of a universal access levy of 1% of net operational income proposed in terms of the Universal Access Framework issued by the regulator is presently under consultation.

Prospects

Notwithstanding the macro-economic pressures faced by our region, the management are optimistic that Vodacom Lesotho will continue to deliver solid results for all stakeholders.

VODACOM LESOTHO KEY OPERATIONAL INFORMATION

KEY INDICATORS	Year ended March 31, 2006	2007	2008	% change 06/07	07/08
Customers (thousands) [1]	206	279	395	35.4	41.6
Contract	3	3	4	-	33.3
Prepaid	200	272	383	36.0	40.8
Community services	3	4	8	33.3	100.0
Gross connections (thousands)	98	119	176	21.4	47.9
Churn (%)	22.3	19.0	17.8	(3.3 pts)	(1.2 pts)
ARPU (Rand) [2]	78	75	73	(3.8)	(2.7)
Gross capex spend (Rand millions)	26	25	36	(3.8)	44.0
Capex as a % of revenue (%)	15.2	11.0	11.6	(4.2 pts)	0.6 pts
Cumulative capex (Rand millions)	225	184	220	(18.2)	19.6
Number of employees [3]	67	60	70	(10.4)	16.7
Customers per employee	3,071	4,644	5,642	51.2	21.5
Estimated mobile penetration (%) [4]	13	17	26	4 pts	9 pts
Estimated mobile market share (%) [4]	80	80	80	-	-

Notes

1. *Customer totals are based on the total number of customers registered on Vodacom's network which have not been disconnected, including inactive customers, as of end of the period indicated.*
2. *ARPU is calculated by dividing the average monthly revenue during the period by the average monthly total reported customer base during the period. ARPU excludes revenue from equipment sales, other sales and services and revenue from national and international users roaming on Vodacom's networks.*
3. *Headcount includes secondees.*
4. *Estimated mobile penetration and market share is calculated based on Vodacom estimates.*

OPERATIONS REVIEW - VODACOM MOZAMBIQUE

José dos Santos
Managing Director
VM, S.A.R.L. t/a Vodacom Mozambique

Overview

VM, S.A.R.L., trading as Vodacom Mozambique was commercially launched during December 2003. At March 31, 2008, Vodacom International Limited (Mauritius) owned 90% of Vodacom Mozambique. Effective April 1, 2007 Vodacom International Limited (Mauritius) sold an 8% equity interest in Vodacom Mozambique to local investors, with 5% being purchased by Intelec Holdings Limitada ("Intelec") and Empresa Moçambicana de Telecommunicações ("EMOTEL") acquiring an additional 3%.

Vodacom Mozambique's licence is a second generation ("2G") Global System for Mobile communication ("GSM") licence and will expire in December 2018. During the current financial year Vodacom successfully applied for a third generation ("3G") licence.

The competitive arena displays fierce competition and an unstable regulatory regime in an impoverished environment that results in low minutes of use and low ARPUs.

Infrastructure

Vodacom Mozambique's infrastructure roll-out consists of one (2007: one) Mobile Switching Centre ("MSC"), six (2007: four) Base Station Controllers ("BSCs") and 220 (2007: 180) Base Transceiver Stations ("BTSs") as at March 31, 2008.

Vodacom Mozambique's cumulative capital expenditure (excluding the licence) at March 31, 2008 amounted to MT3,358.0 million (2007: MT2,961.2 million), or R1,1 billion (2007: R0.8 billion).

Products and services

Vodacom Mozambique is the recognised value leader in the market and has on numerous occasions introduced several first to market product and service innovations. Recent product and service launches include a new added value offering in its prepaid starter pack, voucher based tariff promotions and retention programmes for both the prepaid and contract customer base. Vodacom offers contract, top-up, prepaid, data and third-party services in Mozambique.

Contract services

The current contract range of market offerings include a basic entry-level Fale Mais (top up) tariff plan for cost-conscious consumers and businesses to Pro 400, catering to the demanding communications needs of the business professional. As at March 31, 2008, 1.6% (2007: 1.5%) of Vodacom Mozambique's customer base was contract customers. The contract market remains of strategic importance to the business given their high spend. As a result, Vodacom Mozambique launched the Vodacom VIP customer retention programme aimed at rewarding high-spend contract customers with lifestyle benefits. It is anticipated that as this programme gains momentum in the market it will serve to abate contract churn and entice the competitor's high-spending contract customers to more favourably consider Vodacom.

This year also saw the launch of electronic billing to contract customers whereby monthly invoices and statements are emailed free of charge to customers who choose to opt into this added value offering. Given the poor postal service in Mozambique, electronic billing enables contract customers to receive their invoices on time and thus greatly facilitates in improving bill payments.

Prepaid services

The bulk of the customer base is prepaid and as at March 31, 2008 prepaid comprised 97.5% (2007: 98.5%) of the customer base.

Vodacom Mozambique offers a vast array of prepaid benefits including three tariff plans (per second billing, per minute billing, Bazza UAU!), high-spend airtime bonus rewards, free SMS bonus rewards, incoming call bonus, recharge and win rewards and several denomination based tariff recharge incentives.

As Vodacom Mozambique's focus continues to seek out ways in which to enhance the profitability of the business, two highly successful recharge based promotions were launched to target the high spending prepaid segment of the market.

Data services

In 2006 Vodacom Mozambique was the first to market with a nationwide commercial GPRS/EDGE offer. Since then, it has etched a very clear leadership position in the market in regard to data services which has resulted in securing a number of new corporate accounts. The suite of data offerings includes contract data services, add-on data bundles, prepaid data, MMS, Vodamail (free email) and Vodakool.

Launched in July 2007, Vodakool is an innovative illustration of how mobile communications can empower Mozambicans. Vodakool, the news and information portal exclusive to Vodacom, links customers with breaking local and international news, sports results, weather and financial information in partnership with local content providers. In a country where traditional media reach is generally restricted to the confines of large cities, this service helps to bridge the information divide in a society where it is all too prevalent. Vodakool also serves as an important medium in reaching existing customers and is used to keep them informed about the latest new products, Vodacom events, promotions and special offers.

Third-party services

As the mobile communications industry matures in Mozambique, its positive socio-economic benefits continue to evolve. This year marked the emergence of a number of independent wireless application service providers ("WASP"). Currently the WASP market is characterised largely by promotional consumer services, with the great majority of applications being premium-rated SMS competitions and information services. Although the traffic volumes are still small, the WASP industry in Mozambique is bound to grow further in the years ahead.

A public phone service was added to the products this year, with Vodacom Mozambique signing up an exclusive service provider. This partnership bodes well for further revenue growth given the service provider's market dominance in this segment of the market. As at March 31, 2008 a total of 11 thousand public phones were active on the Vodacom network resulting in more than 6.7 million minutes of additional traffic.

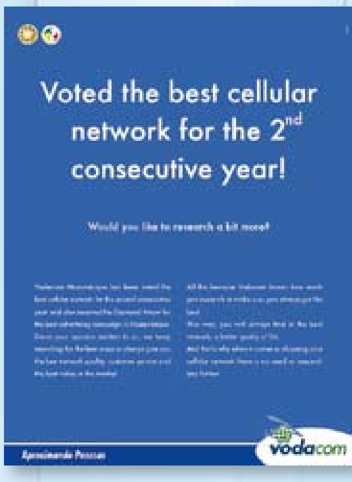
Customers

During the year under review, Vodacom Mozambique managed to increase its customer base by 29.8% to 1,282 thousand (2007: 988 thousand) as at March 31, 2008.

The increase in total customers is a result of 951 thousand (2007: 797 thousand) gross connections for the year, offset by a churn rate of 58.7% (2007: 41.7%). Prepaid packages account for 97.9% (2007: 98.9%) of the gross connections.

The continued expansion of the distribution network, acquisition of exclusive distribution arrangements, and the continuation of the roll-out of additional regional distribution centres contributed to these results.

This growth was also due to the management of the commercial incentive model to distribution partners which includes a growth incentive and stretch parameters.



VODACOM MOZAMBIQUE KEY OPERATIONAL INFORMATION

Competition and market share

Vodacom Mozambique's only competition remains Moçambique Cellular ("mCel"), a company owned by Telecomunicações de Moçambique ("TDM"), the state-owned fixed line operator.

Given mCel's parastatal heritage, it is in the position to benefit from being part of the larger system of state-owned enterprises thus creating a less than equitable market.

Vodacom Mozambique managed to increase its estimated market share to 40% (2007: 35%) through increased coverage, improved distribution networks that ensure the commoditisation of our products and continuing to innovate from a product perspective to continue in building on the brand.

Employees

The headcount for Vodacom Mozambique was 157 (2007: 129) as at March 31, 2008.

Vodacom Mozambique continues to support the development of local skills whereby skills and knowledge are transferred by succession plans and development programmes. Staff issues are addressed via a consultative forum where they are given a platform to address issues.

Regulatory

The Ministry of Communications published a telecommunications sector strategy in October 2006. The strategy is in anticipation of the end of TDM's exclusivity (December 2007) and to prepare for convergence in the sector.

As a result of a study initiated by the INCM asymmetrical interconnection rates have been introduced in Mozambique as of January 1, 2008 which have been agreed to by all operators for a period of two years ending December 31, 2009. The asymmetrical rates were proposed by the consultant as a result of Vodacom's late entry into the market and include an annual inflation adjustment.

This two year period will allow operators to develop their own interconnect costing models, based on the Long Term Prospective Incremental Costs methodology ("LTPIC"). If the results of such models clearly demonstrate to the remaining operators that there are substantial differences to the above-mentioned tariffs for 2009, the rates may be reviewed.

Vodacom continues to engage TDM in regards to excessive transmission prices. Vodacom informed the INCM that it is considering the sanctions available in terms of the law in respect of the pricing that can lead to TDM being declared a dominant operator.

Prospects

The operation continues its growth into profitability, despite the inequitable market and low economic activity in the country. Vodacom Mozambique is optimistic that continued growth in market share is achievable with the goal of being the dominant player. Cost management whilst being the number two player is essential in view of the low ARPUs and low minutes of usage. Expanding coverage and distribution and intensifying promotional and product offerings will be critical in positioning Vodacom Mozambique to benefit from economic upturn.

	Year ended March 31,			% change	
KEY INDICATORS	2006	2007	2008	06/07	07/08
Customers (thousands) [1]	490	988	1,282	101.6	29.8
Contract	8	15	21	87.5	40
Prepaid	482	973	1,250	101.9	28.5
Community services	-	-	11	n/a	n/a
Gross connections (thousands)	342	797	951	133.0	19.3
Churn (%)	32.2	41.7	58.7	9.5 pts	17.0 pts
ARPU (Rand) [2]	36	28	29	(22.2)	3.6
Gross capex spend (Rand millions)	121	85	111	(29.8)	30.6
Capex as a % of revenue (%)	76.8	31.7	25.7	(45.1 pts)	(6.0 pts)
Cumulative capex (Rand millions)	605	816	1,123	34.9	37.6
Number of employees [3]	170	129	157	(24.1)	21.7
Customers per employee	2,885	7,659	8,168	165.5	6.6
Estimated mobile penetration (%) [4]	8	14	16	6 pts	2 pts
Estimated mobile market share (%) [4]	30	35	40	5 pts	5 pts

Notes

1. *Customer totals are based on the total number of customers registered on Vodacom's network which have not been disconnected, including inactive customers, as of end of the period indicated.*
2. *ARPU is calculated by dividing the average monthly revenue during the period by the average monthly total reported customer base during the period. ARPU excludes revenue from equipment sales, other sales and services and revenue from national and international users roaming on Vodacom's networks.*
3. *Headcount includes secondees.*
4. *Estimated mobile penetration and market share is calculated based on Vodacom estimates.*

Corporate practices and conduct

Vodacom Group is guided in its commitment to the principles of good governance by the King Committee Report on Corporate Governance 2002 ("King II").

The characteristics of this code include ethical conduct, 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 King II, as updated from time to time, forms part of the mandate of the Audit Committee.

Board of Directors

Board composition

The composition and appointment of the Vodacom Group Board of Directors is governed by the shareholders' agreement between the Group's two shareholders. The Board consists of 12 members, four executive and eight non-executives, with four alternate non-executive Directors. The names of the members of the Board appear under the Board of Directors section of this report.

All companies within the Group have unitary Board structures with a mix of non-executive and executive Directors.

Board meetings

Meetings are held quarterly, more frequently if circumstances or decisions require, and the Board retains full and executive control over the companies concerned.

Board decisions

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 changes 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 ("CEO").

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.

The Group follows a decentralised approach with regard to the day-to-day running of its businesses.

Appointment of Directors

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 CEO and the Company Secretary.

Executive Directors are considered for re-appointment annually.

Non-executive Directors bring with them diversity of experience, insight, business acumen, 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 on a proportional basis by the shareholders of the company who have an equity interest of more than 10% in the Group.

Chairman and Chief Executive Officer

The role of Chairman and CEO is not vested in the same person. For the year under review, Oyama Mabandla continued with the role of Chairman. Alan Knott-Craig continued to act as the CEO of Vodacom Group. Telkom SA Limited, one of the Group's major shareholders, appoints the Chairman.

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 advisers.

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. Except for the Executive Committee, these committees comprise of non-executive Directors. Board committees that have operated during the year (unless otherwise indicated) are detailed below.

Directing Committee

The Board has delegated all its powers, functions and authority to act for and on behalf of the Group to the committee. The Chairman and members of the committee consist of the eight non-executive Directors nominated for appointment to the Board by the committed shareholders. Committee meetings are held in the same format as Board meetings.

Executive Committee

This committee is responsible for ensuring that the decisions, strategies and views of the Board are implemented. The committee consists of the four executive Directors that serve on the Board of Directors.

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.

Remuneration Committee

The committee consists entirely of non-executive Directors and is advised by independent outside experts. The committee is chaired by the Chairman of the Board. 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, deferred bonus incentive schemes and Group pension and retirement funds. Four 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 annual bonuses; and
iv) Approve the allocation of bonus incentive 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 deferred bonus incentive 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 and IAS 24: Related Party Disclosures.

Investment Committee

The purpose of this committee is to review and recommend individual investment proposals exceeding R100 million for approval by the Directing Committee.

The committee comprises of four members, with two representatives from each committed shareholder of Vodacom Group. The members and the Chairman of the Investment Committee are appointed by the Directing Committee.

The committee meets at the request of the Chairman to consider proposals for investments.

The committee is responsible to:

i) Review proposals for new investments in excess of R100 million per investment;
ii) Review documentation relating to each proposed investment;
iii) Review business risks for each proposed investment;
iv) Review proposals for the increase in existing investments; and
v) Ensure that a proper approval process is followed before accepted proposals may be executed.

Audit Committee

The committee consists entirely of non-executive Directors. The committee is chaired by a non-executive Director who is not the Chairman of the Board. All the members are financially literate and no relationships exist which could possibly interfere with the committee members' 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 four times a year. These meetings are attended by both the external and internal auditors and appropriate members of executive management, including those involved in legal affairs, risk management, governance, 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 regard 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, the 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 findings, issues of concern or changes to the statutory and interim audits as well as setting principles for external auditors to perform 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 officers and executives responsible for governance, risk management and legal affairs, and monitoring compliance with King II 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 committee.

In order to assess the principle of going concern, the Audit Committee and the Directing Committee review the operations and business competitiveness together with management. In addition to the historical and current year financial statements, the forecasts, budgets and cash flow projections are considered. Due consideration is also given to the information contained in the current initiative of effective ongoing risk management. The committees have reviewed and noted the assumptions taken on these issues and considers the going concern principle to be appropriate for the company and the Group as at the date of signing the annual financial statements.

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, assessing and monitoring risks.

The Directors, when setting strategies, approving budgets and monitoring progress against the budget, consider the identified business risks.

Risk management is addressed in the areas of physical and operational risks, human resource risks, technology risks, business continuity and disaster recovery risks, credit and market risks and compliance risks.

Key policies and procedures are in place to manage the organisation's governance, operations and information systems with regard to the:

i) Reliability and integrity of financial and operational information;
ii) Effectiveness and efficiency of operations;
iii) Safeguarding of assets; and
iv) Compliance with laws, regulations and contracts.

A separate division reporting directly to the Chief Risk Officer, has been tasked with facilitating the process of embedding risk management within the Group. It is also responsible for assisting with the process of identifying, assessing and recording strategic risks currently facing the Group, as well as, where appropriate, monitoring procedures to mitigate pertinent risks.

Risks are periodically reviewed and updated by the organisation. A filtering and reporting process ensures that the necessary strategic risks are reported to the Risk Management Committee consisting of 14 members, and ultimately to the Audit Committee.

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.

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.

Control environment

The Board has established an organisational 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.

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;
iii) Monthly management accounts with a comparison of actual financial results against the latest forecast and budget; and
iv) An update, at least annually, of the five year forecast, including key assumptions and indicators.

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, which are 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, where possible, are appointed as external auditors of joint venture undertakings. Detailed post investment reviews of all the Group's investments are conducted on a regular basis.

Review of effectiveness

The Board believes 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 confirms that it has reviewed the effectiveness of the system of internal control through the monitoring process set out above and where any significant weaknesses or deficiencies in the Group's system of internal control were identified, it was immediately addressed by management.

Internal Audit

Status of Internal Audit

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.

Scope of Internal Audit

The scope of 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.

Role and function of Internal Audit

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 systems 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) Internal Audit, while reporting directly to the Audit Committee via the Group Executive: Internal Audit, has access to the Audit Committee, and, 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.

The Internal Audit function also manages specific quality compliance of environmental, health and safety, information security and other quality issues.

Integrated sustainability reporting

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 do include, by invitation, two formal presentations to the investor community per year, at which the interim and annual results are discussed.

Communication with stakeholders addresses material matters of significant interest to shareholders, other stakeholders and the financial and investment community and is augmented by a Group-wide disclosure policy.

The quality of information is based on the guidelines of promptness, relevance, accuracy and transparency and is covered by our internal control processes.

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, is 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 ("the Code") which complies with the highest standards of integrity, honesty and ethics in dealing with all its stakeholders, including the Group's Directors, managers, employees, customers, suppliers, competitors, 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 a presentation on the Code as part of the induction process. 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. The Directors regularly review this Code to ensure it reflects best practice in corporate governance.

Employees and employee participation

For employee-related matters, the Group is dependent on consultative committees of all major subsidiaries within the Group, which contribute to employee policies within the Group. Consultative committees have been set up for each business area consisting of between four and eight staff members with the managing executive of the area as the Chairman. These committees are represented by one member at the national consultative committee with the Managing Director of the subsidiary concerned as the Chairman. 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.

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. We are committed to equality in the workplace.

Employee participation structures embrace goals relating to values, productivity, training and retraining and serve as a means of encouraging empowerment through participation, 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. In-house 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 practises have also been developed to identify issues of potential conflict and to effectively resolve them in a timely fashion.

Thomas Beale
Chief Ethics and Compliance Officer
Vodacom Group (Proprietary) Limited

Introduction

Corporate governance is a responsibility shared by all Directors, chief officers and executives in the Vodacom Group of companies. The role of the Chief Ethics and Compliance Officer is to work with these individuals to co-ordinate, strengthen and improve the performance of governance structures and processes in the areas identified in the King Committee Report on Corporate Governance 2002 ("King II").

King II identified five focus areas for corporate governance:

- Boards and Directors,
- Risk management,
- Internal audit,
- Accounting and auditing, and
- Sustainability reporting.

The Ethics and Compliance Group is responsible for the implementation of the Board and Director Development Programme and governance policy development in general. The Group is also responsible for implementing two risk management programmes: the Ethics Along the Way Programme and the Anti-Corruption, Money Laundering and Financing of Terrorism ("CMT") Compliance Programme. All of these programmes are reported on here. There are separate reports by the Chief Risk Officer, the Chief Financial Officer and the officers responsible for corporate citizenship covering the other focus areas.

Board and Director Development Programme

The Ethics and Compliance Group continued to implement the Board and Director Development Programme, which consisted of the following elements:

Memberships in the Institute of Directors

The Group sponsored memberships in the Institute of Directors in Southern Africa ("IOD") for 67 Vodacom Directors, chief officers, company secretaries and governance officers. Membership in the IOD heightens the awareness of these individuals of their roles and responsibilities in respect of corporate governance. Vodacom Group also holds a corporate membership in the IOD.

Director Training and Development

The Ethics and Compliance Group sponsored the presentation of the IOD seminar on corporate governance, directorship and board effectiveness for Vodacom Tanzania. A total of 34 company Directors and executives attended the seminar. Directors, officers and executives are encouraged to take advantage of other training opportunities offered by the IOD and other reputable institutions. The Ethics and Compliance Group works together with the Human Resources Group to monitor and record such activities in the individual's personal development programme.

Register of Directors

A master register of members of the Boards of Directors of all Vodacom Group companies is maintained by the Finance Group, in co-operation with the various company secretaries.

Ethics Along the Way Programme

The management of ethical risk is a critical requirement for corporate sustainability and success. Vodacom's ethics development programme, Ethics Along the Way, continues to be implemented in the Vodacom Group and all operating subsidiaries. The Vodacom Way, which sets forth Vodacom's key strategic, job and ethical values, serves as the focal point for the programme. The establishment of such a programme is consistent with the recommendations of the King Committee and international best practice.

The first phase of the programme was to conduct ethics risk assessments for the Group and its five operating subsidiaries. The assessments were conducted during the 2005 and 2006 financial years using qualitative (interview) and quantitative (questionnaire) analysis techniques. Based on the findings of the risk assessments regarding the opportunities and threats facing the subsidiaries, the Ethics and Compliance Group designed a second phase of the programme aimed at enhancing strengths and correcting weaknesses in two main areas: thinking about ethics, and institutionalising and managing ethics.

The main internal interventions that are being implemented in the Group and its network operating subsidiaries are described below.

Ethics Training

Various ethics training initiatives continue to be implemented; an overview of these is provided below. As part of the process, training manuals have been prepared for management and staff. The training manuals have been translated into French and Portuguese for staff in the DRC and Mozambique.

- Training of management: Ethics training for management in the non-South African operating companies has been completed. In South Africa and the DRC, 77% and 68% of management, respectively, have received ethics training. Once trained, managers are expected to utilise the newly acquired skills in making ethical decisions and in improving their general management practices. They are also expected to collaborate with the Ethics and Compliance Group and the newly established ethics committees in implementing their ethics-related programmes.

- Training of staff: Ethics training for staff has been completed in Lesotho and Mozambique. In the DRC, South Africa and Tanzania, 67%, 51% and 47% of staff, respectively, have received training. The goal is to have all employees share in the ownership of Vodacom's ethical values and standards.

- Awareness and training in related programmes: The Ethics and Compliance Group has identified various other awareness and training programmes that are being implemented within the Group in the areas of, for example, human resource development and risk management that also address perceived risks identified in the ethics risk assessment process. Executives responsible for the implementation of these programmes are members of the Group Ethics Committee.

The Vodacom Way

The Vodacom Way continues to be emphasised, appropriated and applied throughout the Group of companies. This has been achieved through the abovementioned training, as well as various communications and campaigns. This financial year, the CEO's road show focused on the need for all Vodacom companies and employees to be concerned about their relationships with and impacts on their countries, customers, colleagues and shareholders.

These types of initiatives help inculcate company values throughout the Group of companies.

The Group Code of Ethics

The Vodacom Group Code of Ethics ("the Code") continues to be appropriated and applied in various companies, so that it can be related to their day-to-day operations. Through the initiatives mentioned above, management and staff learn how to apply the Code to their specific job environments. The Code will be reviewed by the ethics committees of the various companies during the next financial year, and will be suitably tailored to address specific cultural concerns and ethical challenges that are unique to that country and company.

Institutionalisation of Ethics

A Group Ethics Committee has been established, and similar committees have been established in Vodacom Mozambique, Tanzania and Lesotho. Vodacom Congo's ethics committee will be established in April 2008. The Group Committee is composed of representatives from the operations, human resource, risk management and ethics and compliance groups and divisions. The main functions of this committee are to:

- Approve the overall strategy for ethics management;
- Provide strategic oversight of the implementation of the Ethics Along the Way Programme and other related programmes;
- Enhance commitment to ethics by championing the business case for ethics and setting the tone for ethics, demonstrating support and respect for adherence to the Vodacom Way and the Code of Ethics, and showing zero tolerance for unethical and other non-compliant acts committed by Vodacom employees;
- Ensure the quality, integrity and effectiveness of internal controls (codes, policies and procedures, etc.) relating to ethics and overseeing the quality and application of policies, procedures, programmes and external ethics management;
- Maintain oversight of and provide guidance to the operating company ethics committees;
- Ensure the performance of bi-annual reviews of internal and external ethics management to establish the ethics risk profile of the Group; and
- Ensure the establishment of a comprehensive system of ethics reporting, which will be included in Vodacom's sustainability/corporate social responsibility reporting.

Ethics Champions

Ethics Champions have been appointed in all Groups and operating subsidiaries. They will serve to raise ethical awareness in their various Groups and operating subsidiaries, encouraging ethics-talk and facilitating the Ethics and Compliance Group's ethics management initiatives. Ethics champions do not provide advice on dealing with ethical issues; ethical issues are referred to line management or the Ethics and Compliance, Legal or Human Resource Groups.

CMT Compliance Programme

International best practice indicates that corporate ethics and compliance programmes are key elements of any risk management strategy aimed at the prevention and detection of CMT. The CMT Compliance Programme includes the following elements:

Knowledge Base

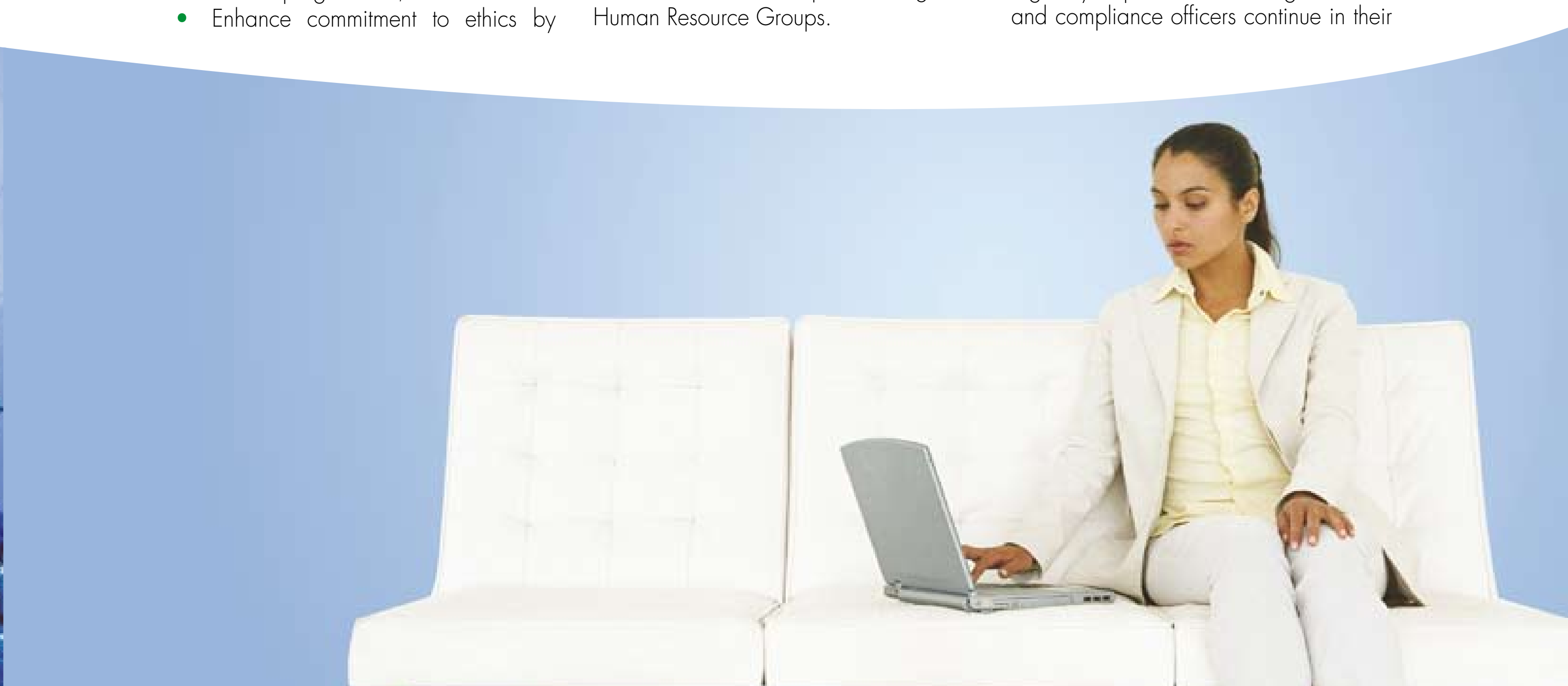
International and country data bases on CMT risk and CMT policy, law and administration continue to be updated and improved. Specialist legal counsel provides advice on CMT risk management in operating countries. Various governance and CMT indicators are regularly monitored in these countries, as well as those in which possible investments are being contemplated or pursued.

Risk Assessment and Risk Management Strategy and Design

Country and company CMT risk assessments are updated annually for Vodacom Group and all network operating subsidiaries. Based on the findings, CMT risk management strategies and programmes are modified to manage the various levels of risk.

Implementation

The Group CMT Code of Compliance continues to be implemented in the Group and all network operating subsidiaries. The responsibilities of the various Directors, officers and executives are regularly emphasised in this regard. Ethics and compliance officers continue in their



various roles within the Group and the operating subsidiaries to assist and advise on the implementation of the programme. Country-specific CMT policies and procedures have been put into place to inform and guide the implementation of the Group CMT Code of Compliance.

The country CMT policies and procedures continue to be implemented by line management in respect of their various functional groups and divisions, according to their risk profile, in four basic steps. Firstly, CMT requirements are incorporated into various functional policies and procedures. Secondly, appropriate due diligence questionnaires are developed for the function. The due diligence process is then initiated in respect of new and existing business relationships. Finally, based on the results of the due diligences, appropriate CMT clauses are inserted into new and existing contracts and agreements.

During this financial year, a senior ethics and compliance officer was deployed to mentor and assist the local ethics and compliance officer in Vodacom Mozambique. The same will be done in respect of Vodacom Tanzania for the next financial year. Conversely, Vodacom Congo's current, expatriate senior governance officer will soon take on a local, junior governance officer for mentoring during the next financial year.

Enforcement

Ethics and Compliance officers are responsible for monitoring the implementation of, and compliance with, the CMT Compliance Programme. The Ethics and Compliance Group's Audits and Investigations Division perform CMT reviews, audits and investigations, and work with Group Risk Management to complement the CMT risk management effort. CMT reviews and audits are used to assess the success and level of implementation of the CMT Compliance Programme throughout the Vodacom Group. Programme implementation is proceeding satisfactorily in all countries. The Ethics and Compliance Group also conducts governance and CMT risk assessments and due diligences in respect of proposed investment opportunities in various countries and companies.

Governance Policy Development

Registers of Gifts and Hospitality Received

In terms of the Group policy and procedure on receiving gifts and hospitality, Vodacom Group companies are required to implement a formal approval process and maintain a register of gifts and hospitality received by personnel. Information is being extracted from these registers, and submitted to the Group Remuneration Committee for scrutiny at regular intervals. An electronic system for the registration of gifts and hospitality received was implemented in South Africa during the financial year which assists in maintaining a register of gifts and hospitality received. During the financial year, 200 declarations were made. It is planned that similar registration systems will be implemented in non-South African operating subsidiaries during the next financial year.

Vodacom Employees Serving as Directors

The Ethics and Compliance Group has also started implementing a Group policy and procedure relating to the obtaining of approvals for company employees to serve as Directors, trustees, councillors, etc. in Vodacom and non-Vodacom companies and organisations.

Conclusion

The implementation of the programmes, policies and procedures highlighted above is continuing to improve the governance profile and performance of the Vodacom Group of companies.

Johan van Graan
Chief Risk Officer
Vodacom Group (Proprietary) Limited

Introduction

Corporate governance is a responsibility shared by all directors, chief officers and executives within the Vodacom Group of companies. The role of the Chief Risk Officer is to liaise with the relevant designated authorities in co-ordinating, strengthening and improving the performance of governance structures and processes in the primary areas identified in the King Committee Report on Corporate Governance 2002 ("King II").

The Risk Management group is responsible for the implementation of Enterprise Risk Management ("ERM") and Business Continuity Management ("BCM") programmes and is furthermore tasked with forensic services and safety, health, environment and quality ("SHEQ"). Separate reports are issued by the Chief Ethics and Compliance Officer, the Chief Financial Officer and the corporate officers responsible for corporate citizenship.

Enterprise Risk Management ("ERM") programme

The Risk Management group is responsible for group-wide implementation of the ERM programme. Currently, the Risk Management Committee meets quarterly and has proven effective in managing and overseeing the implementation of the ERM programme in the Group. The critical and high strategic risks are consistently and continually updated and annually presented to and reviewed by the Audit Committee. The current list of critical and high strategic risks was reviewed by the Audit Committee in March 2008. The identified risks form the basis of the internal audit plan of the internal audit group.

The successful roll-out of ERM throughout the Vodacom Group of companies has been completed with operational and tactical risks updated bi-annually and strategic risks annually. The process is governed by an approved Vodacom risk methodology described within the risk management guideline. Part of the risk identification programme undertaken by management relates to the identification of controlled and uncontrolled risk. The potential that fraud may be high is also addressed and the necessary controls implemented to mitigate the risks to an acceptable level.

All executive heads of divisions received risk management training during the 2007 financial year and any new executive heads are trained on risk management during the management orientation programme. The training is based on Vodacom's risk methodology and will assist management in identifying, assessing and monitoring risks within their respective areas of responsibility.

To assist management with the process of updating their risk profiles, risk champions have been identified within each division. The risk champion facilitates the process of updating the risk profile of the respective division bi-annually within the risk database.

ERM was embedded in the non-South African operating subsidiaries with management attending a series of risk management training courses. Risk champions were identified and the risk software rolled out. Assistance is provided to management by ERM on a continual basis to assist in the identification and assessment of risks.

The external Vodacom Ethics and Whistle-blowing Hotline service is fully operational within Vodacom South Africa and the roll-out to the non-South African operating subsidiaries will be investigated during the coming year.

To ensure improved mitigation of our critical and high strategic risks, Vodacom subscribes to a comprehensive insurance portfolio for the Vodacom Group of companies. This portfolio is re-evaluated annually to ensure that all new business ventures and strategic risks are included. The portfolio encompasses asset and business interruption, liabilities, directors and officers and a commercial crime policy.

Business Continuity Management ("BCM") programme

A well-structured BCM programme was established during 2001 to ensure that critical business processes, systems and resources are prepared in the instance of major and unexpected business interruptions.

Vodacom has achieved an acceptable BCM readiness by educating the organisation and gradually implementing business continuity programmes via a "manage-by-project" approach. This programme is designed to cease attitudes, behaviours and practices which prove destructive in relation to business continuity and disaster recovery planning and serves to motivate constructive change as relates to thinking and activities. This does not imply that changes to procedures and day-to-day operations are necessary, but does promote business continuity planning and the adoption of a proactive approach to ensuring an acceptable level of readiness. Due to active involvement and support from the Risk Management Committee and other executive management, this dynamic programme has seen considerable success.

A BCM framework and methodology, conforming to international best practice standards, was designed and tailored for the Group. It is a holistic management process that identifies potential impacts threatening the organisation. BCM furthermore provides a framework for building resilience and the capability for an effective response safeguarding the interests of its key stakeholders, reputation, brand and value-creating activities.

Advanced planning and preparation is undertaken to identify the consequence of potential losses, to formulate and implement viable recovery strategies and to develop recovery plans to ensure the continuity of the Group's services in the event of an emergency or disaster.

Forensic services

As its primary purpose, the forensic services division is tasked with providing value added services to the Group in fulfilling its aim of detecting, preventing, investigating and reporting economic crime or any other related irregularity.

Economic crimes are often masked within a bewildering array of disguises, plots and plans and vary according to a myriad of ingenious schemes driven by avarice. This is true even within organisations.

This division therefore embraces an approach and methodology which is concurrently proactive and reactive in identifying economic crime. This requires awareness and knowledge in the broadest sense, encompassing components such as the human element, organisational behaviour, knowledge of economic crimes, evidence, standards of proof, an awareness of the potentiality for economic crime and an appreciation of the supposed red flags.

Safety, Health, Environmental and Quality ("SHEQ")

The SHEQ division's main purpose is to ensure that Vodacom South Africa complies, not only with local legislation (especially environment and health and safety), but that it measures up to the best international companies in terms of International Organisation for Standardisation ("ISO") standards. These include ISO9001 (quality), ISO14001 (environment) and OHSAS18001 (Occupational Health and Safety Assessment Series).

As a primary focus, the SHEQ division assists the non-South African operating subsidiaries in complying with local legislation and is committed to sharing its knowledge, policies and procedures.

Furthermore, the SHEQ division aims to add value rather than 'police'. This end is achieved by partnering with the various divisions and staff rather than highlighting inefficiencies through an intensive focus on auditing. Senior Management is supported in its endeavour to continually improve the above, thereby ensuring a positive reception and acceptance by staff.

Lungi Ndlovu
Chief Human Resources Officer
Vodacom Group (Proprietary) Limited

Introduction

The telecommunications sector continues to be characterised by intense competition and increasing demands by our customers for cost effective and value added services. The promulgation of the Electronic Communications Act together with Broad Based Black Economic Empowerment ("BBBEE") codes of good practice has exacerbated the competition. The continued war for talent in an environment of skills scarcity has compounded this challenge. At the very centre of successfully dealing with these challenges is the depth and calibre of people we have in the organisation. Harnessing and mobilising the skills of our employees is a critical element of growing value for our shareholders in a sustainable fashion.

Key focus of activities

The key thrust of our Human Resource ("HR") strategic imperative is driven by the need to attract, develop and retain high calibre employees to meet the growth needs of the organisation in an environment where war for talent is fiercer than ever. The past year the Group's focus was the entrenchment of core leadership practices and skills: the alignment of training to deliver best in class customer service; the training of our technical staff with regards to the latest technology; reviewing of the reward and recognition practices to deliver customer centricity and entrench our employee value proposition; expanding the pool of females in core areas of the business thereby ensuring gender diversity; continuing to address the HIV/Aids challenge through pro-active treatment and care; strengthening our employee wellness programme; the rolling out of learnerships and other skills development initiatives and refining our recruitment and selection processes.

Headcount and movements

The Group continues to manage headcount tightly to ensure operational effectiveness, unlock efficiencies and

Headcount

Year ended March 31,	2006	2007	2008	% change 06/07	% change 07/08
Number of employees including temps and contractors*	5,459	5,920	6,247	8.4	5.5
South Africa including holding companies	4,302	4,573	4,707	6.3	2.9
Non-South African countries	1,157	1,347	1,540	16.4	14.3
Total customers per employee	4,308	5,093	5,442	18.2	6.9

** Excluding outsourced contractors*

contain administration overheads so that we can continue to profitably connect customers. Actual headcount increased in the Group in the current financial year by 5.5% to 6,247 (2007: 5,920) employees. The increase in headcount is conservative in comparison to the increase in the Group's customer base. Group-wide customers per employee, as a measure of organisational efficiency, increased to 5,442 which represents a 6.9% increase in employee productivity for the year.

The voluntary labour turnover for the Group for the year stands at 8.1% (2007: 9.2%). The labour turnover is still within our target of 12%. The decline in labour turnover is laudable given the tight labour environment, buoyant economy with huge infrastructure projects where the demand for engineers has reached crisis levels. The average age in the Group is 34 years, 64% of employees are between the ages of 21 and 35 years, a relatively young population. This impacts man-power planning, as well as employee benefits and retention strategies in creating the right appeal to attract and retain young talent that is increasingly mobile.

Employment equity

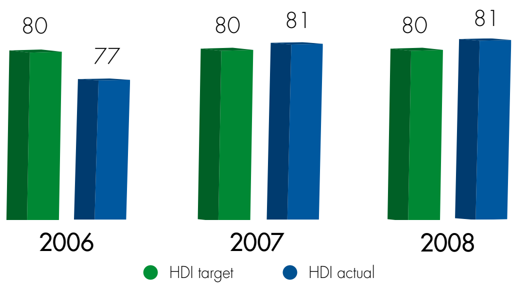
The Employment Equity ("EE") Act and the BBBEE Act are key enablers to drive and deliver meaningful transformation for the Group. The Board and senior management recognise that transformation is a strategic business imperative that will ensure the Group retains its competitive edge in the market place. The value that business attaches to transformation is demonstrated by incorporating empowerment as a target to line managers. Furthermore, all new employees to the Group undergo training on EE issues as part of the Group orientation programme. Success in meeting this vital imperative is expected to maximise future opportunities and long-term shareholder value.

The Group has made considerable progress in ensuring that its employee profile is highly representative of the demographic profile of South Africa. To facilitate the achievement of EE plans, during the year 83% (2007: 87%) of Vodacom's new appointments were from the previously disadvantaged group. As at March 31, 2008, 70% (2007: 79%) of our workforce was from this group, excluding white women.

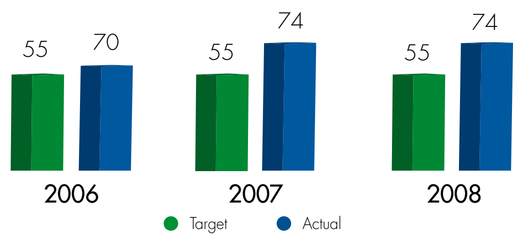
While Affirmative Action ("AA") and gender representation at certain senior levels and disability targets continue to be a challenge, advancements have been made over the last year in this regard, with the appointment of highly regarded senior black executives in regulatory and stakeholder relations, mergers and acquisitions and corporate finance as well as wholesale commercial services.

Vodacom is confident that, with emphasis on executive development, focus on an executive pipeline, targeted resourcing at senior levels and stretch assignments, it will meet its objectives. At the end of March 31, 2008, Vodacom has made significant progress towards achieving its target at all management positions as 58% of our management reflects EE in

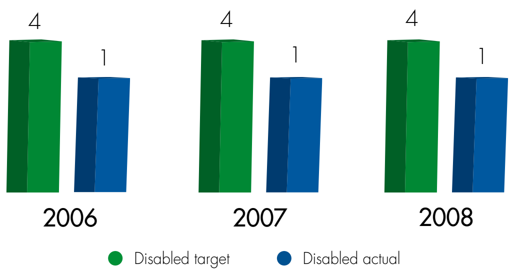
Historically disadvantaged individuals ("HDI") actual versus target %



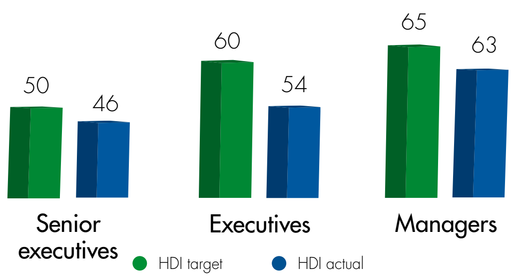
Black female as a % of total female actual versus target %



Disabled actual versus target %



HDI at management level 2008 %



an environment where there is very low labour turnover, a young executive profile and lucrative opportunities created by the telecommunications convergence.

Employee rewards

Vodacom Group recognises that reward is a business issue, not just a HR issue, as it has a direct impact on operational expenditure, company culture, employee behaviour and morale and ultimately the sustainability of the organisation. The Group has a Remuneration Committee ("REMCO") that is charged with the responsibility of overseeing, on behalf of the Board, the Group's compensation policy, reward strategy as well as the compensation and benefit programmes of senior management. The REMCO seeks to provide rewards and incentives that are highly leveraged to performance and clearly linked to the Group's results and individual performance. To achieve this, Vodacom Group will reward employees in a way that reflects the dynamics of the market and the context in which it operates. All five components of the reward strategy, including the guaranteed pay portion, variable pay, performance management, learning and personal growth and the work environment, will at all times be aligned to the strategic direction and business specific value drivers of Vodacom Group. The Group upholds internal remuneration equity as well as external equity to create a compelling employee proposition aimed at attracting and retaining top talent. This is achieved through participation in a range of niche salary surveys.

To ensure the retention of skills and the alignment of Group goals with those of individual employees, the Group offers short-term and long-term incentive schemes. The Group introduced various initiatives to enhance its benefit offering as well as introduce flexibility in these benefits as part of its annual remuneration strategy review.

Human resources development

General

Since the commencement of its commercial operation in South Africa fifteen years ago, the Group realised that winning the war for talent requires an integrated approach, leveraging all the elements of the employee life cycle. We have to build a culture that ensures that the workforce is able to meet today's and tomorrow's business challenges. For this reason, employee development has become an integral part of the Vodacom fabric. Vodacom embraces development in its broadest sense and does not restrict development to training. Development at Vodacom involves a blended approach with amongst others, stretch assignments, coaching, mentoring, e-learning, strategic projects, self-learning and instructor courses forming part of the development strategy.

In creating a culture that ensures that the workforce is able to meet today's and tomorrow's business challenges, Vodacom is building capacity through the development of managerial, leadership and functional competencies. The Group's commitment to employee development is demonstrated by the increased investment it has made in this regard. The past financial year, the Group invested up to R43 million or 3.0% (2007: 2.5%) of the payroll expenditure in HR development.

Skills Development Act and Learnerships

During the past financial year the Group has exceeded the requirements of the Skills Development Act and the BBBEE codes of good practice with regards to learnerships. The Group partnered with the Information Systems, Electronics and Telecommunications Technologies Sector Education Training Authority ("ISETT SETA") and various training providers to implement seven learnership and eight internship programmes which resulted in an intake of 452 learners who participated in programmes that cover almost all business areas across the Group of companies. These areas include the call centre, human resources, education and training, business administration, marketing and sales, finance, auditing, information technology, operations, public relations, health and safety and engineering. The Group received mandatory and discretionary grants from the ISETT SETA to the total of R12.7 million during the financial year. In the interim BBBEE evaluation by EmpowerLogic, Vodacom achieved a level 3 contributor status in terms of skills development due to our continued focus in ensuring an increased investment in developing our people.

Vodacom Advanced Executive Development Programme ("VAEP")

This programme was introduced in 2003 with the aim of developing bench strength at executive level and to empower senior level participants to contribute more to the achievement of our company's business objectives, as well as enrich their own capabilities. The carefully constructed 12-month programme starts with a business simulation and covers the following topics: financial accounting, management accounting, markets and customer relations, projects and operations management, statistics and quantitative methods, strategy and organisational design, leadership and organisational change. The programme is presented by the University of South Africa ("UNISA") Business School.

A unique feature of the VAEP is the opportunity afforded to the participants to conduct an in-depth value chain analysis of a leading overseas (either in Europe or Asia) business within telecommunications with a view of benchmarking our practices against theirs and giving them insights to our successes in the developing markets. Since its inception the candidates have visited companies in Italy, United Kingdom, Hungary, Netherlands and Spain and in the coming year they are scheduled to visit India and Germany amongst others. The programme has produced an alumnus of 55 graduates since its inception in 2003, all of whom have contributed significantly to reshaping the business. Currently a group of 20 employees are participating in this strategic programme.

Conversations in Leadership Programme ("CLP")

Crucial conversations and open dialogue form the basis for growth in any business. To stimulate these types of conversations in the business, Vodacom introduced the CLP in August 2005. The programme has been designed to create an enabling environment for quality dialogue and reflection in the company and in the process expand the horizons of our executives. Four themes have been covered since inception, namely: strategy, leadership and transformation, corporate ethics, personal mastery and customer centricity. The programme was further enhanced with the inclusion of top international speakers during the past financial year, with a key focus on understanding the emerging trends in the converged market and sustaining a leadership position in the market place.

Virtual Learning Centre ("VLC")

Since implementation in 2000 up to this year, our e-learning platform (the VLC) has delivered overall savings of almost R20 million in direct training costs. The VLC has been implemented in our operations in South Africa, Tanzania, the Democratic Republic of Congo and Mozambique. Utilisation of the VLC across the South African operational company increased by 100%. This is due to the broad utilisation of the VLC for assessments, custom training and technical training.

Succession Development Programme ("SDP")

One of Vodacom's most successful talent management initiatives is the implementation of a succession pool system that develops high-potential candidates for readiness at a higher level. The programme involves a blended approach to development including assessment for development tools (such as 360 degree feedback), experiential interactions, direct teaching of practical content and coaching. This is complemented by a variety of other development methodologies such as reading, e-learning, and projects, to mention but a few. The three-year programme is structured to include individual development, inter-disciplinary teamwork and multi-functional company exposure. It is supported by a well-designed monitoring process.

Since inception in 2002, 316 candidates have participated in the programme. The current pool consists of 64% EE candidates of which 31% are female. More than a third of the candidates have been promoted to the next level and 98% have been classified as having a developmental readiness "Category A", which means the individual is ready for the next level. The 2006 and 2007 candidates are preparing their portfolio of evidence to obtain the National Qualification Framework ("NQF") generic management qualification.

The Graduate Programme for Females in Technology ("GPFT")

The GPFT is a graduate development programme inspired by the drive to improve the representation of women in the core areas of the business. Vodacom introduced the GPFT to develop the necessary talent required in the technology environment. It is designed to develop technical and engineering skills as well as professional skills that are needed to contribute effectively to the design, development and maintenance of mobile telecommunication systems.

The objective of the programme is to:

- Develop a pool of female specialists for the core business areas at Vodacom;
- Create an opportunity for females with a generic technical degree to develop competence in the telecommunications environment;
- Focus on the development of technical and engineering skills in terms of design, development and maintenance of mobile telecommunications systems; and
- Raise both the candidates' commercial awareness as well as their interpersonal skills to new levels so that they are able to perform effectively within a dynamic organisational environment.

The first and second intakes for the GPFT have all been permanently employed in engineering and operations. The third intake of thirty participants commenced their programme on February 1, 2008 and our total intake increased to 48 candidates since its inception in 2006.

Employee education assistance

To promote life-long learning principles, the Group has been extending educational assistance to its full-time employees for the past nine years through its Yebo bursary scheme. For the year ended March 31, 2008 the Group spent R4.4 million (2007: R3.5 million) on the scheme.

Employee well-being

General

In our endeavour to entrench a balanced lifestyle the Group continues to place emphasis on employee wellness, which enhances our compelling employee value proposition and our brand as an employer of choice.

Executive Lifestyle Programme ("ELP")

This initiative is aimed at facilitating the peak performance of our executives through pro-active diagnosis of health risks. As a

result of this programme some of our executives have benefited from pro-active diagnosis of potentially life threatening diseases. Up to 80% of our executive population participated in the programme. Vodacom Group empowers executives through the ELP to be corporate athletes performing at their peak levels.

Occupational health services

In partnership with our occupational health doctor we have developed a comprehensive occupation health roadmap for the Group. The roadmap includes compliance with legislation, incapacity management, pre- and post-assignment health assessments and health risk assessments for specific job categories.

Access to counselling

Independent Counselling and Advisory Services ("ICAS") continue to provide our employees with exceptional counselling and emotional support. Utilisation shows a very healthy trend and stands at 20% (2006: 20%) of the staff over the last year. Analysis of employee utilisation and trends has identified employee risk groups with the aim of providing input to shape the HR policies. Problem areas are pro-actively dealt with by implementation of activities targeting the trends identified.

HIV/Aids

Despite the HIV/Aids pandemic still presenting a stigma and denial challenges, our pro-active approach in dealing with the disease has led to higher levels of awareness and de-stigmatisation. In partnership with Direct Aids Intervention ("DAI") more than 47.2% of the eligible employee population have completed Voluntary Counselling and Testing ("VCT") in the last 6 months. Of the tested population, our HIV prevalence stands at 1.0%, which is far lower than the estimated prevalence rate of 5%. The average age of our employee population is 34 years and, this being the highest risk age group, our prevalence is far below the national prevalence levels.

Employee and industrial relations

Vodacom has reviewed its employee relations framework to ensure strategic support for the business in respect of key business issues.

Two trade unions continue to be active within the Group, namely Communications Workers Union ("CWU") and Media Workers of South Africa ("MWASA"), neither having a recognition agreement with the Group as their membership base is low. Trade union representation for Vodacom Group is at 13.9% (2007: 12.3%) of all employees. Whilst we experienced industrial action in the business last financial year, only a handful of employees participated - 6.7% and none of our operations were affected. The agreement that was concluded with CWU in August 2007 will ensure industrial peace.

Operations outside South Africa

Group HR plays a pivotal role in providing strategic HR support to our non-South African operations, both in terms of assignee management and cascading best practices for our local operational companies.

Key to this support is to develop the succession planning strategy to achieve the following:

- Identify and track all management positions in non-South African operations that will continue to require an assignee in the near future. For these positions, Group HR has also embarked on a process to timeously identify potential succession candidates. Group HR will pro-actively provide training and sensitisation to these individuals in preparation for deployment.
- Pro-actively identify all management positions that can be filled by local employees as soon as possible. Local candidates will be identified and prepared through a formal development programme that will ensure transfer of skills. It is Vodacom's aim to facilitate significant localisation of the management of these operations.

At this stage, the main challenge continues to be in resourcing these operations with executives and senior management. Emphasis continues to be placed on both management and technical training to enhance skills. Future thrust will be on accelerated development programmes to build a pool of local employees for senior management positions.

The standardisation of key employee benefits and conditions is on a phased approach to ensure a level of consistency and implementation of a Vodacom culture, while ensuring that the practices are locally relevant. It is also the intent of the business to maintain a balance between being an employer of choice and containing employee costs.

Conclusion

Vodacom prides itself as being an employer of choice; this accolade was achieved in being awarded the recognition of being amongst the top 10 best employers in South Africa in a survey conducted by Corporate Research Foundation in 2007. We remain committed to continually raising the bar on people practices, as we acknowledge the fact that technology is only an enabler and that wealth creation is driven increasingly by people. The DNA of Vodacom's success is its enthused, committed and highly talented employees.

Dot Field
Chief Communications Officer
Vodacom Group (Proprietary) Limited

Sustaining a remarkable performance

Vodacom's Corporate Communications Division is responsible for managing the Group's external presence in the media space, and how this positively impacts on the key pillars of Corporate Reputation: Products/Services; Innovation; Workplace; Governance; Citizenship; Leadership; and Performance.

During the year, Vodacom sustained its remarkable performance in the ranking of the reputations of the world's largest companies by the USA-based authoritative Reputation Institute, achieving a score well above the international mean for the telecommunications industry.

As the leading international organisation devoted to advancing knowledge about corporate reputations, the Global Rep-Trak™ Pulse provides an international benchmark for a company's performance in the key performance areas indicated above.

Among global telecommunications companies, Vodacom's score was 72.3, well above the industry mean of around 64. Vodacom sustained its excellent performance in spite of the number of telecommunications companies surveyed increasing from 37 to 47. Vodacom's performance is exceptional in the light of the negative halo effect around the telecommunications industry in general, making it challenging for individual companies to create favourable reputations.

In the South African market, Vodacom remains the leading telecommunications provider with a Rep-Trak™ Pulse score of above 70. This indicates a strong and robust reputation and high visibility due to extensive marketing campaigns and product/service appeal to a broad range of consumers. Individual scores in all of the key performance indicators are strong.

Supporting the media and public sectors

In 2007, Vodacom once again sponsored the annual Vodacom Journalist of the Year Awards, an award that is much-anticipated by and keenly contested among media practitioners in South Africa. An independent panel of esteemed professional practitioners ensures the highest standards of evaluation of material submitted. Since their inception in 2002, the awards have become an invaluable benchmark in the promotion of a vigorous media sector in South Africa and underline Vodacom's commitment to the media as a platform from which sectors and individuals in society are able to communicate across the board. The 2007 awards attracted the highest number of entries ever.

Vodacom also sponsored the banquet for the annual State of the Nation address at the opening of Parliament, underlining its commitment to and support of South Africa's vibrant democracy.

Communicating about products and services

Just below 80 percent of respondents in the RepTrak™ Pulse mentioned Vodacom's products and services in a positive light. The importance given to this aspect underlines the value of strategic and focused communication with our consumers about Vodacom's products and services. Initiatives include:

- In Mozambique, Vodakool, a news and information portal exclusive to Vodacom, was launched in July 2007. The product provides customers with breaking local and international news, sports results, weather and financial information. In a country in which traditional media availability is restricted to the major cities, Vodakool helps bridge the information divide.

- In Tanzania, Vodacom introduced several unique products and services including SMS-only vouchers, talk packages and Vodamail.
  - In the last quarter of the previous financial year, Vodacom commercially launched the first 3G/HSDPA service in the country. Following the removal of roaming charges in East Africa (Kenya and Uganda), the east Africa roaming agreement Kama Kawaida, enables seamless communications for more than 12 million customers. It has also been extended to Rwanda.
  - Vodacom Tanzania has led the way in responding to unemployment, one of Tanzania's biggest challenges, through a self-employment initiative with Simu ya Watu. Registered shoe shiners are being equipped with mobile trolleys selling both VodaFASTA recharge airtime vouchers and operating public phone businesses.

- In South Africa, the launch of several products and services attracted consistently positive media coverage.
  - Mobile advertising, a new trend which Vodacom was the first to introduce to South Africa, was launched in October 2007. The launch of this product successfully reinforced its market leadership.
  - Vodacom's repositioning from a mobile centric network operator to a leading provider of converged information and communication solutions was highlighted with the launch of Vodacom Business in February 2008. This event also positioned Vodacom as meeting the growing demand for broadband.
  - In November 2007, Vodacom's announcement of Meep and TheGRID once again reinforced Vodacom's reputation as South Africa's leading cellular network. Meep is a real-time, presence-based instant messaging service, while TheGRID has allowed South Africans to enter the location-based social networking space from their cell phones.
  - Vodacom also formalised its entry into the broadcasting and multimedia market through the launch of DStv Select. South Africans are now able to choose between two DStv Select bouquets.

Responding to reputational issues

During the year, Corporate Communications proactively responded to several reputational issues, including the strike by the Communication Workers Union ("CWU") and the Broad Based Black Economic Empowerment scheme. The heightened levels of media interest in these issues were successfully managed through a policy of open communication and accessibility of media spokespersons to respond timeously to media queries.

The wide coverage given to the strike settlement announced on August 30, 2007 highlighted the positive aspects of the agreement, including the recognition that CWU, contrary to its earlier claims, has 13.9% representation within Vodacom.

Our well-established policy of open and honest communication, however, ensured that these challenges were successfully managed and resulted in minimal damage to the Group's reputation.

Communicating about CSI

Communicating about Citizenship, or Corporate Social Investment ("CSI"), a key driver of reputation, is an important component of Vodacom's Corporate Communications. A focused communications strategy ensures that Vodacom benefits from sustained and ongoing positive media coverage about projects funded by the Vodacom Foundation, and that Vodacom's caring ethic towards communities is widely communicated.

Events that generated significant media coverage during the year included the handover of two schools in the North West Province and the opening of the biggest and best equipped library in Jabavu, Soweto. Other successful communication initiatives are built around special focus times such as Eye Care Awareness Week in October 2007, during which Vodacom's Sight for You project received significant coverage. A partnership between the Vodacom Foundation, the Smile Foundation and the Johannesburg Hospital to provide operations to correct facial anomalies was also widely covered during the first Vodacom Smile Week at the end of October 2007.

An innovative aspect is to highlight CSI awareness through Vodacom's sports sponsorship properties. Tries for Smiles raises funds for surgery for children with facial anomalies every time a South African team scores a try in the Vodacom Super 14 rugby tournament. A R4 million donation to the Walter Sisulu Paediatric Cardiac Centre for Africa was tied to the Vodacom Championship in February 2008.

Electromagnetic fields

To ensure alignment with shareholder aspirations and international contemporary best practice the Vodacom Group manages any possible risk arising from electromagnetic fields ("EMF") via an oversight committee known as the Vodacom Group EMF Council ("Council").

Corporate exposure to EMF risk is multi-faceted in nature and the membership of the Council reflects the decision to manage each component via an identified risk owner at senior management level. The Council has the responsibility for the mitigation of all identified EMF risks across the Group operating companies and where applicable undertakes to ensure there is uniformity in the modus operandi employed. The paradigm used to manage EMF risk throughout Vodacom South Africa is now being replicated across our non-South African operating companies to ensure parity with the health, safety, and environment management systems already employed.

The creation of a Council mirrors the model implemented by Vodafone worldwide for the management of EMF risk across its operating companies and as a result Vodacom is able to benefit from a wealth of international subject matter and expertise on the topic of EMF. In response to international trends Vodacom has constructed a public website – Vodacom.com – that provides a miscellany of useful information on how to understand EMF within the context of health and safety.

Vodacom is a member of the South African Cellular Telecommunications Association ("SACTA") where we interact with other industry players to ensure that communication to a range of stakeholders is complete and transparent and that best practices are shared and applied.

A variety of direct engagement programmes have been under review during the course of the year. Their purpose is to be proactively responsive in building channels of communication with individuals and entities that both benefit from, and are impacted by, cellular communications. In this way Vodacom aims to create a platform that will inform all stakeholders of the issues at large and allow them to contribute to the resolution of concern. Ultimately, the Group strives to build an environment that will recognise the drivers governing the demand for operational efficiencies while also providing the means to allay any attendant public concern through a process of open and honest dialogue.

Vodacom supports the view of the World Health Organisation ("WHO") international EMF project which has concluded that "current evidence does not confirm the existence of any health consequences from exposure to low level EMF".

Vodacom developed three EMF brochures covering the scientific basis of health and safety standard setting together with background to the international best practice governing deployment and usage of cellular technology.

As part of its commitment to communicating clearly and openly with cellular users, Vodacom has produced and distributed a booklet entitled: "The answer's in your back pocket", which offers a simple explanation of the relationship between cell phones and health together with answers to some of the most frequently asked questions on the subject.

Vodacom has published a further booklet entitled; "A Parent's Guide to Cell phones", which is designed to help parents make responsible choices regarding children's usage of cellular technology.

Mthobi Tyamzashe
Chief Officer Corporate Social Responsibility
Vodacom (Proprietary) Limited
Chairman Vodacom Foundation

Establishing Vodacom's "caring" credentials

In line with best practice, Vodacom Group enhanced its traditional Corporate Social Investment ("CSI") platform by establishing a Corporate Responsibility ("CR") unit alongside it. The CR leg will influence the way the Group earns its profits, such that it does so on the basis of predetermined ethics and values. This completes the Group's Corporate Social Responsibility ("CSR") offering whereby the Group is able to align all its "caring" credentials with those of listed companies that are required by law to produce Social or Sustainable Development Reports, which reflect their non-financial assets, alongside their annual reports.

On the CSI front, the Group continues its programme of contributing to improved quality of life in respect of vulnerable groups within the communities where it operates in the form of cash, in-kind support, time and skills, primarily within the disciplines of education and health. These contributions are focused on sustainable projects aimed at countering social deprivation. CSI is the area which enables the Group to play the role of a "force for good", not only because it seeks to score points on the Broad Based Black Economic Empowerment ("BBBEE") scorecard, but because it is the right thing to do.

CSI provides a channel through which the Group shares the profits it has been fortunate to realise, with the communities where it operates. The better the financial results that Vodacom is able to realise, the more it has available to share with communities. CSI contributes to the Group's expression of its "caring" credentials, which have a positive impact on the trust that communities have in it and thereby contributing to its long-term sustainability.

As a partner in social development, Vodacom's CSI spending continues to focus on projects that impact favourably on the quality of life of citizens and equip them to be meaningful players in the economic sphere. To this end, projects that exhibit a high multiplier effect and are transformational in character enjoy priority in the scramble for a slice of the limited financial resources that are available through the CSI programme. In particular, Vodacom endeavours to seek out those projects that use information and communications technology to solve social problems. In this way, we will be able to "help others to help themselves".

The Vodacom Foundation is Vodacom's primary vehicle for implementing its CSI initiatives. Vodacom invests in social responsibility projects in South Africa, Democratic Republic of Congo, Tanzania, Lesotho and Mozambique through the Vodacom Foundations based in each of those countries.

In general, the primary areas of involvement in each of the operating companies are education, health and the environment. However, there are additional focus areas in each operating company, which are determined, according to the needs of their particular communities.

Education

Education is a major priority of the Vodacom Foundation in all operating companies.

South Africa

In South Africa, Vodacom invests in education to indirectly equip young people with the skills they need to meet the challenges of a highly technical and competitive global environment, thereby contributing optimally to the country's economy.

The external or Open Bursary Scheme awards bursaries on the basis of merit to needy students who perform well in their grade 12 exams. Bursaries are awarded at the rate of approximately 50 bursaries per annum. Such bursaries are tenable at local universities and technikons, and a R50 thousand award is intended to cover tuition fees, books, meals, transport and accommodation. To date, about 800 students have been funded through this scheme.

Alongside the external or Open Bursary Scheme, Vodacom provides sizeable bursaries to three students earning top marks in their matriculation examinations through the Vodacom CEO Scholarship Awards. These prestigious awards, the first of their kind in the country, were inaugurated in 2006. The successful recipients are free to pursue studies of their choice at institutions of their choice, with the result that the current nine recipients are pursuing undergraduate studies in medicine, accounting and computer science.

Vodacom recently renewed its partnership with the Nelson Mandela Metropolitan University in providing financial support to Masters and Doctoral students with disadvantaged backgrounds for a further three years. In the 2007 academic year, Vodacom increased its share of the contribution towards the Masters and Doctoral programmes, from R300 thousand to R500 thousand per year.

On the infrastructure side, the Vodacom Foundation invested R7.5 million in two schools in the North West Province at Freedom Park, Rustenburg, and Migdol near Wolmaransstad in a 50/50 partnership with the Department of Education in the North West Province which contributed an equal amount. The schools were officially opened in April 2007. This partnership follows close on the heels of a similar one, involving a total of R5.0 million with the Free State Provincial Department of Education which saw the Thuto Lesedi Secondary School getting a major face-lift.

Democratic Republic of Congo ("DRC")

The Vodacom Congo Foundation's interventions in education involve providing school equipment, rehabilitating school buildings and managing a bursary programme.

The Vodacom Congo Foundation launched its school benches project in 2003 to help Congolese children attend classes in acceptable conditions. By 2010, the Vodacom Congo Foundation aims to have equipped 80% of schools in the DRC with school benches. Each year, 1,000 benches are ordered at a cost of US$47 thousand from Don Bosco, a non-profit religious organisation offering vocational training to underprivileged youth. The manufacture of the benches provides income which is used to pay their school fees.

The Vodacom Congo Foundation also invests in the rehabilitation of school and university buildings. In most cases, benches and books are also supplied. Several projects were undertaken during the year, including:

- The "Leon de Saint Moulin" auditorium, the largest in the DRC, at the University of Kinshasa;
- The Ngiri-Ngiri EPAII Elementary School at Ngiri-Ngiri Commune, where an amount of US$171 thousand was invested to renovate 40 classrooms, windows, walls, doors, the roof, the toilets and the staffrooms.

On July 8, 2004, Vodacom Congo launched the Motomolo ("highly intelligent or elite") Bursary Programme. The ten best students are selected to study at the Tshwane University of Technology, Pretoria in South Africa. The programme will run for ten years, after which Vodacom Congo will have provided the resources to educate 100 Congolese staff members.

Tanzania

The Vodacom Tanzania Foundation focused its education initiatives on providing school desks, completing classrooms and providing solar power.

The Amani Centre in the Mikese Morogoro region caters for 300 youth and children with mental disabilities. The Vodacom Tanzania Foundation constructed four classrooms at a cost of Tsh40 million.

The Kibondo district in the Kigoma region is not connected to the national electric grid and few can afford generators. The Vodacom Tanzania Foundation approved the installation of solar electricity to the Moyowosi Secondary School at a cost of Tsh12 million. The project was such a success that students had to be persuaded to leave their classrooms at night in order to go to sleep!

The Vodacom Tanzania Foundation also donated Tsh5 million to the Nguvu Mali Secondary School Tanga to complete the construction of classrooms to alleviate overcrowding. As a result of the donation, the school was able to complete the construction of four classrooms accommodating 200 students.

Lesotho

Existing education initiatives include the National University of Lesotho ("NUL") internship programme and Vodacom Lesotho's sponsorship of Students in Free Enterprise ("SIFE") students. Vodacom

Lesotho also provided support for Lesotho's top twelve Junior Certificate students by sponsoring a Nokia handset, starter pack and free airtime for a year. School fees to the value of M2 thousand per student for the current academic year were also provided.

Mozambique

Vodacom Mozambique participates in the development of Mozambique through its support of education initiatives.

Vodacom Mozambique constructed and furnished a new secondary school in the Chamanculo suburb of Maputo. Previously, students had walked long distances to attend classes as there was no school in the area. The total cost of the project was US$1,250 thousand. Built in co-operation with the project "Um Olhar de Esperanca" of the Ministry of Education and Culture, the Armando Emilio Guebuza Secondary School caters for approximately 7,000 students in three sessions (morning, afternoon and evening classes).

Following an approach by the Ministry of Education to take part in the movement to support children's sports at schools, Vodacom Mozambique presented soccer kits to the Ressano Garcia Secondary School in Maputo Province. The kits consisted of t-shirts, shorts and pairs of socks, and soccer balls.

Health

South Africa

Vodacom invests in health because it believes that people have a right to basic health care. For this reason, the company is committed to helping government meet its priorities in this area.

Vodacom Sight For You is a partnership between Vodacom and the Pretoria Eye Institute where surgeons from the Institute offer their services at cost. With funding from Vodacom, they were able to perform 400 cataract operations on patients from the Gauteng and Mpumalanga provinces during the 2007 Eye Care Awareness Week. The gift of sight enables the beneficiaries to resume active lifestyles and rejoin the economically active members of the community.

In yet another partnership, Vodacom, the Smile Foundation and the Johannesburg General Hospital hosted the first Vodacom Smile Week at the end of October 2007. This week is the first of two that have been funded by the Vodacom Foundation during the 2007/08 financial year to the value of R2 million. The second Vodacom Smile Week took place in May 2008. During each week, up to 40 children receive free world-class reconstructive surgery for facial anomalies. The medical team is provided by the Johannesburg General Hospital and the Wits Medical School.

Vodacom has a similar partnership with the Netcare group for cataract operations. This ensured that a further 155 operations were performed countrywide.

On Valentine's Day 2008, the Vodacom Foundation announced a R4 million donation to enable 27 disadvantaged children to receive corrective heart surgery through the Walter Sisulu Paediatric Cardiac Centre for Africa ("WSPCCA"). To date, Vodacom Foundation has made surgery possible for an additional 28 children.

Cell-Life is a pioneering initiative providing effective technology-based solutions for the management of HIV/Aids. Since 2002, Vodacom Foundation has invested more than R6.2 million in the project. The system developed allows data to be captured in a user-friendly way through a cell phone. Cell-Life's solutions cover prevention, treatment, dispensing of Antiretroviral Treatment ("ART") and Voluntary Counselling and Testing ("VCT").

DRC

In the DRC, the Vodacom Congo Foundation rehabilitates public hospitals and medical centres, provides hospital equipment and assists the national programmes of HIV/Aids. Staff members also assist with blood donations.

The Kinshasa General Hospital is the biggest hospital in the DRC. Last year Vodacom Congo renovated two of its 20 blocks as well as the surgery block at a total cost of US$28 thousand. The Vodacom Congo Foundation also donated medical beds, mattresses, bed sheets and bedside tables.

The renovation of the Boma hospital in the Bas Congo region was one of the biggest medical projects in 2007. The Vodacom Congo Foundation granted around US$88 thousand for the renovation. In addition to the renovations, the Vodacom Congo Foundation provided medical beds, mattresses, linen and bed-side tables.

June 14, 2007 was blood donation day, and more than 70 Vodacom staff joined in the government's campaign to donate blood in support of women giving birth. Vodacom also supplied banners and t-shirts to the Minister of Health to assist with publicising the campaign.

Tanzania

Health projects undertaken by Vodacom Tanzania Foundation focus on renovation of hospitals and supply of equipment, as well as cataract operations.

Sekou Toure hospital is a government hospital in Mwanza. The hospital is the most affordable health service provider for many in the lake zone serving 800 patients daily. The Vodacom Tanzania Foundation handed over a modern fully renovated children's ward to the local government and hospital officials. Tsh30 million was invested into the project, which also provided hospital beds, mattresses and linen.

The Mawenzi Hospital is the main referral government hospital in the Kilimanjaro region. The number seven ward was in a very bad state prior to the rehabilitation. Through funding from the Vodacom Tanzania Foundation the ward is now in a modern, hygienic condition providing an ambience conducive to recovery.

For the second time, the Vodacom Tanzania Foundation partnered with the Comprehensive Community Based Rehabilitation in Tanzania ("CCBRT") hospital and the Lions Club to coordinate and organise eye screening camps and subsequent surgeries for patients requiring treatment. This year 450 people received cataract surgery and many patients who were living in blindness have had their vision restored.

Lesotho

Construction of the Vodacom sponsored tuberculosis ("TB") and children's wards amounting to M1.0 million started at the Mamohau Roman Catholic Church Hospital in Leribe in January 2008. This follows a public outcry to separate TB and children's wards.

Water projects

Tanzania

Many communities in Tanzania do not have access to safe drinking water. Water projects are therefore an important thrust for the Vodacom Tanzania Foundation.

The Vodacom Tanzania Foundation funded the drilling of two water wells for residents of Singida, an arid region in central Tanzania in which the water table is very deep. Through this donation 4,000 residents of Manguamitogho and Kimpungua Villages from Singida will have access to clean water close to their homes. The drilling and completion of the works on the two wells cost Tsh30 million.

Access to tap water has been a major problem for the residents of Tunguu, Kikungwi and Bungi Shehias of Kibele in Zanzibar. It was a great relief to over 5,000 residents living in the area when the Vodacom Tanzania Foundation donated a heavy duty pump valued at Tsh15 million, capable of delivering 50,000 litres of water per hour.

Welfare

DRC

Welfare is a vital priority for the Vodacom Congo Foundation in this war-ravaged country in which many people have been displaced and children left orphaned.

The Vodacom Congo Foundation donated food and materials to the value of USD$5,000 to Association pour l'Assistance de la Femme Célibataire Congolaise ("ASAFEC"), a Non-Government Organisation ("NGO") that creates both employment for women and provides food for the destitute.

Tanzania

17 Islamic orphanages received four tons of food supplies, including rice, wheat flour and cooking oil. The Vodacom Tanzania Foundation hosted a special iftar (meal that breaks the fast) for 170 orphaned children from several Islamic orphanages in Dar Es Salaam. Vodacom employees teamed up with the Vodacom Tanzania Foundation to support children from five orphanages in Dar Es Salaam.

Lesotho

Orphanages under the patronage of Her Majesty Queen Masenate Bereng Seeiso receive an annual donation of blankets worth M30 thousand from Vodacom Lesotho. The donation is distributed by the Queens National Trust Fund. More than 4,000 orphans throughout the country benefit from the Queen's Fund.

Safety and security

South Africa

In June 2007, the Vodacom Foundation handed over a contribution of R576 thousand to the committee for Crime Prevention, a project that re-integrates at-risk street children into the community. In 2007, the Vodacom Foundation also funded training projects in woodwork and needlework that will enable 48 learners to receive training over a period of one year.

Tanzania

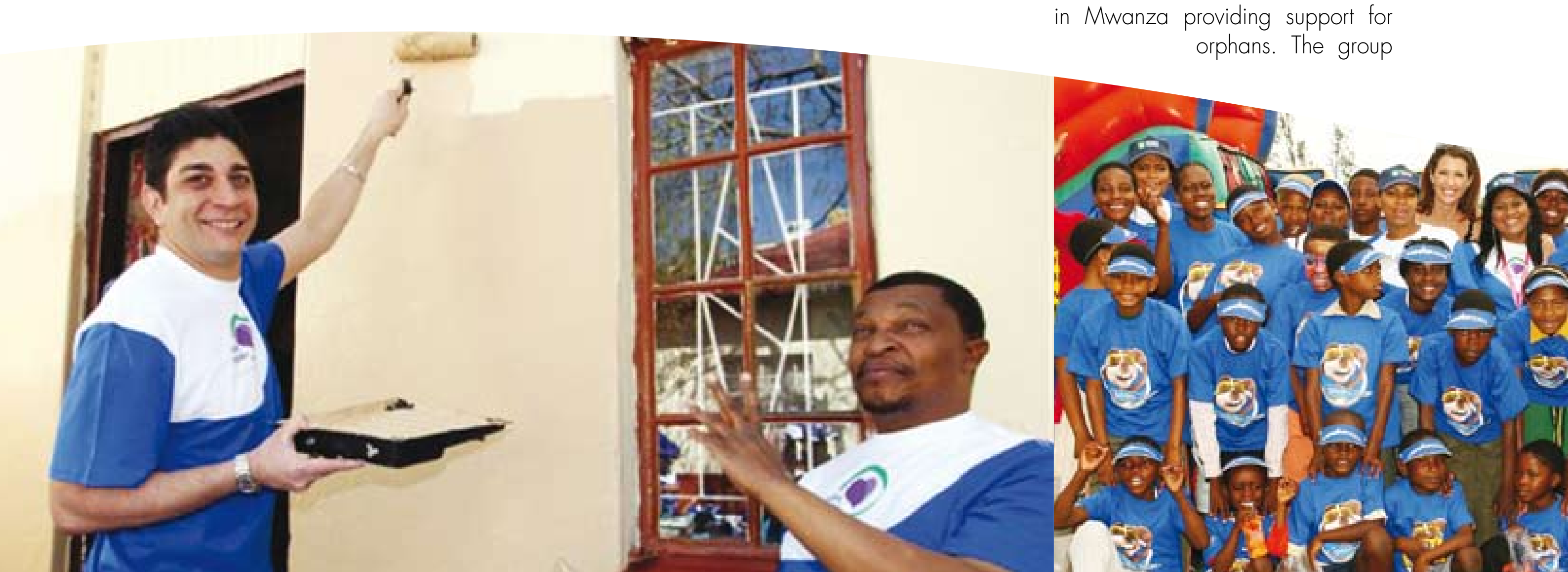
The Ruangwa district has the highest crime rates in Lindi region especially in respect of the rape of young school girls. The villagers of Ruangwa approached the Vodacom Tanzania Foundation to assist them to complete a police post in their area which would increase the police presence in the area. The Vodacom Tanzania Foundation donated Tsh5 million to complete the project.

The Vodacom Tanzania Foundation donated Tsh15 million worth of airtime and Simu Ya Watu units to the anti robbery unit of the Tanzania Police force in October at a ceremony at the police headquarters.

Income generation

Tanzania

Mwanza Samaritans is a NGO based in Mwanza providing support for orphans. The group



operates several income generating projects including a small-scale secretarial service. Through these projects, the women are able to support their own children as well as 42 orphans living in their center. The Vodacom Tanzania Foundation donated computers and related hardware to the group.

Involvement of staff in Vodacom Foundation CSI projects

South Africa - Yebo Heroes

Vodacom Foundation's Yebo Heroes programme provides a company supported platform through which Vodacom employees contribute to the communities in which they live. As far as possible, Yebo Heroes activities complement the projects supported by the Vodacom Foundation. In 2007, Yebo Heroes were involved in activities during National Employee Volunteer Week, and collected nearly R70 thousand for the annual Cansa Shavathon that raises awareness of cancer.

The first platform created under the Yebo Heroes banner is Payroll-Giving, whereby staff allow deductions to be made from their salaries, on a monthly basis towards selected charities. Next was the inclusion of a CSI component for various departmental team building programmes.

Tanzania

Throughout the month of December the Vodacom Tanzania Foundation implemented the "Vodacom Cares" campaign, whose aim is to support orphans, children living in hardship and the elderly. The Foundation visited over 26 centers and provided food items including rice, flour, oil, sugar. Vodacom employees from all departments contributed to the campaign.

DRC

The "Vodacom cares and shares" campaign during the Christmas season allowed Vodacom employees to bring hope and joy to underprivileged Congolese. During the campaign, 70 centres all over the country for people living with HIV/Aids, elderly people and orphans were visited once a week in December. The Foundation provided clothes and food to the value of US$50 thousand.

The future

Projects that provide maximum output with the minimum of input enjoy priority for funding. The Vodacom Foundations therefore choose to partner with a handful NGOs that have a sound track record. To this end, the Vodacom Foundations aim to adopt the following practices:

- Proactively identify projects they seek to implement and then call on NGOs to submit proposals for the delivery of projects; or
- Approach specific NGOs to investigate which of their projects can be funded, based on a good match with our priorities and criteria; or you
- Assist NGOs that demonstrate capacity to develop the skills necessary to mobilise resources towards their projects.

In the future, more and more unlisted companies will voluntarily adopt similar practices to those presently prescribed for listed companies in the area of presenting "social" or "sustainable reports" alongside their traditional annual reports. This will provide a link between spending money for community upliftment as is done through CSI and whether companies make more money in an ethical way as defined under sustainable development.

Occupational safety and the environment

Certification

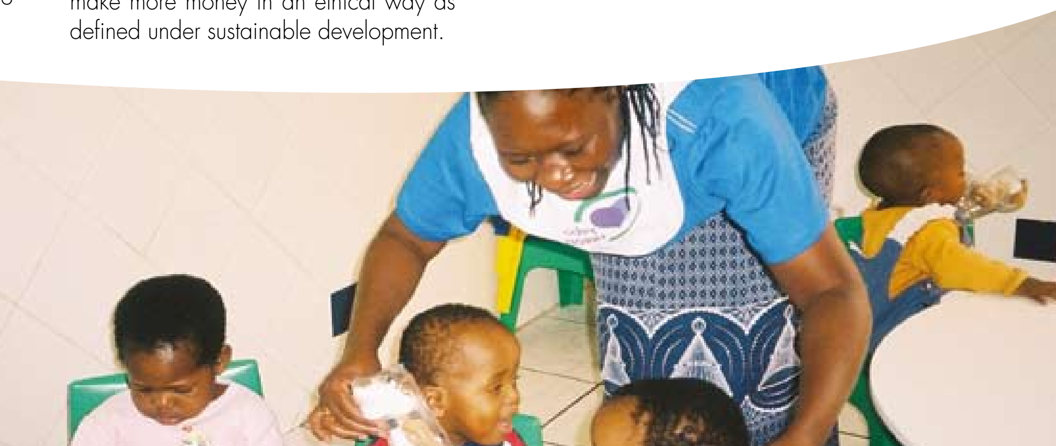
- Following an audit by DEKRA in October 2007, all three International Organisation for Standardisation ("ISO") certifications namely ISO 9001 (quality), ISO 14001 (environmental) and OHSAS 18001 (Occupational Health and Safety Assessment Series), were retained by Vodacom Group (Proprietary) Limited, Vodacom (Proprietary) Limited, and Vodacom Service Provider Company (Proprietary) Limited.

- Vodacom (Proprietary) Limited achieved a rating of 90.8% following an external audit for compliance to South African Environmental legislation, as conducted by Lexis-Nexis-Butterworths in February 2008. Given that few companies achieve a rating above 80%, this represents an outstanding achievement.

Environmental data

Consumption of resources for South Africa for the year was as follows:

- Electricity (buildings) – 74.1 million kWh (2007: 61 million kWh);
- Electricity (sites) – 163 million kWh (2007: 112.3 million kWh);
- Water – 335,990 kl (2007: 137,502 kl);
- Paper – 160,000 kg (2007: 105,482 kg);
- Diesel – 679,577 litres (2007: 466,681 litres);
- Petrol – 1,3 million litres (2007: 940,903 litres).



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. The following are short corporate profiles of our shareholders:

Telkom SA Limited

Telkom is one of the largest companies registered in the Republic of South Africa and provides public switched communications services being fixed-line voice and data services in South Africa. Telkom is listed on the JSE Limited South Africa and the New York Stock Exchange. Telkom is an integrated communication group with investments in Vodacom Group (Proprietary) Limited, TDS Directory Operations (Proprietary) Limited , a provider of directory services, Swiftnet (Proprietary) Limited, a provider of wireless data services, Africa Online Limited, a provider of internet services in Africa and Multi-Links Telecommunications Limited, a private telecommunications operator in Nigeria.

As of March 31, 2008, Telkom had approximately 4.6 million telephone access lines in service and 99.9% of its telephone access lines were connected to digital exchanges. On March 31, 2008, Telkom had a market capitalisation of R69.4 billion. The government of the Republic of South Africa owns 38.9% of Telkom's issued share capital. Telkom owns 50% of Vodacom Group (Proprietary) Limited.

Vodafone Group Plc

Vodafone Group Plc is the world's leading mobile telecommunications company, with a significant presence in Europe, the Middle East, Africa, Asia Pacific and the United States through the company's subsidiary undertakings, joint ventures, associated undertakings and investments.

Vodafone provides a wide range of voice and data mobile telecommunications services, including text messages ("SMS"), picture messages ("MMS") and other data services, and is continually developing and enhancing service offerings, particularly through third generation ("3G") mobile technology which is being deployed in the majority of the Group's operations. Services are provided to both consumers and corporate customers, through a variety of both prepaid and contract tariff arrangements.

Vodafone has equity interests in 25 countries and partner networks agreements in a further 38 countries. Based on ownership interests at March 31, 2008, the Group had 260.5 million proportionate customers in its subsidiaries, joint ventures, affiliates and investments.

The company's ordinary shares are listed on the London Stock Exchange and the company's American Depository Shares are listed on the New York Stock Exchange. The company had a total market capitalisation of approximately £80 billion at March 31, 2008, making it the fourth largest company in the Financial Times Stock Exchange 100 index and the twenty fifth largest company in the world, based on market capitalisation at that date.

Vodafone owns 50% of Vodacom Group (Proprietary) Limited through its wholly owned subsidiaries, Vodafone Holdings (SA) (Proprietary) Limited and Vodafone Telecommunications Investments (SA) (Proprietary) Limited.

CONSOLIDATED VALUE ADDED STATEMENTS

for the three years ended March 31, 2008

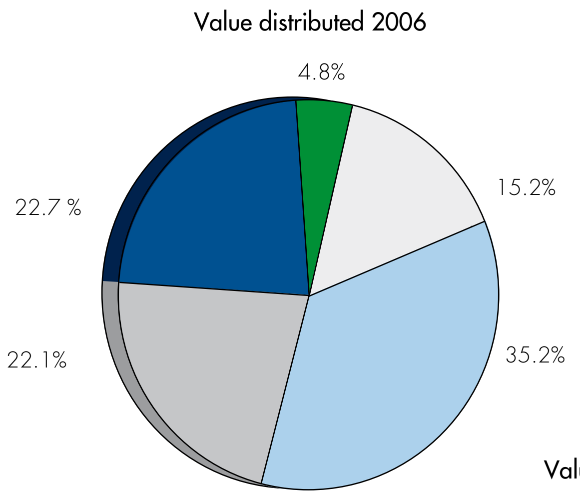
	2006 Rm	2006 %	2007 Rm	2007 %	2008 Rm	2008 %
Value created						
Value created by operating activities	13,327.7	99.0	16,447.4	99.5	**19,592.3**	**99.6**
Revenue	34,042.5		41,146.4		**48,177.8**	
Net operating expenses	(20,714.8)		(24,699.0)		**(28,585.5)**	
Finance income	129.9	1.0	74.5	0.5	**72.3**	**0.4**
	13,457.6	100.0	16,521.9	100.0	**19,664.6**	**100.0**
Value distributed						
Distributed to employees	2,042.1	15.2	2,372.5	14.4	**2,975.4**	**15.1**
Salaries, wages, medical and other benefits	1,952.8		2,275.1		**2,841.1**	
Pension and retirement fund contributions	89.3		97.4		**134.3**	
Distributed to providers of finance	4,746.0	35.2	5,769.3	34.9	**6,621.3**	**33.7**
Finance costs	246.0		369.3		**681.3**	
Dividends	4,500.0		5,400.0		**5,940.0**	
Distributed to government	2,967.9	22.1	3,785.7	22.9	**4,181.1**	**21.2**
South African normal taxation	2,375.6		3,058.7		**3,472.8**	
Secondary taxation on companies	562.5		692.7		**594.0**	
Foreign taxation	29.8		34.3		**114.3**	
Value reinvested	3,058.8	22.7	3,434.4	20.8	**3,869.2**	**19.7**
Depreciation of property, plant and equipment	2,651.6		2,901.8		**3,366.0**	
Amortisation of intangible assets	344.2		459.4		**545.2**	
Impairment recognised/ (Impairment reversed)	(52.8)		22.9		**29.9**	
Deferred taxation	136.2		(44.0)		**(99.5)**	
Foreign deferred taxation	(20.4)		94.3		**27.6**	
Value retained	642.8	4.8	1,160.0	7.0	**2,017.6**	**10.3**
Retained profit (adjusted for dividends)	526.1		942.4		**1,871.4**	
Minority interest	116.7		217.6		**146.2**	
	13,457.6	100.0	16,521.9	100.0	**19,664.6**	**100.0**

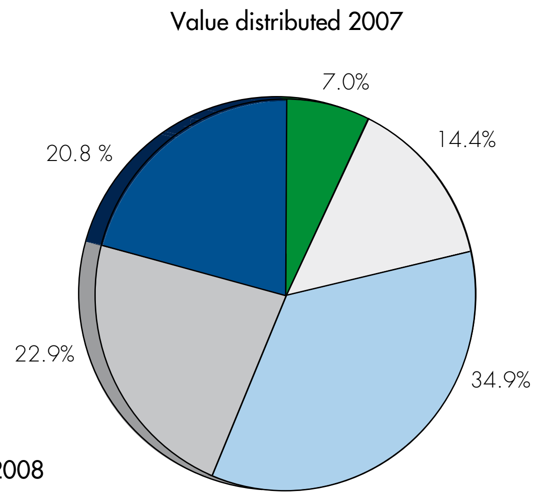
NOTES TO CONSOLIDATED VALUE ADDED STATEMENTS

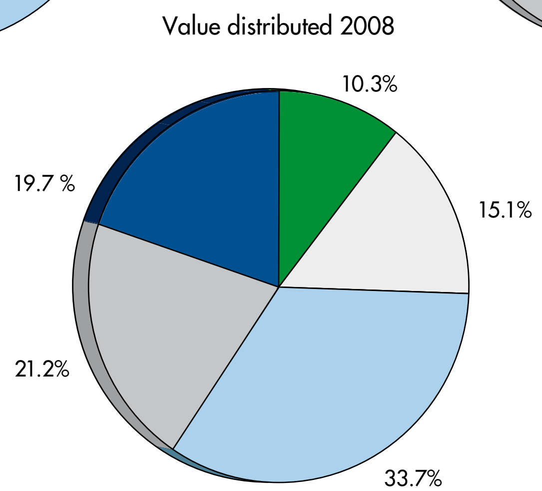
March 31, 2008

	2006 Rm	2007 Rm	2008 Rm
1. NET OPERATING EXPENSES			
Direct network operating cost	18,297.2	22,439.8	**26,299.5**
Other operating income	(125.1)	(119.8)	**(155.6)**
Marketing expenses	976.9	1,146.4	**1,264.3**
Other operating expenses	1,042.7	1,063.6	**1,362.4**
(Gains)/Losses on remeasurement and disposal of financial instruments	523.1	169.0	**(185.1)**
	20,714.8	24,699.0	**28,585.5**

2. ANALYSIS OF VALUE DISTRIBUTED







CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

for the three years ended March 31, 2008

STATEMENT OF RESPONSIBILITY BY THE BOARD OF DIRECTORS

The Directors are responsible for the preparation, integrity and fair presentation of the consolidated annual financial statements of Vodacom Group (Proprietary) Limited ("the Group").

The consolidated annual financial statements have been audited by the independent accounting firm Deloitte & Touche which was 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 auditors is presented on the next page.

The consolidated annual financial statements for the three years ended March 31, 2008 presented on pages 76 to 184 have been prepared in accordance with International Financial Reporting Standards ("IFRS"). They are based on appropriate accounting policies which have been consistently applied, and which are supported by 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 May 29, 2008 and are signed on its behalf:

OA MABANDLA
CHAIRMAN

ADC KNOTT-CRAIG
CHIEF EXECUTIVE OFFICER

CERTIFICATE BY THE COMPANY SECRETARY

In my capacity as Company Secretary as at March 31, 2008, I hereby confirm that for the year ended March 31, 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

To the members of Vodacom Group (Proprietary) Limited

We have audited the accompanying consolidated annual financial statements of Vodacom Group (Proprietary) Limited, which comprise the Directors' report, the consolidated balance sheets as at March 31, 2008, 2007 and 2006, the consolidated income statements, consolidated statements of changes in equity and consolidated cash flow statements for the three years then ended and a summary of principal accounting policies and other explanatory notes as set out on pages 76 to 184.

Director's responsibility for the financial statements

The Director's are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards ("IFRS") and the Companies Act of South Africa. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated annual financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our audit opinion.

Opinion

In our opinion, the consolidated annual financial statements present fairly, in all material respects, the financial position of the Group as at March 31, 2008, 2007 and 2006, and the results of its operations and its cash flows for the three years then ended in accordance with IFRS and in the manner required by the Companies Act of South Africa.

Deloitte & Touche

Registered Auditors
Per P.J. Smit
Partner
Johannesburg, South Africa
June 2, 2008
Buildings 1 and 2, Deloitte Place
The Woodlands Office Park Woodlands Drive
Sandton

National Executive: GG Gelink (Chief Executive), AE Swiegers (Chief Operating Officer), GM Pinnock (Audit), DL Kennedy (Tax & Legal and Financial Advisory), L Geeringh (Consulting), L Bam (Corporate Finance), CR Beukman (Finance), TJ Brown (Clients & Markets), NT Mtoba (Chairman of the Board).

A full list of partners and directors is available on request.

The Directors have the pleasure of presenting their report, which forms part of the audited consolidated annual financial statements, for the three years ended March 31, 2008.

1. NATURE OF BUSINESS

The principal nature of the business of Vodacom Group (Proprietary) Limited, is the investment in the telecommunications industry through its subsidiaries and joint venture. 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. REVIEW OF ACTIVITIES AND RESULTS

Revenue for the year was R48.2 billion (2007: R41.1 billion; 2006: R34.0 billion), representing a 17.1% (2007: 20.9%; 2006: 24.6%) increase over the prior year. This is largely attributable to the 12.7% (2007: 28.2%; 2006: 51.9%) increase in the total customer base.

	2006 '000	2007 '000	2008 '000
Total customer base	23,520	30,150	**33,994**
Contract	2,392	3,062	**3,603**
Prepaid	21,072	26,951	**30,200**
Community Services	56	137	**191**
Location of customer base			
South Africa	81.5%	76.3%	**73.0%**
Non-South African	18.5%	23.7%	**27.0%**
Total ARPU			
South Africa (R)	139	125	**125**
Tanzania (R)	67	52	**49**
DRC (R)	86	77	**59**
Lesotho (R)	78	75	**73**
Mozambique (R)	36	28	**29**

Profit from operations for the year was R12.5 billion (2007: R10.9 billion; 2006: R8.9 billion), representing a 15.0% (2007: 22.5%; 2006: 36.9%) increase over the prior year. The net profit for the year under review is R8.0 billion (2007: R6.6 billion; 2006: R5.1 billion). The 21.3% (2007: 27.6%; 2006: 32.3%) increase in net profit is mainly attributable to the increase in profits from operations, the decrease in net finance cost of R39.9 million (2007: R175.4 million decrease; 2006: R662.5 million increase) and the decline in the taxation charge which resulted in only a 7.1% increase for the year from R3.8 billion in 2007 to R4.1 billion in 2008. The effective tax rate decreased to 34.1% (2007: 36.9%; 2006: 37.5%) primarily due to a lower STC rate.

Earnings before interest, taxation, depreciation, amortisation, impairment, profit/loss on disposal of property, plant and equipment, investment properties, intangible assets and investments ("EBITDA") for the year was R16.5 billion (2007: R14.2 billion; 2006: R11.8 billion), representing a 15.7% (2007: 20.5%; 2006: 23.1%) increase over the year. EBITDA as a percentage of revenue is currently 34.2% (2007: 34.6%; 2006: 34.7%). EBITDA as a percentage of revenue excluding equipment sales is 39.3% (2007: 39.9%; 2006: 39.9%).

Further information on the activities, performance and financial position of the Group is presented in the consolidated annual financial statements and notes thereto.

3. DIVIDENDS DISTRIBUTION

An ordinary dividend of R5,940.0 million (2007: R5,400.0 million; 2006: R4,500.0 million) was declared for the year:

	2006 Rm	2007 Rm	2008 Rm
Declared March 6, 2008 and paid April 3, 2008	-	-	**3,190.0**
Declared October 1, 2007 and paid October 4, 2007	-	-	**2,750.0**
Declared March 14, 2007 paid on April 4, 2007	-	2,900.0	-
Declared September 7, 2006 and paid on October 4, 2006	-	2,500.0	-
Declared March 9, 2006 and paid April 5, 2006	2,800.0	-	-
Declared September 9, 2005 and paid October 3, 2005	1,700.0	-	-

The payment of the current year final ordinary dividend was made on April 3, 2008 to all shareholders registered on April 1, 2008. Payment of the interim dividend was made on October 4, 2007 to all shareholders registered on October 1, 2007.

4. CAPITAL EXPENDITURE

During the year, the Group invested R5.9 billion (2007: R6.7 billion; 2006: R5.1 billion) in property, plant and equipment and software. Of this, R4.1 billion (2007: R5.2 billion; 2006: R4.2 billion) related to the cellular network infrastructure. Capital expenditure in South Africa amounted to R4.3 billion (2007: R5.0 billion; 2006: R4.4 billion), making up 71.8% (2007: 73.9%; 2006: 85.3%) of the total amount invested. The capital expenditure was funded by internal cash generation, supplier credits and bank credit.

During the financial year VM, S.A.R.L. trading as Vodacom Mozambique continued to impair certain property, plant and equipment and intangible assets. This impairment resulted in the recognition of an impairment expense of R29.9 million (2007: R22.9 million impairment expense; 2006: R52.8 million impairment reversal). The Group assessed the assets of VM, S.A.R.L. in accordance with the requirements of IAS 36: Impairment of Assets ("IAS 36"). The recoverable amount of these assets has been determined based on the fair value of the assets less cost of disposal at March 31, 2008, 2007 and 2006. Refer to Note 3 to the consolidated annual financial statements.

Further information on the investment in property, plant and equipment and software is presented in Note 10 and Note 11 to the consolidated annual financial statements.

Commitments at March 31, 2008 in respect of contracts for orders placed for the new financial year amount to R1.6 billion (2007: R1.2 billion; 2006: R1.3 billion). Commitments at March 31, 2008 which have been approved by the Board of Directors but not yet contracted for amount to R8.8 billion (2007: R7.1 billion; 2006: R6.2 billion).

Further information on the commitments of the Group is presented in Note 36 and Note 37 to the consolidated annual financial statements.

5. INVESTMENT ACTIVITIES

5.1 South Africa

Vodacom (Proprietary) Limited and Vodacom Service Provider Company (Proprietary) Limited (refer Note 5.3 below), are included in Vodacom's South Africa operations. The South African operations continued to grow, as reflected in the increase in revenue of 15.6% (2007: 19.1%; 2006: 24.1%). EBITDA for the year was R14.8 billion (2007: R13.0 billion; 2006: R11.1 billion). The number of customers increased to 24.8 million, representing a 7.9% increase year on year.

5.2 Companies operating beyond South Africa's borders

Vodacom Tanzania Limited

Vodacom Group (Proprietary) Limited holds 65% of the ordinary share capital of the company. The Tanzanian operations continued to grow, showing a healthy increase in customers, with 4.2 million closing customers, a 29.6% increase year on year. EBITDA for the year was R764.8 million (2007: R584.2 million; 2006: R464.7 million), an increase of 31.0%.

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

Vodacom International Limited holds 51% of the ordinary share capital of the company. The operations continued to grow with an increase in revenue of 20.0% year on year (2007: 43.5%; 2006: 24.1%). EBITDA for the year was R745.1 million (2007: R602.8 million; 2006: R372.5 million), an increase of 23.5%. The number of customers increased to 3.3 million, a 25.0% increase year on year.

Vodacom Lesotho (Proprietary) Limited

Vodacom International Holdings (Proprietary) Limited holds 88.3% of the ordinary share capital of the company. The Lesotho operations continued to grow with revenue amounting to R308.9 million (2007: R227.5 million; 2006: R170.1 million), an increase of 36.1% year on year. Customer numbers grew to 395 thousand, a 41.6% increase year on year. A total dividend of R5.4 million (2007: R18.0 million; 2006: R7.5 million) was declared to shareholders.

VM, S.A.R.L., trading as Vodacom Mozambique

Vodacom International Limited (Mauritius) ("VIL") holds 90% of the ordinary share capital of the company. Effective April 1, 2007 VIL sold an 8% equity interest in Vodacom Mozambique to local investors. Customer numbers grew to 1.3 million, a 29.8% increase year on year. EBITDA is still in a loss position at R32.3 million (2007: R69.3 million loss; 2006: R128.5 million loss).

5.3 Acquisitions

Smartphone SP (Proprietary) Limited

On August 31, 2007 the Group increased its interest in the equity of Smartphone SP (Proprietary) Limited to 100% by acquiring an additional 30% for R937.3 million (including capitalised costs of R2.3 million) (Note 32).

Smartcom (Proprietary) Limited

On September 1, 2007 the Group increased its interest in the equity of Smartcom (Proprietary) Limited to 100% by acquiring an additional 12% for R18.0 million (Note 32).

Subsequent to the above acquisitions the operations of Smartphone SP (Proprietary) Limited, Smartcom (Proprietary) Limited and Cointel V.A.S. (Proprietary) Limited were integrated into the operations of Vodacom Service Provider Company (Proprietary) Limited.

5. INVESTMENT ACTIVITIES (CONTINUED)

5.3 Acquisitions (continued)

Vodacom Ventures (Proprietary) Limited

The principal nature of the business of Vodacom Ventures (Proprietary) Limited ("Ventures") is to generate innovative telecommunications products and services for the Group via equity investments (Note 12 and Note 42).

Ventures acquired a 35% equity stake in XLink Communications (Proprietary) Limited, a value added service provider of wireless data transfer systems and services using GPRS, EDGE, 3G and HSDPA, for R12.3 million during November 2007 (Note 12).

Ventures acquired an additional 16% equity stake in G-Mobile Holdings Limited during September 2007 by exercising a call option, resulting in Ventures holding 26% of the aggregate issued share capital of the company at March 31, 2008 (Note 12 and Note 42).

5.4 Disposals

Stand 13 Eastwood Road Dunkeld (Proprietary) Limited

On September 3, 2007, Smartphone SP (Proprietary) Limited disposed of its 100% interest in Stand 13 Eastwood Road Dunkeld (Proprietary) Limited for R16.1 million (Note 33).

Ithuba Smartcall (Proprietary) Limited

On September 3, 2007, Smartphone SP (Proprietary) Limited disposed of its 52% interest in Ithuba Smartcall (Proprietary) Limited for R60,000 (Note 33).

Smartcall Smartlife (Proprietary) Limited

On October 1, 2007, Smartphone SP (Proprietary) Limited disposed of its 90% interest in Smartcall Smartlife (Proprietary) Limited for R90 (Note 33).

6. SHARE CAPITAL AND SHAREHOLDER LOANS

The authorised and issued share capital remained unchanged during the year under review. The issued share capital of R100 (2007: R100; 2006: R100) is ultimately held in the percentages as outlined below.

	2006 %	2007 %	2008 %
Telkom SA Limited	50.0%	50.0%	**50.0%**
Vodafone Holdings (SA) (Proprietary) Limited	35.0%	29.9%	**29.9%**
Vodafone Telecommunications Investments (SA) (Proprietary) Limited	15.0%	20.1%	**20.1%**
	100.0%	100.0%	**100.0%**

In terms of section 221 of the Companies Act, the Directors do not have power to allot or issue shares of Vodacom Group (Proprietary) Limited without the prior approval of the Vodacom Group (Proprietary) Limited shareholders in a general meeting.

7. DIRECTORS AND SECRETARY

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

	In office 31/03/2007	Resignations	Appointments	In office 31/03/2008
Directors	OA Mabandla (Chairman)	LRR Molotsane (17/05/2007)	MJ Nzeku (17/05/2007)	OA Mabandla (Chairman)
	ADC Knott-Craig (Chief Executive Officer)	Dr M Mostert (10/12/2007)	Dr E Spio-Garbrah^ (10/12/2007)	ADC Knott-Craig (Chief Executive Officer)
	L Crouse (Chief Financial Officer)	MJ Nzeku (21/01/2008)	DJ Fredericks (21/01/2008)	L Crouse # (Chief Financial Officer)
	PJ Uys (Chief Operating Officer)	L Crouse (Chief Financial Officer) (31/03/2008)		PJ Uys (Chief Operating Officer)
	MS Aziz Joosub GJ Darby * Dr M Mostert RN Barr * LRR Molotsane RJ September RC Snow * RW Collymore *			MS Aziz Joosub GJ Darby * Dr E Spio-Garbrah^ RN Barr * DJ Fredericks RJ September RC Snow * RW Collymore *
Secretary	L Crouse	L Crouse (31/03/2008)		L Crouse #
Alternate Directors	PM Donovan *	PR Williams * (30/09/2007)	J Bryant * (08/11/2007)	PM Donovan *
	PR Williams *	KR Patel (31/10/2007)	IM Fourie (21/01/2008)	J Bryant *
	KR Patel		MJ Nzeku (21/01/2008)	IM Fourie
				MJ Nzeku

* British ^Ghanaian
# Resigned as at March 31, 2008

8. OTHER MATTERS

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, except as described in Note 40.

9. COUNTRY OF INCORPORATION

Vodacom Group (Proprietary) Limited is incorporated in the Republic of South Africa.

10. REGISTERED OFFICE AND POSTAL ADDRESSES

Registered office:	Vodacom Corporate Park 082 Vodacom Boulevard Vodavalley Midrand 1685	Postal address:	Private Bag X9904 SANDTON 2146

11. AUDITORS

Deloitte & Touche has been appointed as the sole auditors and will continue in office in accordance with section 270(2) of the Companies Act, 1973.

CONSOLIDATED INCOME STATEMENTS

for the three years ended March 31, 2008

	Notes	2006 Rm	2007 Rm	2008 Rm
Revenue	1	34,042.5	41,146.4	**48,177.8**
Other operating income		125.1	119.8	**155.6**
Direct network operating cost	2	(18,297.2)	(22,439.8)	**(26,299.5)**
Depreciation	10	(2,651.6)	(2,901.8)	**(3,366.0)**
Staff expenses		(2,042.1)	(2,372.5)	**(2,975.4)**
Marketing and advertising expenses		(976.9)	(1,146.4)	**(1,264.3)**
Other operating expenses		(1,042.7)	(1,063.6)	**(1,362.4)**
Amortisation of intangible assets	11	(344.2)	(459.4)	**(545.2)**
Impairment of assets	3	52.8	(22.9)	**(29.9)**
Profit from operations	4	8,865.7	10,859.8	**12,490.7**
Finance income	5	129.9	74.5	**72.3**
Finance costs	6	(246.0)	(369.3)	**(681.3)**
Gains/(Losses) on remeasurement and disposal of financial instruments	7	(523.1)	(169.0)	**185.1**
Profit before taxation		8,226.5	10,396.0	**12,066.8**
Taxation	9	(3,083.7)	(3,836.0)	**(4,109.2)**
Net profit		5,142.8	6,560.0	**7,957.6**
Attributable to:				
Equity shareholders		5,026.1	6,342.4	**7,811.4**
Minority interests		116.7	217.6	**146.2**

		2006 R	2007 R	2008 R
Basic and diluted earnings per share	35	502,610	634,240	**781,140**
Dividend per share	35	450,000	540,000	**594,000**

CONSOLIDATED BALANCE SHEETS

as at March 31, 2008

	Notes	2006 Rm	2007 Rm	2008 Rm
ASSETS				
Non-current assets		16,079.2	20,844.3	**24,468.3**
Property, plant and equipment	10	13,386.6	17,073.2	**19,119.6**
Intangible assets	11	1,954.9	2,700.3	**4,224.1**
Financial assets	12	92.1	209.5	**244.2**
Deferred taxation	13	297.6	386.1	**455.1**
Deferred cost		311.2	396.4	**333.3**
Lease assets	16	36.8	78.8	**92.0**
Current assets		8,688.6	7,625.9	**9,706.9**
Deferred cost		451.8	574.8	**705.9**
Financial assets	12	149.3	207.5	**444.9**
Inventory	14	454.3	364.3	**636.9**
Trade and other receivables	15	4,474.0	5,675.0	**6,801.1**
Lease assets	16	13.1	32.9	**140.5**
Cash and cash equivalents	34	3,146.1	771.4	**977.6**
Total assets		24,767.8	28,470.2	**34,175.2**
EQUITY AND LIABILITIES				
Ordinary share capital	17	*	*	*
Retained earnings		8,583.0	9,523.2	**11,392.9**
Non-distributable reserves	18	(194.0)	(97.4)	**8.8**
Equity attributable to equity holders of the parent		8,389.0	9,425.8	**11,401.7**
Minority interests	19	283.3	221.2	**403.6**
Total equity		8,672.3	9,647.0	**11,805.3**
Non-current liabilities		2,236.6	3,812.1	**4,788.2**
Interest bearing debt	21	819.2	2,051.4	**3,025.8**
Non-interest bearing debt	22	-	3.0	**6.0**
Deferred taxation	13	602.3	757.3	**776.5**
Deferred revenue		320.3	412.3	**358.8**
Provisions	23	372.3	377.5	**373.7**
Other non-current liabilities	24	122.5	210.6	**247.4**
Current liabilities		13,858.9	15,011.1	**17,581.7**
Trade and other payables	25	5,104.7	6,874.4	**7,561.3**
Deferred revenue		1,604.5	1,904.8	**2,229.9**
Taxation payable		630.2	1,112.7	**580.5**
Non-interest bearing debt	22	4.3	-	**-**
Interest bearing debt	21	1,645.5	501.0	**502.9**
Provisions	23	623.0	741.8	**909.5**
Dividends payable		2,800.0	2,990.0	**3,190.0**
Derivative financial liabilities	42	60.9	7.2	**10.8**
Bank borrowings	34	1,385.8	879.2	**2,596.8**
Total equity and liabilities		24,767.8	28,470.2	**34,175.2**

* Share capital R100

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

for the three years ended March 31, 2008

		Attributable to equity shareholders					
		Share capital	Retained earnings	Non-distributable reserves	Total	Minority interests	Total equity
	Notes	Rm	Rm	Rm	Rm	Rm	Rm
Balance at March 31, 2005		*	8,059.1	(299.9)	7,759.2	128.7	7,887.9
Net profit for the period		-	5,026.1	-	5,026.1	116.7	5,142.8
Dividends declared	19,35	-	(4,500.0)	-	(4,500.0)	(0.9)	(4,500.9)
Business combinations and other acquisitions	19,32	-	-	-	-	46.5	46.5
Minority shares of VM, S.A.R.L.		-	-	-	-	8.0	8.0
Contingency reserve	18	-	(2.2)	2.2	-	-	-
Net gains and losses not recognised in the income statement							
Foreign currency translation reserve		-	-	103.9	103.9	(15.6)	88.3
Revaluation of available-for-sale investments	18,19	-	-	(0.2)	(0.2)	(0.1)	(0.3)
Balance at March 31, 2006		*	8,583.0	(194.0)	8,389.0	283.3	8,672.3
Net profit for the period		-	6,342.4	-	6,342.4	217.6	6,560.0
Dividends declared	19,35	-	(5,400.0)	-	(5,400.0)	(170.8)	(5,570.8)
Business combinations and other acquisitions	19,32	-	-	-	-	(136.4)	(136.4)
Contingency reserve	18	-	(2.2)	2.2	-	-	-
Net gains and losses not recognised in the income statement							
Foreign currency translation reserve		-	-	94.4	94.4	27.5	121.9
Balance at March 31, 2007		*	9,523.2	(97.4)	9,425.8	221.2	9,647.0
Net profit for the period		-	7,811.4	-	7,811.4	146.2	7,957.6
Dividends declared	19,35	-	(5,940.0)	-	(5,940.0)	(0.6)	(5,940.6)
Business combinations and other acquisitions	19,32	-	-	-	-	(6.1)	(6.1)
Disposal of subsidiaries	19,33	-	-	-	-	(0.3)	(0.3)
Minority shares of VM, S.A.R.L.		-	-	-	-	0.8	0.8
Contingency reserve	18	-	(1.7)	1.7	-	-	-
Net gains and losses not recognised in the income statement							
Foreign currency translation reserve		-	-	87.7	87.7	42.4	130.1
Revaluation of available-for-sale investments	18,19	-	-	16.8	16.8	-	16.8
Balance at March 31, 2008		*	11,392.9	8.8	11,401.7	403.6	11,805.3

* Share capital R100

CONSOLIDATED CASH FLOW STATEMENTS

for the three years ended March 31, 2008

	Notes	2006 Rm	2007 Rm	2008 Rm
CASH FLOW FROM OPERATING ACTIVITIES				
Cash receipts from customers		33,132.7	40,380.0	**47,409.6**
Cash paid to suppliers and employees		(22,042.4)	(26,513.9)	**(31,076.1)**
Cash generated from operations	26	11,090.3	13,866.1	**16,333.5**
Finance costs paid	27	(214.3)	(326.6)	**(669.6)**
Finance income received	28	124.1	41.7	**74.3**
Realised net losses on remeasurement and disposal of financial instruments	29	(17.6)	(38.8)	**(151.0)**
Taxation paid	30	(2,980.3)	(3,303.3)	**(4,721.5)**
Dividends paid – equity shareholders		(3,500.0)	(5,300.0)	**(5,650.0)**
Dividends paid – minority shareholders		(0.9)	(80.8)	**(90.6)**
Net cash flows from operating activities		4,501.3	4,858.3	**5,125.1**
CASH FLOW FROM INVESTING ACTIVITIES				
Additions to property, plant and equipment and intangible assets	31	(4,788.4)	(5,955.3)	**(6,540.6)**
Proceeds on disposal of property, plant and equipment and intangible assets		31.2	98.3	**10.2**
Business combinations and other acquisitions	32	(0.1)	(591.2)	**(956.5)**
Disposal of subsidiaries	33	-	-	**15.7**
Other investing activities		(33.5)	(135.7)	**(31.0)**
Net cash flows utilised in investing activities		(4,790.8)	(6,583.9)	**(7,502.2)**
CASH FLOW FROM FINANCING ACTIVITIES				
Non-interest bearing debt incurred		-	3.0	**-**
Non-interest bearing debt repaid		-	-	**(3.0)**
Interest bearing debt incurred		32.3	6.0	**1,000.0**
Interest bearing debt repaid		(89.7)	(141.3)	**(117.5)**
Finance lease capital repaid		(50.2)	(67.7)	**(108.9)**
Bank borrowings		-	-	**2,456.0**
Share capital and premium movement of minority shareholders		-	-	**7.2**
Net cash flows from/(utilised) in financing activities		(107.6)	(200.0)	**3,233.8**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(397.1)	(1,925.6)	**856.7**
(Bank borrowings)/cash and cash equivalents at the beginning of the year		2,173.0	1,760.3	**(107.8)**
Effect of foreign exchange rate changes		(15.6)	57.5	**87.9**
CASH AND CASH EQUIVALENTS/(BANK BORROWINGS) AT THE END OF THE YEAR	34	1,760.3	(107.8)	**836.8**

BASIS OF PREPARATION

These consolidated annual financial statements of Vodacom Group (Proprietary) Limited ("the Group") have been prepared in accordance with International Financial Reporting Standards ("IFRS") and have been prepared on the historical cost basis, except for financial assets and financial liabilities (including derivative instruments) recorded at fair value or at amortised cost. 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:

ACCOUNTING POLICIES

A. CONSOLIDATION

A.1 Basis of consolidation

The consolidated annual financial statements include the consolidated financial position, results of operations and cash flows of Vodacom Group (Proprietary) Limited and both foreign and domestic entities (subsidiaries, special purpose entities and joint ventures) controlled and jointly controlled by Vodacom Group (Proprietary) Limited, up to March 31, 2008.

Minority interests are separately presented in the consolidated balance sheets and income statements.

Goodwill on the acquisition of subsidiaries and joint ventures is accounted for in accordance with the Group's accounting policy for intangible assets set out below.

A.2 Business combinations

Acquisition of a business

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 or other consideration given, at the date of the acquisition, measured as the aggregate of the fair values, at the date of the exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the acquirer, in exchange for control of the acquiree. Business combinations include the acquisition of subsidiaries and joint ventures.

On acquisition, the identifiable assets, liabilities and contingent liabilities of the relevant subsidiaries or joint ventures that meet the recognition criteria, are measured based upon the Group's interest in their fair value at the date of acquisition, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5: Non-current Assets Held for Sale and Discontinued Operations ("IFRS 5"), which are recognised and measured at fair value less costs to sell. The interest of minority shareholders is recorded at the minority's share of the net fair value of the identifiable assets, liabilities and contingent liabilities that meet the recognition criteria. Subsequently, any losses attributable to minority shareholders in excess of their interest, is allocated against the interest of the Group, except to the extent that the minority shareholder has a binding obligation and is able to make an additional investment to cover the losses.

Disposals

On subsequent disposal, the profit or loss on disposal is the difference between the selling price and the carrying value of net assets and liabilities disposed of, adjusted for any related carrying amount of goodwill in accordance with the Group's accounting policies.

A.3 Subsidiaries

Subsidiaries are those entities controlled by the Group. Control is presumed to exist where the Group has an interest of more than one half of the voting rights and the power to control the financial and operating activities of an entity so as to obtain benefits from its activities. All subsidiaries are consolidated.

Inter-company balances and transactions, and resulting unrealised profits between Group companies, are eliminated in full on consolidation.

A. CONSOLIDATION (CONTINUED)

A.3 Subsidiaries (continued)

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 has power to exercise control, up to the date on which power to exercise control ceases.

Minority shareholders are treated as equity participants and, therefore, all subsequent acquisitions of minority interest by the Group in subsidiary companies are accounted for using the parent entity extension method. Under this method, the assets and liabilities of the subsidiary are not restated to reflect their fair values at the date of the acquisition. The difference between the purchase price and the minority interest's share of the assets and liabilities reflected within the consolidated balance sheet at the date of the acquisition is therefore reflected as goodwill.

A.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 venturers. Joint control exists when the strategic financial and operating policy decisions relating to the activities of the joint venture require the unanimous consent of the parties sharing control.

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

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.

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.

Joint ventures are included using the proportionate consolidation method, except when the investment is classified as held for sale, in which case it is accounted for under IFRS 5.

B. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Land is not depreciated and is recorded at cost less accumulated impairment losses, if any.

The 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 the location and condition necessary for it to be capable of operating in the manner intended by management. Interest costs are not capitalised.

Depreciation is calculated so as to write off the cost of property, plant and equipment on a straight-line basis, over the estimated useful lives to the estimated residual value. Useful lives, residual values and depreciation methods are reviewed on an annual basis with the effect of any changes in estimate accounted for on a prospective basis. Residual values are measured as the estimated amount currently receivable for an asset if the asset were already of the age and condition expected at the end of its useful life. Each significant component included in an item of property, plant and equipment is separately recorded and depreciated.

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). Depreciation of an asset ceases at the earlier of the date the asset is classified as held for sale in accordance with IFRS 5 or the date the asset is derecognised. Depreciation is not ceased when assets are idle.

B. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Depreciation commences when the assets are ready for their intended use.

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 during the period incurred.

Profits or losses on the retirement or disposal of property, plant and equipment, determined as the difference between the actual proceeds and the carrying amount of the assets, are recognised in profit or loss in the period in which they occur. The date of disposal is determined as the date on which the Group has transferred to the buyer the significant risks and rewards of ownership of the goods, the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, the proceeds on the sale can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the Group and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Property, plant and equipment acquired in exchange for a non-monetary asset or assets is measured at fair value unless the exchange transaction lacks commercial substance or the fair value of neither the asset received nor the asset given up is reliably measurable. If the acquired item is not measured at fair value, its cost is measured at the carrying amount of the asset given up.

Where a network infrastructure site lease contains a restoration clause, or where historical experience indicates that restoration costs will be incurred, a liability for the site restoration costs is recorded. The liability recorded is measured at the present value of the estimated future restoration costs to be incurred. The present value of the liability is capitalised to the underlying infrastructure asset to which the restorations costs relate at the inception of the restoration obligation. These amounts are amortised over the estimated useful life of the related infrastructure asset. The restoration liability is accredited to its future value over the lease period.

Changes in the measurement of an existing liability that result from changes in the estimated timing or amount of the outflow of resources required to settle the liability, or a change in the discount rate, are accounted for as follows:

- changes in the liability are added, or deducted from, the cost of the reflected asset. If the amount deducted exceeds the carrying amount of the asset, the excess is recognised immediately in profit and loss.
- adjustments that result in additions to the cost of assets are tested for impairment if it is considered that the new carrying value of the asset is not fully recoverable.

C. INVESTMENT PROPERTIES

Investment properties, which are properties held to earn rentals and/or for capital appreciation, are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Depreciation is calculated so as to write off the cost of the investment property on a straight-line basis, over its estimated useful life to its estimated residual value. Depreciation commences when the property is ready for its intended use. The estimated useful lives of depreciable properties are disclosed under property, plant and equipment and can be general purpose buildings or special purpose buildings.

D. INTANGIBLE ASSETS

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses, if any.
The following are the main categories of intangible assets:

D.1 Intangible assets with an indefinite useful life

Intangible assets with an indefinite useful life are not amortised but instead are tested for impairment on an annual basis.

- **Goodwill**

  Goodwill represents the excess of the cost of an acquisition of a subsidiary or joint venture, over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities recognised at the date of acquisition. Goodwill on the acquisition of subsidiaries and joint ventures is included in intangible assets. If the Group's interest in the fair value of identifiable assets, liabilities and contingent liabilities recognised at the date of acquisition of a subsidiary or joint venture exceed the cost of the business combination, the excess is recognised immediately in profit or loss. Goodwill is tested annually for impairment, or more frequently when there is an indication that the goodwill may be impaired and carried at cost less accumulated impairment losses, if any. Impairment losses previously recognised cannot be reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

D.2 Intangible assets with a finite useful life

Intangible assets with finite useful lives are amortised to profit or loss on a straight-line basis over their estimated useful lives. Useful lives and amortisation methods are reviewed at the end of each annual reporting period, or more frequently when there is an indication that the intangible asset may be impaired, with the effect of any changes accounted for on a prospective basis. Amortisation commences when the intangible asset is available for use. The residual values of intangible assets are assumed to be zero.

- **Licences**

  Licences, which are acquired, other than through a business combination, to yield an enduring benefit, are capitalised at cost and amortised from the date of commencement of usage rights over the shorter of the economic life or the duration of the licence agreement.

- **Customer bases**

  Cost of contract customer bases, prepaid customer bases and internet service provider customer bases acquired, other than through a business combination, represents the fair value at the acquisition date of the customer bases. Customer bases are amortised on a straight-line basis over their estimated useful lives.

- **Trademarks, patents and other**

  Purchased trademarks, patents and other acquired, other than through business combinations, are capitalised at cost and amortised over their estimated useful lives. Expenditure incurred to develop, maintain and renew internally generated trademarks and patents is recognised as an expense in the period incurred.

- **Computer software**

  Computer software that is not considered to form an integral part of any hardware equipment is recorded as intangible assets. The software is capitalised at cost and amortised over its estimated useful life.

D.3 Intangible assets not available for use

Intangible assets not available for use are not amortised but tested for impairment on an annual basis, or more frequently when there is an indication that the intangible asset may be impaired.

E. 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.

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

F. FOREIGN CURRENCIES

F.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, whichever occurs first. Exchange differences on the settlement or translation of monetary assets or liabilities are included in gains or losses on remeasurement and disposal of financial instruments in profit or loss in the period in which they arise.

Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in foreign currency are not retranslated. When a gain or loss on a non-monetary item is recognised directly in equity, any exchange component of that gain or loss is recognised directly in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

F.2 Foreign operations

The annual financial statements of foreign operations 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 at the date of the transaction or average foreign exchange rates for the period.

All resulting unrealised exchange differences are classified as equity and recognised in the foreign currency translation reserve. On disposal, the cumulative amounts of unrealised exchange differences that have been deferred are recognised in profit or loss as part of the gain or loss on disposal.

All gains and losses on the translation of equity loans to foreign entities that are intended to be permanent, whether they are denominated in one of the entities functional currencies or in a third currency, are recognised in equity.

Goodwill and fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the foreign exchange rates ruling at the balance sheet date. The resulting exchange differences are classified as equity and recognised in the foreign currency translation reserve.

G. TAXATION

G.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.

G.2 Deferred taxation balances

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 or 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, 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 to the extent that it is probable that future taxable profits will be available against which the associated unused taxation losses or credits and deductible temporary differences can be utilised.

The carrying amount of deferred taxation assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all, or part of the asset to be recovered.

Deferred taxation assets and liabilities are offset when there is a legally enforceable right to set off current taxation assets against current taxation liabilities and when they relate to income taxes levied by the same taxation authority and the Group has the intention to settle its current taxation assets and liabilities on a net basis.

Deferred taxation assets and liabilities are measured at the taxation rates that are expected to apply in the period in which the asset is realised or the liability is settled, based on taxation rates (and taxation laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred taxation assets and liabilities reflects the taxation consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Exchange differences arising from the translation of foreign taxation assets and liabilities of foreign entities where the functional currency is different to the local currency are classified as a deferred taxation expense or income.

G.3 Current and deferred taxation for the period

Current and deferred taxation are recognised as an expense or income in profit or loss, except when they relate to items credited or debited directly to equity, in which case the taxation is also recognised directly in equity, or where deferred taxation arises from the initial accounting for a business combination. In the case of a business combination, the deferred taxation asset or liability affects goodwill or the amount of any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the business combination.

G.4 Secondary taxation on companies

Secondary Taxation on Companies ("STC") is provided for at the prevailing rate on the amount of the net dividend declared by Vodacom Group (Proprietary) Limited. It is recorded as a taxation expense when dividends are declared.

STC credits on dividends received are recorded as assets in the period that they arise, limited to the amount recoverable based on the reserves available for distribution.

H. EMPLOYEE BENEFITS

H.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 funds 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.

H.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.

The Group provides long-term incentives to eligible employees payable on termination or retirement. The Group's liability is based on an actuarial valuation. Actuarial gains and losses on the long-term incentives are accounted for through profit and loss in the year in which they arise.

H.3 Accumulative termination benefits

Accumulative termination benefits are payable whenever:

- an employee's employment is terminated before the normal retirement date, or
- an employee accepts voluntary redundancy.

The Group recognises termination benefits when it is constructively obliged to either terminate the employment of current employees according to a detailed formal plan without possibility of withdrawal or to provide 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. If the amount can be reasonably estimated, the measurement of termination benefits is based on the number of employees expected to accept the offer.

H.4 Compensation benefits

Employees of wholly owned subsidiaries, including executive directors, are eligible for compensation benefits in the form of a deferred bonus incentive scheme. The benefit is recorded at the present value of the expected future cash outflows.

I. REVENUE RECOGNITION

Revenue net of discounts, 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 applicable, revenue is split into separately identifiable components.

The Group invoices its independent service providers for the revenue billed by them on behalf of the Group. The Group, within its contractual arrangements with its agents, pays them administrative fees. The Group receives in cash, the net amount equal to the gross revenue earned less the administrative fees payable to the agents.

The recognition of revenue involves estimates and assumptions with regards to the useful life of the customer base. The estimates and assumptions are based on past experience.

I. REVENUE RECOGNITION (CONTINUED)

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

I.1 Contract products

Contract products that may include deliverables such as a handset and 24-month service are defined as arrangements with multiple deliverables. The arrangement consideration is allocated to each deliverable, based on the fair value of each deliverable on a stand alone basis as a percentage of the aggregated fair value of the individual deliverables. Revenue allocated to the identified deliverables in each revenue arrangement and the cost applicable to these identified deliverables are recognised based on the same recognition criteria of the individual deliverable at the time the product or service is delivered.

- Revenue from the handset is recognised when the product is delivered, limited to the amount of cash received.
- Monthly service revenue received from the customer is recognised in the period in which the service is delivered.
- Airtime revenue is recognised on the usage basis. The terms and conditions of the bundled airtime products, where applicable, allow the carry over of unused airtime. The unused airtime is deferred in full.
- Deferred revenue related to unused airtime is recognised when utilised by the customer. Upon termination of the customer contract, all deferred revenue for unused airtime is recognised in revenue.

I.2 Prepaid products

Prepaid products that may include deliverables such as a SIM-card and airtime are defined as arrangements with multiple deliverables. The arrangement consideration is allocated to each deliverable, based on the fair value of each deliverable on a stand alone basis as a percentage of the aggregated fair value of the individual deliverables.
Revenue allocated to the identified deliverables in each revenue arrangement and the cost applicable to these identified deliverables are recognised based on the same recognition criteria of the individual deliverable at the time the product or service is delivered.

- Revenue from the activated SIM-card, representing activation fees, is recognised over the average useful life of a prepaid customer.
- Airtime revenue is recognised on the usage basis. Unused airtime is deferred in full.
- Deferred revenue related to unused airtime is recognised when utilised by the customer. Upon termination of the customer relationship, all deferred revenue for unused airtime is recognised in revenue.

Upon purchase of an airtime voucher the customer receives the right to make outgoing voice and data calls to the value of the airtime voucher. Revenue is recognised as the customer utilises the voucher.

Deferred revenue and costs related to unactivated starter packs which do not contain any expiry date, is recognised in the period when the probability of these starter packs being activated by a customer becomes remote. In this regard the Group applies a period of 36 months before these revenue and costs are released to profit or loss.

I.3 Data revenue

Revenue net of discounts, from data services is recognised when the Group has performed the related service and depending on the nature of the service, is recognised either at the gross amount billed to the customer or the amount receivable by the Group as commission for facilitating the service.

I.4 Equipment sales

Revenue from equipment sales is recognised only when the Group has transferred to the buyer the significant risks and rewards of ownership of the goods and the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold. This is normally achieved with acceptance of the goods on the delivery thereof.

Equipment sales to third party service providers are recognised when delivery is accepted. No rights of return exist on sale to third party service providers.

I.5 Mobile number portability

Revenue transactions from mobile number portability are accounted for in terms of current business rules and revenue recognition policies above.

I. REVENUE RECOGNITION (CONTINUED)

I.6 Other revenue and income

- **Interconnect and international revenue**
  Interconnect and international revenue is recognised on the usage basis.

- **Dividends**
  Dividends from investments or subsidiaries are recognised when the shareholder's 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.

J. LEASES

J.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.

A lease of land and buildings is classified by considering the land and buildings elements separately. Minimum lease payments are allocated between the land and buildings elements in proportion to the relative fair values of the land and leasehold buildings elements of the lease.

J.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 of the asset or the present value of the minimum lease payments, at inception of the lease. Such assets are depreciated in accordance with 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 profit or loss 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 profit or loss 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.

J.3 Group as lessor

- **Finance leases**
  Amounts due from lessees under finance leases are recorded as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

- **Operating leases**
  Lessor operating lease rental income is recognised in profit or loss on a straight-line basis over the lease term. Such leased assets are included under property, plant and equipment and depreciated in accordance with the accounting policy stated above.

K. FINANCIAL INSTRUMENTS

Financial instruments include all financial assets, financial liabilities and equity instruments including derivative instruments.

Financial assets and financial liabilities, in respect of financial instruments, are recognised on the Group's balance sheet when the Group becomes party to the contractual provisions of the instrument.

- **Fair value methods and assumptions**

  The fair value of financial assets and financial liabilities are determined as follows:
  The fair value of financial instruments with standard terms and conditions and traded in active, liquid and organised financial markets are determined with reference to the applicable quoted market prices.

  The fair values of derivative instruments are determined using quoted prices or where such prices are not available, discounted cash flow methods using the applicable yield curve for the duration of the instruments for non-optional derivatives and option pricing models for optional derivatives. These amounts reflect the approximate values of the net derivative position at the balance sheet date. The quoted market prices used for interest rate derivatives is at the effective yield basis, while the quoted market prices used for foreign exchange derivatives is at the mid or mid forward rate.

  The fair value of other financial instruments, excluding derivative instruments, not traded in active, liquid and organised financial markets is determined by using a variety of methods and assumptions that are based on market conditions and risks existing at balance sheet date, including independent appraisals and discounted cash flow methods.

- **Effective interest rate method**

  The effective interest rate method is a method of calculating the amortised cost of financial assets and financial liabilities and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts and future cash payments through the expected life of the financial asset and financial liability, or where appropriate a shorter period, to the net carrying amount of the financial asset or financial liability.

- **Amortised cost**

  Amortised cost is the amount at which the financial asset and financial liability is measured at initial recognition less principal repayments, cumulative amortisation and accumulated impairment losses. The cumulative amortisation of any difference between the initial amount and the maturity amount of the financial asset and financial liability is calculated by using the effective interest rate method and recognised in profit or loss as interest income or interest expense over the period of the investment or debt.

K.1 Financial assets

Financial assets are classified into the following categories: financial assets at fair value through profit or loss, held-to-maturity investments, available-for-sale financial assets and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

The Group's principal financial assets, other than derivatives which are dealt with below, are investments, loans and other receivables, finance lease assets, trade and other receivables (excluding Value Added Taxation, prepayments and operating lease receivables) and cash and cash equivalents.

Financial assets are recognised and derecognised on a trade date where the purchase or sale of the financial asset is under a contract whose terms require delivery of the instrument within the timeframe established by the market concerned.

All financial assets are initially measured at fair value, including transaction costs, except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value, excluding transaction costs.

K. FINANCIAL INSTRUMENTS (CONTINUED)

K.1 Financial assets (continued)

The fair value of a financial instrument on initial recognition is normally the transaction price unless the fair value is evident from observable market data.

Subsequent to initial measurement, these instruments are measured as set out below.

- **Financial assets at fair value through profit or loss**

  Financial assets are classified as at fair value through profit or loss where the financial asset is either held for trading or the financial asset is designated at fair value through profit or loss upon initial recognition.

  A financial asset is classified as held for trading if:
  - it has been acquired principally for the purpose of selling it in the near term;
  - it is part of a portfolio of identified financial instruments that the Group manages together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
  - it is a derivative that it is not designated as an effective hedging instrument or a derivative that is a financial guarantee contract.

  Financial assets are designated upon initial recognition at fair value through profit or loss when:
  - such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;
  - the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy and information about the grouping is provided internally on that basis; or
  - it forms part of a contract containing one or more embedded derivatives which do not significantly modify cash flows and can be separated from the hybrid contract.

  Financial assets at fair value through profit or loss are subsequently measured at fair value, with any resultant remeasurement gains and losses recognised in gains or losses on remeasurement and disposal of financial instruments in profit or loss. The net gain or loss recognised in profit or loss incorporates any gains or losses on remeasurement, dividends and interest income on the financial asset.

  These financial assets are classified as current assets if they are either held for trading or expected to be realised within twelve months of the balance sheet date.

- **Held-to-maturity investments**

  Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group has the positive intent and ability to hold to maturity.

  Held-to-maturity investments are subsequently measured at amortised cost using the effective interest rate method less any impairment loss. Interest income is recognised in profit or loss by applying the effective interest rate.

- **Available-for-sale financial assets**

  Investments in equity instruments, excluding those in subsidiaries, joint ventures and those acquired principally for the purpose of generating a profit from the short-term fluctuations in price, are classified as available-for-sale investments and are subsequently measured at fair value. Gains and losses from changes in fair value of available-for-sale investments 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 recognised in gains or losses on remeasurement and disposal of financial instruments in profit or loss.

  The net gain or loss recognised in profit or loss incorporates any gains or losses on remeasurement transferred from equity to profit or loss, dividends and interest income on the financial asset.

  These investments are classified as non-current assets unless management intends to dispose of the investments within twelve months of the balance sheet date.

K. FINANCIAL INSTRUMENTS (CONTINUED)

K.1 Financial assets (continued)

- **Loans and receivables**

  Trade and other receivables (excluding Value Added Taxation, prepayments and operating lease receivables), loans, finance lease assets and cash and cash equivalents that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

  Loans and receivables are subsequently measured at amortised cost using the effective interest rate method less any impairment loss. Interest income is recognised in profit or loss by applying the effective interest rate, except for short-term trade receivables where the recognition of interest would be immaterial. Trade receivables are carried at original invoice amount less any impairment loss.

  The terms of loans granted are renegotiated on a case by case basis if circumstances require renegotiation.

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

- **Impairment of financial assets**

  Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired and impairment losses are incurred where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial asset has been impacted and the Group will not be able to collect all amounts due according to the original terms of the financial asset.

  Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to the attention of the holder of the asset about the following loss events:
  - significant financial difficulty of the issuer or obligor;
  - a breach of contract, such as default or delinquency in interest or principal payments;
  - it becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
  - the disappearance of an active market for the financial asset because of financial difficulties; or
  - observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the Group.

  - **Financial assets carried at amortised cost**

    For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

    The carrying amount of financial assets carried at amortised cost is reduced directly by the impairment loss with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. The amount of the allowance account is the difference between the carrying amount and the recoverable amount. When management deems a trade receivable to be uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss. Changes in the carrying amount of the allowance account are recognised in profit or loss.

    If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed, either directly or by adjusting the allowance account, through profit or loss. The carrying amount of the financial asset at the date the impairment is reversed will not exceed what the amortised cost would have been had the impairment not been recognised.

K. FINANCIAL INSTRUMENTS (CONTINUED)

K.1 Financial assets (continued)

- **Available-for-sale financial assets**

  When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the asset is impaired, the cumulative loss recognised directly in equity is removed from equity and recognised in profit or loss. The amount of the cumulative loss removed from equity to profit or loss is the difference between the acquisition cost and current fair value, less any impairment loss previously recognised in profit or loss.

  Reversal of impairment losses on available-for-sale equity investments is recognised directly in equity, while the reversal of impairment losses on available-for-sale debt instruments is recognised in profit or loss.

K.2 Financial liabilities and equity instruments

- **Classification as equity, debt or compound instruments**

  Financial liabilities and equity instruments issued by the Group are classified on initial recognition as debt or equity or compound instruments in accordance with the substance of the contractual arrangement and the definitions of a financial liability and an equity instrument.

- **Equity instruments**

  An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

  The Group's principal equity instrument is ordinary share capital, which is recorded at the proceeds received, net of any direct issue costs.

- **Financial liabilities**

  Financial liabilities are classified into the following categories: financial liabilities at fair value through profit or loss, financial liabilities held at amortised cost and financial guarantee contract liabilities. The classification depends on the nature and purpose of the financial liabilities and is determined at the time of initial recognition.

  The Group's principal financial liabilities, other than derivatives which are dealt with below, are interest bearing debt, non-interest bearing debt, trade and other payables (Value Added Taxation, revenue charged in advance and reduced subscriptions excluded), dividends payable, bank borrowings and other short-term debt.

  All financial liabilities are initially measured at fair value, including transaction costs, except for those financial liabilities classified as at fair value through profit or loss, which are initially measured at fair value, excluding transaction costs.

  The fair value of a financial instrument on initial recognition is normally the transaction price unless the fair value is evident from observable market data.

K. FINANCIAL INSTRUMENTS (CONTINUED)

K.2 Financial liabilities and equity instruments (continued)

Subsequent to initial measurement, these instruments are measured as set out below.

- **Financial liabilities at fair value through profit or loss**

Financial liabilities are classified at fair value through profit or loss where the financial liability is either held for trading or the financial liability is designated at fair value through profit or loss upon initial recognition.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term;
- it is part of a portfolio of identified financial instruments that the Group manages together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated as an effective hedging instrument or a derivative that is a financial guarantee contract.

Financial liabilities are designated upon initial recognition at fair value through profit or loss when:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the groupings is provided internally on that basis; or
- it forms part of any contract containing one or more embedded derivatives.

Financial liabilities at fair value through profit or loss are subsequently measured at fair value, with any resultant remeasurement gains and losses recognised in gains or losses on remeasurement and disposal of financial instruments in profit or loss. The net gain or loss recognised in profit or loss incorporates any gains or losses on remeasurement and interest paid on the financial liability.

These financial liabilities are classified as current liabilities if they are either held for trading or expected to be settled within twelve months of the balance sheet date.

- **Financial liabilities held at amortised cost**

Interest bearing debt, including finance lease obligations, non-interest bearing debt, bank borrowings and other short-term debt are subsequently measured at amortised cost using the effective interest rate method. Interest expense is recognised in profit or loss by applying the effective interest rate.

The terms of loans received are renegotiated on a case by case basis if circumstances require renegotiation.

Interest bearing debt and non-interest bearing debt are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

Trade and other payables are carried at the original invoice amount.

Dividends payable are stated at amounts declared.

Preference shares, which are mandatory redeemable on a specific date, are classified as liabilities. The dividends on these preference shares are recognised in profit or loss as interest expense.

A contract that contains an obligation for the Group to purchase its own equity instrument for cash or another financial asset gives rise to a financial liability and is accounted for at the present value of the redemption amount. On initial recognition its fair value is reclassified directly from equity. Subsequent changes in the liability are included in profit and loss. On expiry or exercise of the option the carrying value of the liability is reclassified directly to equity.

The accounting policy for bank borrowings and other short-term debt is dealt with under cash and cash equivalents set out below, while the accounting policy for finance lease obligations is dealt with under leases set out above.

K FINANCIAL INSTRUMENTS (CONTINUED)

K.2 Financial liabilities and equity instruments (continued)

- **Financial guarantee contract liabilities**

  Financial guarantee contracts represent contracts that require the issuer to make specified payments to reimburse the holder of the instrument for a loss it incurs because a specified debtor fails to make payments when they are contractually due.

  Financial guarantee contract liabilities are measured initially at fair value and subsequently at the higher of the amount determined in accordance with the Group's policy on provisions as set out below, or the amount initially recognised less, when appropriate, cumulative amortisation.

K.3 Derivative financial instruments

The Group's principal derivative financial instruments are option contracts, interest rate swaps and foreign exchange forward contracts.

The Group recognises all derivative instruments on the consolidated balance sheet at fair value, including certain derivative instruments embedded in other contracts. Derivatives are initially measured at fair value on the contract date and are subsequently remeasured to fair value at each reporting date. Changes in the fair value of derivative instruments are recorded in profit or loss as they arise.

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives unless the risks and characteristics are closely related to those host contracts and the host contracts are carried at fair value.

The Group does not use derivatives for trading or speculative purposes. Derivatives are not designated into an effective hedge relationship and are classified as current assets or a current liability.

K.4 Derecognition

Financial assets, or a portion thereof, are derecognised when the Group's rights to the cash flow expire or when the Group transfers substantially all the risks and rewards related to the financial asset or when the entity loses control of the financial asset. On derecognition, 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 profit or loss.

Financial liabilities, or a portion thereof, are derecognised when the obligation specified in the contract is discharged, cancelled or expired. On derecognition, the difference between the carrying amount of the financial liability, including related unamortised costs, and settlement amounts paid are included in profit or loss.

K.5 Offset

Where a legally enforceable right of offset 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 offset.

L. 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 into account all 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. Long-term provisions are discounted to net present value.

M. IMPAIRMENT OF ASSETS

Goodwill and other assets that have an indefinite useful life and intangible assets not available for use are tested annually for impairment and when events or changes in circumstances indicate that the carrying amount may not be recoverable.

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

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 profit or loss immediately. The recoverable amount of an asset is the higher of the asset's fair value less cost of disposal and its value in use.

The fair value represents the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties.

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. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. For the purpose of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the synergies of the combination. 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. The carrying amount of individual assets are not reduced below the higher of its value in use, zero or fair value less cost of disposal.

A previously recognised impairment loss related to assets 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. No goodwill impairment losses are reversed.

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.

N. INSURANCE CONTRACTS

N.1 Premiums

Premiums written comprise the premiums on insurance contracts entered into during the year, irrespective of whether they relate in whole or in part to a later accounting period. Premiums are disclosed gross of commission to intermediaries and exclude Value Added Taxation. Premiums written include adjustments to premiums written in prior accounting periods.

Outward reinsurance premiums are accounted for in the same accounting period as the premiums for the related direct insurance business assumed.

The net earned portion of premiums received is recognised as revenue. Premiums are earned from the date of attachment of risk, over the indemnity period, based on the pattern of risks underwritten. Outward reinsurance premiums are recognised as an expense in accordance with the pattern of indemnity received.

N.2 Unearned premium income

Unearned premium income comprises the proportion of premiums written which is estimated to be earned in subsequent financial years, computed separately for each insurance contract using a time proportionate basis or another suitable basis for uneven risk contracts.

N.3 Claims incurred

Claims incurred consist of claims and claims handling expenses paid during the financial year together with the movement in the provision for outstanding claims. Claims outstanding comprise provisions for the Group's estimate of the ultimate cost of settling all claims incurred but unpaid at the balance sheet date whether reported or not, and an appropriate risk margin.

N.4 Contingency reserve

A reserve in equity is made for the full amount of the contingency reserve as required by the regulatory authorities in South Africa. Transfers to and from this reserve are treated as appropriations of retained earnings.

O. 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, net of bank borrowings, all of which are available for use by the Group unless otherwise stated.

Cash on hand is initially recognised at fair value and subsequently measured at its face value.

Deposits held on call are classified as loans and receivables by the Group and carried at amortised cost. Due to the short-term nature of these, the amortised cost normally approximates its fair value.

Bank borrowings, consisting of interest-bearing short-term bank loans, repayable on demand 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.

P. BORROWING COSTS

Borrowing costs are expensed as they are incurred.

Q. EXPENSES

Marketing and advertising costs are expensed as they are incurred. Prepaid costs related to annual events sponsorships are expensed over the duration of the event. Restraint of trade payments are made to limit an executive's post employment activities and are expensed as incurred.

R. INCENTIVES

Incentives paid to service providers and dealers for products delivered to the customer are expensed as incurred. Incentives paid to service providers and dealers for services delivered are expensed over the period that the related revenue is recognised.

Distribution incentives paid to service providers and dealers for exclusivity are deferred and expensed over the contractual relationship period.

S. NON-CURRENT ASSETS HELD FOR SALE

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a complete sale within one year from the date of classification.

Non-current assets and disposal groups classified as held for sale are measured at the lower of the assets' previous carrying amount and fair value less cost to sell.

T. USE OF ESTIMATES

The preparation of financial statements in conformity with IFRS requires the use of certain accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in the relevant sections of the financial statements. Although these estimates are based on management's best knowledge of current events and actions they may undertake in the future, actual results ultimately may differ from those estimates.

U. COMPARATIVES

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

V. OPERATING SEGMENTS

The Group discloses its operating segments according to the entity components regularly reviewed by the chief operating decision maker. The components comprise of geographical operating segments located in South Africa and non-South African countries.

Segment information is prepared in conformity with the measure that is reported to the chief operating decision maker. These values have been reconciled to the consolidated financial statements. The measure reported by the Group is in accordance with the accounting policies adopted for preparing and presenting the consolidated financial statements.

Segment revenue excludes Value Added Taxation and includes intergroup revenue. Net revenue represents segment revenue from which intergroup revenue has been eliminated. Sales between segments are made on a commercial basis. Segment profit or loss from operations represents segment revenue less segment operating expenses. Segment expenses include direct and operating expenses. Impairments, 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 that are employed by the segment and that either are directly attributable to the segment, or can be allocated to the segment on a reasonable basis.

Capital expenditure in property, plant and equipment and intangible assets has been allocated to the segments to which it relates.

	2006 Rm	2007 Rm	2008 Rm
1. REVENUE			
Airtime and access	20,085.8	23,707.5	**27,095.2**
Data revenue	2,037.6	3,341.7	**5,002.2**
Interconnect revenue	6,696.8	7,835.6	**8,887.1**
Equipment sales	3,985.6	4,699.1	**5,051.4**
International airtime	971.2	1,305.8	**1,835.9**
Other	265.5	256.7	**306.0**
	34,042.5	41,146.4	**48,177.8**
2. DIRECT NETWORK OPERATING COST			
Airtime and access	(5,596.0)	(6,929.0)	**(7,838.6)**
Data expenditure	(320.0)	(531.3)	**(757.0)**
Interconnect cost	(4,312.2)	(5,179.9)	**(6,039.2)**
Equipment cost	(4,173.9)	(5,022.8)	**(5,519.1)**
International airtime cost	(322.1)	(456.2)	**(518.1)**
Regulatory fees	(812.1)	(979.7)	**(1,054.9)**
Network operational expenses *	(1,781.0)	(2,248.1)	**(2,778.7)**
Other	(979.9)	(1,092.8)	**(1,793.9)**
	(18,297.2)	(22,439.8)	**(26,299.5)**

* Network operational expenses include transmission rental, site costs and site maintenance.

	2006 Rm	2007 Rm	2008 Rm
3. IMPAIRMENT OF ASSETS			
Intangible asset	(0.1)	(0.3)	**-**
Goodwill	-	(0.2)	**-**
Computer software	(0.1)	(0.1)	**-**
Property, plant and equipment	52.9	(22.6)	**(29.9)**
Infrastructure	59.9	(17.9)	**(23.9)**
Information services	(5.6)	(3.7)	**(3.2)**
Motor vehicles	(0.3)	(0.3)	**(0.8)**
Furniture and office equipment	(0.5)	(0.3)	**(0.6)**
Leasehold improvements	(0.3)	(0.1)	**(0.7)**
Other assets	(0.3)	(0.3)	**(0.7)**
(Impairment recognised)/impairment reversed	52.8	(22.9)	**(29.9)**

Due to the competitive and economic environment in which VM, S.A.R.L. operates in Mozambique, the Group assessed the assets for impairment in accordance with the requirements of IAS 36: Impairment of Assets ("IAS 36"). The recoverable amount of these assets was based on the fair value less cost of disposal at March 31, 2008, 2007 and 2006. The amount with which the carrying amount exceeded the recoverable amount is recognised as an impairment loss. The reversal of the impairment loss in the 2006 financial year related to an increase in the fair value of infrastructure assets due to exchange rate fluctuations.

	2006 Rm	2007 Rm	2008 Rm

4. PROFIT FROM OPERATIONS

The profit from operations is arrived at after taking the following income/(expenditure) into account:

	2006 Rm	2007 Rm	2008 Rm
Net (loss)/profit on disposal of property, plant and equipment and intangible assets	(26.8)	26.9	**(39.3)**
Loss on disposal of property, plant and equipment and intangible assets	(27.5)	(30.3)	**(42.2)**
Profit on disposal of property, plant and equipment and intangible assets	0.7	57.2	**2.9**
Profit on disposal of shares in subsidiary	-	17.4	**8.0**
Auditor's remuneration - audit fees	(14.9)	(16.6)	**(23.3)**
Current year audit fees	(14.0)	(16.2)	**(21.1)**
Prior year under-provision of audit fees	(0.8)	(0.2)	**(1.4)**
Telkom costs	(4.8)	(6.1)	**(5.1)**
Telkom recovery	4.8	6.1	**5.1**
Expenses	(0.1)	(0.2)	**(0.8)**
Auditor's remuneration - other services	(2.1)	(0.6)	**(3.0)**
Professional fees for consultancy services	(112.2)	(147.1)	**(203.7)**
Operating lease rentals	(870.7)	(1,259.1)	**(1,550.3)**
GSM transmission and data lines	(787.9)	(965.8)	**(1,224.7)**
Office accommodation	(47.6)	(65.1)	**(94.0)**
Other accommodation	(33.0)	(223.4)	**(225.6)**
Office equipment	(1.1)	(0.2)	**(0.2)**
Motor vehicles	(1.1)	(4.6)	**(5.8)**
Staff expenses - pension and provident fund contributions	(89.3)	(97.4)	**(126.9)**
Pension fund contributions	(76.4)	(84.7)	**(113.4)**
Provident fund contributions	(12.9)	(12.7)	**(13.5)**
Increase in provision for obsolete inventory (Note 14)	(15.9)	(18.3)	**(0.2)**

	2006 Rm	2007 Rm	2008 Rm
4. PROFIT FROM OPERATIONS (CONTINUED)			
The profit from operations is arrived at after taking the following income/(expenditure) into account:			
(Increase)/Decrease in provision for doubtful receivables (Note 15)	8.9	9.7	**(5.8)**
Decrease/(Increase) in provision for doubtful receivables - South Africa (Note 15)	1.0	(6.8)	**12.6**
(Increase)/Decrease in provision for doubtful receivables - non-South African (Note 15)	7.9	16.5	**(18.4)**

Marketing and advertising expenses include broadcasting, branding, publications and sponsorship expenditure.

Other operating expenses include accommodation costs, auditor's remuneration, consultancy fees, information technology costs, insurance, office administration costs, sales and distribution costs, social economic investment costs, subsistence and travel costs and transport costs.

Insurance activities

The Group offers a range of insurance contracts to its customers providing protection against specified risks associated with the ownership of a cell phone. These products are offered through a cell captive facility maintained with Centriq Insurance Company Limited, a South African registered short-term insurance company. The cell captive facility is further used to issue insurance contracts to Group companies to provide cover against a variety of insurable risks including assets own risk. The extended warranty provided to customers is no longer provided by the Group as the suppliers assumed responsibility for the second year warranty. Inter-company transactions are eliminated on consolidation of the cell captive.

In terms of the shareholders' agreement, the Group carries all the risks and rewards related to the business underwritten in the cell captive facility. The risks are closely monitored by the Group through the ongoing review of the performance of the underlying insurance products. Premium rate adjustments are used to mitigate the associated insurance risks.

Provided below is a summarised underwriting account giving details of the R38.7 million (2007: R28.8 million; 2006: R52.5 million) underwriting profit included in profit from operations:

	2006 Rm	2007 Rm	2008 Rm
Net earned premiums	112.7	131.6	**146.6**
Gross claims incurred	(51.7)	(67.4)	**(76.1)**
Net reinsurance (expense)/income	10.7	(11.6)	**(4.9)**
Net operating expenses	(19.2)	(23.8)	**(26.9)**
Underwriting profit	52.5	28.8	**38.7**

	2006 Rm	2007 Rm	2008 Rm
5. FINANCE INCOME			
Interest on financial instruments not at fair value through profit or loss	93.7	52.8	**54.6**
Banks	89.4	30.6	**33.0**
Loans	-	20.7	**17.7**
Other interest income	4.3	1.5	**3.9**
Interest on financial assets at fair value through profit or loss	20.8	20.6	**17.7**
Interest rate swap interest	13.0	10.2	**5.1**
Interest on money market investments	7.8	10.4	**12.6**
Interest on non-financial instruments	15.4	1.1	**-**
Interest received from taxation authorities	15.4	1.1	**-**
	129.9	74.5	**72.3**

During the year the Group reclassified gains on remeasurement and disposal of financial instruments from finance income to gains or losses on remeasurement and disposal of financial instruments.

	2006 Rm	2007 Rm	2008 Rm
6. FINANCE COSTS			
Finance costs on financial liabilities not at fair value through profit or loss	(237.8)	(358.9)	**(666.5)**
Bank overdraft	(12.4)	(131.4)	**(399.1)**
Debt *	(92.0)	(113.9)	**(168.8)**
Finance leases	(121.6)	(112.3)	**(98.2)**
Other finance costs	(11.8)	(1.3)	**(0.4)**
Finance costs on non-financial instruments	(8.2)	(10.4)	**(14.8)**
Long-term incentive interest	(6.5)	(9.6)	**(14.4)**
Interest paid to taxation authorities	(1.7)	(0.8)	**(0.4)**
	(246.0)	(369.3)	**(681.3)**

* Included in debt is an amount of R11.0 million (2007: R10.0 million; 2006: R8.1 million) which relates to notional interest on the loans from Caspian Limited, Planetel Communications Limited and Mirambo Limited that was remeasured at amortised cost, at an effective interest rate of LIBOR plus 5% and the loan from Sekha-Metsi Investment Consortium Limited that was remeasured at amortised cost, at an effective interest rate of 13.7%, for which no consideration has been recorded.

During the year the Group reclassified losses on remeasurement and disposal of financial instruments from finance costs to gains or losses on remeasurement and disposal of financial instruments.

	2006 Rm	2007 Rm	2008 Rm
7. GAINS/(LOSSES) ON REMEASUREMENT AND DISPOSAL OF FINANCIAL INSTRUMENTS			
Gain/(Loss) on foreign exchange forward contract revaluation	(260.6)	467.7	**345.8**
Loss on interest rate swap revaluation	(6.6)	(9.9)	**(10.3)**
Gain on revaluation of foreign denominated cash and cash equivalents	-	6.2	**24.3**
(Loss)/Gain on revaluation of foreign denominated assets	(27.4)	9.7	**(15.2)**
Gain/(Loss) on sale of investments	(3.3)	(0.7)	**2.2**
Loss on revaluation of foreign denominated liabilities	(225.2)	(642.0)	**(161.7)**
	(523.1)	(169.0)	**185.1**
8. NET GAINS/(LOSSES)			
Net gains/(losses) on financial instruments analysed by category, are as follows:			
Financial assets and financial liabilities at fair value through profit or loss, classified as held for trading	(246.4)	478.4	**353.2**
Available-for-sale investments	(3.3)	(0.7)	**2.2**
Loans and receivables (including cash and bank deposits)	66.3	62.5	**63.7**
Financial liabilities held at amortised cost	(341.4)	(882.4)	**(730.0)**
Finance leases	(121.6)	(112.3)	**(98.2)**
Net losses attributable to financial instruments	(646.4)	(454.5)	**(409.1)**
Net (losses)/gains attributable to non-financial instruments	7.2	(9.3)	**(14.8)**
	(639.2)	(463.8)	**(423.9)**

	2006 Rm	2007 Rm	2008 Rm
9. TAXATION			
South African normal taxation	(2,375.6)	(3,058.7)	**(3,472.8)**
Current year	(2,337.9)	(3,063.7)	**(3,487.2)**
Prior year over/(under) provision	(37.7)	5.0	**14.4**
Deferred taxation	(136.2)	44.0	**99.5**
Current year	(177.0)	45.3	**94.4**
Prior year (under)/over provision	40.8	(1.3)	**(4.6)**
Taxation rate change*	-	-	**9.7**
Secondary taxation on companies - current year	(562.5)	(692.7)	**(594.0)**
Foreign taxation	(29.8)	(34.3)	**(114.3)**
Current year	(29.4)	(34.0)	**(113.0)**
Prior year under provision	(0.4)	(0.3)	**(1.3)**
Foreign deferred taxation	20.4	(94.3)	**(27.6)**
Current year	43.5	(135.4)	**(134.0)**
Prior year over/(under) over provision	(22.0)	41.1	**106.4**
Taxation rate change #	(1.1)	-	**-**
	(3,083.7)	(3,836.0)	**(4,109.2)**

* Deferred taxation was calculated at 28% for all South African entities at March 31, 2008 following a change in the corporate taxation rate. The revised taxation rate is applicable to normal taxation with effect from the 2009 financial year.

Deferred taxation was calculated at 25% for Vodacom Lesotho (Proprietary) Limited at March 31, 2006 following a change in the corporate taxation rate. The revised taxation rate is applicable to normal taxation with effect from the 2007 financial year.

	2006 Rm	2006 %	2007 Rm	2007 %	2008 Rm	2008 %
9. TAXATION (CONTINUED)						
Reconciliation of rate of taxation						
Normal taxation on profit before taxation	(2,385.7)	(29.0)	(3,014.9)	(29.0)	**(3,499.4)**	**(29.0)**
Adjusted for:						
Disallowed expenditure	(135.6)	(1.7)	(205.8)	(2.0)	**(125.8)**	**(1.0)**
Unrecognised taxation asset	(149.9)	(1.8)	(86.5)	(0.9)	**(31.9)**	**(0.3)**
Functional vs local reporting currency	(45.3)	(0.6)	226.8	2.2	**23.8**	**0.2**
Revaluation of tax base of qualifying assets	181.6	2.2	(98.6)	(0.9)	**(26.6)**	**(0.2)**
Translation of deferred taxation to US$	16.8	0.2	(95.7)	(0.9)	**(6.0)**	**(0.1)**
Secondary taxation on companies	(562.5)	(6.9)	(692.7)	(6.7)	**(594.0)**	**(5.0)**
Secondary taxation on companies credits	-	-	(3.8)	-	**-**	**-**
Prior year over/(under) provision	(19.3)	(0.2)	44.5	0.4	**114.8**	**1.0**
Foreign taxation rate differences	15.6	0.2	48.6	0.5	**(7.6)**	**(0.1)**
Taxation rate change * #	(1.1)	-	-	-	**9.7**	**0.1**
Foreign taxation	(8.7)	(0.1)	(10.4)	(0.1)	**(20.6)**	**(0.2)**
Taxation not payable due to tax concession	-	-	81.2	0.8	**67.7**	**0.6**
Foreign controlled entity passive income imputed	(17.8)	(0.2)	(27.9)	(0.3)	**(21.9)**	**(0.2)**
Exempt income	1.1	-	(0.2)	-	**-**	**-**
Other adjustments	(0.4)	-	(0.6)	-	**8.0**	**0.1**
Business combination contingent purchase consideration	20.6	0.3	-	-	**-**	**-**
Utilisation of taxation losses	6.9	0.1	-	-	**0.6**	**-**
	(3,083.7)	(37.5)	(3,836.0)	(36.9)	**(4,109.2)**	**(34.1)**

* Deferred taxation was calculated at 28% for all South African entities at March 31, 2008 following a change in the corporate taxation rate. The revised taxation rate is applicable to normal taxation with effect from the 2009 financial year.

\# Deferred taxation was calculated at 25% for Vodacom Lesotho (Proprietary) Limited at March 31, 2006 following a change in the corporate taxation rate. The revised taxation rate is applicable to normal taxation with effect from the 2007 financial year.

	Cost Rm	Accumulated depreciation and impairment Rm	Net book value Rm
10. PROPERTY, PLANT AND EQUIPMENT			
2006			
Land and buildings	1,033.9	(105.0)	928.9
Infrastructure	22,556.3	(10,925.7)	11,630.6
Information services	1,623.9	(1,100.4)	523.5
Community services	107.8	(65.9)	41.9
Motor vehicles	154.4	(90.8)	63.6
Furniture and office equipment	251.3	(203.0)	48.3
Leasehold improvements	361.4	(214.9)	146.5
Other assets	33.2	(29.9)	3.3
	26,122.2	(12,735.6)	13,386.6
2007			
Land and buildings	1,277.9	(135.4)	1,142.5
Infrastructure	26,788.9	(12,084.6)	14,704.3
Information services	1,924.0	(1,248.5)	675.5
Community services	127.2	(72.3)	54.9
Motor vehicles	192.7	(103.6)	89.1
Furniture and office equipment	335.9	(233.0)	102.9
Leasehold improvements	538.2	(276.5)	261.7
Other assets	74.3	(32.0)	42.3
	31,259.1	(14,185.9)	17,073.2
2008			
Land and buildings	1,470.2	(163.5)	1,306.7
Infrastructure	31,398.2	(15,131.2)	16,267.0
Information services	2,165.0	(1,426.8)	738.2
Community services	131.6	(76.9)	54.7
Motor vehicles	252.0	(121.2)	130.8
Furniture and office equipment	327.3	(183.4)	143.9
Leasehold improvements	763.4	(320.4)	443.0
Other assets	83.3	(48.0)	35.3
	36,591.0	(17,471.4)	19,119.6

10. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Land and buildings	Infra-structure	Information services	Community services	Motor vehicles	Furniture & office equipment	Leasehold improvements	Other assets	Total
	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm
Reconciliation 2006									
Opening balance	848.8	9,889.7	572.0	18.9	64.4	54.2	102.0	26.9	11,576.9
Reclassified to finance lease receivables	-	-	-	-	(12.0)	-	-	-	(12.0)
Additions	98.2	4,237.9	237.2	16.1	27.1	23.0	55.3	4.6	4,699.4
Disposals	-	(51.0)	(1.7)	-	(0.2)	(0.4)	(0.1)	(3.0)	(56.4)
Foreign currency translation	(0.5)	(246.0)	(3.8)	-	(1.8)	(0.9)	(0.9)	-	(253.9)
Depreciation	(17.6)	(2,530.0)	(41.9)	6.9	(13.6)	(24.9)	(22.0)	(8.5)	(2,651.6)
Business combinations (Note 32)	-	-	1.7	-	-	-	-	-	1.7
Impairments (Note 3)	-	59.9	(5.6)	-	(0.3)	(0.5)	(0.3)	(0.3)	52.9
Transfer from intangible assets/Asset category transfer (Note 11)	-	270.1	(234.4)	-	-	(2.2)	12.5	(16.4)	29.6
Closing balance	928.9	11,630.6	523.5	41.9	63.6	48.3	146.5	3.3	13,386.6
Reconciliation 2007									
Opening balance	928.9	11,630.6	523.5	41.9	63.6	48.3	146.5	3.3	13,386.6
Additions	214.3	5,239.2	302.3	19.6	41.3	71.9	208.3	40.2	6,137.1
Disposals	(1.3)	(60.5)	(4.0)	(0.1)	(5.1)	(0.2)	-	-	(71.2)
Foreign currency translation	4.0	479.9	12.8	-	3.2	2.0	4.0	0.6	506.5
Depreciation	(21.5)	(2,580.0)	(181.2)	(6.5)	(13.6)	(29.8)	(67.6)	(1.6)	(2,901.8)
Business combinations (Note 32)	-	2.4	-	-	0.2	3.0	-	-	5.6
Impairments (Note 3)	-	(17.9)	(3.7)	-	(0.3)	(0.3)	(0.1)	(0.3)	(22.6)
Transfer from intangible assets/Asset category transfer (Note 11)	18.1	10.6	25.8	-	(0.2)	8.0	(29.4)	0.1	33.0
Closing balance	1,142.5	14,704.3	675.5	54.9	89.1	102.9	261.7	42.3	17,073.2
Reconciliation 2008									
Opening balance	1,142.5	14,704.3	675.5	54.9	89.1	102.9	261.7	42.3	17,073.2
Additions	184.2	4,047.6	309.9	7.9	62.6	83.0	252.5	4.5	4,952.2
Disposals	(1.1)	(37.4)	(4.7)	(0.1)	(3.6)	(2.0)	(0.6)	0.9	(48.6)
Foreign currency translation	5.8	563.7	13.2	-	5.0	2.4	8.0	1.9	600.0
Depreciation	(29.3)	(2,953.0)	(220.3)	(8.0)	(21.2)	(42.0)	(79.1)	(13.1)	(3,366.0)
Disposal of subsidiaries (Note 33)	(13.8)	-	-	-	-	-	-	-	(13.8)
Impairments (Note 3)	-	(23.9)	(3.2)	-	(0.8)	(0.6)	(0.7)	(0.7)	(29.9)
Transfer between property, plant and equipment and finance lease receivables (Note 16)	-	-	-	-	2.0	-	-	-	2.0
Transfer to intangible assets/Asset category transfer (Note 11)	18.4	(34.3)	(32.2)	-	(2.3)	0.2	1.2	(0.5)	(49.5)
Closing balance	1,306.7	16,267.0	738.2	54.7	130.8	143.9	443.0	35.3	19,119.6

10. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Debt is collateralised over leasehold land and buildings and the fair value of the lease liability is R629.0 million (2007: R786.3 million; 2006: R911.5 million) (Note 21). A register with details of the cost price, cost of improvements and date of acquisition of all land and buildings is available for inspection at the registered office.

Land and buildings in which the Group occupies more than 25% of the floor space or when the primary purpose is the service and connection of Vodacom customers are classified as property, plant and equipment.

The estimated useful lives of depreciable property, plant and equipment are as follows:

	2006 years	2007 years	2008 years
General purpose buildings	50	50	**50**
Special purpose buildings	15	15	**15 - 17**
Infrastructure			
- Radio	1 - 10	1 - 10	**1 - 10**
- Intelligent Networks	5 - 8	5 - 8	**4 - 8**
- Switching	5 - 10	5 - 10	**2 - 15**
- Transmission	8	8	**8 - 12**
- Billing	5 - 6	5 - 6	**3 - 8**
- Value added services equipment	3 - 8	3 - 8	**3 - 8**
Community services	2 - 10	2 - 10	**2 - 15**
Information services	3 - 5	3 - 5	**3 - 6**
SIM centre	3 - 8	3 - 8	**6 - 8**
Office automation	3 - 5	3 - 5	**3 - 5**
Other assets			
- Motor vehicles	4	4	**3 - 5**
- Furniture and fittings	5	4 - 5	**4 - 5**
- Office equipment	4	4	**2 - 6**

The Group is required to measure the residual value of every item of property, plant and equipment. Management has determined that radio, transmission, switching, sim centres and community services categories of property, plant and equipment have no active market and the value of the asset at the end of its life would therefore be nil or insignificant.

The above categories are not exhaustive and will depend on the existence of an active market for the asset. The Group ensures that proper documentation exists to support the non-existence of an active market. For assets with an active market, confirmation of the residual values is received from third parties where the residuals are more than 10%. For residuals less than 10% the Group uses historical sales and management's best estimate.

During the current financial year the Group reviewed the estimated useful lives and residual values of property, plant and equipment. The review resulted in a increase of R6.7 million (2007: R14.7 million decrease) in the current year's depreciation charge.

The Group uses the following indicators to determine useful lives:
- Expected usage of the asset
- Expected physical wear and tear
- Technical or commercial obsolescence

	Cost Rm	Accumulated amortisation and impairment Rm	Net book value Rm
11. INTANGIBLE ASSETS			
2006			
Goodwill	1,002.0	(518.1)	483.9
Licences	306.3	(186.6)	119.7
Trademark and patents	390.4	(132.5)	257.9
Customer bases	863.2	(700.3)	162.9
Computer software	2,375.6	(1,445.1)	930.5
	4,937.5	(2,982.6)	1,954.9
2007			
Goodwill	1,455.8	(524.6)	931.2
Licences	439.0	(229.2)	209.8
Trademark and patents	390.4	(169.8)	220.6
Customer bases	919.3	(760.3)	159.0
Computer software	2,827.5	(1,647.8)	1,179.7
	6,032.0	(3,331.7)	2,700.3
2008			
Goodwill	**2,426.0**	**(529.4)**	**1,896.6**
Licences	**478.9**	**(269.3)**	**209.6**
Trademark, patents and other*	**445.3**	**(195.7)**	**249.6**
Customer bases	**920.4**	**(816.0)**	**104.4**
Computer software	**3,734.6**	**(1,970.7)**	**1,763.9**
	8,005.2	**(3,781.1)**	**4,224.1**

* Other includes future benefits from provisioning of infrastructure and supply of non-mobile services.

	Goodwill Rm	Licences Rm	Trademark, patents and other* Rm	Customer bases Rm	Computer software Rm	Total Rm
11. INTANGIBLE ASSETS (CONTINUED)						
Reconciliation 2006						
Opening balance	413.5	126.6	130.9	269.8	703.5	1,644.3
Contingent purchase consideration	36.2	-	-	-	-	36.2
Additions	-	3.3	-	-	438.8	442.1
Disposals	-	-	-	-	(1.6)	(1.6)
Foreign currency translation	(1.4)	(1.7)	-	-	(4.0)	(7.1)
Amortisation	-	(8.5)	(52.3)	(106.9)	(176.5)	(344.2)
Business combinations	35.6	-	179.3	-	-	214.9
Impairment of assets (Note 3)	-	-	-	-	(0.1)	(0.1)
Transfer to property, plant and equipment (Note 10)	-	-	-	-	(29.6)	(29.6)
Closing balance	483.9	119.7	257.9	162.9	930.5	1,954.9
Reconciliation 2007						
Opening balance	483.9	119.7	257.9	162.9	930.5	1,954.9
Additions	372.2	93.9	-	-	611.2	1,077.3
Disposals	-	-	-	-	(0.2)	(0.2)
Foreign currency translation	19.0	16.6	-	(0.4)	13.0	48.2
Amortisation	-	(20.4)	(37.3)	(60.0)	(341.7)	(459.4)
Business combinations	56.3	-	-	56.5	-	112.8
Impairment of assets (Note 3)	(0.2)	-	-	-	(0.1)	(0.3)
Transfer to property, plant and equipment (Note 10)	-	-	-	-	(33.0)	(33.0)
Closing balance	931.2	209.8	220.6	159.0	1,179.7	2,700.3
Reconciliation 2008						
Opening balance	**931.2**	**209.8**	**220.6**	**159.0**	**1,179.7**	**2,700.3**
Additions	**949.2**	**3.0**	**54.9**	**-**	**963.9**	**1,971.0**
Disposals	**-**	**-**	**-**	**-**	**(0.9)**	**(0.9)**
Foreign currency translation	**16.2**	**11.1**	**-**	**1.0**	**21.1**	**49.4**
Amortisation	**-**	**(14.3)**	**(25.9)**	**(55.6)**	**(449.4)**	**(545.2)**
Transfer from property, plant and equipment (Note 10)	**-**	**-**	**-**	**-**	**49.5**	**49.5**
Closing balance	**1,896.6**	**209.6**	**249.6**	**104.4**	**1,763.9**	**4,224.1**

* Other includes future benefits from provisioning of infrastructure and supply of non-mobile services.

	2006 years	2007 years	2008 years
11. INTANGIBLE ASSETS (CONTINUED)			
The estimated useful lives of intangible assets are currently as follows:			
- Mobile licences	5 - 30	5 - 30	**8 - 30**
- Trademarks, patents and other	5 - 15	10 - 15	**10 - 14**
- Computer software	2 - 8	2 - 8	**2 - 8**
- Internet service provider customers	-	3	**8**

	2006 months	2007 months	2008 months
- Contract and prepaid mobile customers	36 - 60	36 - 96	**53 - 119**

The company uses the following indicators to determine useful lives:
- Expected usage of the asset
- Expected physical wear and tear
- Technical or commercial obsolescence

The largest components of individual material intangibles relates to licences and trademarks and patents of the Group that have estimated remaining useful lives of between 11 to 16 (2007: 12 to 17) years and 8 to 10 (2007: 9 to 11) years respectively as at March 31, 2008. The licence and other intangible assets of Vodacom Tanzania Limited were pledged as security for the project finance funding obtained which expired at the end of the financial year (Note 21).

During the current financial year the Group reviewed the estimated useful lives of intangible assets. The review resulted in a decrease of R10.6 million (2007: R66.5 million decrease) in the current year's amortisation charge.

	2006 Short-term portion Rm	2006 Long-term portion Rm	2006 Total Rm	2007 Short-term portion Rm	2007 Long-Term portion Rm	2007 Total Rm
12. FINANCIAL ASSETS						
Loans and receivables (Note 12.1)	-	92.1	92.1	16.2	114.4	130.6
Financial assets at fair value through profit or loss (Note 12.2)	149.3	-	149.3	191.3	-	191.3
Available-for-sale investments (Note 12.3)	-	-	-	-	95.1	95.1
	149.3	92.1	241.4	207.5	209.5	417.0

	2008 Short-term portion Rm	2008 Long-term portion Rm	2008 Total Rm
Loans and receivables (Note 12.1)	**29.7**	**134.2**	**163.9**
Financial assets at fair value through profit or loss (Note 12.2)	**415.2**	**-**	**415.2**
Available-for-sale investments (Note 12.3)	**-**	**110.0**	**110.0**
	444.9	**244.2**	**689.1**

	2006 Rm	2007 Rm	2008 Rm
12. FINANCIAL ASSETS (CONTINUED)			
12.1 Loans and receivables			
Planetel Communications Limited The loan with a nominal value of US$6.8 million issued during the 2003 year bore interest at LIBOR plus 5%. Planetel Communications Limited utilised this loan to ensure sufficient shareholder loan funding by itself as a shareholder of Vodacom Tanzania Limited. The loans and capitalised interest were collateralised by cession over all shareholder distributions and a pledge over their shares of Vodacom Tanzania Limited. All the shareholders subordinated their loans to Vodacom Tanzania Limited for the duration of the project finance funding, which expired at the end of the current financial year (Note 21). On November 30, 2007 Planetel Communications Limited sold its 16% shareholding in Vodacom Tanzania Limited to Mirambo Limited.	42.1	49.6	-
Caspian Limited The loan with a nominal value of US$8.1 million issued during the 2003 year bore interest at LIBOR plus 5%. Caspian Limited utilised this loan to ensure sufficient shareholder loan funding by itself as a shareholder of Vodacom Tanzania Limited. The loans and capitalised interest were collateralised by cession over all shareholder distributions and a pledge over their shares of Vodacom Tanzania Limited. All the shareholders subordinated their loans to Vodacom Tanzania Limited for the duration of the project finance funding, which expired at the end of the current financial year (Note 21). On November 30, 2007 Caspian Limited sold its 19% shareholding in Vodacom Tanzania Limited to Mirambo Limited.	50.0	58.8	-
Sekha-Metsi Investment Consortium Limited The loan was advanced to Sekha-Metsi Investment Consortium Limited and bore interest at South African overdraft interest rates plus a margin of 2%. Interest was payable monthly in arrears. The loan was repayable on demand, should Sekha-Metsi Investment Consortium be able to obtain a loan externally. Sekha-Metsi Investment Consortium Limited pledged their shares in Sekha-Metsi Enterprises (Proprietary) Limited as security for the loan. During the current financial year the loan was repaid.	-	16.2	-
Other	-	-	**3.9**
Balance carried forward	92.1	124.6	**3.9**

	2006 Rm	2007 Rm	2008 Rm
12. FINANCIAL ASSETS (CONTINUED)			
12.1 Loans and receivables (continued)			
Balance brought forward	92.1	124.6	**3.9**
Number Portability Company (Proprietary) Limited The shareholders loan made to Number Portability Company (Proprietary) Limited ("NPC"), during the 2007 year, for an amount of R6.0 million, is subordinated and ranks behind all the claims of all creditors of NPC for repayment until such time as the assets of NPC fairly valued exceed its liabilities. In such case, the loan shall cease to be subordinated to the extent that the assets of NPC exceed its liabilities from time to time. The shareholder loan bears no interest and has no fixed repayment terms.	-	6.0	**6.0**
Mirambo Limited Mirambo Limited bought the 16% and 19% equity stake of Planetel Communications Limited and Caspian Limited respectively in Vodacom Tanzania Limited on November 30, 2007. The shareholder loans with a combined nominal value of US$14.9 million, were transferred to Mirambo Limited in order to meet its obligations to Vodacom Tanzania Limited in respect of shareholder contributions. The loan bears interest at LIBOR plus 5% and shall be repaid from any cash distributions by Vodacom Tanzania Limited to Mirambo Limited. The loan and capitalised interest are collateralised by cession over all shareholder distributions and a pledge over the shares of Vodacom Tanzania Limited.	-	-	**120.9**
WBS Holdings (Proprietary) Limited The loan with a nominal value of R25.5 million issued during the 2008 financial year bears interest at RSA prime minus 0.5%. The loan with capitalised interest is repayable from pre-determined cash flows of WBS Holdings (Proprietary) Limited pro rata to the shareholder's respective claims on loan account at the relevant time. WBS Holdings (Proprietary) Limited may not declare and/or pay any dividend or make any capital distribution to shareholders without the prior written consent of the existing shareholders.	-	-	**25.8**
Balance carried forward	92.1	130.6	**156.6**

	2006 Rm	2007 Rm	2008 Rm
12. FINANCIAL ASSETS (CONTINUED)			
12.1 Loans and receivables (continued)			
Balance brought forward	92.1	130.6	**156.6**
Empresa Moçambicana de Telecommunuiçãcoes S.A.R.L. ("Emotel")	-	-	**7.3**
The loan with a nominal value of US$0.9 million issued during the 2008 financial year bears interest at LIBOR plus 2%. Interest is capitalised on a monthly basis. The loan and capitalised interest are repayable upon the expiry of 5 years following the advance date, being March 31, 2012. Emotel utilised this loan to meet its obligations to V.M, S.A.R.L. in respect of its 2% shareholding in VM, S.A.R.L. The loan and capitalised interest are collateralised by cession over all cash distributions and a pledge over their shares in V.M, S.A.R.L.			
	92.1	130.6	**163.9**
Less: Short-term portion of loans and receivables			
Sekha-Metsi Investment Consortium Limited	-	(16.2)	**-**
WBS Holdings (Proprietary) Limited	-	-	**(25.8)**
Other	-	-	**(3.9)**
Short-term portion of loans and receivables	-	(16.2)	**(29.7)**
Long-term portion of loans and receivables	92.1	114.4	**134.2**

The fair value of the short-term portion of loans and receivables are R29.7 million (2007: R16.2 million; 2006: Rnil million). The fair value of the long-term portion of loans and receivables are not determinable due to the lack of repayment dates and/or market prices.

	2006 Rm	2007 Rm	2008 Rm
12. FINANCIAL ASSETS (CONTINUED)			
12.2 Financial assets at fair value through profit or loss			
12.2.1 Financial assets held for trading			
12.2.1.1 Money market investments	111.7	135.7	**107.9**
The fair value of money market investments are derived from quoted market prices of identical assets.			
12.2.1.2 Derivative financial assets	37.6	55.6	**307.3**
Interest rate swap asset (Note 42)	37.6	27.7	**17.4**
Foreign exchange forward contracts assets	-	27.9	**289.9**
The fair value is determined using quoted market prices. The quoted market prices used to fair value foreign exchange forward contracts are the mid or mid forward rates at year end based on quoted market prices applicable to similar assets. Interest rate swaps are fair valued according to forward rates and discount rates determined from a yield curve derived from similar market traded instruments.			
Total financial assets held for trading	149.3	191.3	**415.2**
12.3 Available-for-sale investments			
12.3.1 Unlisted investments carried at fair value			
WBS Holdings (Proprietary) Limited 2,500 ordinary shares of R0.01 each	-	80.8	**45.4**
The fair value was determined by applying the discounted cash flow method. The discount rates and terminal growth rates used ranged between 16.0% and 18.0% (2007: 15.0% and 17.0%) and 3.0% and 5.0% (2007: nil% and 3.0%), respectively.			
During the current financial year, R54.9 million was reclassified to intangible assets (Note 11).			
12.3.2 Unlisted investments carried at cost	-	14.3	**64.6**
During 2007 the Group purchased a 10% equity stake in G-Mobile Holdings Limited and a 25.93% equity stake in Gogga Tracking Solutions (Proprietary) Limited. The investee companies also granted the Group an option to increase these investments (Note 42). During 2008 the Group purchased a 50% equity stake in Waterberg Lodge (Proprietary) Limited, a 35% equity stake in XLink Communications (Proprietary) Limited and increased its interest in G-Mobile Holdings Limited from 10% to 26% by exercising the call option granted in 2007 (Note 42).			
Total available-for-sale investments	-	95.1	**110.0**

The carrying value of unlisted investments carried at cost approximate their fair value.

		2006 Rm	2007 Rm	2008 Rm
13.	**DEFERRED TAXATION**			
	Deferred taxation assets	297.6	386.1	**455.1**
	Deferred taxation liabilities	(602.3)	(757.3)	**(776.5)**
		(304.7)	(371.2)	**(321.4)**
13.1	**Components**			
	Capital allowances	(1,243.6)	(1,418.8)	**(1,809.0)**
	Fair value adjustment of available-for-sale investments	-	-	**(2.7)**
	Fair value adjustment of customer bases	(46.7)	(53.4)	**(30.2)**
	Fair value adjustment of trademarks and patents	(56.4)	(47.9)	**(41.8)**
	Fair value adjustment of properties	(2.0)	(2.0)	**-**
	Foreign exchange	(22.9)	180.9	**296.8**
	Foreign equity revaluation reserve	12.6	4.5	**(12.3)**
	Prepayments and other allowances	10.8	(84.9)	**(137.4)**
	Provisions and deferred income	797.2	1,006.0	**1,194.4**
	Remeasurement of shareholders loans assets	32.5	29.5	**3.4**
	Remeasurement of shareholders loans liabilities	(19.5)	(16.8)	**(6.1)**
	Secondary taxation on companies credits	3.8	-	**-**
	Taxation losses	223.1	25.1	**223.5**
	Other	6.4	6.6	**-**
		(304.7)	(371.2)	**(321.4)**
13.2	**Reconciliation**			
	Balance at the beginning of the year	(164.0)	(304.7)	**(371.2)**
	Deferred taxation - income statement expense (Note 9)	(115.8)	(50.3)	**71.9**
	Foreign equity revaluation reserve	0.7	(8.1)	**(12.7)**
	Business combinations			
	Acquisition of customer base	-	(17.5)	**-**
	Acquisition of trademark and patents	(35.8)	-	**-**
	Disposal of subsidiaries	-	-	**1.8**
	Fair value adjustment of available-for-sale investments	-	-	**(2.7)**
	Foreign exchange differences on consolidation of foreign subsidiaries	10.2	9.3	**(8.6)**
	Other	-	0.1	**0.1**
	Balance at the end of the year	(304.7)	(371.2)	**(321.4)**

Provision for taxation which could arise if undistributed retained profits of certain subsidiaries are remitted, is only made where a decision has been taken to remit such retained profits. The Group did not provide for Secondary Taxation on Companies ("STC") on its undistributed earnings which is payable when it declares dividends to its shareholders, as the taxation will only be payable once the dividends are declared.

Deferred tax is not raised at a rate other than the normal taxation rate as the intention of the Group is to hold assets for use and not for resale.

	2006 Rm	2007 Rm	2008 Rm
13. DEFERRED TAXATION (CONTINUED)			
13.3 Utilisation of taxation losses			
Opening taxation loss	1,194.8	1,538.7	**1,212.7**
Foreign exchange movement on opening taxation loss	(142.3)	104.5	**260.0**
Prior year under/(over) statement	24.3	(129.7)	**693.6**
Current year taxation loss created/(utilised)	461.9	(300.8)	**107.8**
Closing taxation loss	1,538.7	1,212.7	**2,274.1**
Utilised to reduce net temporary differences	(662.3)	(78.4)	**(818.3)**
Vodacom Congo (taxation rate of 40%)	(244.1)	-	**-**
Vodacom Mozambique (taxation rate of 32%)	-	(78.4)	**(73.4)**
Vodacom Tanzania (taxation rate of 30%)	(418.2)	-	**(744.9)**
Taxation losses available to reduce deferred taxation	876.4	1,134.3	**1,455.8**
Taxation credit	-	-	**268.1**

There are estimated unused taxation losses to the value of R1,455.8 million (2007: R1,134.3 million; 2006: R876.4 million) available to reduce the net deferred taxation liability. If applied, the available R465.9 million (2007: R363.0 million; 2006: R279.4 million) would result in a full reduction of the current year's R318.6 million (2007: reduced to R8.2 million; 2006: reduced to R25.3 million) net deferred taxation liability. The unused taxation losses of Vodacom Mozambique are available for utilisation for a period of five years, after which they expire.

The R268.1 million taxation credit relating to Vodacom Mozambique expires in 2014.

The growth of the Group following its geographical expansion into non-South African countries over the past few years has made the estimation and judgment required in recognising and measuring deferred taxation balances more challenging. The resolution of taxation issues is not always within the control of the Group and it is often dependant on the efficiency of the legal processes in the relevant taxation jurisdictions in which the Group operates. Issues can, and often do, take many years to resolve. Payments in respect of taxation liabilities for an accounting period result from payments on account and on the final resolution of open items. As a result there can be substantial differences between the taxation charge in the consolidated income statement and current taxation payments.

	2006 Rm	2007 Rm	2008 Rm
14. INVENTORY			
Merchandise	397.5	287.3	**507.1**
Other inventory	56.8	77.0	**129.8**
	454.3	364.3	**636.9**
Inventory carried at net realisable value	215.1	163.1	**224.6**

	2006 Rm	2007 Rm	2008 Rm
14. INVENTORY (CONTINUED)			
14.1 Inventory valuation allowance included above			
Balance at the beginning of the year	(62.8)	(78.0)	**(97.6)**
Foreign exchange movement on opening balance	0.7	(1.3)	**(0.9)**
Charged to cost and expenses	(15.9)	(18.3)	**(0.2)**
Balance at the end of the year	(78.0)	(97.6)	**(98.7)**

The cost of inventories recognised as an expense during the period is reflected as equipment cost (Note 2).

The cost of inventories recognised as an expense includes R0.3 million (2007: R35.7 million; 2006: R6.9 million) in respect of write downs of inventory to net realisable value, which has not been reduced (2007: R18.6 million; 2006: R2.3 million) in respect of the reversal of such write downs. Previous write downs have been reversed as a result of increased sale prices in certain markets.

	2006 Rm	2007 Rm	2008 Rm
15. TRADE AND OTHER RECEIVABLES			
Trade receivables	4,097.2	5,211.5	**6,234.2**
Prepayments	205.2	192.3	**244.1**
Value Added Taxation	88.1	147.7	**200.3**
Interest income receivable	41.5	51.3	**76.1**
Other	42.0	72.2	**46.4**
	4,474.0	5,675.0	**6,801.1**

The average credit period for March 2008, 2007 and 2006 on sales of goods and services is between 30 and 60 days (2007: 30 and 60 days; 2006: 30 and 60 days) from date of invoice for the South African operations and between 20 and 75 days (2007: 20 and 75 days; 2006: 20 and 75 days) from date of invoice for the non-South African operations. Generally no interest is charged on trade receivables. The Group has provided fully for all receivables over 120 days due (2007: 120 days due; 2006: 120 days due) for its South African operations and 90 days due (2007: 90 days due; 2006: 90 days due) for its non-South African operations because historical experience is such that receivables that are due beyond these days are generally not recoverable. Trade receivables of the South African operations due between 60 and 120 days (2007: 60 and 120 days; 2006: 60 and 120 days) are provided for based on estimated irrecoverable amounts, determined by reference to past default experience.

Before accepting any new individual customer, the Group uses an internal and external credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. The Group manually assesses the credit of corporate customers, using credit bureaus, financial standing as well as an internal grading system. Before accepting any new network operator customers, the Group enters into a contractual arrangement. The contractual arrangement is determined by regulatory requirements and industry norms. Of the trade receivable balance at the end of the year R1.3 billion (2007: R0.9 billion; 2006: R0.6 billion) is due from the Group's largest customer. There is no customer who represents more than 21.2% (2007: 17.6%; 2006: 15.7%) of the total balance of trade receivables.

The Group does not have any significant exposure to any individual customer or counter-party, except commercially to Telkom SA Limited, the Group's largest shareholder, Mobile Telecommunications Networks (Proprietary) Limited, the Group's largest competitor, Cell C (Proprietary) Limited, the country's third network operator and Vo-Call Cellular (Proprietary) Limited, the Group's largest dealer.

Trade receivables are stated at their cost which normally approximate their fair value due to short-term maturity.

	2006 Rm	2007 Rm	2008 Rm
15. TRADE AND OTHER RECEIVABLES (CONTINUED)			
15.1 Doubtful receivable allowance			
The Group's South African trade receivables are stated after allowances for doubtful debts based on management's assessment of creditworthiness, an analysis of which is as follows:			
Balance at the beginning of the year	(44.7)	(43.7)	**(50.5)**
Reversed from/(Charged to) profit and loss	1.0	(6.8)	**12.6**
Balance at the end of the year	(43.7)	(50.5)	**(37.9)**
The Group's non-South African trade receivables are stated after allowances for doubtful debts based on management's assessment of creditworthiness, an analysis of which is as follows:			
Balance at the beginning of the year	(49.3)	(41.4)	**(24.9)**
Foreign exchange movement	2.9	(6.1)	**(5.2)**
(Charged to)/Reversed from profit and loss	5.0	22.6	**(13.2)**
Balance at the end of the year	(41.4)	(24.9)	**(43.3)**

In determining the recoverability of a trade receivable the Group considers any change in the credit quality of the trade receivable from the date the credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated.

	2006 Rm	2007 Rm	2008 Rm
16. LEASE ASSETS			
Operating leases	30.6	35.1	**20.1**
Finance lease receivables	19.3	76.6	**212.4**
	49.9	111.7	**232.5**
Less: Short-term portion *			
Operating leases (Note 16.1)	-	-	**(17.6)**
Finance lease receivables (Note 16.2)	(13.1)	(32.9)	**(122.9)**
Short-term portion	(13.1)	(32.9)	**(140.5)**
Long-term portion of lease assets	36.8	78.8	**92.0**

* Short-term lease assets were included under trade and other receivables in prior years.

16.1 Operating leases

Operating lease payments are expensed in profit or loss on a straight-line basis over the lease term and results in the recognition of an operating lease asset.

	Within one year Rm	Between one and five years Rm	After five years Rm	Total Rm
16. LEASE ASSETS (CONTINUED)				
16.2 Finance lease receivables				
Staff benefits	3.9	7.5	-	11.4
Computers	119.0	82.0	-	201.0
Present value of minimum lease payments	122.9	89.5	-	212.4

The Group provides motor vehicles to certain of its executives. These executives may retain these assets at the end of the lease period, normally between three and four years. In terms of IAS 17: Leases ("IAS 17"), these arrangements are regarded as finance leases and the cost of the assets are capitalised as finance lease receivables and amortised on a straight-line basis over the period of the agreement to employee cost. The implicit interest rate is zero.

The Group provides laptop or desktop computers to certain customers who enter into contract agreements. The customers retain these computers at the end of the contract period. In terms of IAS 17, these arrangements are regarded as finance leases and accounted for using the effective interest rate method. The interest rate inherent in these leases is currently between nil% and 0.08% per annum.

The long-term portion of R89.5 million (2007: R43.7 million; 2006: R6.2 million) is reflected as part of non-current lease assets on the consolidated balance sheet.

All leases are denominated in South African Rand.

The fair value of the electronic equipment finance lease receivables approximate their carrying value.

	2006 R	2007 R	2008 R
17. ORDINARY SHARE CAPITAL			
Authorised			
100,000 ordinary shares of R0.01 each	1,000	1,000	**1,000**
Issued			
10,000 ordinary shares of R0.01 each	100	100	**100**

The unissued share capital is under the control of the current shareholders.

		2006 Rm	2007 Rm	2008 Rm
18.	**NON-DISTRIBUTABLE RESERVES**			
	Foreign currency translations (Note 18.1)	(225.5)	(123.0)	**(22.6)**
	Taxation on foreign currency translation reserve (Note 18.1)	18.0	9.9	**(2.8)**
	Contingency reserve (Note 18.2)	13.5	15.7	**17.4**
	Revaluation of available-for-sale investments (Note 18.3)	-	-	**16.8**
		(194.0)	(97.4)	**8.8**
	Reconciliation			
	Balance at the beginning of the year	(299.9)	(194.0)	**(97.4)**
	Foreign currency translation reserve	103.9	94.4	**87.7**
	Foreign currency translation for the year	98.2	102.5	**100.4**
	Taxation for the year	5.7	(8.1)	**(12.7)**
	Other non-distributable reserves			
	Transferred from distributable reserves – contingency reserve	2.2	2.2	**1.7**
	Revaluation of available-for-sale investments	(0.2)	-	**16.8**
	Revaluation of available-for-sale investments for the year	(0.2)	-	**19.5**
	Taxation for the year	-	-	**(2.7)**
	Balance at the end of the year	(194.0)	(97.4)	**8.8**

18.1 Foreign currency translation reserve and taxation

The financial results of foreign operations are translated into South African Rands for incorporation into the consolidated results. 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 foreign exchange differences are classified as equity.

This reserve also includes gains and losses on the translation of equity loans to foreign entities that are intended to be permanent.

Deferred taxation and normal taxation on the foreign currency translation reserve relates only to the translation of equity loans advanced to foreign subsidiaries.

18.2 Contingency reserve

In terms of the Short-term Insurance Act ("the Act") of 1998 the Group's cell captive partner, Centriq Insurance Company Limited is required to recognise a contingency reserve equal to 10% of premiums written less approved reinsurance, as defined in the Act. This reserve can be utilised only with the prior permission of the Registrar of Short-term Insurance.

18.3 Revaluation of available-for-sale investments

Gains and losses from changes in the fair value of available-for-sale investments are recognised directly in equity until the financial asset is disposed of (Note 12).

19. MINORITY INTERESTS

	2006 Rm	2007 Rm	2008 Rm
Distributable reserves	358.1	268.5	**408.5**
Non-distributable reserves	(74.8)	(47.3)	**(4.9)**
	283.3	221.2	**403.6**
Reconciliation			
Balance at the beginning of the year	128.7	283.3	**221.2**
Profit allocated to minority interest	116.7	217.6	**146.2**
Foreign currency translation reserve	(15.6)	27.5	**42.4**
Revaluation of available-for-sale investments	(0.1)	-	**-**
Business combinations and other acquisitions	46.5	(136.4)	**(6.1)**
Minority shares of VM, S.A.R.L.	8.0	-	**0.8**
Disposal of subsidiaries	-	-	**(0.3)**
Dividend to minority shareholders	(0.9)	(170.8)	**(0.6)**
Balance at the end of the year	283.3	221.2	**403.6**

20. ANALYSIS OF RECOGNISED INCOME AND EXPENSES

	2006 Rm	2007 Rm	2008 Rm
Gain/(Loss) on revaluation of available-for-sale investment	(0.3)	-	**16.8**
Foreign currency translation reserve	88.3	121.9	**130.1**
Net profit/(loss) recognised directly in equity	88.0	121.9	**146.9**
Net profit for the year	5,142.8	6,560.0	**7,957.6**
Total recognised income and expense for the year	5,230.8	6,681.9	**8,104.5**
Attributable to:			
Equity shareholders	5,129.8	6,436.8	**7,915.9**
Minority interests	101.0	245.1	**188.6**

21. INTEREST BEARING DEBT

	2006 Short-term portion Rm	2006 Long-term portion Rm	2006 Total Rm	2007 Short-term portion Rm	2007 Long-term portion Rm	2007 Total Rm
Finance leases (Note 21.1)	79.2	728.3	807.5	113.6	615.0	728.6
Funding loans (Note 21.2)	1,527.3	90.9	1,618.2	365.5	1,436.4	1,801.9
Other short-term loans (Note 21.3)	39.0	-	39.0	21.9	-	21.9
	1,645.5	819.2	2,464.7	501.0	2,051.4	2,552.4

	2008 Short-term portion Rm	2008 Long-term portion Rm	2008 Total Rm
21. INTEREST BEARING DEBT (CONTINUED)			
Finance leases (Note 21.1)	194.3	420.7	615.0
Funding loans (Note 21.2)	300.5	2,605.1	2,905.6
Other short-term loans (Note 21.3)	8.1	-	8.1
	502.9	3,025.8	3,528.7

	2006 Rm	2007 Rm	2008 Rm
21.1 Finance leases			
Vodacom (Proprietary) Limited	537.7	479.7	**396.7**
The finance leases are collateralised by various land and buildings with a book value of R464.2 million (2007: R477.3 million; 2006: R489.1 million), bearing interest at fixed effective interest rates of between 12.1% and 16.9% per annum and are repayable between one and five years. The residual payment on settlement date is R144.4 million.			
Vodacom Service Provider Company (Proprietary) Limited	269.8	248.9	**218.3**
The finance lease is collateralised by land and buildings with a book value of R245.5 million (2007: R251.1 million; 2006: R256.8 million), bearing interest at a fixed effective interest rate of 14.8% per annum. Payments are made every six months in arrears and commenced on March 1, 2002. The finance lease expires on September 1, 2011.			
	807.5	728.6	**615.0**
Less: Short-term portion of finance leases			
Vodacom (Proprietary) Limited	(58.3)	(83.0)	**(151.7)**
Vodacom Service Provider Company (Proprietary) Limited	(20.9)	(30.6)	**(42.6)**
Short-term portion of finance leases	(79.2)	(113.6)	**(194.3)**
Long-term portion of finance leases	728.3	615.0	**420.7**

All leases are denominated in South African Rand and are held with Rand Merchant Bank and Standard Bank.

The fair value of the Group's finance lease liability is R629.0 million (2007: R786.3 million; 2006: R911.5 million).

The fair value of finance leases are determined as the present value of all future cash flows discounted using market related interest rates. The discount rate used varied between 13.5% and 14.9% (2007: 11.3% and 13.3%; 2006: 10.0% and 13.3%).

The Vodaworld Retail Park is sub-leased to various Telecommunications retail companies. Sublease payments expected to be received under non-cancellable subleases at the balance sheet date amount to R4.0 million.

	2009 Rm	2010 Rm	2011 Rm	2012 Rm	2013 Rm	2014 onwards Rm	Total Rm
21. INTEREST BEARING DEBT (CONTINUED)							
21.1 Finance Leases (continued)							
Repayment of finance leases							
Future minimum lease payments*	271.2	153.6	200.6	98.7	82.1	-	806.2
Finance costs	(76.9)	(55.1)	(39.0)	(15.2)	(5.0)	-	(191.2)
Net present value	194.3	98.5	161.6	83.5	77.1	-	615.0

* Future minimum lease payments include residual payments at the end of the lease term.

	2006 Rm	2007 Rm	2008 Rm
21.2 Funding Loans			
Planetel Communications Limited	41.6	53.5	-
The shareholder loan of US$8.4 million (2007: US$8.4 million; 2006: US$8.4 million) was subordinated for the duration of the project finance funding period of Vodacom Tanzania Limited, which expired at the end of the current financial year, bore no interest from April 1, 2002 and was thereafter available for repayment, by approval of at least 60% of the shareholders of Vodacom Tanzania Limited. The loan became non-interest bearing and was remeasured at amortised cost at an effective interest rate of LIBOR plus 5% (Note 12) during the 2003 financial year. The gain on remeasurement was included in equity. On November 30, 2007 Planetel Communications Limited sold its 16% shareholding in Vodacom Tanzania Limited to Mirambo Limited.			
Caspian Limited	49.3	63.6	-
The shareholder loan of US$10.0 million (2007: US$10.0 million; 2006: US$10.0 million) was subordinated for the duration of the project finance funding period of Vodacom Tanzania Limited, bore no interest from April 1, 2002 and was thereafter available for repayment, by approval of at least 60% of the shareholders of Vodacom Tanzania Limited. This loan became non-interest bearing and was remeasured at amortised cost at an effective interest rate of LIBOR plus 5% (Note 12) during the 2003 financial year. The gain on remeasurement was included in equity. On November 30, 2007 Caspian Limited sold its 19% shareholding in Vodacom Tanzania Limited to Mirambo Limited.			
Balance carried forward	90.9	117.1	-

	2006 Rm	2007 Rm	2008 Rm
21. INTEREST BEARING DEBT (CONTINUED)			
21.2 Funding loans (continued)			
Balance brought forward	90.9	117.1	-
Project finance funding to Vodacom Tanzania Limited The funding was collateralised by a charge over 51% of the shares, the licence and Vodacom Tanzania Limited's tangible and intangible assets. The loans bore interest based upon the foreign currency denomination of the project financing between 6.0% and 14.4% per annum and was fully repaid by March 2008. The drawn down portions of the project finance funding from external parties included the following: (a) Netherlands Development Finance Company of US$nil (2007: US$3.8 million; 2006: US$7.6 million); (b) Deutsche Investitions- und Entwicklungsgesellschaft mbH of €nil (2007: €3.9 million; 2006: €7.8 million); (c) Standard Corporate and Merchant Bank of US$nil (2007: US$4.0 million; 2006: US$8.0 million); (d) Barclays Bank (Local Syndicate Tanzania) TSHnil (2007: TSHnil; 2006: TSH5,703.8 million).	184.0	94.9	-
Term loan to Vodacom International Limited The loan provided by Standard Bank Plc and RMB International (Dublin) Limited that amounts to US$180.0 million (2007: US$180.0 million; 2006: US$180.0 million) is collateralised by guarantees provided by the Group. The loan, originally repayable on July 19, 2006, was refinanced during the 2007 financial year. The loan is now repayable on July 26, 2009 and bears interest at an effective interest rate of LIBOR plus 0.35%.	1,114.4	1,311.9	**1,462.5**
Balance carried forward	1,389.3	1,523.9	**1,462.5**

	2006 Rm	2007 Rm	2008 Rm
21. INTEREST BEARING DEBT (CONTINUED)			
21.2 Funding loans (continued)			
Balance brought forward	1,389.3	1,523.9	**1,462.5**
Mirambo Limited Mirambo Limited bought the 16% and 19% equity stake of Planetel Communications Limited and Caspian Limited respectively in Vodacom Tanzania Limited on November 30, 2007. The shareholder loans with a combined nominal value of US$18.4 million, were transferred to Mirambo Limited in order to meet its obligations to Vodacom Tanzania Limited in respect of shareholder contributions. The loan bears interest at LIBOR + 5% and shall be repaid by approval of at least 60% of the shareholders of Vodacom Tanzania Limited. The loan and capitalised interest are unsecured and subordinated.	-	-	**142.6**
Asset Backed Arbitraged Securities (Proprietary) Limited On December 5, 2007 Vodacom (Proprietary) Limited entered into a subscription agreement with Asset Backed Arbitraged Securities (Proprietary) Limited ("ABACAS"). In terms of the agreement Vodacom (Proprietary) Limited issued debt instruments in the form of two promissory notes with a nominal value of R500.0 million each to which ABACAS subscribed. The debt instrument will bear interest based on JIBAR plus a credit margin and funding margin. The repayment term is three years with interest being paid quarterly. The credit margin is 0.4% and the funding margin is 0.18% and 0.15% respectively.	-	-	**1,000.0**
Preference shares issued by Vodacom Congo (RDC) s.p.r.l. The preference shares of US$37.0 million (2007: US$37.0 million; 2006: US$37.0 million) bear interest at a rate of 4% per annum. The preference shares are redeemable at the discretion of the shareholders and on the basis that the shareholders are repaid simultaneously and in proportion to their shareholding.	228.9	269.5	**300.5**
Balance carried forward	1,618.2	1,793.4	**2,905.6**

	2006 Rm	2007 Rm	2008 Rm
21. INTEREST BEARING DEBT (CONTINUED)			
21.2 Funding loans (continued)			
Balance brought forward	1,618.2	1,793.4	**2,905.6**
Sekha-Metsi Investment Consortium Limited The shareholder loan bore no interest, was repayable in ten equal six monthly instalments commencing on September 30, 2006. Effective April 1, 2007 the repayment terms changed to four equal six monthly instalments. The loan was remeasured at amortised cost at a fixed effective interest rate of 13.7% during the 2007 financial year. The gain on remeasurement was included in equity.	-	2.5	**-**
Number Portability Company (Proprietary) Limited The Group's share of the shareholders loan provided, amounted to R6.0 million at March 31, 2007. The subordinated shareholder loan bore interest at the maximum rate of the prevailing South African prime rate or a lesser rate determined by the board of Number Portability Company (Proprietary) Limited. During the current period the loan became non-interest bearing (Note 22).	-	6.0	**-**
	1,618.2	1,801.9	**2,905.6**
Less: Short-term portion of funding loans			
Project finance funding to Vodacom Tanzania Limited	(184.0)	(94.9)	**-**
Term loan to Vodacom International Limited	(1,114.4)	-	**-**
Preference shares issued by Vodacom Congo (RDC) s.p.r.l.	(228.9)	(269.5)	**(300.5)**
Sekha-Metsi Investment Consortium Limited	-	(1.1)	**-**
Short-term portion of funding loans	(1,527.3)	(365.5)	**(300.5)**
Long-term portion of funding loans	90.9	1,436.4	**2,605.1**

The fair value of funding loans are R2,933.2 million. The fair value of funding loans were determined by applying the discounted cash flow method, where applicable. A discount rate which varied between 12.2% and 12.3% were applied to ZAR denominated debt and 2.8% to US$ denominated debt.

	2006 Rm	2007 Rm	2008 Rm
21.3 Other short-term loans			
Vodacom Congo (RDC) s.p.r.l. The short-term facilities amount to US$1 million (2007: US$3.0 million; 2006: US$6.0 million) bears interest at 18% per annum with no fixed repayment terms. US$2.0 million of these facilities was repaid on June 30, 2007 and bore interest at LIBOR plus 6% per annum.	37.1	21.9	**8.1**
Other	1.9	-	**-**
	39.0	21.9	**8.1**

The fair value of other short-term loans approximate their carrying value.

	2006 Rm	2007 Rm	2008 Rm
22. NON-INTEREST BEARING DEBT			
Sekha-Metsi Investment Consortium Limited	4.3	-	-
The minority shareholder's loan was previously uncollateralised and no repayment terms were determined. During the 2007 financial year repayment terms were agreed and the loan was reclassified to interest bearing debt (Note 21).			
Minority shareholders of Smartcom (Proprietary) Limited	-	3.0	-
The minority shareholder's loan was repaid during the current financial year. The loan was unsecured and bore no interest.			
Number Portability Company (Proprietary) Limited	-	-	**6.0**
The Group's share of the shareholders loan provided, amounted to R6.0 million at March 31, 2007. The subordinated shareholder loan bore interest at the maximum rate of the prevailing South African prime rate or a lesser rate determined by the board of Number Portability Company (Proprietary) Limited and was classified as interest bearing debt (Note 21). During the current year the loan became non-interest bearing.			
	4.3	3.0	**6.0**
Less: Short-term portion of non-interest bearing debt			
Sekha-Metsi Investment Consortium Limited	(4.3)	-	-
Long-term portion of non-interest bearing debt	-	3.0	**6.0**

The fair value of non-interest bearing debt is not determinable as no repayment terms are set.

	2006 Rm	2007 Rm	2008 Rm
23. PROVISIONS			
Deferred bonus incentive provision (Note 23.1)	452.4	500.7	**497.4**
Bonus provision (Note 23.2)	279.8	330.6	**426.0**
Leave pay provision (Note 23.3)	70.8	90.9	**119.7**
Warranty provision (Note 23.4)	32.8	-	-
Long-term incentive provision (Note 23.5)	122.1	161.2	**225.2**
Other (Note 23.6)	37.4	35.9	**14.9**
	995.3	1,119.3	**1,283.2**
Timing of Provisions			
Within one year	623.0	741.8	**909.5**
After one year	372.3	377.5	**373.7**
	995.3	1,119.3	**1,283.2**

	Deferred bonus incentive provision Rm	Bonus provision Rm	Leave pay provision Rm	Warranty provision Rm	Long-term incentive provision Rm	Other Rm
23. PROVISIONS (CONTINUED)						
Reconciliation 2006						
Balance at the beginning of the year	423.9	203.1	58.3	28.2	-	65.9
Provision created	188.0	321.1	25.1	38.5	139.0	25.3
Provision utilised	(159.5)	(244.4)	(12.6)	(33.9)	(16.9)	(53.8)
Balance at the end of the year	452.4	279.8	70.8	32.8	122.1	37.4
Reconciliation 2007						
Balance at the beginning of the year	452.4	279.8	70.8	32.8	122.1	37.4
Provision created	191.6	380.2	24.7	-	39.1	29.2
Provision utilised	(143.3)	(329.4)	(4.6)	(32.8)	-	(30.7)
Balance at the end of the year	500.7	330.6	90.9	-	161.2	35.9
Reconciliation 2008						
Balance at the beginning of the year	**500.7**	**330.6**	**90.9**	-	**161.2**	**35.9**
Provision created	**181.0**	**474.6**	**48.9**	-	**81.4**	**5.3**
Provision utilised	**(184.3)**	**(379.2)**	**(20.1)**	-	**(17.4)**	**(26.3)**
Balance at the end of the year	**497.4**	**426.0**	**119.7**	-	**225.2**	**14.9**

Provisions are required to be recorded when the Group has a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefits will occur, and where a reliable estimate can be made of the amount of the obligation.

Best estimates, being the amount that the Group would rationally pay to settle the obligation, are recognised as provisions at balance sheet date. Risks, uncertainties and future events are taken into account by management in determining the best estimates. Provisions are discounted where the effect of discounting is material. The discount rate used is the rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability, all of which requires management judgement. All provisions are reviewed at each balance sheet date.

Various uncertainties can result in obligations not being considered probable or estimable for significant periods of time. As a consequence, potentially material obligations may have no provisions and a change in facts or circumstances that result in an obligation becoming probable or estimable can lead to a need for the establishment of material provisions. In addition, where estimated amounts vary from initial estimates the provisions may be revised materially, up or down.

The Group records provisions for legal contingencies when the contingency is probable of occurring and the amount of the loss can be reasonably estimated. Liabilities provided for legal matters require judgements regarding projected outcomes and ranges of losses based on historical experience and recommendations of legal counsel. Litigation is however unpredictable and actual costs incurred could differ materially from those estimated at the balance sheet date.

23. PROVISIONS (CONTINUED)

23.1 Deferred bonus incentive provision

The deferred bonus incentive provision represents the present value of the expected future cash outflows of the entitlement value at the balance sheet date less the value at which the entitlements were issued, multiplied by the number of entitlements allocated to a participant.

The value of the bonus entitlements are determined based upon the audited consolidated annual financial statements of the Group. Periodically, a number of entitlements are issued to employees, the value of which depends on the seniority of the employee. The participating rights of employees vest at different stages and employees are entitled to cash in their entitlements within one year after the participating rights have vested. The provision is utilised when eligible employees receive the value of vested entitlements.

23.2 Bonus provision

The bonus provision consists of a performance bonus based on the achievement of predetermined financial targets, payable to all levels of staff.

23.3 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 who are entitled to leave pay, leave the employment of the Group or when the accrued leave due to an employee is utilised.

23.4 Warranty provision

The warranty provision covered manufacturing defects in the second year of warranty on handsets sold to customers. The estimate was based on claims notified and past experience. The suppliers of the various handsets assumed responsibility for the second year warranty subsequent to March 31, 2007 and accordingly there is no remaining provision.

23.5 Long-term incentive provision

The long-term incentive provision represents the present value of the expected future cash outflows to eligible employees that qualify. The amount of the liability is based on an actuarial valuation. The provision is utilised when eligible employees receive the value of vested benefits.

	2006 Rm	2007 Rm	2008 Rm
Net liability at beginning of the year	-	122.1	**161.2**
Interest cost	6.5	9.6	**14.4**
Current service cost	9.1	17.6	**20.0**
Recognised actuarial losses	123.4	13.3	**62.3**
Net cost	139.0	162.6	**257.9**
Total benefit payments	(16.9)	(1.4)	**(32.7)**
Net liability at end of the year	122.1	161.2	**225.2**
Key assumptions:			
General inflation rate (%)	4.7	5.1	**6.6**
Discount rate (%)	7.4	8.0	**9.5**
Salary inflation (%)	5.7	6.1	**7.6**
Valuation date	March 31, 2006	March 31, 2007	**March 31, 2008**

23. PROVISIONS (CONTINUED)

23.6 Other

Other provisions for the Group include provisions for advertising support payments received from suppliers of handsets and various other smaller provisions. The advertising provision represents the advertising expenditure not yet incurred or claimed by the Group or external service providers.

	2006 Rm	2007 Rm	2008 Rm
24. OTHER NON-CURRENT LIABILITIES			
Operating lease liability (Note 24.1)	122.5	150.4	**165.0**
Licence obligation (Note 24.2)	-	90.7	**96.2**
	122.5	241.1	**261.2**
24.1 Operating lease liability	122.5	150.4	**165.0**
24.2 Licence obligation	-	90.7	**96.2**
	122.5	241.1	**261.2**
Less: Short-term portion of other non-current liabilities			
Operating lease liability	-	(0.3)	**(7.1)**
Licence obligation	-	(30.2)	**(6.7)**
Short-term portion of other non-current liabilities*	-	(30.5)	**(13.8)**
Long-term portion of other non-current liabilities	122.5	210.6	**247.4**

24.1 Operating lease liability

The value of the Group's operating lease liability is R165.0 million (2007: R150.4 million; 2006: R122.5 million). The liability is due to the recognition of the operating lease expense on a straight-line basis over the lease term (Note 37).

24.2 Licence obligation

On December 9, 2004, ICASA amended the Vodacom South Africa licence to allow for access to the 1800 Megahertz frequency spectrum band and the 3G radio spectrum band.

The costs to the Group for the 1800 Megahertz frequency spectrum band obligations is estimated at R68.8 million. The net present value, at a discount rate of 8%, over three years, amounts to R64.0 million (2007: R59.1 million; 2006: Rnil).

The cost to the Group for the 3G radio spectrum band obligations is estimated at R36.8 million. The net present value, at a discount rate of 8%, over three years amounts to R32.2 million. (2007: R31.6 million; 2006: Rnil).

* The short-term portion of other non-current liabilities is included in trade payables (Note 25).

	2006 Rm	2007 Rm	2008 Rm
25. TRADE AND OTHER PAYABLES			
Trade payables*	3,315.4	4,021.3	**4,876.5**
Capital expenditure creditors	1,478.7	2,274.9	**1,718.9**
Value Added Taxation	100.3	121.9	**82.7**
Sundry accruals	89.4	110.8	**359.9**
Revenue charged in advance	64.2	34.2	**28.6**
Interest accrual	56.7	62.0	**98.2**
Put option liability #	-	249.3	**396.5**
	5,104.7	6,874.4	**7,561.3**

Trade payables are stated at their cost which normally approximate their fair value due to their short-term maturity.

The average credit period is between 30 and 60 days for the South African operations and between 45 and 105 days for the non-South African operations. No interest is charged on trade payables for the first 30 to 60 days from the date of invoice. The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

* Trade payables include the short-term portion of other non-current liabilities of R13,8 million (2007: R30,5 million) (Note 24).

\# The obligation to settle the Congolese Wireless Networks s.p.r.l. put option (Note 42) in cash gives rise to an obligation which represents a financial liability. The value of the liability amounted to Rnil as at March 31, 2006. During the current and previous financial years the liability was remeasured through the consolidated income statement.

	2006 Rm	2007 Rm	2008 Rm
26. CASH GENERATED FROM OPERATIONS			
Profit from operations	8,865.7	10,859.8	**12,490.7**
Adjusted for:			
Depreciation of property, plant and equipment and amortisation of intangible assets (Note 10 and Note 11)	2,995.8	3,361.2	**3,911.2**
Net loss/(profit) on disposal of property, plant and equipment and intangible assets	26.8	(26.9)	**39.3**
Net impairment recognised/(reversed) (Note 3)	(52.8)	22.9	**29.9**
Net profit on disposal of subsidiary	-	(17.4)	**(8.0)**
Other non-cash flow items	42.3	97.0	**49.1**
Cash flow from operations before working capital changes	11,877.8	14,296.6	**16,512.2**
Increase in trade and other receivables	(1,035.0)	(838.8)	**(915.5)**
(Increase)/Decrease in inventory	16.8	84.8	**(259.3)**
Increase in trade and other payables and provisions	230.7	323.5	**996.1**
Cash generated from operations	11,090.3	13,866.1	**16,333.5**
27. FINANCE COSTS PAID			
Finance costs as per the income statement	(246.0)	(369.3)	**(681.3)**
Interest accrual at the beginning of the year	(39.9)	(56.7)	**(62.0)**
Interest accrual at the end of the year	56.7	62.0	**98.2**
Other non-cash flow items	14.9	37.4	**(24.5)**
	(214.3)	(326.6)	**(669.6)**

		2006 Rm	2007 Rm	2008 Rm
28.	**FINANCE INCOME RECEIVED**			
	Finance income per the income statement	129.9	74.5	**72.3**
	Interest income receivable at the beginning of the year	35.7	41.5	**51.3**
	Interest income receivable at the end of the year	(41.5)	(51.3)	**(76.1)**
	Other non-cash flow items	-	(23.0)	**26.8**
		124.1	41.7	**74.3**
29.	**REALISED NET LOSSES ON REMEASUREMENT AND DISPOSAL OF FINANCIAL INSTRUMENTS**			
	Gains/(losses) on remeasurement and disposal of financial instruments as per the income statement	(523.1)	(169.0)	**185.1**
	Unrealised (losses)/gains on foreign exchange forward contracts	294.6	(20.6)	**(258.4)**
	Unrealised (losses)/gains on foreign liability and asset revaluation	204.3	(108.4)	**(191.9)**
	Unrealised gains on interest rate swap revaluation	6.6	9.9	**10.3**
	Unrealised put option liability revaluation	-	249.3	**103.9**
		(17.6)	(38.8)	**(151.0)**
30.	**TAXATION PAID**			
	Taxation per the income statement	(3,083.7)	(3,836.0)	**(4,109.2)**
	Taxation payable at the beginning of the year	(632.6)	(630.2)	**(1,112.7)**
	Taxation payable at the end of the year	630.2	1,112.7	**580.5**
	Deferred taxation at the beginning of the year	(164.0)	(304.7)	**(371.2)**
	Deferred taxation at the end of the year	304.7	371.2	**321.4**
	Disposal of subsidiary – deferred taxation	-	-	**1.8**
	Disposal of subsidiary – taxation payable	-	-	**0.1**
	Business combination – deferred taxation	(35.8)	(17.5)	**-**
	Business combination – taxation payable	(15.2)	-	**-**
	Exchange difference on consolidation of foreign subsidiary	10.4	9.3	**(17.1)**
	Movement due to foreign equity revaluation reserve	5.7	(8.1)	**(12.9)**
	Fair value adjustment for available-for-sale investments	-	-	**(2.7)**
	Remeasurement of shareholders loans	-	-	**0.5**
		(2,980.3)	(3,303.3)	**(4,721.5)**
31.	**ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS**			
	Additions to property, plant and equipment and intangible assets (Note 10 and Note 11)	(5,141.5)	(7,214.4)	**(6,923.2)**
	(Decrease)/Increase in capital expenditure related creditors	353.1	796.2	**(591.5)**
	Licence obligation	-	90.7	**5.5**
	Licence reallocation	-	-	**46.9**
	Other non-cash flow items	-	-	**(27.5)**
	Less: Goodwill acquired through increase in shareholding of existing subsidiaries			
	Smartphone SP (Proprietary) Limited (Note 32.2.1)	-	313.2	**931.2**
	Smartcom (Proprietary) Limited (Note 32.2.2)	-	8.2	**18.0**
	Cointel V.A.S. (Proprietary) Limited (Note 32.2.3)	-	90.9	**-**
	Goodwill allocated to Smartphone SP (Proprietary) Limited's minority shareholders	-	(40.1)	**-**
		(4,788.4)	(5,955.3)	**(6,540.6)**

	2006 Rm	2007 Rm	2008 Rm
32. BUSINESS COMBINATIONS AND OTHER ACQUISITIONS			
Business combinations (Note 32.1)	(0.1)	(101.2)	-
Other acquisitions (Note 32.2)	-	(490.0)	**(956.5)**
	(0.1)	(591.2)	**(956.5)**
32.1 Business combinations			
InterConnect s.p.r.l. (Note 32.1.1)	-	(21.2)	-
Africell Cellular Services (Proprietary) Limited (Note 32.1.2)	-	(80.0)	-
Tiscali (Proprietary) Limited (Note 32.1.3)	0.3	-	-
Cointel V.A.S. (Proprietary) Limited (Note 32.1.4)	(0.4)	-	-
	(0.1)	(101.2)	-

32.1.1 InterConnect s.p.r.l.

Effective November 1, 2006 the Group acquired the internet service provider business of InterConnect s.p.r.l. The fair values of the assets and liabilities acquired were determined as follows:

	2006 Rm	2007 Rm	2008 Rm
Fair value of net assets acquired	-	(8.6)	-
Property, plant and equipment	-	2.5	-
Intangible assets	-	9.7	-
Inventory	-	0.3	-
Deferred taxation liability	-	(3.9)	-
Goodwill	-	(12.6)	-
Purchase price	-	(21.2)	-

The purchase price of R21.2 million (US$2.8 million) (excluding capitalised costs) was paid on November 1, 2006.

Revenue amounting to R8.2 million (US$1.2 million) and net profit of R2.8 million (US$0.4 million) are included in the prior year results. It was impracticable to disclose the impact of the consolidated revenue and consolidated net profit for the full year ended March 31, 2007.

The goodwill related to the acquisition represents future synergies and is allocated to the Democratic Republic of Congo's cash-generating unit.

	2006 Rm	2007 Rm	2008 Rm

32. BUSINESS COMBINATIONS AND OTHER ACQUISITIONS (CONTINUED)
32.1 Business combinations (continued)
32.1.2 Africell Cellular Services (Proprietary) Limited

Effective October 1, 2006 the Group acquired the cellular business of Africell Cellular Services (Proprietary) Limited. The fair value of the assets and liabilities acquired were preliminary determined as follows:

	2006 Rm	2007 Rm	2008 Rm
Fair value of net assets acquired	-	(36.3)	-
Property, plant and equipment	-	3.1	-
Intangible assets	-	46.8	-
Deferred taxation liability (including taxation effect on intangible assets)	-	(13.6)	-
Goodwill	-	(43.7)	-
Purchase price	-	(80.0)	-

The customer base was not previously recorded in the accounting records of Africell Cellular Services (Proprietary) Limited as it was an internally generated intangible asset. The goodwill related to the acquisition represents future synergies and the ability to directly control the Group's customers in South Africa. It is impracticable to disclose the revenue and profit of the business that is included in the prior year's results as the customer base was integrated into Vodacom Service Provider Company (Proprietary) Limited. The profit and revenue related to these customers were not separately recorded. For this reason it would not be practicable to determine the impact on revenue and profits of the Group for a full year.

32.1.3 Tiscali (Proprietary) Limited

Effective February 1, 2005 the Group acquired the cellular business of Tiscali (Proprietary) Limited. The fair value of the assets and liabilities acquired were determined as follows:

	2006 Rm	2007 Rm	2008 Rm
Fair value of net assets acquired	-	-	-
Contract customer base	-	-	-
Deferred taxation liability	-	-	-
Goodwill	0.3	-	-
Purchase price	0.3	-	-

The customer base was not previously recorded in the accounting records of Tiscali (Proprietary) Limited as it was an internally generated intangible asset. The goodwill related to the acquisition represents future synergies and the ability to directly control the Group's customers in South Africa. It is impracticable to disclose the revenue and profit of the business that is included in the prior years results as the customer base was integrated into Vodacom Service Provider Company (Proprietary) Limited. The profit and revenue related to these customers were not separately recorded. For this reason it would not be practicable to determine the impact on revenue and profits of the Group for a full year.

	2006 Rm	2007 Rm	2008 Rm

32. BUSINESS COMBINATIONS AND OTHER ACQUISITIONS (CONTINUED)

32.1 Business combinations (continued)

32.1.4 Cointel V.A.S. (Proprietary) Limited

On August 1, 2005, the Group acquired a 51% interest in the equity of Cointel V.A.S. (Proprietary) Limited. The fair value of the assets and liabilities acquired were determined by the Group as follows:

	2006 Rm	2007 Rm	2008 Rm
Fair value of net assets acquired	(94.9)	-	-
Property, plant and equipment	1.7	-	-
Intangible assets	179.3	-	-
Trade and other receivables	7.4	-	-
Cash and cash equivalents	83.9	-	-
Deferred taxation liability (including taxation effect on intangible assets)	(35.8)	-	-
Trade and other payables	(114.2)	-	-
Taxation payable	(15.2)	-	-
Provisions	(1.2)	-	-
Dividends payable	(11.0)	-	-
Minority interest	46.5	-	-
Goodwill	(35.9)	-	-
Purchase price (including capitalised costs)	(84.3)	-	-
Cash and cash equivalents	83.9	-	-
Cash consideration	(0.4)	-	-
The carrying value of the assets and liabilities at acquisition was as follows:	6.3	-	-
Non-current assets	56.7	-	-
Current assets	91.3	-	-
Non-current liabilities	(1.2)	-	-
Current liabilities	(140.5)	-	-

The purchase price of R83.6 million (excluding capitalised costs) was paid on August 23, 2005.

Revenue amounting to R89.9 million and net profit of R17.8 million were included in the 2006 year results. Restated consolidated revenue would have amounted to R34,062.5 million and restated consolidated net profit to R5,153.2 million if the entity had been consolidated for the full year ended March 31, 2006.

The goodwill related to the acquisition represents future synergies and is allocated to the South African cash-generating unit.

	2006 Rm	2007 Rm	2008 Rm
32. BUSINESS COMBINATIONS AND OTHER ACQUISITIONS (CONTINUED)			
32.2 Other acquisitions			
Smartphone SP (Proprietary) Limited and subsidiaries (Note 32.2.1)	-	(333.9)	**(938.1)**
Smartcom (Proprietary) Limited (Note 32.2.2)	-	(9.1)	**(18.0)**
Cointel V.A.S. (Proprietary) Limited (Note 32.2.3)	-	(147.0)	**(0.4)**
	-	(490.0)	**(956.5)**

32.2.1 Smartphone SP (Proprietary) Limited and subsidiaries

On August 31, 2007 the Group increased its interest in the equity of Smartphone SP (Proprietary) Limited from 70% to 100%, which at that time had a 88% shareholding in Smartcom (Proprietary) Limited, a 100% shareholding in Stand 13 Eastwood Road Dunkeld (Proprietary) Limited, a 52% shareholding in Ithuba Smartcall (Proprietary) Limited, a 100% shareholding in Cointel V.A.S. (Proprietary) Limited and a 90% shareholding in Smartcall Smartlife (Proprietary) Limited. The acquisition was accounted for using the parent entity extension method.

	2006 Rm	2007 Rm	2008 Rm
Minority interest	-	-	**(6.1)**
Goodwill	-	-	**(931.2)**
Purchase price (including capitalised cost)	-	-	**(937.3)**

The purchase price of R935.0 million was paid on September 3, 2007 and the capitalised costs of R2.3 million was paid on March 26, 2008.

On August 30, 2006, the Group acquired a further 19% interest in the equity of Smartphone SP (Proprietary) Limited, which had a 85.75% shareholding in Smartcom (Proprietary) Limited at the time, 100% shareholding in Stand 13 Eastwood Road Dunkeld (Proprietary) Limited and 52% shareholding in Ithuba Smartcall (Proprietary) Limited. The acquisition was accounted for using the parent entity extension method.

	2006 Rm	2007 Rm	2008 Rm
Minority interest acquired	-	(21.5)	-
Goodwill	-	(313.2)	-
Purchase price (including capitalised costs)	-	(334.7)	-
Capitalised cost (paid)/payable	-	0.8	**(0.8)**
Cash consideration	-	(333.9)	**(0.8)**

The purchase price of R333.9 million was paid in three tranches on October 3, 2006, January 16, 2007 and March 26, 2007. Capitalised costs of R0.8 million was paid on November 2, 2007. The outstanding amount accrued interest at 7.6% per annum from September 21, 2006 up to the date of payment.

	2006 Rm	2007 Rm	2008 Rm

32. BUSINESS COMBINATIONS AND OTHER ACQUISITIONS (CONTINUED)
32.2 Other acquisitions (continued)
32.2.2 Smartcom (Proprietary) Limited

On September 1, 2007 the Group increased its interest in the equity of Smartcom (Proprietary) Limited from 88% to 100%. The acquisition was accounted for using the parent entity extension method.

	2006 Rm	2007 Rm	2008 Rm
Minority interest	-	-	-
Goodwill	-	-	**(18.0)**
Purchase price	-	-	**(18.0)**

The purchase price of R18.0 million was paid on September 6, 2007.

On September 13, 2006, the Group increased its interest in Smartcom (Proprietary) Limited to 88% by acquiring an additional 2.25% interest through its 70% owned subsidiary, Smartphone SP (Proprietary) Limited. The acquisition was accounted for using the parent entity extension method.

	2006 Rm	2007 Rm	2008 Rm
Minority interest	-	(0.9)	-
Goodwill	-	(8.2)	-
Purchase price	-	(9.1)	-

The purchase price of R9.1 million was paid in two instalments on February 21, 2007 and March 26, 2007.

32.2.3 Cointel V.A.S. (Proprietary) Limited

On October 4, 2006 the Group increased its interest to 100% by acquiring 49% from the minority shareholders. The purchase price of R147.0 million was paid on October 18, 2006 while the capitalised cost was paid on November 2, 2007. The acquisition was accounted for using the parent entity extension method.

	2006 Rm	2007 Rm	2008 Rm
Minority interest	-	(56.5)	-
Goodwill	-	(90.9)	-
Purchase price (including capitalised costs)	-	(147.4)	-
Capitalised cost (paid)/payable	-	0.4	**(0.4)**
Cash consideration	-	(147.0)	**(0.4)**

On October 9, 2006, Smartphone SP (Proprietary) Limited, acquired 100% shareholding of Cointel V.A.S. (Proprietary) Limited from Vodacom Group (Proprietary) Limited for R300.0 million.

As a result of the sale of Cointel V.A.S. (Proprietary) Limited from Vodacom Group (Proprietary) Limited to Smartphone SP (Proprietary) Limited, R38.0 million goodwill was realised, which resulted in the realisation of R17.4 million profit on consolidation.

	2006 Rm	2007 Rm	2008 Rm
33. DISPOSAL OF SUBSIDIARIES			
Ithuba Smartcall (Proprietary) Limited (Note 33.1)	-	-	-
Stand 13 Eastwood Road Dunkeld (Proprietary) Limited (Note 33.2)	-	-	15.7
Smartcall Smartlife (Proprietary) Limited *	-	-	-
	-	-	15.7

33.1 Ithuba Smartcall (Proprietary) Limited

On September 3, 2007, the Group disposed of its 52% interest in Ithuba Smartcall (Proprietary) Limited. The carrying value of the assets and liabilities disposed of were as follows:

	2006 Rm	2007 Rm	2008 Rm
Carrying amount of net assets disposed of	-	-	0.1
Trade and other receivables	-	-	-
Cash and cash equivalents	-	-	0.1
Minority interest	-	-	(0.3)
Capital gain on disposal	-	-	0.3
Selling price	-	-	0.1
Cash and cash equivalents	-	-	(0.1)
Cash consideration	-	-	-
Selling price satisfied by:			
Cash	-	-	0.1

The consideration was received on September 6, 2007.

33.2 Stand 13 Eastwood Road Dunkeld (Proprietary) Limited

On September 3, 2007, the Group disposed of its 100% interest in Stand 13 Eastwood Road Dunkeld (Proprietary) Limited. The carrying value of the assets and liabilities disposed of were as follows:

	2006 Rm	2007 Rm	2008 Rm
Carrying amount of net assets disposed of	-	-	8.4
Property, plant and equipment	-	-	13.8
Deferred taxation	-	-	(1.8)
Cash and cash equivalents	-	-	0.4
Interest bearing debt	-	-	(3.9)
Taxation payable	-	-	(0.1)
Minority interest	-	-	-
Capital gain on disposal	-	-	7.7
Selling price	-	-	16.1
Cash and cash equivalents	-	-	(0.4)
Cash consideration	-	-	15.7
Selling price satisfied by:			
Cash	-	-	16.1

The consideration was received on September 6, 2007.

* On October 1, 2007, the Group disposed of its 90% interest in Smartcall Smartlife (Proprietary) Limited for R90. The carrying value of the assets and liabilities disposed amounted to R1,000.

	2006 Rm	2007 Rm	2008 Rm
34. CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR			
Bank and cash balances	3,146.1	771.4	**977.6**
Bank borrowings *	(1,385.8)	(879.2)	**(2,596.8)**
Bank borrowings classified as financing activities	-	-	**2,456.0**
	1,760.3	(107.8)	**836.8**

*Bank borrowings, excluding those used for financing activities, are regarded as part of the Group's integral cash management system.

The fair value of cash and cash equivalents normally approximate their carrying amount due to short-term maturity.

	2006 R	2007 R	2008 R
35. EARNINGS AND DIVIDEND PER SHARE			
35.1 Basic and diluted earnings per share			
The calculation of basic earnings per ordinary share is based on earnings of R7,811.4 million (2007: R6,342.4 million; 2006: R5,026.1 million) and 10,000 issued ordinary shares (2007: 10,000; 2006: 10,000).	502,610	634,240	**781,140**
Due to no dilution factors being present, basic earnings per share equals diluted earnings per share.			
35.2 Dividend per share			
The calculation of the dividend per ordinary share is based on a declared ordinary dividend of R5,940.0 million (2007: R5,400.0 million; 2006: R4,500.0 million) and 10,000 issued ordinary shares (2007: 10,000; 2006: 10,000).			
The dividends were declared as follows:			
Declared March 6, 2008 to shareholders registered on April 1, 2008 and paid on April 3, 2008 (Final)	-	-	**319,000**
Declared October 1, 2007 to shareholders registered on October 1, 2007 and paid on October 4, 2008 (Interim)	-	-	**275,000**
Declared March 14, 2007 to shareholders registered on April 2, 2007 and paid on April 4, 2007 (Final)	-	290,000	**-**
Declared September 7, 2006 to shareholders registered on October 2, 2006 and paid on October 4, 2006 (Interim)	-	250,000	**-**
Declared March 9, 2006 to shareholders registered on April 3, 2006 and paid on April 5, 2006 (Final)	280,000	-	**-**
Declared September 9, 2005 to all shareholders registered on October 1, 2005 and paid on October 3, 2005 (Interim)	170,000	-	**-**
	450,000	540,000	**594,000**

	2006 Rm	2007 Rm	2008 Rm
36. CAPITAL COMMITMENTS			
Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:			
Vodacom (Proprietary) Limited	709.1	747.6	**997.4**
Vodacom Congo (RDC) s.p.r.l.	99.5	209.7	**251.1**
Vodacom Tanzania Limited	201.2	56.7	**212.9**
VM, S.A.R.L.	34.2	32.0	**66.3**
Vodacom Service Provider Company (Proprietary) Limited	16.9	14.8	**48.4**
Vodacom Group (Proprietary) Limited	222.9	120.7	**23.4**
	1,283.8	1,181.5	**1,599.5**
Capital expenditure commitments approved by the Board of Directors but not yet contracted for at the balance sheet date are as follows:			
Vodacom (Proprietary) Limited	4,872.3	4,916.7	**5,509.7**
Vodacom Tanzania Limited	650.6	889.3	**1,743.6**
Vodacom Congo (RDC) s.p.r.l.	293.4	660.0	**876.4**
Vodacom Service Provider Company (Proprietary) Limited	164.7	277.7	**254.0**
Vodacom Lesotho (Proprietary) Limited	24.9	48.5	**129.3**
Vodacom Group (Proprietary) Limited	111.7	50.7	**10.2**
VM, S.A.R.L.	71.7	259.4	**299.0**
Vodacom International Limited (Mauritius)	-	-	**0.2**
Smartphone SP (Proprietary) Limited	15.2	12.2	**-**
Cointel V.A.S. (Proprietary) Limited	2.2	4.1	**-**
Skyprops 134 (Proprietary) Limited	-	16.6	**-**
	6,206.7	7,135.2	**8,822.4**

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

	2006 Rm	2007 Rm	2008 Rm
37. OTHER COMMITMENTS			
Operating leases (Note 37.1)	6,845.6	2,765.2	**4,570.9**
Sport and marketing contracts (Note 37.2)	1,133.7	881.7	**1,359.5**
Other (Note 37.10)	-	-	**94.0**
	7,979.3	3,646.9	**6,024.4**

	Within one year Rm	Between one and five years Rm	After five years Rm	Total Rm
37.1 Operating leases				
Transmission and data lines GSM	385.0	1,055.1	172.8	1,612.9
Accommodation	149.6	620.3	903.0	1,672.9
Site rentals	186.0	560.0	510.0	1,256.0
Other operating leases	14.9	14.1	0.1	29.1
	735.5	2,249.5	1,585.9	4,570.9

The remaining lease term for transmission and data lines is between 1 and 5 years with a fixed price escalation clause per annum and various options to renew. The remaining lease term and escalation rate for office accommodation is between 1 and 15 years and between 3% and 13% per annum respectively with an option to renew for a further period. The remaining lease term and escalation rate for other accommodation is between 1 month and 18 years and between 6% and 12% per annum respectively with a option to renew. The remaining average lease term for site rentals is 5 years and the lease escalates annually on the anniversary date using fixed or consumer price index rates with an option to renew on the same terms and conditions.

	Within one year Rm	Between one and five years Rm	After five years Rm	Total Rm
37.2 Sport and marketing contracts	563.6	789.4	6.5	1,359.5

37.3 Service providers

Service provider agreements with the Group's independent service providers were extended for a further period of five years during the 2006 financial year.

37.4 Cellular licence fees

Network operators in the Group pay monthly licence fees based on their net operational income as defined in the licence agreement. Net operational income is defined as the total invoiced revenue of the licensee excluding discounts, Value Added Taxation and other direct taxes derived from customers of the licensee for the provision to them of the service, less net interconnect fees and bad debts actually incurred.

37. OTHER COMMITMENTS (CONTINUED)

37.5 Global Alliance fees

The Group pays annual fees from February 18, 2005 for services provided to the Group by Vodafone Group Plc. The fee is calculated as a percentage of revenue and amounted to R303.9 million (2007: R249.8 million; 2006: R175.2 million).

37.6 Retention incentives

The Group has committed a maximum of R1,316.6 million (2007: R651.9 million; 2006: R456.0 million) in respect of customers already beyond their normal 24 month contract period, but who have not yet upgraded into new contracts, and therefore have not utilised the incentives available for such upgrades. The Group has not recognised the liability, as no legal obligation exists, since the customers have not yet entered into new contracts.

37.7 Activation bonuses

The Group has a potential liability in respect of activation bonuses payable related to starter packs sold which have not yet been validated. The exposure is estimated at approximately R14.4 million (2007: R7.8 million; 2006: R8.9 million).

37.8 Activation commissions

The Group has a commitment to a maximum of R119.3 million (2007: R115.6 million; 2006: R141.7 million) in terms of activation commissions on gross prepaid connections in excess of the legal liability recorded in the financial statements.

37.9 Transmission and data lines

Effective April 1, 2006 most transmission and data line links were migrated to new BTS and Broadband agreements. The Group's commitment to Telkom SA Limited in respect of transmission line rentals of R914.9 million per annum may be adjusted downwards in the future depending on the Group's self-provisioning capabilities and the availability of alternative transmission players in the market place from whom the Group may source transmission on a competitive basis and as a result no future commitments are disclosed in Note 37.1.

	Within one year Rm	Between one and five years Rm	After five years Rm	Total Rm
37.10 Other	14.9	79.1	-	94.0

Included above are various other accommodation commitments.

	2006 Rm	2007 Rm	2008 Rm
38. CONTINGENCIES			
Various other legal matters	5.0	7.6	**7.0**

38.1 Negative working capital ratio

For the financial years ended March 31, 2008, 2007 and 2006 the Group had a negative working capital ratio. A negative working capital ratio arises when the Group's current liabilities are greater than the current assets. The Group's management believes that based on its operating cash flow, it will be able to meet liabilities as they arise and that it is in compliance with all covenants contained in the borrowing agreements.

38.2 Universal Service Obligation

The Group has a potential liability in respect of the 1800 MHz Universal Service Obligation in terms of the distribution costs relating to 2.5 million SIM cards.

38.3 Unresolved taxation matters

The Group is regularly subject to an evaluation, by the taxation authorities, of its direct and indirect taxation filings. The consequence of such reviews is that disputes can arise with the taxation authorities over the interpretation or application of certain taxation rules applicable to the Group's business. These disputes may not necessarily be resolved in a manner that is favourable for the Group. Additionally the resolution of the disputes could result in an obligation for the Group.

The Group has discussions with relevant taxation authorities on specific matters regarding the application and interpretation of taxation legislation affecting the Group and the industry in which it operates. No reliable assessment can be made at this time of any exposure, if any, that the Group may incur.

The Group has considered all matters in dispute with the taxation authorities and has assessed the deductibility of expenses initially disallowed for taxation purposes. Deferred taxation assets have only been recognised in this regard if it is probable that the Group will succeed in its disagreements with the taxation authorities.

38.4 Various legal contingencies

The Group is currently involved in various legal proceedings against it. Certain of these proceedings are long outstanding and many of these are employee related matters. The Group in consultation with its legal counsel has assessed the outcome of these proceedings and the likelihood that certain of these cases are not likely to be in the Group's favour. Following this assessment, the Group's management has determined that no provision is required in respect of these legal proceedings as at March 31, 2008.

38.5 Contingent asset

Litigation is being instituted for the recovery of certain fees paid by the Group. The information usually required by IAS 37: Provisions, Contingent Liabilities and Contingent Assets, is not disclosed on the grounds that it can be expected to prejudice seriously the outcome of the litigation. The directors are of the opinion that a claim may be successful and that the amount recovered could be significant.

38. CONTINGENCIES (CONTINUED)

38.6 Customer registration

The telecommunications industry in the Democratic Republic of the Congo is subject to a recently promulgated ministerial decree requiring the registration of the entire customer base of all network operators. This decree requires prescribed particulars of all customers to be obtained and maintained by June 30, 2008. The sanction for non-compliance by any operator who has not identified its customers in accordance with the requirements of this decree within three months from March 28, 2008 could result in:

- a fine equivalent to between US$5 thousand and US$10 thousand per customer; and
- suspension of the licence for a period not exceeding three months in the event of repetition; and
- suspension of the licence in the event of a likely disturbance of law and order/safety.

The Group is making every effort to obtain the required information but management believes it is unlikely that the Group will meet all the requirements as prescribed in this decree by June 30, 2008. Management is engaging with the relevant ministries on this matter and is presently unable to reliably assess the potential impact on the Group in the event of non-compliance with this decree.

39. RETIREMENT BENEFITS

All eligible employees of the Group are members of the Vodacom Group Pension Fund, a defined contribution pension scheme. Certain executive employees of the Group are also members of the Vodacom Executive Provident Fund, a defined contribution provident scheme. Both schemes are administered by ABSA Consultants and Actuaries (Proprietary) Limited. Current contributions to the pension fund amounted to R113.4 million (2007: R84.7 million; 2006: R76.4 million). Current contributions to the provident fund amounted to R13.5 million (2007: R12.7 million; 2006: R12.9 million). South African funds are governed in terms of the Pension Funds Act of 1956.

40. EVENTS SUBSEQUENT TO 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 affects the financial position of the company as at March 31, 2008 or the results of its operations or cash flows for the year ended, other than the following:

40.1 Broad Based Black Economic Empowerment ("BBBEE")

The Group is in the process of finalising a R7.5 billion BBBEE equity deal whereby strategic business partners, employees and the black public will have the opportunity to share in the success of Vodacom South Africa going forward.

40.2 Global Telematics SA (Proprietary) Limited

On October 26, 2007 Vodacom Service Provider Company (Proprietary) Limited ("VSPC"), entered into an agreement with Global Telematics SA (Proprietary) Limited ("Global Telematics"). In terms of the agreement Glocell Service Provider Company (Proprietary) Limited ("GSPC"), will cede, transfer and assign its agreements together with all of its obligations and its rights attaching to its customers connected to the Vodacom Network to Global Telematics. GSPC connects all voice contract customers and sells pre-paid starter packs on behalf of Global Telematics. VSPC will acquire the consolidated customer base from Global Telematics which will consist of active prepaid customers, active contract customers and active telemetry customers, subject to certain suspensive conditions. Once these suspensive conditions are met the transaction would be effective.

40.3 VM, S.A.R.L. trading as Vodacom Mozambique

Effective May 12, 2008 Vodacom International Limited sold 5% of its 90% owned equity investment in Vodacom Mozambique, leaving Vodacom International Limited with an 85% equity investment in Vodacom Mozambique. Certain suspensive conditions are to be met before the transaction will be effective.

	2006 Rm	2007 Rm	2008 Rm

41. RELATED PARTY TRANSACTIONS

41.1 Balances with related parties

Related party transactions occur within the Group. Details of transactions entered into are as follows:

	2006 Rm	2007 Rm	2008 Rm
Included in accounts receivable			
Telkom SA Limited – Interconnect	509.7	699.3	**761.7**
Telkom SA Limited – Other	6.3	6.9	**16.2**
Vodafone Group Plc and subsidiaries	12.7	20.9	**13.4**
Transactions with entities in which related parties have an interest	-	-	**37.1**
Included in accounts payable			
Telkom SA Limited – Interconnect	(85.3)	(80.1)	**(83.9)**
Telkom SA Limited – Other	(16.5)	(41.3)	**(23.2)**
Vodafone Group Plc and subsidiaries	(4.7)	(6.4)	**(328.1)**
Transactions with entities in which related parties have an interest	-	(8.0)	**(3.4)**
Dividends payable			
Telkom SA Limited	(1,400.0)	(1,450.0)	**(1,595.0)**
Vodafone Holdings (SA) (Proprietary) Limited	(980.0)	(867.1)	**(641.2)**
Vodafone Telecommunications Investments (SA) (Propietary) Limited	(420.0)	(582.9)	**(953.8)**

These outstanding balances are unsecured and will be settled in cash in the ordinary course of business. No guarantees or provision for doubtful debts have been recognised.

41.2 Transactions with related parties

	2006 Rm	2007 Rm	2008 Rm
Telkom SA Limited and subsidiaries (Entity with joint control over the Group)	(798.5)	(1,221.3)	**(1,436.1)**
Audit fees recovered	4.8	6.1	**5.9**
Cellular usage	37.0	45.6	**54.0**
Installation of transmission lines	(93.4)	(67.6)	**(100.2)**
Interconnect expense	(464.3)	(468.2)	**(468.1)**
Interconnect income	2,817.8	2,908.4	**2,963.4**
Interest paid – commercial	(0.1)	(0.1)	**(0.2)**
Lease of transmission lines	(752.1)	(839.0)	**(928.2)**
Other	4.8	(75.4)	**41.1**
Site costs	(26.3)	(30.9)	**(40.0)**
Telephone landline usage	(26.7)	(14.9)	**(10.7)**
Site rental income	10.8	14.7	**16.9**
Telkom prepaid vouchers	(60.8)	-	**-**
Dividend payable	(1,400.0)	(1,450.0)	**(1,595.0)**
Dividend paid	(850.0)	(1,250.0)	**(1,375.0)**

	2006 Rm	2007 Rm	2008 Rm
41. RELATED PARTY TRANSACTIONS (CONTINUED)			
41.2 Transactions with related parties (continued)			
Vodafone Group Plc and subsidiaries	(192.0)	(338.2)	**(417.9)**
Roaming income	73.6	108.4	**141.0**
Roaming expense	(90.6)	(188.9)	**(256.9)**
Global alliance agreement	(175.2)	(249.8)	**(303.9)**
Other	0.2	(7.9)	**1.9**
Vodafone Holdings (SA) (Proprietary) Limited (Entity with joint control over the Group)	(1,575.0)	(1,614.6)	**(1,194.0)**
Dividend payable	(980.0)	(867.1)	**(641.2)**
Dividend paid	(595.0)	(747.5)	**(552.8)**
Vodafone Telecommunications Investments (SA) (Proprietary) Limited	(679.8)	(1,085.4)	**(1,776.1)**
Dividend payable	(420.0)	(582.9)	**(953.8)**
Dividend paid	(255.0)	(502.5)	**(822.3)**
Interest payments	(1.9)	-	**-**
Facility fees	(0.9)	-	**-**
Aircraft charter fees	(2.0)	-	**-**
Gogga Tracking Solutions (Proprietary) Limited	-	-	**(4.8)**
Prepaid contracts activations and upgrades	-	-	**(4.8)**
XLink Communications (Proprietary) Limited	-	-	**(5.9)**
Prepaid contracts activations and upgrades	-	-	**(5.9)**
Transactions with entities in which related parties have an interest	(20.3)	(40.6)	**53.0**

During the previous year the Group acquired a 10% shareholding in WBS Holdings (Proprietary) Limited for R80.8 million, a company in which a family member of a Group director has significant influence.

	2006 Rm	2007 Rm	2008 Rm
41.3 Key management personnel compensation (excluding directors' emoluments)			
Key management personnel remuneration	(56.0)	(83.1)	**(112.7)**
Salaries and restraint of trade payments	(17.1)	(32.7)	**(32.0)**
Fringe benefits	(0.6)	(0.8)	**(1.2)**
Bonuses and incentives	(30.6)	(37.6)	**(61.1)**
Long-term benefits	(7.6)	(12.0)	**(18.4)**
Other	(0.1)	-	**-**
Included in key management personnel's remuneration	(2.2)	(3.8)	**(8.6)**
Pension fund employer contributions	(1.2)	(1.7)	**(4.3)**
Provident fund employer contributions	(0.6)	(1.7)	**(3.5)**
Medical aid employer contributions	(0.4)	(0.4)	**(0.8)**

Key management include Chief Officers and Group Executives.

	2006 Rm	2007 Rm	2008 Rm
41. RELATED PARTY TRANSACTIONS (CONTINUED)			
41.4 Directors' emoluments			
Directors' remuneration	(96.7)	(76.7)	**(86.5)**
Executive directors – fees as directors: salaries and restraint of trade payments	(35.6)	(16.3)	**(18.7)**
Executive directors – fees as directors: fringe benefits	(0.7)	(1.2)	**(0.6)**
Executive directors – fees as directors: bonuses and incentives	(46.2)	(48.5)	**(52.2)**
Executive directors – long-term benefits	(13.6)	(8.5)	**(13.6)**
Non-executive directors – fees as directors	(0.6)	(2.2)	**(1.4)**
Included in directors' remuneration	(4.2)	(15.8)	**(7.5)**
Pension fund employer contributions	(0.5)	(8.3)	**(2.5)**
Provident fund employer contributions	(3.5)	(7.3)	**(4.8)**
Medical aid employer contributions	(0.2)	(0.2)	**(0.2)**
Directors' remuneration and emoluments paid and accrued by:	(96.7)	(76.7)	**(86.5)**
Vodacom Group (Proprietary) Limited	(77.1)	(64.8)	**(71.2)**
Subsidiaries	(19.6)	(11.9)	**(15.3)**

March 31, 2008

42. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

42.1 Categories of financial instruments

	Notes	Total Rm	At fair value through profit or loss: Held for trading Rm	Loans and receivables Rm	Available-for-sale financial assets Rm	Financial liabilities at amortised cost Rm	Finance lease receivables and payables Rm	Equity and non financial assets and liabilities Rm
2006								
Assets								
Non-current assets								
Property, plant and equipment	10	13,386.6	-	-	-	-	-	13,386.6
Intangible assets	11	1,954.9	-	-	-	-	-	1,954.9
Financial assets	12	92.1	-	92.1	-	-	-	-
Deferred taxation	13	297.6	-	-	-	-	-	297.6
Deferred cost		311.2	-	-	-	-	-	311.2
Lease assets	16	36.8	-	-	-	-	6.2	30.6
Current assets								
Deferred cost		451.8	-	-	-	-	-	451.8
Financial assets	12	149.3	149.3	-	-	-	-	-
Inventory	14	454.3	-	-	-	-	-	454.3
Trade and other receivables	15	4,474.0	-	4,180.7	-	-	-	293.3
Lease assets	16	13.1	-	-	-	-	13.1	-
Cash and cash equivalents	34	3,146.1	-	3,146.1	-	-	-	-
Total assets		24,767.8	149.3	7,418.9	-	-	19.3	17,180.3
Equity								
Ordinary share capital	17	*	-	-	-	-	-	*
Retained earnings		8,583.0	-	-	-	-	-	8,583.0
Non-distributable reserves	18	(194.0)	-	-	-	-	-	(194.0)
Equity attributable to equity holders of the parent		8,389.0	-	-	-	-	-	8,389.0
Minority interests	19	283.3	-	-	-	-	-	283.3
Total equity		8,672.3	-	-	-	-	-	8,672.3
Non-current liabilities								
Interest bearing debt	21	819.2	-	-	-	90.9	728.3	-
Deferred taxation	13	602.3	-	-	-	-	-	602.3
Deferred revenue		320.3	-	-	-	-	-	320.3
Provisions	23	372.3	-	-	-	-	-	372.3
Other non-current liabilities	24	122.5	-	-	-	-	-	122.5
Current liabilties								
Trade and other payables	25	5,104.7	-	-	-	4,940.2	-	164.5
Deferred revenue		1,604.5	-	-	-	-	-	1,604.5
Taxation payable		630.2	-	-	-	-	-	630.2
Non-interest bearing debt	22	4.3	-	-	-	4.3	-	-
Interest bearing debt	21	1,645.5	-	-	-	1,566.3	79.2	-
Provisions	23	623.0	-	-	-	-	-	623.0
Dividends payable		2,800.0	-	-	-	2,800.0	-	-
Derivative financial liabilities	42	60.9	60.9	-	-	-	-	-
Bank borrowings	34	1,385.8	-	-	-	1,385.8	-	-
Total liabilities		16,095.5	60.9	-	-	10,787.5	807.5	4,439.6
Total equity and liabilities		24,767.8	60.9	-	-	10,787.5	807.5	13,111.9

42. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)
42.1 Categories of financial instruments (continued)

	Notes	Total Rm	At fair value through profit or loss: Held for trading Rm	Loans and receivables Rm	Available-for-sale financial assets Rm	Financial liabilities at amortised cost Rm	Finance lease receivables and payables Rm	Equity and non financial assets and liabilities Rm
2007								
Assets								
Non-current assets								
Property, plant and equipment	10	17,073.2	-	-	-	-	-	17,073.2
Intangible assets	11	2,700.3	-	-	-	-	-	2,700.3
Financial assets	12	209.5	-	114.4	95.1	-	-	-
Deferred taxation	13	386.1	-	-	-	-	-	386.1
Deferred cost		396.4	-	-	-	-	-	396.4
Lease assets	16	78.8	-	-	-	-	43.7	35.1
Current assets								
Deferred cost		574.8	-	-	-	-	-	574.8
Financial assets	12	207.5	191.3	16.2	-	-	-	-
Inventory	14	364.3	-	-	-	-	-	364.3
Trade and other receivables	15	5,675.0	-	5,334.9	-	-	-	340.1
Lease assets	16	32.9	-	-	-	-	32.9	-
Cash and cash equivalents	34	771.4	-	771.4	-	-	-	-
Total assets		28,470.2	191.3	6,236.9	95.1	-	76.6	21,870.3
Equity								
Ordinary share capital	17	*	-	-	-	-	-	*
Retained earnings		9,523.2	-	-	-	-	-	9,523.2
Non-distributable reserves	18	(97.4)	-	-	-	-	-	(97.4)
Equity attributable to equity holders of the parent		9,425.8	-	-	-	-	-	9,425.8
Minority interests	19	221.2	-	-	-	-	-	221.2
Total equity		9,647.0	-	-	-	-	-	9,647.0
Non-current liabilities								
Interest bearing debt	21	2,051.4	-	-	-	1,436.4	615.0	-
Non-interest bearing debt	22	3.0	-	-	-	3.0	-	-
Deferred taxation	13	757.3	-	-	-	-	-	757.3
Deferred revenue		412.3	-	-	-	-	-	412.3
Provisions	23	377.5	-	-	-	-	-	377.5
Other non-current liabilities	24	210.6	-	-	-	-	-	210.6
Current liabilties								
Trade and other payables	25	6,874.4	-	-	-	6,688.0	-	186.4
Deferred revenue		1,904.8	-	-	-	-	-	1,904.8
Taxation payable		1,112.7	-	-	-	-	-	1,112.7
Interest bearing debt	21	501.0	-	-	-	387.4	113.6	-
Provisions	23	741.8	-	-	-	-	-	741.8
Dividends payable		2,990.0	-	-	-	2,990.0	-	-
Derivative financial liabilities	42	7.2	7.2	-	-	-	-	-
Bank borrowings	34	879.2	-	-	-	879.2	-	-
Total liabilities		18,823.2	7.2	-	-	12,384.0	728.6	5,703.4
Total equity and liabilities		28,470.2	7.2	-	-	12,384.0	728.6	15,350.4

42. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)
42.1 Categories of financial instruments (continued)

	Notes	Total Rm	At fair value through profit or loss: Held for trading Rm	Loans and receivables Rm	Available-for-sale financial assets Rm	Financial liabilities at amortised cost Rm	Finance lease receivables and payables Rm	Equity and non financial assets and liabilities Rm
2008								
Assets								
Non-current assets								
Property, plant and equipment	10	19,119.6	-	-	-	-	-	19,119.6
Intangible assets	11	4,224.1	-	-	-	-	-	4,224.1
Financial assets	12	244.2	-	134.2	110.0	-	-	-
Deferred taxation	13	455.1	-	-	-	-	-	455.1
Deferred cost		333.3	-	-	-	-	-	333.3
Lease assets	16	92.0	-	-	-	-	89.5	2.5
Current assets								
Deferred cost		705.9	-	-	-	-	-	705.9
Financial assets	12	444.9	415.2	29.7	-	-	-	-
Inventory	14	636.9	-	-	-	-	-	636.9
Trade and other receivables	15	6,801.1	-	6,356.7	-	-	-	444.4
Lease assets	16	140.5	-	-	-	-	122.9	17.6
Cash and cash equivalents	34	977.6	-	977.6	-	-	-	-
Total assets		34,175.2	415.2	7,498.2	110.0	-	212.4	25,939.4
Equity								
Ordinary share capital	17	*	-	-	-	-	-	*
Retained earnings		11,392.9	-	-	-	-	-	11,392.9
Non-distributable reserves	18	8.8	-	-	-	-	-	8.8
Equity attributable to equity holders of the parent		11,401.7	-	-	-	-	-	11,401.7
Minority interests	19	403.6	-	-	-	-	-	403.6
Total equity		11,805.3	-	-	-	-	-	11,805.3
Non-current liabilities								
Interest bearing debt	21	3,025.8	-	-	-	2,605.1	420.7	-
Non-interest bearing debt	22	6.0	-	-	-	6.0	-	-
Deferred taxation	13	776.5	-	-	-	-	-	776.5
Deferred revenue		358.8	-	-	-	-	-	358.8
Provisions	23	373.7	-	-	-	-	-	373.7
Other non-current liabilities	24	247.4	-	-	-	-	-	247.4
Current liabilties								
Trade and other payables	25	7,561.3	-	-	-	7,443.3	-	118.0
Deferred revenue		2,229.9	-	-	-	-	-	2,229.9
Taxation payable		580.5	-	-	-	-	-	580.5
Interest bearing debt	21	502.9	-	-	-	308.6	194.3	-
Provisions	23	909.5	-	-	-	-	-	909.5
Dividends payable		3,190.0	-	-	-	3,190.0	-	-
Derivative financial liabilities	42	10.8	10.8	-	-	-	-	-
Bank borrowings	34	2,596.8	-	-	-	2,596.8	-	-
Total liabilities		22,369.9	10.8	-	-	16,149.8	615.0	5,594.3
Total equity and liabilities		34,175.2	10.8	-	-	16,149.8	615.0	17,399.6

42. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

42.2 RISK MANAGEMENT

The Group purchases or issues financial instruments in order to finance its operations and to manage market risks (foreign currency risk, interest rate risk and price risk) that arise from its operations and sources of finances. Various financial assets and liabilities for example trade and other receivables and trade and other payables, arise directly from the Group's operations. Changing market conditions expose the Group to various financial risks and have highlighted the importance of financial risk management as an element of control for the Group. Principal financial risk faced in the normal course of the Group's business are market risks (foreign currency risk, interest rate risk and price risk), credit risk, liquidity risk and insurance risk.

A treasury function within Vodacom Group (Proprietary) Limited provides treasury and related services to the Group, including co-ordinating access to domestic and international financial markets, and the managing of various risks relating to the Group's operations.

Treasury operations are conducted within a framework of approved policies and guidelines that are continuously monitored by management and the Board of Directors, through the audit committee, the objective being to minimise exposure to market risks (foreign currency risk, interest rate risk and price risk) and liquidity risk. These risks are managed, subject to the limitation of the local markets in which the various Group companies operate in and the South African Reserve Bank Regulations.

The Group uses a number of derivative instruments that are transacted for risk management purposes only. The Group does not trade in financial instruments for speculative purposes.

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.

There has been no significant change during the financial year, or since the end of the financial year, to the types of financial risks faced by the Group, the approach to the measurement of these financial risks or the objectives, policies and processes for managing these financial risks.

42.2.1 Market risk management

The Group's activities expose it primarily to the risks of fluctuations in foreign currency exchange rates (Note 42.2.1.1), interest rates (Note 42.2.1.2) and equity prices (Note 42.2.1.3).

Foreign currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Interest rate risk refers to the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Price risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices other than those arising from interest rate risk or currency risk.

The Group enters into various derivative financial instruments to manage its exposure to interest rate risk and foreign currency risk, including:

- foreign exchange forward contracts to manage the exchange rate risk arising on foreign denominated transactions; and
- interest rate swaps to manage the risk of rising interest rates on borrowings.

Market risk exposures are measured using sensitivity analysis. A sensitivity analysis shows how profit before taxation and equity would have been affected by changes in the relevant risk variable that were reasonably possible at the reporting date.

42. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)
42.2 RISK MANAGEMENT (CONTINUED)
42.2.1 Market risk management (continued)
42.2.1.1 Foreign currency risk management

The Group undertakes certain transactions denominated in foreign currencies. Hence the Group has a policy to hedge foreign exchange risks on transactions denominated in other currencies above certain de minimis levels.

It is the Group's policy to enter into foreign exchange forward contracts to buy and/or sell specified amounts of foreign currencies in the future at a predetermined exchange rate. The contracts are entered into 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 purchase of capital equipment and to a lesser extent operating expenditure.

The Group has entered into numerous foreign exchange forward contracts to cover foreign capital commitments in respect of future imports of infrastructure.

The total fair value for foreign exchange forward contracts at year end was:

	2006 Rm	2007 Rm	2008 Rm
Foreign currency asset			
To buy	-	27.8	**289.9**
To sell	-	0.1	**-**
	-	27.9	**289.9**
Foreign currency liability			
To buy	(60.9)	(6.9)	**-**
To sell	-	(0.3)	**(10.8)**
	(60.9)	(7.2)	**(10.8)**

The following table details the foreign exchange forward contracts outstanding at year end:

	Foreign contract value Mil	Forward value Rm	Fair value Rm
Forward contracts to buy foreign currency			
2006			
United States Dollars	7.1	45.0	(0.7)
Euro	154.8	1,208.6	(34.5)
Pound Sterling	41.7	477.8	(25.7)
Swiss Franc	*	0.1	*
		1,731.5	(60.9)
2007			
United States Dollars	32.0	240.5	(6.9)
Euro	187.2	1,815.0	21.2
Pound Sterling	32.3	457.3	6.6
Swiss Franc	0.2	1.3	*
Australian Dollar	*	0.3	*
		2,514.4	20.9

Forward value represents the foreign contract value multiplied by the contract forward exchange rate.

* Amount less than 50 000 of the currency.

42. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)
42.2 RISK MANAGEMENT (CONTINUED)
42.2.1 Market risk management (continued)
42.2.1.1 Foreign currency risk management (continued)

	Foreign contract value Mil	Forward value Rm	Fair value Rm
Forward contracts to buy foreign currency (continued)			
2008			
United States Dollars	31.3	253.0	2.9
Euro	157.1	1,806.4	249.5
Pound Sterling	19.9	288.0	37.5
Swiss Franc	0.2	1.4	*
Australian Dollar	0.6	4.5	*
		2,353.3	289.9
Forward contracts to sell foreign currency			
2006			
United States Dollars	0.1	0.8	*
Euro	4.0	30.3	*
Pound Sterling	0.3	3.2	*
Swiss Franc	*	0.1	*
		34.4	*
2007			
United States Dollars	*	0.2	*
Euro	4.4	43.2	0.1
Pound Sterling	3.9	55.7	(0.3)
		99.1	(0.2)
2008			
United States Dollars	0.6	5.0	*
Euro	7.7	89.3	(10.6)
Pound Sterling	0.7	10.7	(0.2)
Australian Dollar	0.3	2.1	*
		107.1	(10.8)

Forward value represents the foreign contract value multiplied by the contract forward exchange rate.

* Amount less than 50 000 of the currency.

42. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)
42.2 RISK MANAGEMENT (CONTINUED)
42.2.1 Market risk management (continued)
42.2.1.1 Foreign currency risk management (continued)

The Group has various monetary assets and liabilities in currencies other than the Group's functional currency. The following table represents the net currency exposure (net carrying amount of foreign denominated monetary assets and liabilities) of the Group according to the different functional currencies of each entity within the Group.

	South African Rand Rm	Euro Rm	Pound Sterling Rm	United States Dollar Rm	Congolese Franc Rm	Swiss Franc Rm	Other Rm
2006							
Net foreign currency monetary assets/(liabilities)							
Functional currency of company operation							
South African Rand	-	(850.5)	(330.4)	45.0	-	(0.2)	(0.8)
United States Dollar	(55.9)	(26.2)	-	-	(11.4)	(0.1)	38.0
Tanzanian Shilling	4.7	(13.6)	-	106.9	-	-	-
Mozambican Meticals	(0.2)	-	-	-	-	-	-
	(51.4)	(890.3)	(330.4)	151.9	(11.4)	(0.3)	37.2
2007							
Net foreign currency monetary assets/(liabilities)							
Functional currency of company operation							
South African Rand	-	(1,387.0)	(331.4)	(102.2)	-	(0.3)	2.4
United States Dollar	51.5	(49.9)	0.1	-	(3.2)	(0.4)	(30.8)
Tanzanian Shilling	3.4	10.9	-	21.0	-	-	-
Mozambican Meticals	(33.7)	(0.3)	-	2.2	-	-	-
	21.2	(1,426.3)	(331.3)	(79.0)	(3.2)	(0.7)	(28.4)
2008							
Net foreign currency monetary assets/(liabilities)							
Functional currency of company operation							
South African Rand	**-**	**(1,191.5)**	**(265.2)**	**(205.9)**	**-**	**(3.5)**	**(3.4)**
United States Dollar	**-**	**15.2**	**-**	**-**	**(34.1)**	**(0.3)**	**(0.1)**
Tanzanian Shilling	**7.1**	**38.3**	**-**	**67.4**	**-**	**-**	**-**
Mozambican Meticals	**(27.2)**	**(0.1)**	**-**	**(14.5)**	**-**	**-**	**-**
	(20.1)	**(1,138.1)**	**(265.2)**	**(153.0)**	**(34.1)**	**(3.8)**	**(3.5)**

In terms of the Group's policy the net currency exposure is managed in terms of foreign exchange forward contracts to buy and sell specified amounts of various foreign currencies in the future at pre-determined exchange rates.

42. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)
42.2 RISK MANAGEMENT (CONTINUED)
42.2.1 Market risk management (continued)
42.2.1.1 Foreign currency risk management (continued)

Foreign currency sensitivity analysis:

The Group is mainly exposed to the currencies mentioned below and to a lesser extent exposed to the following currencies: Australian Dollar, Tanzanian Shilling, Mozambican Meticals, Mauritian Rupee and Lesotho Maloti which have been combined as "Other" in the table below.

The following tables detail the Group's sensitivity to the below-mentioned percentage strenghtening and weakening in the functional currency against the relevant foreign currencies. This percentage is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. A reasonable possible change in prevailing African and non-African foreign currency exchange rates are based upon 12 month forward mid rates as published by Reuters and 12 month forward mid rates as published by Standard Bank respectively.

The sensitivity analysis includes only outstanding foreign-denominated monetary items and adjusts their translations at the period end for the specified percentage change in foreign currency rates.
A positive number below indicates an increase in profit before taxation where the functional currency is expected to strengthen against the relevant currency in a net financial liability position.
A negative number below indicates an decrease in profit before taxation where the functional currency is expected to strengthen against the relevant currency in a net financial asset position.
For the same percentage weakening of the functional currency against the relevant currency, there would be an equal and opposite impact on the profit before taxation.

There were no changes in the methods and assumptions used in preparing the foreign currency sensitivity analysis.

	South African Rand %	Euro %	Pound Sterling %	United States Dollar %	Congolese Franc %	Swiss Franc %	Other %
2006							
Functional currency							
South African Rands	-	29.3	32.5	17.7	11.8	20.4	13.7 - 24.6
United States Dollar	17.7	9.8	12.5	-	31.6	6.3	1.5 - 11.3
Tanzanian Shilling	13.7	11.5	14.3	1.5	22.8	8.4	3.9
Mozambican Meticals	17.0	7.4	10.0	2.2	34.6	4.4	3.9
Profit before taxation (Rm)	3.2	(16.9)	(38.3)	4.1	(2.8)	(0.2)	(1.0)
2007							
Functional currency							
South African Rands	-	31.9	13.1	11.5	12.8	26.6	11.0 - 21.0
United States Dollar	11.5	18.3	1.4	-	2.7	18.1	0.8 - 19.8
Tanzanian Shilling	11.0	17.4	0.6	0.8	2.0	21.2	8.1
Mozambican Meticals	17.7	8.6	6.9	8.2	6.0	12.1	8.1
Profit before taxation (Rm)	6.3	(36.8)	(2.6)	2.1	0.1	-	0.2
2008							
Functional currency							
South African Rands	**-**	**7.6**	**6.5**	**9.5**	**-**	**8.3**	**0.1 - 11.0**
United States Dollar	**9.5**	**5.1**	**2.6**	**-**	**10.0**	**5.5**	**5.0 - 10.0**
Tanzanian Shilling	**11.0**	**7.5**	**5.0**	**2.5**	**-**	**-**	**-**
Mozambican Meticals	**0.1**	**3.8**	**6.5**	**9.4**	**-**	**-**	**-**
Profit before taxation (Rm)	**0.2**	**(54.4)**	**(1.0)**	**(7.7)**	**2.7**	**-**	**(0.6)**

The closing exchange rates against the South African Rand in the current and prior years are as follows:

	2006	2007	2008
United States Dollar	6.2	7.3	**8.1**
Tanzanian Shilling	198.0	170.8	**152.0**
Mozambican Meticals	4.4	3.6	**3.0**

42. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)
42.2 RISK MANAGEMENT (CONTINUED)
42.2.1 Market risk management (continued)
42.2.1.2 Interest rate risk management

The Group's interest rate profile consists of fixed and floating rate loans and bank balances which exposes the Group to fair value interest rate risk and cash flow interest rate risk and can be summarised as follows:

	2006 Rm	2007 Rm	2008 Rm
Financial liabilities			
Loans received and bank borrowings at fixed rates of interest	(1,134.5)	(1,184.5)	**(934.8)**
Loans received and bank borrowings linked to South African prime rates	(1,361.8)	(823.5)	**(40.1)**
Loans received and bank borrowings linked to Lesotho prime rates	(7.5)	(3.0)	**(24.4)**
Loans received and bank borrowings linked to LIBOR	(1,286.2)	(1,382.8)	**(1,670.2)**
Loans received and bank borrowings linked to EURIBOR	(58.6)	(37.9)	**-**
Loans received and bank borrowings linked to RSA money market rates	-	-	**(2,456.0)**
Loans received and bank borrowings linked to JIBAR	-	-	**(1,000.0)**
Finance leases linked to fixed rates	(807.5)	(728.6)	**(615.0)**
	(4,656.1)	(4,160.3)	**(6,740.5)**
Financial assets			
Loans granted and bank deposits at fixed rates of interest	168.1	194.2	**496.1**
Loans granted and bank deposits linked to money market rates	471.0	537.0	**421.5**
Loans granted and bank deposits linked to South African prime rates	2,603.1	180.5	**74.1**
Interest rate swaps linked to RSA BA rate	37.6	27.7	**17.4**
Loans granted and bank deposits linked to LIBOR	94.2	126.0	**128.2**
Loans granted and bank deposits linked to Lesotho prime rates	13.5	-	**116.3**
Loans granted and bank deposits linked to RSA BA rate	-	-	**18.4**
Finance leases linked to fixed rates	19.3	76.6	**212.4**
	3,406.8	1,142.0	**1,484.4**

The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings and by the use of interest rate swap contracts.

Interest rate swap contracts

The Group has entered into interest rate swap contracts that entitle, or oblige it to receive interest at a fixed rate on notional principal amounts and entitle, or oblige it to pay interest at floating rates on the same notional principal amounts. The interest rate swaps allow the Group to swap long-term debt from fixed rates into floating rates that are lower, or higher, than those available if it had borrowed at floating rates directly. Under the interest rate swaps, the Group agrees with other parties to exchange, at specified quarterly intervals, the difference between fixed rates and floating rate interest amounts calculated by reference to the agreed notional principal amounts.

42. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)
42.2 RISK MANAGEMENT (CONTINUED)
42.2.1 Market risk management (continued)
42.2.1.2 Interest rate risk management (continued)

At March 31, 2008 the Group had three interest rate swaps:

Vodacom Group (Proprietary) Limited - the Company swapped its fixed interest rate of 14.9% Nominal Annual Compounded Quarterly ("NACQ") for a floating rate, linked to the Bankers Acceptance ("BA") rate plus margin of 2.0%. The termination date of the agreement is January 30, 2009.

Vodacom (Proprietary) Limited - the Company swapped its fixed interest rate of 20.1% NACQ for a floating rate linked to the BA rate plus margin of 2.25%. The termination date of the agreement is August 24, 2012.

Vodacom (Proprietary) Limited - the Company swapped its fixed interest rate of 13.3% NACS (Nominal Annual Compounded Semi-annually) for a floating rate linked to the BA rate plus margin 2.0%. The termination date of the agreement is December 1, 2012.

	2006 Rm	2007 Rm	2008 Rm
Fair value of interest rate swap asset	37.6	27.7	**17.4**

The fair value of the interest rate swap assets is represented by a notional principal amount of R170.5 million (2007: R198.5 million; 2006: R217.7 million) at a weighted average floating interest rate of 13.4% NACM (2007: 11.45% NACM; 2006: 9.3% NACM) and a weighted average fixed interest rate of 15.1% NACM.

Interest rate sensitivity analysis:
The sensitivity analysis below has been determined based on the exposure to interest rates for both derivative and non-derivative instruments at the balance sheet date. For floating rate instruments, the analysis is prepared assuming the amount of the instrument outstanding at the balance sheet date was outstanding for the whole year.

The basis points increases or decreases, as detailed in the table below, are used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. Changes in prevailing market interest rates are based on economic forecasts as published by Reuters.

A positive number below indicates an increase in profit before taxation if interest rates were higher by the basis points indicated below in a net financial asset position.
A negative number below indicates a decrease in profit before taxation if interest rates were higher by the basis points indicated below in a net financial liability position.
If interest rates were lower by the basis points indicated above, there would be an equal and opposite impact on the profit before taxation.

The sensitivity analysis is representative of the Group's exposure to interest rate risk with exception of dividends and taxation that are payable at the end of the financial year and other interest bearing debt acquired December 5, 2007. There were no changes in the methods and assumptions used in preparing the sensitivity analysis.

	2006 Rm	2007 Rm	2008 Rm
RSA prime rates, JIBAR rates, Money market rates and RSA BA rates			
Basis point increase	200	200	**100**
Profit before taxation	147.8	94.5	**(24.7)**
LIBOR			
Basis point increase	50	260	**20**
Profit before taxation	(0.3)	(1.6)	**(1.8)**
EURIBOR			
Basis point increase	120	50	**35**
Profit before taxation	1.0	0.2	**-**
Lesotho prime rates			
Basis point increase	200	200	**100**
Profit before taxation	0.4	0.7	**1.3**

42. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)
42.2 RISK MANAGEMENT (CONTINUED)
42.2.1 Market risk management (continued)
42.2.1.3 Price risk

The Group is exposed to equity price risk arising from equity investments. Equity investments are held for strategic rather than trading purposes. The Group does not actively trade these investments.

Equity price risk sensitivity analysis:

The sensitivity analysis below has been determined based on the exposure to equity price risks at the reporting date.

The Group's available-for-sale financial assets are valued using the discounted cash flow method. Assuming a constant growth rate, a 1.0% increase in the discount rate would decrease the valuation of the investment by R6.6 million (2007: R 7.0 million) and a 1.0% decrease in the discount rate would increase the valuation by R7.7 million (2007: R8.6 million).

There were no changes in the methods and assumptions used in preparing the equity price sensitivity analysis.

42.2.2 Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as means of mitigating the risk of financial loss from defaults. The Group only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available, if not available, the Group uses other publicly available financial information and its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate values of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the credit risk department.

Financial assets, which potentially subject the Group to concentrations of credit risk, consists principally of cash and cash equivalents, short-term deposits, derivative contracts including foreign exchange forward contracts and interest rate swaps, loans and receivables, investments and trade and other receivables, including finance lease receivables. Financial guarantees granted also subject the Group to credit risk.

The Group's cash and cash equivalents and short-term deposits are placed with high credit quality financial institutions. Credit risk with respect to trade and finance lease receivables is limited due to large number of customers comprising the Group's customer base and stringent credit approval processes for contracted subscribers.

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

The Group's exposure to credit risk with regards to loans and receivables are limited due to collateral held (Note 12).

The carrying amounts of financial assets, excluding foreign exchange forward contracts and interest rate swaps, included in the consolidated balance sheets represent the Group's maximum exposure to credit risk in relation to these assets.

42. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)
42.2 RISK MANAGEMENT (CONTINUED)
42.2.2 Credit risk management (continued)

The maximum credit exposure of forward exchange contracts and interest rate swaps is represented by the fair value of these contracts.

The maximum credit exposure of financial guarantee contracts granted is the maximum amount the Group could be required to pay, or fund, without consideration of the probability of the actual outcome.

The Group holds collateral over certain trade and other receivables. The collateral is made up of demand guarantees from financial institutions and can be exercised on overdue invoices. The collateral held amounted to R1,086.1 million (2007: R795.8 million; 2006: R432.9 million).

There has been no significant change during the financial year, or since the end of the financial year, to the Group's exposure to credit risk, the approach to the measurement or the objectives, policies and processes for managing this risk.

Except as detailed in the following table, the carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the Group's maximum exposure to credit risk without taking into account the value of any collateral obtained:

	2006 Rm	2007 Rm	2008 Rm
Loans and receivables - South Africa	-	22.2	**31.8**
Loans and receivables - non-South African	92.1	108.4	**132.1**
Trade and other receivables - South Africa	3,823.2	4,546.0	**5,576.6**
Trade and other receivables - non-South African	376.8	865.4	**992.5**
Financial guarantee contracts granted *	1,152.0	1,311.9	**1,484.5**
	5,444.1	6,853.9	**8,217.5**

* Financial guarantees issued in support of Vodacom Congo (RDC) s.p.r.l are included as liabilities in the consolidated balance sheet.

No terms of financial assets were renegotiated.

The following represents information on the credit quality of South African trade receivables that are neither past due nor impaired:

	2006 %	2007 %	2008 %
High	-	-	**-**
Medium	1	1	**1**
Low	99	99	**99**
	100	100	**100**

Definitions:

High: the probability exists that the debtor has defaulted in payments and entered into a delinquency scenario.

Medium: the probability exists that the debtor is experiencing financial difficulties and is in arrears. The debtor is being managed closely to collect all overdue accounts.

Low: no default in payment has occurred or is anticipated by the debtor.

42. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)
42.2 RISK MANAGEMENT (CONTINUED)
42.2.2 Credit risk management (continued)

The following represents an analysis of the age of financial assets that are past due but not impaired:

	1 - 30 days past due Rm	31 - 60 days past due Rm	61 - 90 days past due Rm	91 - 120 days past due Rm	Total Rm
2006					
Trade and other receivables - South Africa	7.6	4.4	12.1	10.3	34.4
Trade and other receivables - non-South African	7.7	11.0	-	-	18.7
	15.3	15.4	12.1	10.3	53.1
2007					
Trade and other receivables - South Africa	13.0	6.6	6.3	28.9	54.8
Trade and other receivables - non-South African	19.6	27.6	-	-	47.2
	32.6	34.2	6.3	28.9	102.0
2008					
Trade and other receivables - South Africa	22.0	12.4	12.7	13.9	61.0
Trade and other receivables - non-South African	8.4	19.4	-	-	27.8
	30.4	31.8	12.7	13.9	88.8

42. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)
42.2 RISK MANAGEMENT (CONTINUED)
42.2.3 Liquidity risk management

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

In terms of its borrowing requirements, the Group ensures that adequate funds are available to meet its expected and unexpected financial commitments through undrawn borrowing facilities. 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.

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both estimated interest and principal cash flows. Estimated interest of floating interest rate financial liabilities is calculated using the applicable yield curves at March 31, 2008, 2007 and 2006.

	0 - 1 year Rm	2 years Rm	3 years Rm	4 years Rm	5 years Rm	5+ years Rm	Not determined Rm	Total Rm
2006								
Finance leases	190.7	211.7	269.2	153.6	200.6	180.4	-	1,206.2
Funding loans	1,527.3	-	-	-	-	-	90.9	1,618.2
Other short-term loans	39.0	-	-	-	-	-	-	39.0
Non-interest bearing debt	-	-	-	-	-	-	4.3	4.3
Trade and other payables	7,804.4	-	-	-	-	-	-	7,804.4
Bank borrowings	1,385.8	-	-	-	-	-	-	1,385.8
	10,947.2	211.7	269.2	153.6	200.6	180.4	95.2	12,057.9
2007								
Finance leases	211.7	271.2	153.6	200.6	98.7	82.1	-	1,017.9
Funding loans	365.5	1.4	1,489.7	-	-	-	123.1	1,979.7
Other short-term loans	21.9	-	-	-	-	-	-	21.9
Non-interest bearing debt	-	-	-	-	-	-	3.0	3.0
Trade and other payables	9,742.5	-	-	-	-	-	-	9,742.5
Bank borrowings	879.2	-	-	-	-	-	-	879.2
	11,220.8	272.6	1,643.3	200.6	98.7	82.1	126.1	13,644.2
2008								
Finance leases	**271.2**	**153.6**	**200.6**	**98.7**	**82.1**	-	-	**806.2**
Funding loans	**421.1**	**1,665.3**	**1,089.0**	-	-	-	**142.6**	**3,318.0**
Other short-term loans	**8.1**	-	-	-	-	-	-	**8.1**
Non-interest bearing debt	-	-	-	-	-	-	**6.0**	**6.0**
Trade and other payables	**10,634.0**	-	-	-	-	-	-	**10,634.0**
Bank borrowings	**2,596.8**	-	-	-	-	-	-	**2,596.8**
	13,931.2	**1,818.9**	**1,289.6**	**98.7**	**82.1**	-	**148.6**	**17,369.1**

42. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)
42.2 RISK MANAGEMENT (CONTINUED)
42.2.3 Liquidity risk management (continued)

The following tables detail the Group's liquidity analysis for its derivative financial instruments. The tables have been drawn up based on the undiscounted net cash inflows/outflows on the derivative instruments that settle on a net basis and the undiscounted gross outflows on those derivatives that requires gross settlement. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to projected interest rates as illustrated by the yield curves existing at the reporting date.

	0 - 1 year Rm	2 years Rm	3 years Rm	4 years Rm	5 years Rm	5+ years Rm	Not determined Rm	Total Rm
2006								
Net settled:								
Interest rate swaps	7.3	-	-	-	-	-	-	7.3
Foreign exchange forward contracts	3.0	-	-	-	-	-	-	3.0
Gross settled:								
Foreign exchange forward contracts	1,650.6	-	-	-	-	-	-	1,650.6
	1,660.9	-	-	-	-	-	-	1,660.9
2007								
Net settled:								
Interest rate swaps	6.2	-	-	-	-	-	-	6.2
Foreign exchange forward contracts	0.3	-	-	-	-	-	-	0.3
Gross settled:								
Foreign exchange forward contracts	2,322.5	-	-	-	-	-	-	2,322.5
	2,329.0	-	-	-	-	-	-	2,329.0
2008								
Net settled:								
Interest rate swaps	3.4	-	-	-	-	-	-	3.4
Foreign exchange forward contracts	11.0	-	-	-	-	-	-	11.0
Gross settled:								
Foreign exchange forward contracts	2,134.8	100.4	-	-	-	-	-	2,235.2
	2,149.2	100.4	-	-	-	-	-	2,249.6

42.2.4 Insurance risk management

The Group is exposed to insurance risk as a result of its asset base as well as its customer commitments. In terms of its insurance risk profile the company ensures that there is adequate insurance cover through the utilisation of a special purpose insurance vehicle (Note 4).

42. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)
42.2 RISK MANAGEMENT (CONTINUED)
42.2.5 Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising return to shareholders.

The capital structure of the Group consists of debt, cash and cash equivalents and adjusted equity.

The Group monitors capital on the basis of debt to equity. The ratio is calculated as net debt (as defined below) to adjusted equity (as defined below).

Net debt comprises interest bearing debt, shareholder's loans, outside shareholder's loans, any other long-term liabilities, shareholder for dividends, secondary taxation payable on shareholders for dividends and cash and cash equivalents.

Adjusted equity comprises share capital, distributable reserves, non-distributable reserves less minority interest, trademarks and goodwill.

The Group's strategy is to maintain a net debt to adjusted equity ratio of below 150%. The Group reviews its objectives on a semi-annual basis to ensure objectives are being met.

The net debt to equity ratio at year end was as follows:

	2006 Rm	2007 Rm	2008 Rm
Debt	(5,619.0)	(5,919.1)	**(7,043.6)**
Cash and cash equivalents	1,760.3	(107.8)	**(1,619.2)**
Net debt	(3,858.7)	(6,026.9)	**(8,662.8)**
Adjusted equity	(7,647.2)	(8,274.0)	**(9,308.0)**
Net debt to adjusted equity ratio	50%	73%	**93%**

There were no changes in the Group's objective, policies or processes for managing capital from the previous financial year.

The Group is not subject to externally imposed capital requirements.

42.3 VM, S.A.R.L. call option

In terms of the new shareholders' agreement, effective April 1, 2007, the Group's minority shareholders in VM, S.A.R.L., Empresa Moçambicana de Telecommuniçãcoes S.A.R.L. ("Emotel") and Intelec Holdings Limitada ("Intelec") have a option for a period of five years following the commencement date, April 1, 2007. In terms of the option, Emotel and Intelec shall be entitled to acquire such numbers of further shares in and proportionate claims in and against VM, S.A.R.L. as will result in Emotel and Intelec each holding and beneficially owning, in aggregate together with their shareholding in VM, S.A.R.L. as at April 1, 2007, 10% of the issued share capital, after the exercise of the option. The option can only be exercised in a single transaction and after all obligations to Vodacom International Limited have been fully discharged. The method of determining the option price is specified in the shareholders' agreement. The call option had a nil value at March 31, 2008.

42. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

42.4 Smartphone SP (Proprietary) Limited put option

In terms of the shareholders' agreement amended during the previous financial year, the then minority shareholders of Smartphone SP (Proprietary) Limited had a put option against Vodacom Group (Proprietary) Limited, should the Group or the company had terminated or failed to renew the Service Provider Agreement for any reason other than the expiry or cancellation of the Group's South African licence. The previous put options had a nil value at March 31, 2007 and 2006 as the conditions set out in the agreement were not met. This put option was cancelled during the current year with the acquisition of the minority shareholders of Smartphone SP (Proprietary) Limited (Note 32).

42.5 Smartcom (Proprietary) Limited put option

In terms of the amended agreement between Vodacom Group (Proprietary) Limited ("the Group"), Smartphone SP (Proprietary) Limited ("Smartphone") and the minority shareholders of Smartcom (Proprietary) Limited ("Smartcom"), the then minority shareholders of Smartcom had a put option against the Group, should the Group had reduced the standard service provider discount below the average service provider discount provided by Vodacom (Proprietary) Limited to its other service providers. The previous put options had a nil value at March 31, 2007 and 2006 as the conditions set out in the agreement were not met. This put option was cancelled with the acquisition of the minority shareholders of Smartcom (Proprietary) Limited (Note 32).

42.6 Congolese Wireless Network s.p.r.l. ("CWN") put option

In terms of a shareholders agreement, the minority shareholder in Vodacom Congo (RDC) s.p.r.l., Congolese Wireless Network s.p.r.l. ("CWN") has a put option which comes into effect three years after the commencement date, December 1, 2001, and for a maximum of five years thereafter. In terms of the option, CWN shall be entitled to put to Vodacom International Limited such number of shares in and claims on loan account against Vodacom Congo (RDC) s.p.r.l. as constitute 19% of the entire issued share capital of that company. CWN can exercise this option in a maximum of three tranches and each tranche must consist of at least 5% of the entire issued share capital of Vodacom Congo (RDC) s.p.r.l. The option price will be the fair market value of the related shares at the date the put option is exercised. The put option has a nil value as at March 31, 2008, 2007 and 2006. The option liability had a value of R396.5 million (2007: R249.3 million; 2006: Rnil) as at March 31, 2008 (Note 25).

42.7 The Somnium Family Trust ("the Trust") call option

The Somnium Family Trust ("the Trust") granted Vodacom Ventures (Proprietary) Limited a call option to purchase such number of shares in Gogga Tracking Solutions (Proprietary) Limited from the Trust totalling 23% of the issued share capital of the company on the date upon which the option is exercised. The option will lapse after 36 months following the month in which the triggering events, as stipulated in the option agreement, occurs. The option price is specified in the option agreement. The call option had a nil value at March 31, 2008 and 2007.

42.8 WBS Holdings (Proprietary) Limited call option

The Group has purchased a 10% equity stake in WBS Holdings (Proprietary) Limited effective January 31, 2007. WBS Holdings (Proprietary) Limited has on the same date granted the Group an option to subscribe in such number of further shares as will result in the Group holding and beneficially owning, in aggregate 25.5% of the total issued ordinary share capital of the company after the exercise of the option. The option can be exercised by the Group until February 27, 2009, subject to the fulfilment of the conditions precedent as set out in the sales of shares and option agreement. The call option had a nil value at March 31, 2008 and 2007.

42.9 G-Mobile Holdings Limited call option

G-Mobile Holdings Limited granted to Vodacom Ventures (Proprietary) Limited an irrevocable call option to subscribe for such number of further shares as would result in Vodacom Ventures (Proprietary) Limited holding and beneficially owning, in aggregate together with the subscription shares 26% of the total issued share capital of G-Mobile Holdings Limited after the exercise of the option at a specified price. The option had a nil value at March 31, 2007. This call option was exercised during the current year.

43. GOODWILL IMPAIRMENT TEST

The Group periodically evaluates its non-current assets for impairment, whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. The Group's judgements regarding the existence of impairment indicators are based on market conditions and operational performance of the business. Future events could cause management to conclude that impairment indicators exist.

Goodwill impairment tests are performed annually in terms of IFRS 3: Business Combinations ("IFRS 3") to compare the fair value of each of the cash-generating units to its carrying amount. Goodwill impairment testing is conducted at cash-generating unit levels of the business and is based on a cash flow-based valuation model to determine the fair value of the cash-generating unit. The assumptions used in estimating future cash flows were based upon the business forecasts and incorporated external information from industry sources, where applicable. Changes in certain of these estimates could have an effect on the estimated fair value of the cash-generating unit. Judgements in estimating discounted cash flows also include the selection of the pre-tax discount rate (weighted average cost of capital) to be used in the valuation model. The discount rate used in the valuation model considered a targeted debt and equity mix, a market risk premium, and other factors considered with valuation methodologies.

Based on the results of the impairment evaluation described above, the recorded goodwill was not impaired as the fair value of each reporting unit exceeded the carrying value. Minor changes to the valuation model would not significantly impact the results of the valuation; however, if future cash flows were materially different to the forecasts, then the assessment of the potential impairment of the carrying value may be impacted.

Goodwill has been allocated for impairment testing purposes to six cash-generating units of which four are in South Africa, one in the Democratic Republic of the Congo and one in Tanzania.

South Africa

The recoverable amounts of goodwill relating to Vodacom (Proprietary) Limited and Vodacom Service Provider Company (Proprietary) Limited, which now includes the operations of Smartphone SP (Proprietary) Limited, Smartcom (Proprietary) Limited and Cointel V.A.S. (Proprietary) Limited, has been determined on the basis of value in use calculations. These companies operate in the same economic environment for which the same key assumptions were used. These values in use calculations use cash flow projections based on financial budgets approved by management covering a ten year period and discount rates of between 12.0% and 15.0% in Rand terms. Ten year management accounts were used as expectations of strong revenue growth throughout the ten year period exists. The implied terminal growth rate is between 4.0% and 6.0%. Management believes that any reasonable change in any of these key assumptions would not cause the aggregate carrying amount of these companies to exceed the aggregate recoverable amount of these units.

43. GOODWILL IMPAIRMENT TEST (CONTINUED)

Democratic Republic of Congo

The recoverable amount of this cash-generating unit was based on a value in use calculation for Vodacom Congo (RDC) s.p.r.l. The calculation uses cash flow projections based on financial budgets approved by management covering a ten year period and a discount rate which ranged between 16.0% and 19.0% in US Dollar terms. Ten year management accounts were used as expectations of strong revenue growth throughout the ten year period exists. Cash flows beyond this period have been extrapolated using annual nominal growth rates which ranged between 2.0% and 5.0%. Management believes that these growth rates do not exceed the long-term average growth rate for the market in which this company operates. Management believes that any reasonable possible change in the key assumptions on which the recoverable amount is based would not cause the carrying amount to exceed its recoverable amount.

Tanzania

The recoverable amount of this cash-generating unit was based on a value in use calculation for Vodacom Tanzania Limited. The calculation uses cash flow projections based on financial budgets approved by management covering a ten year period and a discount rate which ranged between 16.0% and 19.0% in Tanzanian Shilling terms. Ten year management accounts were used as expectations of strong revenue growth throughout the ten year period exists. The terminal growth rate applicable ranged between 7.0% and 11.0%, relative to a long-term inflation target of 7.0%. Management believes that any reasonable possible change in the key assumptions on which the recoverable amount is based would not cause the carrying amount to exceed its recoverable amount.

March 31, 2008	South Africa Rm	Democratic Republic of Congo Rm	Tanzania Rm
Carrying amount of goodwill	1,739.3	148.1	9.2
Key assumption	***Expected customer base***	***Expected customer base***	***Expected customer base***
Basis for determining value(s) assigned to key assumptions	Closing customer base in the period immediately preceding the budget period increased for expected growth.	Closing customer base in the period immediately preceding the budget period increased for expected growth.	Closing customer base in the period immediately preceding the budget period increased for expected growth.
	Value assigned to key assumption reflects past experience, except for potential growth. Growth is based on market expectation.	Value assigned to key assumption reflects past experience, except for potential growth. Growth is based on market expectation.	Value assigned to key assumption reflects past experience, except for potential growth. Growth is based on market expectation.
Basis for determining value(s) assigned to key assumptions	Closing customer base in the period immediately preceding the budget period increased for expected growth.	Closing customer base in the period immediately preceding the budget period increased for expected growth.	Closing customer base in the period immediately preceding the budget period increased for expected growth.
Key assumption	***ARPU*** Value assigned to key assumption reflects past experience. Growth is based on expected market forces and external sources of information.	***ARPU*** Value assigned to key assumption reflects past experience. Growth is based on expected market forces and external sources of information.	***ARPU*** Value assigned to key assumption reflects past experience. Growth is based on expected market forces and external sources of information.

43. GOODWILL IMPAIRMENT TEST (CONTINUED)

March 31, 2008	South Africa	Democratic Republic of Congo	Tanzania
Key assumption	***Gross margin***	***Gross margin***	***Gross margin***
Basis for determining value(s) assigned to key assumptions	Average gross margin achieved in period immediately before the budget period, increased for expected efficiency improvements. Value assigned to key assumption reflects past experience, except for efficiency improvements.	Average gross margin achieved in period immediately before the budget period, increased for expected efficiency improvements. Value assigned to key assumption reflects past experience, except for efficiency improvements.	Average gross margin achieved in period immediately before the budget period, increased for expected efficiency improvements. Value assigned to key assumption reflects past experience, except for efficiency improvements.
Key assumption	***Capital expenditure***	***Capital expenditure***	***Capital expenditure***
Basis for determining value(s) assigned to key assumptions	Total capital expenditure achieved in period immediately before the budget period, adjusted for expected network coverage roll out. Value assigned based on management's expected network coverage roll out.	Total capital expenditure achieved in period immediately before the budget period, adjusted for expected network coverage roll out. Value assigned based on management's expected network coverage roll out.	Total capital expenditure achieved in period immediately before the budget period, adjusted for expected network coverage roll out. Value assigned based on management's expected network coverage roll out.
Key assumption		ZAR/USD exchange rate during the budget period.	ZAR/TZS and USD/TZS exchange rates during the budget period.
Basis for determining value(s) assigned to key assumptions		Average market forward exchange rate over the budget period. Value assigned to key assumption is consistent with external sources of information.	Average market forward exchange rate over the budget period. Value assigned to key assumption is consistent with external sources of information.

44. UNDRAWN BORROWING FACILITIES AND GUARANTEES

44.1 Rand denominated facilities and guarantees

The Group has Rand denominated credit facilities totalling R5,788 million (2007: R4,989.0 million; 2006: R7,083.0 million) with R2,456 million (2007: R816.0 million; 2006: R1,114.0 million) utilised at March 31, 2008. The facilities that are uncommitted, can also be utilised for loans to foreign entities and are subject to review at various dates (usually on an annual basis). Certain of the facilities are still subject to the Group's final acceptance.

Guarantor	Details	Beneficiary	2006 Rm	2007 Rm	2008 Rm
Vodacom (Proprietary) Limited	All guarantees less than R2.0 million.	Various	2.6	2.7	**2.4**
Vodacom Service Provider Company (Proprietary) Limited	All guarantees less than R2.0 million.	Various	2.8	2.6	**2.9**
Vodacom Service Provider Company (Proprietary) Limited	Guarantee in respect of receipt by independent intermediaries of premiums on behalf of short-term insurers and Lloyds underwriters, and relating to short-term insurance business carried on in South Africa. Renewable annually.	SA Insurance Association for benefit of insurers	21.1	27.0	**32.0**
Vodacom (Proprietary) Limited	Letter of undertaking in respect of land.	Attorneys	-	6.8	**16.9**
Smartcom (Proprietary) Limited	Guarantees for salary bank account and debit orders.	Various	2.9	3.2	**-**
Cointel V.A.S. (Proprietary) Limited	Guarantees for operating lease and debit orders.	Various	-	1.5	**-**
			29.4	43.8	**54.2**

44.2 Foreign denominated facilities and guarantees

The following foreign denominated facilities are in place:

Company	Details	As at March 31, 2008 Million Total facility	As at March 31, 2008 Million Utilised
Vodacom International Limited	Revolving term loan	US$180.0	US$180.0
Vodacom Congo (RDC) s.p.r.l.	Various	US$18.5	US$9.4
Vodacom Lesotho (Proprietary) Limited	Overdraft facilities with various banks	M40.0	M0.0
VM, S.A.R.L.	Overdraft facility	US$0.5	US$0.0

44. UNDRAWN BORROWING FACILITIES AND GUARANTEES (CONTINUED)

44.2 Foreign denominated facilities and guarantees (continued)

The following foreign denominated guarantees have been issued:

Guarantor/Issuer	Details	Beneficiary	Currency	2006 Rm	2007 Rm	2008 Rm
Vodacom Group (Proprietary) Limited	Guarantees issued for the obligations of Vodacom International Limited's term loan facility * #	Standard Bank Plc and RMB International (Dublin) Limited	US$180.0 million (2007: US$180.0 million (2006: US$180.0 million)	1,114.4	1,311.9	**1,462.6**
Nedbank Limited on behalf of Vodacom (Proprietary) Limited	Unsecured standby letters of credit	Alcatel CIT	€nil (2007: €nil; 2006: €11.4 million)	85.7	-	**-**
Vodacom International Limited	Guarantees issued for the obligations of Vodacom Congo (RDC) s.p.r.l. *	Alcatel CIT	€nil (2007: €nil (2006: €5.0 million)	37.6	-	**-**
				1,237.7	1,311.9	**1,462.6**

* Foreign denominated guarantees amounting to R1,462.6 million (2007: R1,311.9 million; 2006: R1,152.0 million issued in support of Vodacom Congo (RDC) s.p.r.l. are included as liabilities in the consolidated balance sheets.

The Group is in compliance with the covenants attached to the term loan facility.

Vodacom (Proprietary) Limited provides an unlimited guarantee for borrowings entered into by Vodacom Group (Proprietary) Limited.

45. SEGMENTAL INFORMATION

Vodacom's reportable segments are geographical business units that offer comparable business products and services however they are separately managed because the mobile telecommunication and data communication businesses are located in South Africa and non-South African countries.

Vodacom has six reportable segments: South Africa, Tanzania, Mozambique, Lesotho, Democratic Republic of the Congo, and Other. The segments offer a variety of telecommunication and data communication services as well as equipment sales.

"Other" comprises of the holding companies of the Group.

"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.

"Tanzania", "Mozambique", "Lesotho", and "DRC" comprise the segment information relating to the non-South African based cellular networks.

	2006 Rm	2007 Rm	2008 Rm
Reconciliations of reportable segments			
Segment results			
Management operating profit for reportable segments	8,980.6	11,000.4*	**12,616.4**
Amortisation of licences, trademarks and patents and customer bases	(167.7)	(117.7)	**(95.8)**
Impairment of assets	52.8	(22.9)	**(29.9)**
Profit from operations	8,865.7	10,859.8	**12,490.7**
Net finance cost	(639.2)	(463.8)	**(423.9)**
Finance income	129.9	74.5	**72.3**
Finance costs	(246.0)	(369.3)	**(681.3)**
Gains/(Losses) on remeasurement and disposal of financial instruments	(523.1)	(169.0)	**185.1**
Profit before taxation	8,226.5	10,396.0	**12,066.8**
Taxation	(3,083.7)	(3,836.0)	**(4,109.2)**
Net profit	5,142.8	6,560.0	**7,957.6**

* Management operating profit for reportable segments includes profit on sale of shares in subsidiary.

45. SEGMENTAL INFORMATION (CONTINUED)

	Other Rm	South Africa Rm	Tanzania Rm	Mozambique Rm	Lesotho Rm	DRC Rm	Eliminations Rm	Total Rm
2006								
Segment revenue	274.2	31,089.8	1,311.8	158.3	170.1	1,334.2	-	34,338.4
Inter-segment revenue	(274.2)	(8.5)	(5.2)	(5.3)	(1.6)	(1.1)	-	(295.9)
External customers segment revenue	-	31,081.3	1,306.6	153.0	168.5	1,333.1	-	34,042.5
Airtime and access	-	18,169.2	988.9	71.8	120.9	735.0	-	20,085.8
Data revenue	-	1,884.8	108.0	3.5	15.8	25.5	-	2,037.6
Interconnect revenue	-	6,141.6	188.0	57.5	26.5	283.2	-	6,696.8
Equipment sales	-	3,902.4	5.4	0.4	4.2	73.2	-	3,985.6
International airtime	-	720.8	14.3	19.5	0.7	215.9	-	971.2
Other	-	262.5	2.0	0.3	0.4	0.3	-	265.5
Management operating profit/(loss)	(23.3)	8,762.9	263.6	(196.8)	50.9	123.3	-	8,980.6
Net finance income/(cost)	8,306.0	(357.7)	(86.1)	(364.4)	(0.1)	(237.4)	(7,899.5)	(639.2)
Taxation	(679.8)	(2,403.4)	(31.5)	-	(18.3)	49.3	-	(3,083.7)
Net profit/(loss)	7,226.3	5,842.0	140.6	(508.5)	32.4	(71.4)	(7,518.6)	5,142.8
Other material non-cash items included in segment profit/(loss):								
Depreciation and amortisation	(2.8)	(2,451.5)	(201.5)	(68.2)	(16.0)	(255.8)	-	(2,995.8)
Impairments of assets reversed	-	-	-	52.8	-	-	-	52.8
Assets								
Reportable segment assets	14,391.1	20,642.0	1,348.6	527.2	136.8	1,992.9	(14,270.8)	24,767.8
Included in reportable segment assets:								
Additions to property, plant and equipment and intangible assets	16.5	4,383.0	321.5	121.4	25.9	273.2	-	5,141.5
Non-current assets other than financial instruments and deferred taxation	55.7	11,902.1	950.1	396.4	101.4	1,563.4	720.4	15,689.5
Liabilities								
Reportable segment liabilities	(6,108.1)	(17,292.4)	(613.1)	(1,030.3)	(52.1)	(2,527.9)	11,528.4	(16,095.5)

45. SEGMENTAL INFORMATION (CONTINUED)

	Other Rm	South Africa Rm	Tanzania Rm	Mozambique Rm	Lesotho Rm	DRC Rm	Eliminations Rm	Total Rm
2007								
Segment revenue	388.4	37,050.2	1,729.3	269.0	227.5	1,914.4	-	41,578.8
Inter-segment revenue	(388.4)	(11.6)	(7.4)	(10.0)	(2.1)	(12.9)	-	(432.4)
External customers segment revenue	-	37,038.6	1,721.9	259.0	225.4	1,901.5	-	41,146.4
Airtime and access	-	21,045.3	1,282.4	131.6	165.3	1,082.9	-	23,707.5
Data revenue	-	3,112.9	146.5	8.1	22.5	51.7	-	3,341.7
Interconnect revenue	-	7,058.0	257.8	80.1	31.7	408.0	-	7,835.6
Equipment sales	-	4,604.9	19.4	4.4	4.2	66.2	-	4,699.1
International airtime	-	961.8	15.4	34.6	1.3	292.7	-	1,305.8
Other	-	255.7	0.4	0.2	0.4	-	-	256.7
Management operating profit/(loss)	64.2	10,383.6	347.0	(154.1)	74.9	284.8	-	11,000.4
Net finance income/(cost)	3,346.4	(475.3)	(43.6)	34.5	(0.8)	(287.8)	(3,037.2)	(463.8)
Taxation	(799.2)	(2,922.0)	(112.1)	(42.0)	(18.9)	58.2	-	(3,836.0)
Net profit/(loss)	2,102.9	6,870.4	190.7	(184.4)	55.2	47.4	(2,522.2)	6,560.0
Other material non-cash items included in segment profit/(loss):								
Depreciation and amortisation	(2.2)	(2,688.6)	(237.8)	(84.8)	(22.1)	(325.7)	-	(3,361.2)
Impairments of assets	-	-	-	(22.9)	-	-	-	(22.9)
Assets								
Reportable segment assets	13,183.2	23,207.0	2,424.4	690.9	169.5	2,692.0	(13,896.8)	28,470.2
Included in reportable segment assets:								
Additions to property, plant and equipment and intangible assets	182.3	5,458.3	957.6	85.2	25.0	506.0	-	7,214.4
Non-current assets other than financial instruments and deferred taxation	230.1	14,949.8	1,864.9	459.4	104.3	2,036.1	604.1	20,248.7
Liabilities								
Reportable segment liabilities	(7,693.4)	(16,746.1)	(1,123.0)	(1,261.2)	(66.2)	(3,272.7)	11,339.4	(18,823.2)

45. SEGMENTAL INFORMATION (CONTINUED)

	Other Rm	South Africa Rm	Tanzania Rm	Mozambique Rm	Lesotho Rm	DRC Rm	Eliminations Rm	Total Rm
2008								
Segment revenue	-	43,180.3	2,354.5	433.9	308.9	2,296.6	-	48,574.2
Inter-segment revenue	-	(355.4)	(9.7)	(26.0)	(2.6)	(2.7)	-	(396.4)
External customers segment revenue	-	42,824.9	2,344.8	407.9	306.3	2,293.9	-	48,177.8
Airtime and access	-	23,596.4	1,704.7	220.5	186.6	1,387.0	-	27,095.2
Data revenue	-	4,669.8	206.8	15.7	31.3	78.6	-	5,002.2
Interconnect revenue	-	7,938.3	360.4	110.8	40.7	436.9	-	8,887.1
Equipment sales	-	4,931.0	45.6	8.2	8.9	57.7	-	5,051.4
International airtime	-	1,386.7	26.7	52.6	38.2	331.7	-	1,835.9
Other	-	302.7	0.6	0.1	0.6	2.0	-	306.0
Management operating profit/(loss)	34.0	11,754.3	460.0	(127.0)	122.8	372.3	-	12,616.4
Net finance income/(cost)	7,885.4	(537.7)	(24.4)	56.2	2.5	(274.9)	(7,531.0)	(423.9)
Taxation	(739.6)	(3,250.9)	(121.2)	43.9	(32.5)	(8.9)	-	(4,109.2)
Net profit/(loss)	6,675.9	7,916.3	314.5	(56.5)	94.0	80.2	(7,066.8)	7,957.6
Other material non-cash items included in segment profit/(loss):								
Depreciation and amortisation	(56.7)	(3,056.5)	(305.5)	(94.6)	(16.1)	(381.7)	-	(3,911.1)
Impairments of assets	-	-	-	(29.9)	-	-	-	(29.9)
Assets								
Reportable segment assets	16,015.4	24,597.8	3,430.7	892.0	277.5	3,431.3	(14,469.5)	34,175.2
Included in reportable segment assets:								
Additions to property, plant and equipment and intangible assets	1,132.0	4,270.0	712.6	111.3	38.7	658.6	-	6,923.2
Non-current assets other than financial instruments and deferred taxation	421.1	16,046.6	2,546.3	546.8	129.1	2,590.3	1,488.7	23,768.9
Liabilities								
Reportable segment liabilities	(9,489.4)	(17,776.7)	(2,335.7)	(1,924.6)	(104.8)	(3,987.2)	13,248.5	(22,369.9)

46. INTEREST IN SUBSIDIARIES

The information discloses interests in subsidiaries material to the financial position of the Group. The interest in the ordinary share capital is representative of the voting power.

RSA – Republic of South Africa; LES – Lesotho; TZN – Tanzania; MZ – Mozambique; DRC – Democratic Republic of the Congo; MAU – Mauritius; C – Cellular; MSC – Management services company; PROP – Property company; OTH - Other.

	Country of incorporation	Issued share capital			Interest in issued ordinary share capital		
		2006	2007	2008	2006 %	2007 %	2008 %
Cellular network operators							
Vodacom (Proprietary) Limited (C)	RSA	R100	R100	**R100**	100	100	**100**
Vodacom Lesotho (Proprietary) Limited (C)	LES	M4,180	M4,180	**M4,180**	88.3	88.3	**88.3**
Vodacom Tanzania Limited (C)	TZN	TZS10,000	TZS10,000	**TZS10,000**	65	65	**65**
VM, S.A.R.L. (C)	MZ	US$60,000,000	US$60,000,000	**US$60,000,000**	98	98	**90**
Vodacom Congo (RDC) s.p.r.l. (C)	DRC	US$1,000,000	US$1,000,000	**US$1,000,000**	51	51	**51**
Service providers							
Vodacom Service Provider Company (Proprietary) Limited (C)	RSA	R20	R20	**R20**	100	100	**100**
Smartphone SP (Proprietary) Limited (C) *	RSA	R20,000	R20,000	**R20,000**	51	70	**100**
Smartcom (Proprietary) Limited (C) *	RSA	R1,000	R1,000	**R1,000**	43.7	61.7	**100**
Cointel V.A.S. (Proprietary) Limited (C) *	RSA	-	R10,204	**R10,204**	51	70	**100**
Other							
VSP Holdings (Proprietary) Limited (MSC) *	RSA	R1,023	R1,023	**R1,023**	100	100	**100**
Vodacom Satellite Services (Proprietary) Limited (OTH) *	RSA	R100	R100	**R100**	100	100	**100**
GSM Cellular (Proprietary) Limited (OTH) *	RSA	R1,200	R1,200	**R1,200**	100	100	**100**
Vodacom Venture No.1 (Proprietary) Limited (OTH) *	RSA	R810	R810	**R810**	100	100	**100**
Vodacom Equipment Company (Proprietary) Limited (OTH) *	RSA	R100	R100	**R100**	100	100	**100**
Vodacare (Proprietary) Limited (OTH) *	RSA	R100	R100	**R100**	100	100	**100**
Vodacom International Holdings (Proprietary) Limited (MSC)	RSA	R100	R100	**R100**	100	100	**100**
Vodacom International Limited (MSC)	MAU	US$100	US$100	**US$100**	100	100	**100**
Vodacom Properties No.1 (Proprietary) Limited (PROP)	RSA	R100	R100	**R100**	100	100	**100**
Vodacom Properties No.2 (Proprietary) Limited (PROP)	RSA	R1,000	R1,000	**R1,000**	100	100	**100**
Stand 13 Eastwood Road Dunkeld West (Proprietary) Limited (PROP)	RSA	R100	R100	**-**	51	70	**-**
Ithuba Smartcall (Proprietary) Limited (OTH)	RSA	R100	R100	**-**	26.5	36.4	**-**
Smartcall Smartlife (Proprietary) Limited (OTH)	RSA	-	R100	**-**	-	63	**-**
Vodacom Tanzania Limited (Zanzibar) (OTH) *	TZN	TZS10,000	TZS10,000	**TZS10,000**	99	99	**99**
Joycell Shops (Proprietary) Limited (OTH) *	RSA	R100	R100	**R100**	100	100	**100**
Marble Gold Investments (Proprietary) Limited (OTH) *	RSA	R100	R100	**R100**	100	100	**100**
Vodacom Ventures (Proprietary) Limited (OTH)	RSA	R120	R120	**R120**	100	100	**100**
Skyprops 134 (Proprietary) Limited (PROP)	RSA	-	R100	**R100**	-	100	**100**

* Dormant as at March 31, 2008.

47. INTERESTS IN JOINT VENTURES

47.1 Number Portability Company (Proprietary) Limited

In response to the introduction of Mobile Number Portability ("MNP") it was necessary for the formation of a company to provide all the services necessary to allow the existing three incumbent mobile operators to offer MNP.

Number Portability Company (Proprietary) Limited was formed for the express purpose of providing all the necessary services required for MNP by Vodacom, MTN and Cell C.

Number Portability Company (Proprietary) Limited is owned equally by all three operators and they contributed the required necessary financial resources directly proportional to their shareholding. MNP was officially launched on November 10, 2006.

Effective September 20, 2006, Vodacom (Proprietary) Limited acquired a 33.3% stake in Number Portability Company (Proprietary) Limited by acquiring 100 shares for R1. Each shareholder advanced to Number Portability Company (Proprietary) Limited funding by way of shareholders loans. As a March 31, 2008 the shareholder loan balance was R6.0 million (2007: R6.0 million) (Note 21).

	2007 Rm	2008 Rm
Interest held	33.3%	**33.3%**
The Group's proportionate share of assets and liabilities:		
Property, plant and equipment	*	*
Intangible assets	6.3	**6.3**
Current assets	2.2	**3.0**
Total assets	8.5	**9.3**
Long-term liabilities	(6.0)	**(6.0)**
Inter company creditors	(3.0)	**(3.0)**
Current liabilities	(0.6)	**(0.4)**
Net liabilities	(1.1)	**(0.1)**
The Group's proportionate share of revenue and expenditure:		
Revenue	0.4	**5.7**
Profit/(Loss) before taxation	(1.1)	**1.1**
Taxation	-	**(0.1)**
Net profit/(loss)	(1.1)	**1.0**
The Group's proportionate share of cash flows:		
Net cash flows from operating activities	(1.0)	**0.2**
Net cash flows utilised in investing activities	(7.0)	**(1.8)**
Net cash flows from financing activities	9.0	**3.0**
Net cash flow	1.0	**1.4**

NPC had no contingent liabilities or capital commitments at March 31, 2007 and 2008.

* Amounts less than R50 000

48. NEW INTERNATIONAL FINANCIAL REPORTING STANDARDS ACCOUNTING PRONOUNCEMENTS

Accounting pronouncements adopted at March 31, 2008

The Group adopted the following revised and new International Financial Reporting Standards in accordance with their effective dates during the current financial year:

IAS 1 (revised August 2005)	Presentation of Financial Statements (capital disclosures)
IFRS 7	Financial Instruments: Disclosures
IFRIC 9	Reassessment of Embedded Derivatives
IFRIC 10	Interim Financial Reporting and Impairment
IFRIC 11	IFRS 2 Group and Treasury Share Transactions
AC 503	Accounting for BEE transactions

The adoption of the above mentioned accounting pronouncements had no impact on the Group's results or cash flow information for the year ended March 31, 2008.

Accounting pronouncements not adopted at March 31, 2008

In November 2006 the IASB issued IFRIC 12: Service Concession Arrangements ("IFRIC 12") effective for annual periods beginning on or after January 1, 2008. The interpretation addresses the accounting by private sector operators involved in the provision of public sector infrastructure assets and services, such as schools and roads. The interpretation states that for arrangements falling within its scope (essentially those where the infrastructure assets are not controlled by the operator), the infrastructure assets are not recognised as property, plant and equipment of the operator. Rather, depending on the terms of the arrangement, the operator will recognise:

- a financial asset where the operator has an unconditional right to receive a specified amount of cash or other financial asset over the life of the arrangement; or
- an intangible asset where the operator's future cash flows are not specified – e.g. where they will vary according to usage of the infrastructure asset; or
- both a financial asset and an intangible asset where the operator's return is provided partially by a financial asset and partially by an intangible asset.

The Group will adopt IFRIC 12 during the 2009 financial year and is currently evaluating the effects of the interpretation.

In March 2007 the IASB issued a revision to IAS 23: Borrowing Costs ("IAS 23") effective for annual periods beginning on or after January 1, 2009. The revised standard removes the option of recognising immediately as an expense those borrowing costs that relate to assets that take a substantial period of time to get ready for use or sale. The revised standard does not apply to borrowing costs directly attributable to the acquisition, construction or production of qualifying assets measured at fair value or inventories that are manufactured, or otherwise produced, in large quantities on a repetitive basis.

The Group will adopt the revised IAS 23 during the 2010 financial year and is currently evaluating the effects of the standard.

In June 2007 the IASB issued IFRIC 13: Customer Loyalty Programmes ("IFRIC 13") effective for annual periods beginning on or after July 1, 2008. The interpretation addresses accounting by entities that grant loyalty award credits (such as points or travel miles) to customers who buy other goods or services. Specifically, it explains how such entities should account for their obligations to provide free or discounted goods or services (awards) to customers who redeem award credits. IFRIC 13 states that an entity that grants loyalty award credits shall allocate some of the proceeds of the initial sale to the award credits as a liability (its obligation to provide the awards). The entity shall recognise the deferred portion of the proceeds as revenue only when it has fulfilled its obligations.

The Group will adopt IFRIC 13 during the 2010 financial year and is currently evaluating the effect of the interpretation and based on current indications do not believe that it will have a material impact on the Group's numbers.

48. NEW INTERNATIONAL FINANCIAL REPORTING STANDARDS ACCOUNTING PRONOUNCEMENTS (CONTINUED)

Accounting pronouncements not adopted at March 31, 2008 (continued)

In July 2007 the IASB issued IFRIC 14: IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction ("IFRIC 14") effective for annual periods beginning on or after January 1, 2008. The interpretation addresses the interaction between a minimum funding requirement and the limit placed by paragraph 58 of IAS 19 on the measurement of the defined benefit asset or liability. When determining the limit on a defined benefit asset in accordance with IAS 19.58 entities are required, under IFRIC 14, to measure any economic benefits available to them in the form of refunds or reductions in future contributions at the maximum amount that is consistent with the terms and conditions of the plan and any statutory requirements in the jurisdiction of the plan.

The Group will adopt IFRIC 14 during the 2009 financial year and is currently evaluating the effects of the interpretation.

In September 2007 the IASB issued a revision to IAS 1: Presentation of Financial Statements ("IAS 1") effective for annual periods beginning on or after January 1, 2009. The revised standard requires an entity to:

- present all non-owner changes in equity either in one statement of comprehensive income or in two statements, a separate income statement and a statement of comprehensive income;
- present a statement of financial position as at the beginning of the earliest comparative period in a complete set of financial statements when the entity applies an accounting policy retrospectively or makes a retrospective adjustment; and
- disclose income tax relating to each component of other comprehensive income and to disclose reclassification adjustments relating to components of other comprehensive income.

In addition the revision includes changes in the titles of some of the financial statements. The new titles will be used in International Financial Reporting Standards, but are not mandatory for use in financial statements.

The Group will adopt the revised IAS 1 during the 2010 financial year and is currently evaluating the effect of the revised standard.

In January 2008 the IASB issued a revision to IFRS 2: Share-based Payment ("IFRS 2") effective for annual periods beginning on or after January 1, 2009. The revised standard clarifies:

- vesting and non-vesting conditions;
- the estimation of the fair value of equity instruments granted;
- the accounting treatment of cancellations by counterparties to a share-based arrangement; and
- the definition of performance conditions.

The Group will adopt the revised IFRS 2 during the 2010 financial year and is currently evaluating the effect of the revised standard.

In February 2008 the IASB issued a revision to IAS 32: Financial instruments: Presentation ("IAS 32") effective for annual periods beginning on or after January 1, 2009. The revision requires:

- puttable instruments and instruments or components of instruments that impose on the entity an obligation to deliver to another party a pro-rata share of the net assets of the entity only on liquidation to be classified as equity if all the conditions specified in the standard are met;
- reclassification from or to equity when the specified criteria are no longer met or are subsequently met; and
- that derivatives over the aforementioned instruments may not be classified as equity.

The Group will adopt the revised IAS 32 during the 2010 financial year and is currently evaluating the effect of the revised standard.

48. NEW INTERNATIONAL FINANCIAL REPORTING STANDARDS ACCOUNTING PRONOUNCEMENTS (CONTINUED)

Accounting pronouncements not adopted at March 31, 2008 (continued)

In January 2008 the IASB issued a revision to IFRS 3: Business Combinations ("IFRS 3") effective for business combinations in annual periods beginning on or after July 1, 2009, which consequentially amended IAS 27: Consolidated and Separate Financial Statements ("IAS 27"), IAS 28: Investments in Associates ("IAS 28") and IAS 31: Interest in Joint Ventures ("IAS 31") effective for annual periods beginning on or after July 1, 2009.

Revisions to IFRS 3:
- require all acquisition costs to be expensed;
- require acquirers, with step acquisitions achieving control, to remeasure its previously held equity interest to fair value at the acquisition date and recognise any gain or loss in profit or loss;
- require non-controlling interests to be measured at either fair value or at the non-controlling interest's proportionate share of net identifiable assets of the entity acquired;
- require considerations for acquisitions to be measured at fair value at the acquisition date including the fair value of any contingent consideration payable. Subsequent changes are only allowed as a result of additional information on facts and circumstances that existed at the acquisition date, all other changes are recognised in profit or loss;
- require goodwill to be measured as the difference between the aggregate of the acquisition date fair value of the consideration transferred; the amount of any non-controlling interest acquired and in a business combination achieved in stages, the acquisition date fair value of the acquirers' previously held equity interest and the net of the acquisition date amounts of identifiable assets acquired and liabilities assumed; and
- clarifies that all contractual arrangements at the acquisition date must be classified and designated with the exception of leases and insurance contracts. Thus the acquirer applies its accounting policies as if it has acquired those contractual relationships outside of the business combination.

Revisions to IAS 27:
- require that changes in a parent's ownership interest in a subsidiary that do no result in a loss of control are equity transactions, no gain or loss is recognised and goodwill is not remeasured. The difference between the change in the non-controlling interest and the fair value of the consideration paid or received is recognised in equity;
- require that with the loss of control all assets, liabilities and non-controlling interest should be derecognised at carrying amount and any retained non-controlling interest should be remeasured to fair value on the date control is lost. The difference between the sum of the proceeds received and any retained interest and the carrying amount of assets, liabilities and non-controlling interests at the date control is lost, should be recognised in profit or loss; and
- require losses to be allocated to non-controlling interests even if they exceed the non-controlling interest's share of equity in the subsidiary.

Revisions to IAS 28:
- require derecognition of an associate with the loss of significant influence; and
- recognition in profit or loss of the difference between the sum of the proceeds received and any retained interest, and the carrying amount of the investment in the associate at the date significant influence is lost.

Revisions to IAS 31:
- similar treatment as for associate investments is required when an investor loses joint control over a jointly controlled entity.

The Group will adopt the revised IFRS 3, IAS 27, IAS 28 and IAS 31 during the 2011 financial year and is currently evaluating the effect of the revised standards.

In February 2008 the IASB issued a revision to IAS 1: Presentation of financial statements ("IAS 1") effective for annual periods beginning on or after January 1, 2009. The revision requires disclosures for puttable instruments classified as equity which include quantative data about the amount classified as equity; the entity's objectives, policies and processes for managing its obligation to repurchase or redeem the instruments including any changes from the previous period; the expected cash outflow on redemption or repurchase of that class of financial instruments, how the expected cash outflow was determined and if an instrument is reclassified into and out of financial liabilities and equity the amount, timing and reason for reclassification.

The Group will adopt the revised IAS 1 during the 2010 financial year and is currently evaluating the effect of the revised standard.

2G	Second Generation
3G	Third Generation
AA	Affirmative Action
ACG	Authentication and Charging Gateway
ADSL	Asymmetric Digital Subscriber Line (ADSL)
Aids	Acquired immune deficiency syndrome
Autopage	Altech Autopage Cellular (Proprietary) Limited, a company incorporated in the Republic of South Africa
ARPU	Average Revenue Per User per month
ART	Antiretroviral Treatment
ASAFEC	Association pour l'Assistance de la Femme Célibataire Congolaise
ATM	Automatic Teller Machine
BA	Bankers' Acceptance rate
BBBEE	Broad Based Black Economic Empowerment
BCM	Business Continuity Management
BEE	Black Economic Empowerment
BOL	Benson Informatics Limited trading as Benson Online
BSC	Base Station Controller
BTS	Base Transceiver Station
Capex	Capital expenditure
CBD	Central Business District
CCBRT	Comprehensive Community Based Rehabilitation in Tanzania
CDMA	Code Division Multiple Access
Cell C	Cell C (Proprietary) Limited, a company incorporated in the Republic of South Africa
Celtel Congo	Celtel s.a.r.l., a company incorporated in the Democratic Republic of Congo
Celtel Tanzania	Celtel Tanzania Limited, a company incorporated in the United Republic of Tanzania
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CLP	Conversions in Leadership Programme
CMT	Corruption, Money laundering and Terrorism
Congo Chine Telecom	Congo Chine Telecom s.a.r.l., a company incorporated in the Democratic Republic of Congo
COO	Chief Operating Officer
CR	Corporate Responsibility
CRM	Customer Relationship Management
CSI	Corporate Social Investment
CSR	Corporate Social Responsibility
CUR	Common User Repository
CWN	Congolese Wireless Network
CWU	Communications Workers Union
DAI	Direct Aids Intervention
DCS	Digital Cross-connect System
DoC	Department of Communications
DRC	Democratic Republic of the Congo
DSTV	Digital Satellite Television, a multi-channel digital satellite television service in Africa
DTI	Department of Trade and Industry
Earth station	A surface-based end of a satellite communications link
Eassy Cable	Eastern Africa Submarine Cable System (EASSy)
EBITDA	Earnings before Interest, Taxation, Depreciation, Amortisation, impairment, profit/loss on disposal of investments and profit/loss on disposal of property, plant and equipment, investment properties and intangible assets
ECA	Electronic Communication Act (formerly Convergence Bill)
Econet-Ezicell	Econet-Ezicell (Proprietary) Limited, a company incorporated in the Kingdom of Lesotho
ECSA	Professional Institute of Engineers of South Africa
EDGE	Enhanced Data for GSM Evolution
EE	Employment Equity
EHS	Environmental Health Services
ELP	Executive Lifestyle Programme
EMF	Electromagnetic Field
EMOTEL	Empresa Moçambicana de Telecommunicações S.A.R.L., a company incorporated in the Republic of Mozambique
ERM	Enterprise Risk Management
Ethernet	Family of frame-based computer networking technologies for local area networks (LANs)
EURIBOR	Euro Interbank Offer Rate
Excellent Com	Excellent Com Tanzania Limited
FEC	Forward Exchange Contract
FPB	Films and Publications Board
GAAP	Generally Accepted Accounting Practices
GDP	Gross Domestic Product
Global Rep-Trak™ Pulse	A global system introduced by the global agency Reputation Institute to identify and assess the world's most respected companies
Global Telematics	Global Telematics (Proprietary) Limited trading as Orchid, a company incorporated in the Republic of South Africa
GPFT	The Graduate Programme for Females in Technology
GPRS	General Packet Radio Service
GSM	Global System for Mobile communications
HDI	Historically Disadvantaged Individual or company
HIV	Human immunodeficiency virus
HLR	Home Location Register
HR	Human Resources
HSDPA	High Speed Downlink Packet Access
HSUPA	High Speed Uplink Packet Access
IAS	International Accounting Standards
iBurst	Wireless internet connections available in South Africa
ICAS	Independent Counselling and Advisory Services
ICASA	Independent Communications Authority of South Africa
ICNIRP	International Commission on Non-Ionising Radiation
ICT	Information and Communications Technology
IDC	Industrial Development Corporation
IEEE 802.16e	Institute of Electrical and Electronics Engineers standard 802.16e
Infraco	Broadband InfraCo (Proprietary) Limited, a company incorporated in the Republic of South Africa
IFRIC	International Financial Reporting Interpretations Committee
IFRS	International Financial Reporting Standards
IN	Intelligent networks
INCM	Instituto Naçional das Communicaçoes de Moçambique
Intelec	Intelec Holdings Limitada
IOD	Institute of Directors in Southern Africa
IP	Internet Protocol
ISETT SETA	Information Systems, Electronics and Telecommunications Technologies Sector Education Training Authority
ISO	International Standards Organisation
ISP	Internet Service Provider
IT	Information Technology
IVR	Interactive Voice Response
JIBAR	Johannesburg Interbank Agreed Rate
King II	King Committee Report on Corporate Governance 2002
LIBOR	London Interbank Offered Rate
LTA	Lesotho Telecommunications Authority
LTPIC	Long Term Prospective Incremental Costs methodology
Markinor	Ipsos Markinor (Proprietary) Limited, a company incorporated in the Republic of South Africa
mCel	Moçambique Cellular S.A.R.L., a company incorporated in the Republic of Mozambique
Millicom	Millicom International Cellular S.A., a company incorporated in the Grand Duchy of Luxembourg
Mirambo	Mirambo Limited, a company incorporated in the United Republic of Tanzania

DEFINITIONS

MMS	Multimedia Messaging Service
MNP	Mobile Number Portability
MPLS	Multi-protocol Label Switching
MSC	Mobile Services switching Centre
MSISDN	Mobile Station International Subscriber Directory Number
MTC	Mobile Telecommunications Company KSC trading as Zain, incorporated in the State of Kuwait
MTN	MTN Group Limited, a company incorporated in the Republic of South Africa
MVNO	Mobile Virtual Network Operator
MWASA	Media Workers of South Africa
NACM	Nominal annual rate compounded monthly
NACQ	Nominal annual rate compounded quarterly
Nashua	Nashua Mobile (Proprietary) Limited, a company incorporated in the Republic of South Africa
NCOP	National Council of Provinces
NEPAD	New Partnership for Africa's Development
NGN	Next Generation Network
NGO	Non-Government Organisation
NRA	National Regulatory Authority
NUL	National University of Lesotho
OBS	Online Billing Services
OHSAS	Occupational Health and Safety Assessment Series
PABX	Private Automatic Branch Exchange
PDH	Plesiochronous Digital Hierarchy
PSD	Packet Switched Data
REMCO	The Vodacom Group Remuneration committee
REMGRO	Remgro Limited, an investment holding company incorporated in the Republic of South Africa
RICA	Regulation of Interception of Communication and Provision of Communication-related Information Act
SACTA	South African Cellular Telecommunications Association
SADC	Southern African Development Community
Safaricom	Safaricom Limited, a company incorporated in the Republic of Kenya
SDH	Synchronous Digital Hierarchy
SDP	Succession Development Programme
Seacom	Seacom SA SPV (Proprietary) Limited, a private company incorporated in the Republic of South Africa
Select committee	Select committee on security and constitutional affairs
SHEQ	Safety, Health, Environment and Quality
SIFE	Students in Free Enterprise
SIM	Subscriber Identity Module
SMME	Small, Medium and Micro-sized Enterprises
SMS	Short Message Service
SMSC	Short Message Service Centre
SNO	Second National Operator
STC	Secondary Tax on Companies
STP	Signal Transfer Point
TB	Tuberculosis
TDM	Telecomunicações de Mozambique S.A.R.L., a company incorporated in the Republic of Mozambique
Telecoms Act	Telecommunication Act, Act 103 of 1996 of the Republic of South Africa
Telkom	Telkom SA Limited, a public company incorporated in the Republic of South Africa
The Board	The Vodacom Group Board of Directors
The Group	Vodacom Group (Proprietary) Limited and all its subsidiaries and joint ventures
Tigo Congo	Oasis s.p.r.l. trading as Tigo Congo, a company incorporated in the Democratic Republic of Congo
Tigo Tanzania	Mobitel Tanzania Limited trading as Tigo Tanzania, a company incorporated in the United Republic of Tanzania
TSH	Tanzanian Shilling
TSI	Technology Strategy Initiative
TTCL	Tanzania Telecommunication Company Limited, a company incorporated in the United Republic of Tanzania
UMTS	Universal Mobile Telecommunication System

UNCTAD	United Nations Conference on Trade and Development
UNISA	University of South Africa
USAID	United States Agency for International Development
USAL	Under Serviced Area Licence
USB	Universal Serial Bus
USD	United States of America Dollar
USSD	Unstructured Supplementary Service Data
VAEP	Vodacom Advanced Executive development Programme
VANS	Value Added Network Service
VAS	Value Added Services
VCT	Voluntary Counselling and Testing
VenFin	VenFin Limited, a public company incorporated in the Republic of South Africa
VLC	Virtual Learning Centre
VLR	Visitor Location Register
Vodacom Business	A division of Vodacom (Pty) Ltd, with the primary objective is to deliver end-to-end converged solutions, extending from mobile to fixed line voice and data, managed data networks, VoIP solutions, hosted facilities and applications, security and managed hosting solutions.
Vodacom Congo	Vodacom Congo (RDC) s.p.r.l., a company incorporated in the Democratic Republic of Congo
Vodacom Lesotho	Vodacom Lesotho (Proprietary) Limited, a company incorporated in the Kingdom of Lesotho
Vodacom Mozambique	VM, S.A.R.L. (trading as Vodacom Mozambique), a company incorporated in the Republic of Mozambique
Vodacom Mauritius	Vodacom International Limited, a company incorporated in the Republic of Mauritius
Vodacom Tanzania	Vodacom Tanzania Limited, a company incorporated in the United Republic of Tanzania
Vodafone	Vodafone Group Plc, a public company incorporated in England and Wales
VPN	Virtual Private Network
VOIP	Voice Over Internet Protocol
VSA	Vodacom South Africa, includes all subsidiary and joint venture companies incorporated in the Republic of South Africa
VSAT	Very Small Aperture Terminal
VSPC	Vodacom Service Provider Company (Proprietary) Limited, a company incorporated in the Republic of South Africa
WAP	Wireless Application Protocol
WASP	Wireless Application Service Provider
WBS	WBS Holdings (Proprietary) Limited (WBSH), a company incorporated in the Republic of South Africa
WHO	World Health Organisation
WiMax	Worldwide Interoperability for Microwave Access
WSPCCA	Walter Sisulu Paediatric Cardiac Centre for Africa
Zantel	Zanzibar Telecom Limited, a company incorporated in the United Republic of Tanzania
ZAR	South African Rand

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- Many of the statements included in this report are forward-looking statements that involve risks and/or uncertainties and caution must be exercised in placing any reliance on these statements. Moreover, Vodacom Group (Proprietary) Limited will not necessarily update any of these statements after the date of this report either to conform them to actual results or to changes in its expectations.

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