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VODACOM GROUP ANNUAL REPORT 2007

Vodacom Group
2007 Annual Report

The World...Connected

Vodacom Group Annual Report 2007 - CONTENTS

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vodacom

Highlights 2007

Total customers increased by 28.2% to 30.2 million

- *Customers increased by 20.1% to 23.0 million in South Africa*
- *Customers increased by 55.3% to 3.2 million in Tanzania*
- *Customers increased by 67.5% to 2.6 million in the Democratic Republic of Congo*
- *Customers increased by 35.4% to 279 thousand in Lesotho*
- *Customers increased by 101.6% to 988 thousand in Mozambique*

Revenue increased by 20.9% to R41.1 billion

Profit from operations increased by 22.5% to R10.9 billion

EBITDA increased by 20.5% to R14.2 billion

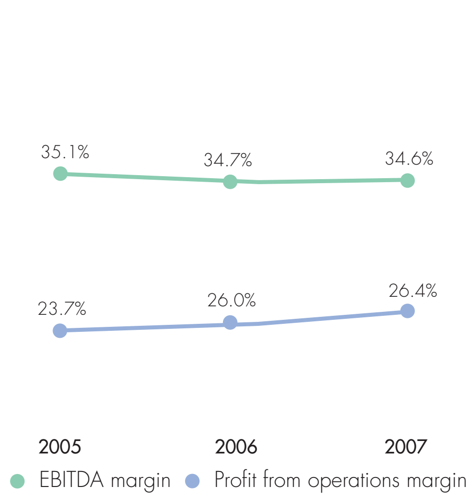
Net profit after taxation increased by 27.6% to R6.6 billion

Cash generated from operations increased by 25.0% to R13.9 billion

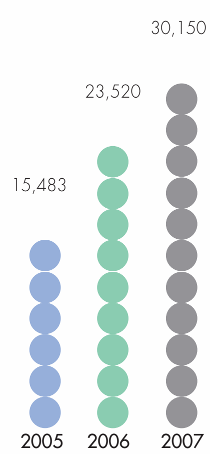
Dividends declared to Group shareholders increased by 20.0% to R5.4 billion

HIGHLIGHTS

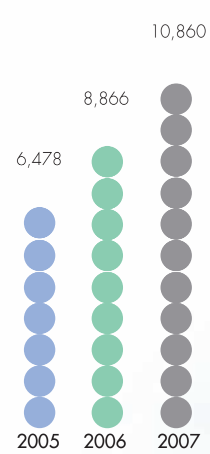
EBITDA and profit from operations margins



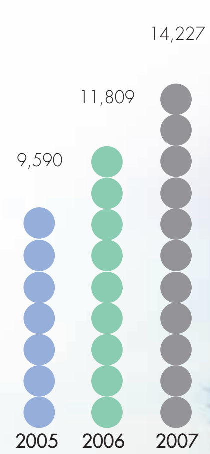
Total customers
Thousands



Profit from operations
Rand millions



EBITDA
Rand millions



"Vodacom is playing a leading role in shaping the telecommunication industry on the African content."

CHAIRMAN'S REVIEW

Oyama Mabandla
Chairman
Vodacom Group (Proprietary) Limited

It is my privilege and honour to present Vodacom's Annual Report for the financial year ended March 31, 2007. Vodacom has excelled, once again, this financial year and is playing a leading role in shaping the telecommunications industry on the African continent.

Industry developments

Vodacom understands that the key to customer satisfaction is to provide voice and data services according to customer needs. As a result, Vodacom has recently reduced the cost of data services in South Africa by up to 61%. South African mobile data tariffs now rank amongst the lowest in the world, and are competitive with fixed line data tariffs in South Africa.

The company will continue to invest substantially in infrastructure to provide quality data products in order to meet the ever growing demand for data related services.

Vodacom has positioned itself to continue taking advantage of the convergence of voice and data services, despite the regulatory challenges facing the industry and is expanding into other industries such as Mobile TV and information technology.

The successful introduction of mobile number portability ("MNP") as mandated by the Independent Communications Authority of South Africa ("ICASA") had little impact on the market and a mere 50 thousand customers utilised this service. Although it had little impact for the current financial year, it still remains a useful competitive tool for customers.

The South African government is reassessing its customer registration policy which will require all South Africans to register with their identity documents and addresses, in order to obtain mobile telephony services. The Act came into effect on September 30, 2005, however, the compliance date for customer registration has not been determined and will only come into effect by presidential proclamation.

Regulatory developments

In South Africa the new Electronic Communications Act ("ECA") has been promulgated and will bring new players into the telecommunications industry. Vodacom will be converting its license to an electronic communications network and an electronic communications service license in order to fall in line with the Act. Its current license will be grandfathering the rights and obligations of the new license. This development in the telecommunications industry will result in a more competitive marketplace that will ultimately benefit customers. Other countries that are in the process of implementing convergence legislation are the Democratic Republic of Congo and Tanzania.

The Regulator has launched an investigation into mobile retail and wholesale tariffs which could have an impact on the business in the future.

"South African mobile data tariffs now rank amongst the lowest in the world and are competitive with fixed line data tariffs in South Africa"

Opportunities for growth

Vodacom realises the South African market is far from maturity, with business confidence in South Africa reaching all time highs. Market penetration of the cellular industry is now estimated at 84% of the population with approximately 40 million customers across the three cellular networks. The growth in demand for data related services will further expand the cellular market and Vodacom's share in it.

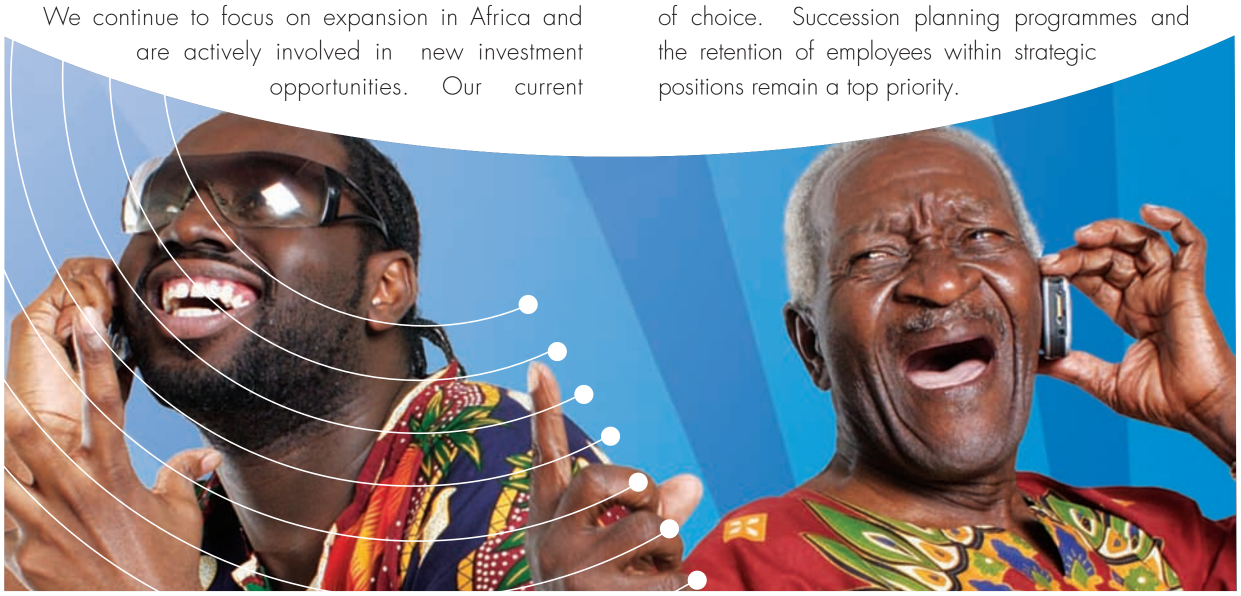
Vodacom continues to play a significant role in democratising telephony on the African continent. We continue to focus on expansion in Africa and are actively involved in new investment opportunities. Our current portfolio of investments in countries such as Tanzania, the Democratic Republic of Congo, Lesotho and Mozambique have started bearing fruit, showing excellent customer growth and increased profitability.

Black economic empowerment ("BEE")

Vodacom is in the process of finalising a R7.5 billion BEE equity deal wherein employees will participate in 25%. BEE partners and employees will have the opportunity to share in the success of the company going forward. We expect the deal to be completed by the end of the 2008 financial year and anticipate that it will make a significant contribution to the well-being of the company and its employees.

Human resources

To remain a leader within the mobile communications arena, Vodacom strives to be an employer of choice. Succession planning programmes and the retention of employees within strategic positions remain a top priority.



Currently approximately 81% of the employees from the Vodacom Group and its wholly owned subsidiaries in South Africa are from historically disadvantaged groups. Vodacom continues to support an empowerment procurement programme which incorporates suppliers from designated historically disadvantaged individuals ("HDIs"). Procurement from HDI suppliers represents 70.8% of commercial spend in 2007.

Corporate social responsibility

Vodacom has a high regard for the welfare of the society it operates in and spends a substantial amount of time and money to fulfil its corporate social responsibility ("CSR").

Programmes covering education, health and welfare as well as safety and security are supported. Highlights of the Vodacom Foundation activities include to date, over 200 cleft-palate operations for children and over 1,000 cataract operations for the poor, enabling them to improve their quality of life.

Many bursaries and scholarships were awarded to deserving students during the year.

Vodacom donated funds, via the South African government, to the Mozambiquian Relief Fund which provided rescue services to the citizens of Mozambique during the recent floods.

Vodacom reaffirms its involvement in community and social upliftment through various projects and remains committed to help build healthy communities across the continent.

"Vodacom remains committed to make mobile services and products as affordable as possible so that even more people can share in the magic we call Vodacom"

Board of directors

I would like to thank Mr Jeroen Visser and Mr André Sokol, who resigned from the Board during the year, for their dedication and valued contribution to Vodacom.
It gives me great pleasure to welcome Mr Robert Collymore and Mr Richard Snow to the Vodacom Board of directors. We look forward to sharing your expertise and building an even better company for our shareholders and customers.

Conclusion

Vodacom realises that people make this industry what it is. I would like to thank all of Vodacom's employees for their contribution in making this company the successful market leader it is. Our customers and business partners also deserve a word of thanks for their continued support and commitment.

Vodacom remains committed to make mobile services and products as affordable as possible so that even more people can share in the magic we call Vodacom.


"Vodacom will continue to pursue a mobile-centric approach and remains committed to bringing its customers the latest, best quality products at the most affordable prices"

CHIEF EXECUTIVE OFFICER'S REVIEW

Year under review

It is with great pride that I present the Vodacom Group Annual Report for 2007. The Group has experienced a year of excellent growth in revenues and profits, strong free cash flows and continued improvement in productivity and customer service.

Since its inception in 1993, Vodacom has surpassed the expectations of South Africans and the international community alike. Through selective acquisitions, Vodacom has operations in five sub-Saharan African countries with 5,920 employees serving 30.2 million customers. The operations in Tanzania, the Democratic Republic of Congo ("DRC"), Lesotho and Mozambique, as a portfolio, are starting to contribute meaningfully to Vodacom's growth.

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

New technologies and lateral investments in related industries such as broadcasting, information technology and data services promise to further enhance Vodacom's product offering and contribute substantially to increased profits in future.

Vodacom will continue to pursue a mobile-centric approach and remains committed to bringing its customers the latest, best quality products at the most affordable prices and is confident that this strategy will ensure that Vodacom remains a leader in the telecommunications industry in years to come.

A R7.5 billion Black Economic Empowerment ("BEE") equity transaction is in the process of being developed. Vodacom South Africa employees will participate in 25% of the equity transaction, thereby sharing in the success of the company they have built.

The South African market continues to show remarkable airtime and data usage growth to the surprise of all who analyse it. Our world class communications network now services 23 million cellular users, representing an estimated 58% market share. Estimated customer market penetration has reached 84% in South Africa.

Performance

The Group delivered a strong financial performance for the year ended March 31, 2007, underpinned by strong customer growth in all the markets in which we operate. Growth has been driven by excellent performances from all the Group's operations.

The exceptional customer growth, during the year under review, resulted in the customer base reaching a staggering 30.2 million (2006: 23.5 million) customers at March 31, 2007, a 28.2% increase compared to the previous financial year. Gross connections reached record levels at over 15 million (2006: 11.8 million), coupled with a churn of 33.8% (2006: 19.6%). We remain the market leader in all the countries in which we operate, with the exception of Mozambique.

Revenue continued its strong growth year on year, reaching R41.1 billion (2006: R34.0 billion), a 20.9% increase over 2006. This increase was driven by customer growth and maintaining our market share. Synonymous with strong customer growth is a declining average revenue per user ("ARPU"), which for the Group amounts to R111 (2006: R127) per month as a result of lower spending customers being connected and a change in the customer mix. Nevertheless, the continued improvement in productivity has mitigated reducing ARPUs through the maintenance of ARPU margins.

Vodacom's non-South African operations contributed 10.1% (2006: 8.7%) to revenue and with 7.1 million (2006: 4.4 million) customers, these operations constitute 23.7% (2006: 18.5%) of the total customer base. All of Vodacom's operations, with the exception of Vodacom Mozambique, are profitable at the profit from operations level. Mozambique remains a tough challenge, but we remain confident that in the medium- to long-term it will also contribute to the overall growth of Vodacom.

As a result of sound cost management, Vodacom has ensured that its revenue growth has been translated into increased profits from operations, which increased 22.5% to R10.9 billion (2006: R8.9 billion), exceeding the revenue growth of 20.9%. Vodacom's EBITDA increased by 20.5% to R14.2 billion (2006: R11.8 billion) and the EBITDA margin decreased slightly to 34.6% (2006: 34.7%).

New technologies

We have reduced the cost of data services to customers by 96% when compared to 2005 and predict a sizeable increase in demand for data related products. National and international bandwidth is required for data services to operate properly. The improvement of data infrastructure will be Vodacom's biggest challenge and growth opportunity in the next three to five years.

Regulatory

Approximately 1% of the total cellular market has utilised mobile number portability ("MNP").

Customer registration remains a threat to the industry and to all South Africans who currently have access to telecommunication services as not all identity documents will bear scrutiny. It will prevent law abiding citizens from having access to telecommunication services and not deter criminals who will always find a way to obtain these services illegally. It is to the government's credit that they are re-evaluating the introduction of customer registration.

All operators are assisting the police in their quest to prevent crime. The industry has invested a tremendous amount of money and time in association with the police forces to combat crime very successfully. Customer registration will be a very expensive exercise that will not contribute to the reduction in crime. It will also drive up costs in a society that is trying to reduce the cost of telephony.

Mergers, acquisitions and other activities

There are not many investment opportunities left in Africa that makes financial sense. People's expectations of the value of networks that exist in Africa today are too high and buying into them is not necessarily going to increase the return on investment for our shareholders.

South Africa provides us with the best expansion opportunities given the current constraints the industry is faced with. In South Africa that means expanding laterally in communications and/or in associated industries and that is where we will focus our attention. We need to find opportunities to increase the worth of our business. That means expanding the range and usage of existing products.

It is important to note the investments we have made in South Africa in the current financial year. Although they were small and in emerging companies, they illustrate our intent. We aim to broaden our participation in the local communication market as well as in new and existing products. Our investments in companies and services such as G-Mobile Holdings Limited (Wi-Fi business), Gogga Tracking Solutions (Proprietary) Limited (Wi-Fi business) and WBS Holdings (Proprietary) Limited (WiMax business), will give us entry points that will ensure growth within our area of focus.

During the current financial year we have continued to consolidate our customer base in order to serve them better. Understanding our market and customer needs is what ensures future growth in the business. To that end, our current equity investments in Smartphone SP (Proprietary) Limited, Smartcom (Proprietary) Limited and Cointel V.A.S. (Proprietary) Limited were increased. For the same reason, we have increased our walk-in-customer care centres and franchise channels, dramatically improving our ability to improve with customer satisfaction.

It is essential that we retain market leadership in order to remain cost effective. Economies of scale will enable better prices, a wider range of services and more focussed attention on customer service.

Expansion of the South African infrastructure is imperative. Relaxed regulatory restrictions and willingness of communities to allow the erection of base stations, will go a long way to assist Vodacom in providing and improving much needed network coverage and quality of service.

"It is our management philosophy that monies not spent on improvement or growth of the business or infrastructure, should be returned to shareholders"

Shareholders and dividends

Our shareholders benefit from generous growth in dividends. It is our management philosophy that monies not spent on improving the business or infrastructure, should be returned to shareholders. Our strong balance sheet and a 20% increase in dividends (R5.4 billion) paid out to shareholders in the current financial year, is a reflection of this philosophy. Vodacom aims to retain sufficient funds to pursue lateral expansion opportunities while optimising return to shareholders.

Black economic empowerment ("BEE")

We are currently developing a BEE equity transaction which will be completed towards the end of the following financial year. It is the most important transaction we will do this calendar year, enabling employees and BEE partners to share in the equity and the success of the business. It is also imperative that this transaction is done in a meaningful way and as soon as possible.

Investments in Africa

During the current financial year we have continued to grow our profitability in the African markets we have invested in. African trading conditions are tough and being first to market is key. Lack of infrastructure and high cost of properties make this continent a much riskier investment than in developed markets. We will however, continue to cautiously explore opportunities as they arise within the guidelines and constraints set by our shareholders.

Human resources

Contrary to what other companies experience, we do not find a lack of skills in South Africa. Excellent skills are available to those companies prepared to compensate brilliance. Vodacom remains committed to nurturing both managerial and other skills to the benefit of the company and individuals.

I am very excited about the new wave of young talent that is entering the market. They are more flexible, integrate easier and have tremendous energy to take South Africa into its new phase of growth.

Conclusion

The Vodacom Group's success is inextricably linked to our winning attitude and capabilities of our employees and business partners. It is to them that I express our appreciation and recognise the contribution that they have made to our success during the year and in the history of Vodacom.

Ultimately our success depends on the loyalty of our customers. We will ensure that Vodacom goes out of its way to meet their expectations and we will ensure that they will always have the most advanced communication products and solutions available to them.

Our consistent marketing and distribution strategy has played a major role in achieving yet another excellent financial year. By complimenting this strategy with innovative products, lateral communications development and staying at the forefront of technological advancements, we will continue to deliver results which will ensure above average returns to our shareholders.

Finally we believe we can and must contribute in an accelerated fashion to the transformation of South Africa and its people, for therein lies our only security for a sound and prosperous future.

BOARD OF DIRECTORS

as at March 31, 2007

Non-executive Directors

Richard Snow

Robbie Barr

Reuben September

Oyama Mabandla

Robert Collymore

Dr Marius Mostert

Gavin Darby

Papi Molotsane

Mr Oyama Mabandla (44) Chairman

Appointed to the Board in 2006

Oyama is a representative of Telkom and joined the Vodacom Board on January 1, 2006. He is executive chairman of the Langa Group, a corporate investment company. 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 90's Oyama worked as a merchant banker at Union Bank of Switzerland in London and Johannesburg. He later joined the Johannesburg Bar. He holds a Bachelor of Arts degree in Political Science from the University of California and a Juris Doctorate from Columbia University in New York City.

Mr Robbie Barr (48 – British)

Appointed to the Board in 2005

Robbie is a representative of Vodafone Group Plc and joined the Vodacom Board on March 10, 2005. He is the Chief Financial Officer of Vodafone Group's EMAPA (Eastern Europe, Middle East, Asia Pacific and Affiliates) region. He joined Vodafone in 1993 and has held a number of senior finance roles in the Vodafone Group during this period, including that of Group Financial Controller and Chief Financial Officer of Vodafone's Global Business Development unit. Robbie is currently a director of a number of Vodafone's subsidiary companies, as well as the French mobile telecommunications operator Société Française du Radiotéléphone S.A.

Mr Robert Collymore (49 – British)

Appointed to the Board in 2006

Bob 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 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 UK from where he joined Vodafone as the Purchasing Director for its UK 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 Governance Director for Africa, Bob sits on the Board of Safaricom in Kenya as well as the Vodacom Board.

Mr Gavin Darby (51 – British)

Appointed to the Board in 2004

Gavin is a representative of Vodafone and is Chief Executive Officer of Vodafone Americas/Africa/China/India for Vodafone Group responsible for Affiliate Investments outside of Europe. He holds a Bachelor of Sciences (honours) degree in Management Sciences from the University of Manchester. Prior to Vodafone, he joined Coca-Cola GB in 1985 as Marketing Director. In 1988 he was appointed General Manager, Coca-Cola GB. From 1991 to 1998, Gavin held the positions of Benelux Region Manager and North West Europe Division President at Coca-Cola with responsibility for seven countries. In 1998, he became Division President of 23 countries in Central Europe for two years, before being appointed Senior Vice President. 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 Papi Molotsane (47)

Appointed to the Board in 2005

Papi is a representative of Telkom on the Vodacom Board. He was appointed Chief Executive Officer of Telkom SA Limited in September 2005. Prior to joining Telkom, he was the Group Executive of Transnet and has a broad-based professional background in engineering, systems, operations, sales, marketing and human resources. He is currently also a director of SA America's Cup Challenge. Previously, he acted as a director of Arivia.kom (Proprietary) Limited and Fike Investment (Proprietary) Limited. Papi holds a Bachelor of Science degree in Business, a Bachelor of Engineering Technology degree and a Master of Science degree in Business Administration.

Dr Marius Mostert (48)

Appointed to the Board in 2004

Marius is a representative of Telkom. He qualified as a Chartered Accountant (South Africa), working for three years at the then auditing company Aiken & Carter (now part of KPMG). In 1985 he joined the Industrial Development Corporation ("IDC") where he worked for 14 years. In 1997 he was appointed to the Executive Management of the IDC, first as General Manager, responsible for corporate finance and client care, and later as Executive Vice President: Professional Services. In October 2001, he joined PSG Investment Bank as Financial Director. He held this position until the acquisition of PSG Investment Bank by ABSA Bank. Marius is the chairman of the Audit Committee of Vodacom and also serves on the Boards of Decillion Limited, Telkom SA Limited and Telkom Media (Proprietary) Limited and on the Audit and Risk Management Committees of Telkom.

Mr Reuben September (49)

Appointed to the Board in 2005

Reuben was appointed Chief Operating Officer of Telkom SA Limited in September 2005. Prior to that, he served as 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 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 (40)

Appointed to the Board in 2006

Richard joined Vodafone in 2006 where he is currently Group Director of Mergers and Acquisitions. 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 was a Managing Director in its financing group until his move to Vodafone in 2006.

BOARD OF DIRECTORS

as at March 31, 2007

Executive Directors


Pieter Uys


Leon Crouse


Shameel Aziz Joosub


Alan Knott-Craig

Mr Alan Knott-Craig (55)
(Chief Executive Officer)

Appointed to the Board in 1996

Alan has served as Managing Director of Vodacom (Proprietary) Limited since May, 1993 and Chief Executive Officer of Vodacom Group (Proprietary) Limited since October 1996. Prior to that, Alan was Senior General Manager of Mobile Communications at Telkom SA Limited, until the inception of Vodacom. Alan 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. He was inducted as one of the eight Gold Members of the GSM Association's 2001 inaugural "Roll of Honour" for his contribution to bringing mobile communication to Africa's masses. He serves as a Commissioner on the Presidential National Commission on Information Society and Development for Information and Communication Technologies.

Mr Leon Crouse (54)
(Chief Financial Officer)

Appointed to the Board in 1996

Leon 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. Leon is a qualified Chartered Accountant (South Africa).

Mr Pieter Uys (44)
(Chief Operating Officer)

Appointed to the Board in 2004

Pieter has served as the Chief Operating Officer for the Vodacom Group 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. Pieter joined Vodacom in 1993 as a member of the initial engineering team.

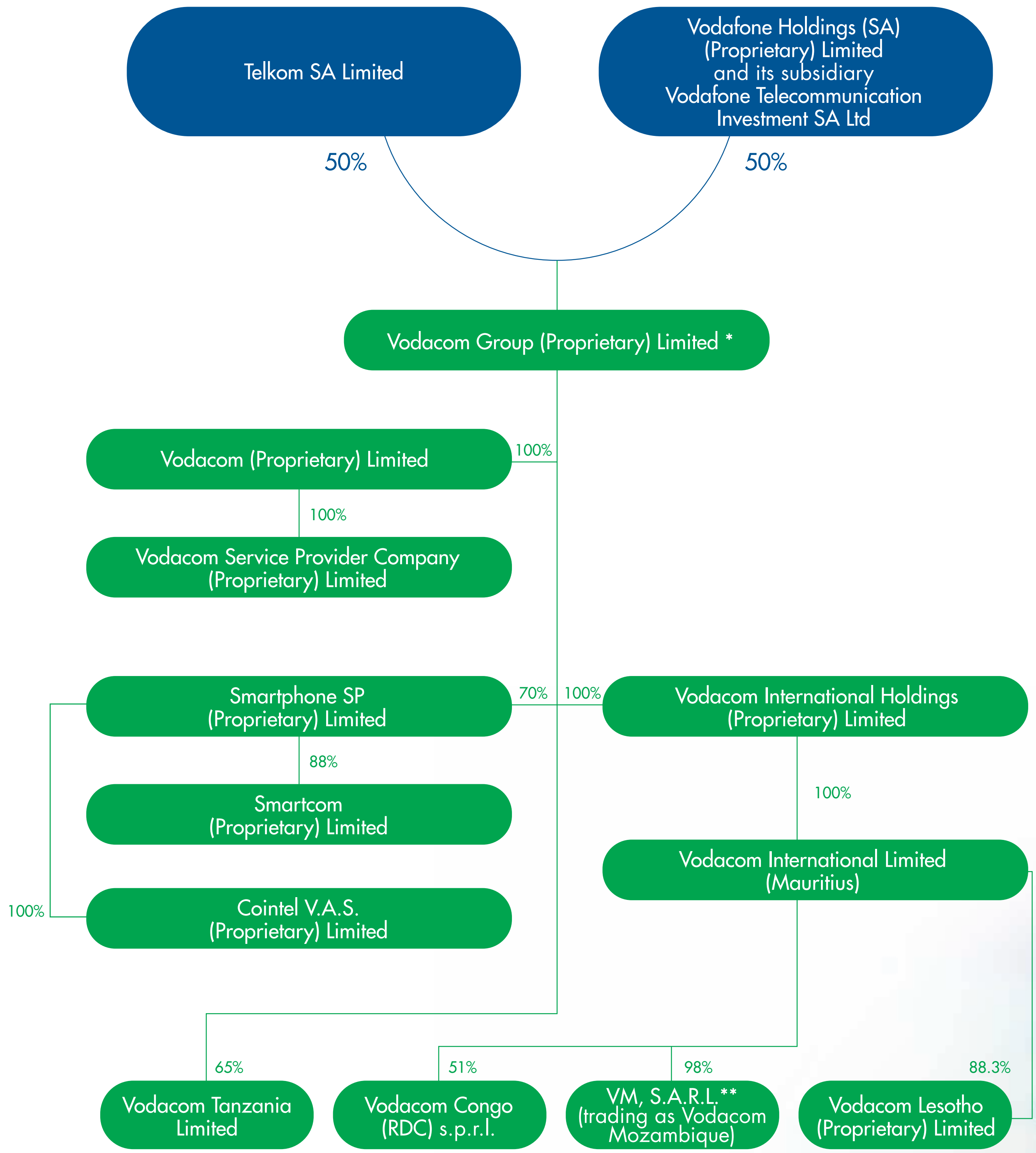
Mr Shameel Aziz Joosub (36)

Appointed to the Board in 2000

Shameel joined Vodacom in March 1994 and has held various positions within the 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. Shameel was also Managing Director and founder of Vodacom Equipment Company (Proprietary) Limited, the former handset distribution company in the Vodacom Group. Shameel 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).

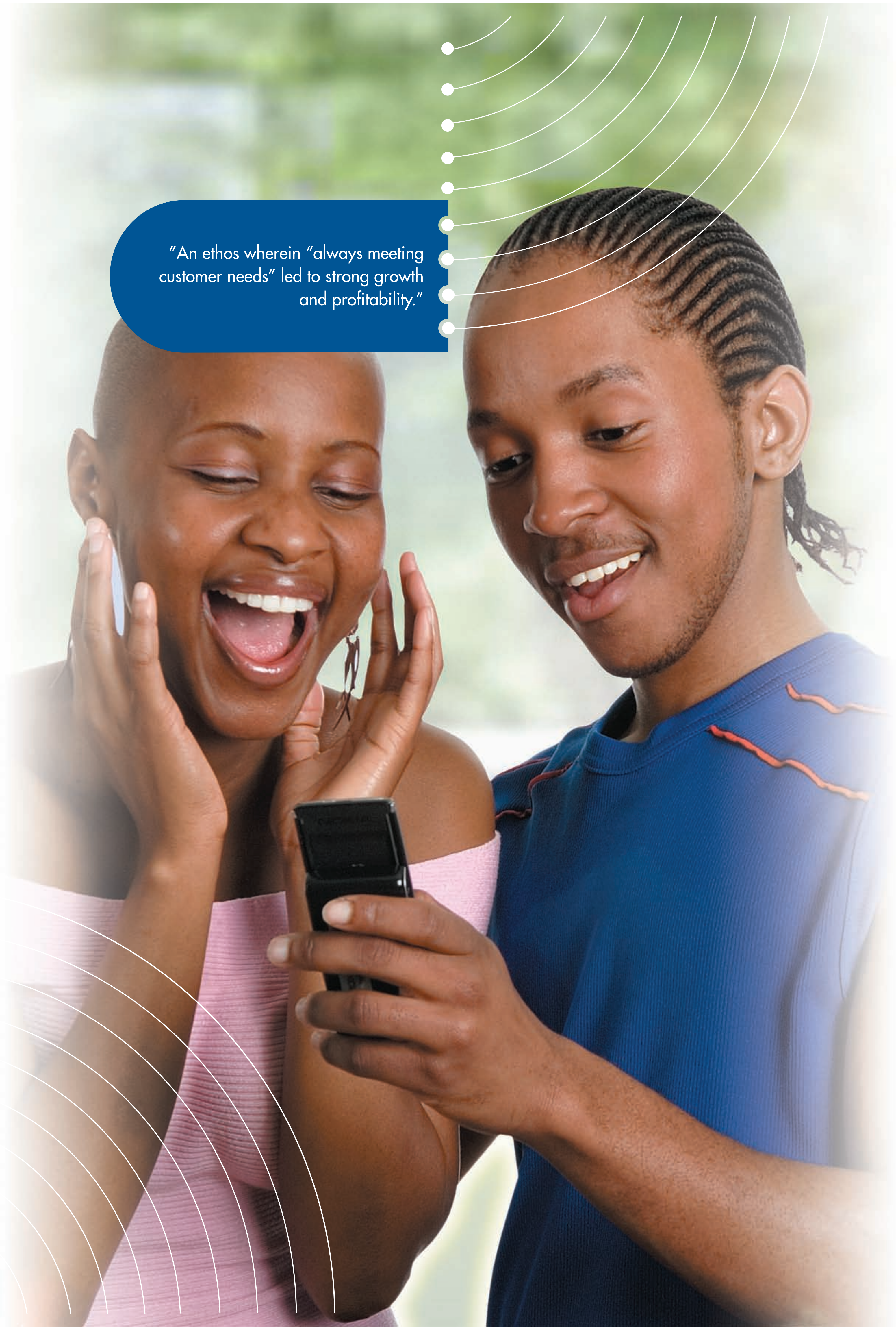
GROUP STRUCTURE

as at March 31, 2007



* *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 Mocambicana de Telecomunicacoes acquiring an additional 3%.*


"An ethos wherein "always meeting customer needs" led to strong growth and profitability."

Leon Crouse
Chief Financial Officer
Vodacom Group (Proprietary) Limited

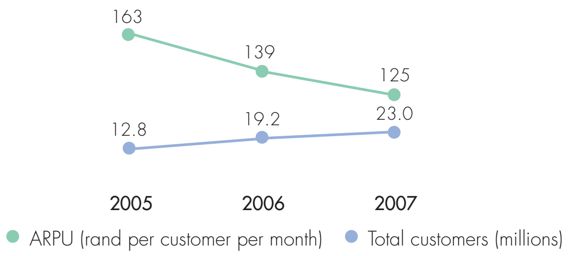
The year under review

It has once again been a successful year for Vodacom, wherein an ethos of "always meeting customer needs", led to strong growth in customers and profitability. Revenue increased by 20.9% to R41.1 billion (2006: R34.0 billion), profit from operations by 22.5% to R10.9 billion (2006: R8.9 billion), earnings before interest, taxation, depreciation, amortisation, impairment and profit on sale of investments ("EBITDA") by 20.5% to R14.2 billion (2006: R11.8 billion) and net profit after taxation by 27.6% to R6.6 billion (2006: R5.1 billion). Gross connections reached an all time high at 15.6 million customers; 31.5% more than the previous financial year.

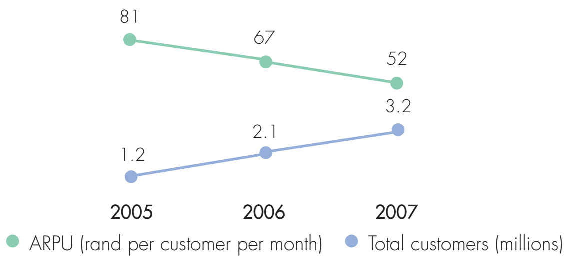
Key financial indicators

Year ended March 31,	2005	2006	2007	% points change 05/06	% points change 06/07
Profit from operations margin	23.7%	26.0%	**26.4%**	2.3	**0.4**
EBITDA margin	35.1%	34.7%	**34.6%**	(0.4)	**(0.1)**
Net profit margin	14.2%	15.1%	**15.9%**	0.9	**0.8**
Net debt/EBITDA	4.4%	6.0%	**18.7%**	1.6	**12.7**
Net debt/equity	5.4%	8.2%	**27.6%**	2.8	**19.4**
Capital expenditure additions (including software) as a % of revenue	12.8%	15.1%	**16.4%**	2.3	**1.3**

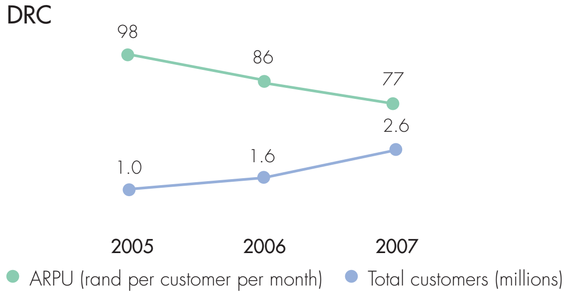
South Africa



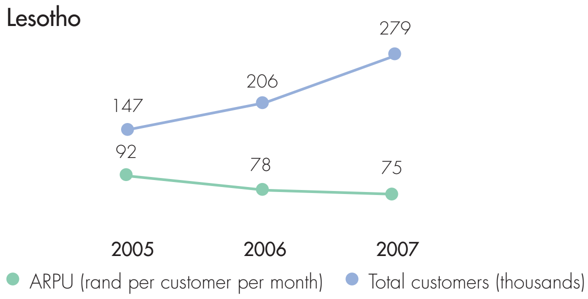
Tanzania



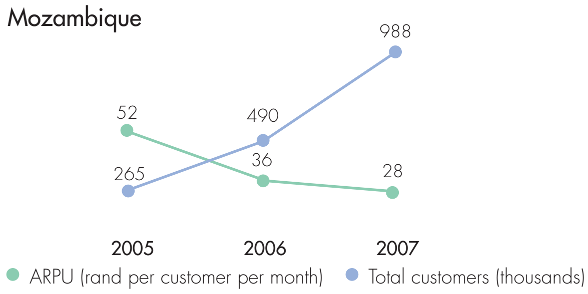
DRC



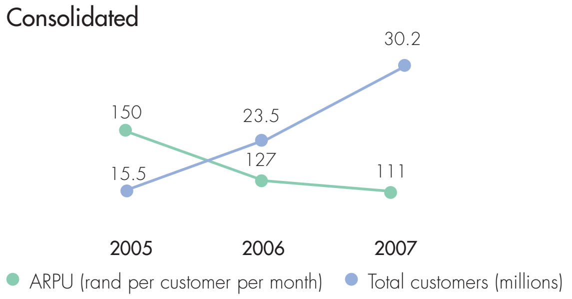
Lesotho



Mozambique



Consolidated



Revenue

Revenue increased by 20.9% for the year to March 31, 2007 mainly due to a 64.0% increase in data revenue and an increase of between 17% and 18% in airtime revenue, interconnect revenue and equipment sales.

The increase in revenue was mainly driven by a 28.2% increase in the customer base to 30.2 million customers, offset by declining ARPUs. Prepaid customers represent 89.4% (2006: 89.6%) of the total customer base.

Airtime, connection and access

Vodacom's airtime, connection and access revenue increased primarily due to the increase in the number of customers, offset by declining ARPUs in all operations.

Data

Vodacom's data revenue increased mainly due to new data initiatives. Vodacom South Africa transmitted 4.5 billion (2006: 3.5 billion) SMSs over its network during the year ended March 31, 2007. The number of active data users on the South African network as at March 31, 2007 was: MMS users 1.2 million (2006: 867 thousand); GPRS users 2.8 million (2006: 1.4 million); 3G/HSDPA users 139 thousand (2006: 38 thousand); 3G/HSDPA devices 733 thousand (2006: 180 thousand); Vodafone live! users 899 thousand (2006: 351 thousand); Unique Mobile TV users 33 thousand (2006: 13 thousand).

Data revenue now constitutes 9.4% (2006: 7.0%) of service revenue (service revenue excludes equipment sales, starter pack sales and non-recurring revenue). Data revenue in all countries increased substantially, confirming the trend of increased data spend by customers.

Interconnection

Vodacom's interconnection revenue increased by 17.0% predominantly due to the growth in incoming mobile traffic from other networks.

Equipment sales

In South Africa, handset sale volumes increased by 21.1% to 4.6 million (2006: 3.8 million) units. The growth in equipment unit sales was mainly driven by growth in customer bases, cheaper Rand prices of new handsets coupled with added functionality of new phones. The average price per handset sold was R1,067 compared R1,116 in the previous financial year.

International airtime

International airtime revenue of R1.3 billion, which increased by 34.5% year on year, comprises international calls by Vodacom customers, roaming revenue from Vodacom's customers making and receiving calls while 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.

Revenue
Geographical split

Year ended March 31,	Rand millions 2005	2006	2007	% change 05/06	06/07
South Africa, including holding companies	25,041	31,069	**37,007**	24.1	**19.1**
Tanzania	959	1,312	**1,729**	36.8	**31.8**
DRC	1,075	1,334	**1,914**	24.1	**43.5**
Lesotho	137	170	**227**	24.1	**33.5**
Mozambique	103	158	**269**	53.4	**70.3**
Revenue	**27,315**	**34,043**	**41,146**	**24.6**	**20.9**

Revenue composition

Year ended March 31,	Rand millions 2005	2006	2007	% of total 2005	2006	2007	% change 05/06	06/07
Airtime, connection and access	16,191	20,085	**23,708**	59.4	58.9	**57.7**	24.1	**18.0**
Data	1,340	2,038	**3,342**	4.9	6.0	**8.1**	52.1	**64.0**
Interconnection	5,924	6,697	**7,835**	21.7	19.7	**19.0**	13.0	**17.0**
Equipment sales	2,687	3,986	**4,699**	9.8	11.7	**11.4**	48.3	**17.9**
International airtime	887	971	**1,306**	3.2	2.9	**3.2**	9.5	**34.5**
Other sales and services	286	266	**256**	1.0	0.8	**0.6**	(7.0)	**(3.8)**
Revenue	**27,315**	**34,043**	**41,146**	**100.0**	**100.0**	**100.0**	**24.6**	**20.9**

Data revenue
Geographical split

Year ended March 31,	Rand millions 2005	2006	2007	% of total 2005	2006	2007	% change 05/06	06/07
South Africa	1,246	1,886	**3,113**	93.0	92.6	**93.1**	51.4	**65.1**
Tanzania	74	108	**146**	5.5	5.3	**4.4**	45.9	**35.2**
DRC	9	25	**52**	0.7	1.2	**1.6**	177.8	**108.0**
Lesotho	9	16	**23**	0.7	0.8	**0.7**	77.8	**43.8**
Mozambique	2	3	**8**	0.1	0.1	**0.2**	50.0	**166.7**
Data revenue	**1,340**	**2,038**	**3,342**	**100.0**	**100.0**	**100.0**	**52.1**	**64.0**

Profit from operations

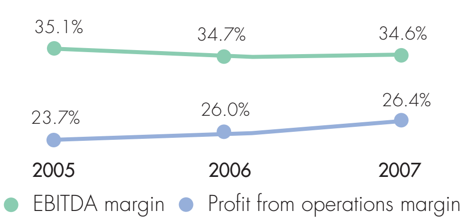
Profit from operations for the Group increased by 22.5% to R10.9 billion, fuelled by buoyant consumer spending, relatively low inflationary environments as well as effective cost containment in all operations. A healthy increase in traffic also contributed favourably to profit margins. Operating expenses increased by 20.3%, which was slightly lower than the revenue growth of 20.9%. This resulted in Vodacom's profit from operations margin increasing to 26.4% (2006: 26.0%).

Profit from operations
Geographical split

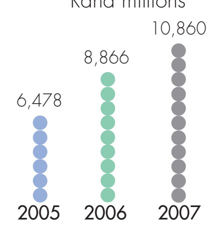
	Rand millions			% change	
Year ended March 31,	2005	2006	2007	05/06	06/07
South Africa	6,618	8,602	**10,293**	30.0	**19.7**
Tanzania	183	263	**346**	43.7	**31.6**
DRC	50	117	**277**	134.0	**136.8**
Lesotho	25	51	**75**	104.0	**47.1**
Mozambique	(454)	(144)	**(177)**	68.3	**(22.9)**
Holding companies	56	(23)	**46**	(141.1)	**>200**
Profit from operations	**6,478**	**8,866**	**10,860**	**36.9**	**22.5**
Profit from operations margin (%)	**23.7**	**26.0**	**26.4**	**2.3**	**0.4**

The Mozambique loss from operations included impairment of assets of R22.9 million (2006: reversal of R52.8 million; 2005: impairment of R268.4 million).

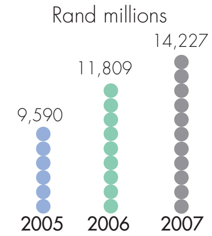
EBITDA and profit from operations margins



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 was in line with the previous year at 39.9%.

EBITDA
Geographical split

Year ended March 31,	Rand millions 2005	2006	2007	% change 05/06	06/07
South Africa	8,995	11,053	**12,963**	22.9	**17.3**
Tanzania	345	465	**584**	34.8	**25.6**
DRC	252	373	**603**	48.0	**61.7**
Lesotho	48	67	**97**	39.6	**44.8**
Mozambique	(111)	(129)	**(69)**	(16.2)	**46.5**
Holding companies	61	(20)	**49**	(132.8)	**>200**
EBITDA	**9,590**	**11,809**	**14,227**	**23.1**	**20.5**
EBITDA margin (%)	**35.1**	**34.7**	**34.6**	**(0.4)**	**(0.1)**
EBITDA margin excluding equipment sales (%)	**40.1**	**39.9**	**39.9**	**(0.2)**	**-**

Operating expenses

Operating expenses composition

Year ended March 31,	Rand millions 2005	2006	2007	% change 05/06	06/07
Depreciation, amortisation and impairment	3,112	2,943	**3,384**	(5.4)	**15.0**
Payments to other network operators	3,652	4,634	**5,636**	26.9	**21.6**
Other direct network operating costs	10,966	13,663	**16,804**	24.6	**23.0**
Staff expenses	1,653	2,042	**2,373**	23.5	**16.2**
Marketing and advertising	767	977	**1,146**	27.4	**17.3**
Other operating expenditure	751	1,043	**1,064**	38.9	**2.0**
Other operating income	(64)	(125)	**(120)**	95.3	**4.0**
Operating expenses	**20,837**	**25,177**	**30,287**	**20.8**	**20.3**
Operating expenses as a % of revenue (%)	**76.3**	**74.0**	**73.6**	**(2.3)**	**(0.4)**

Depreciation, amortisation and impairment

The depreciation expense is largely driven by capital expenditure on upgrading the Group's networks. Capital expenditure on network equipment has increased in recent years with the implementation and expansion of 3G/HSDPA networks.

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 12.2% to R3,361.2 million for the current financial year when compared to the increase of 5.4% to R2,995.8 million for the previous financial year. Mozambique's asset impairment amounted to R22.9 million (2006: reversal of R52.8 million; 2005: impairment of R268.4 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 license 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 headcount of 8.4% to 5,920 (2006: 5,459) employees in 2007, to support the growth in operations as well as annual salary increases and an increase in the provision for Vodacom's deferred bonus schemes due to increased profits.

Employee productivity has improved in all of Vodacom's operations, as measured by customers per employee, improving by 18.2% to 5,093 (2006: 4,308) customers per employee.

Marketing and advertising

Marketing and advertising expenses are mainly driven by advertising related to new technology products, the introduction of mobile number portability in South Africa and enhancing brand presence in all operations.

Other operating expenditure

The increase in other operating expenditure was primarily due to 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 and franchise fees received.

Interest, dividends and other financial income and finance costs

Interest, dividends and other financial income increased by over 118% to R1,336.2 million of which R1,261.7 million (2006: R481.8 million) relates to gains on foreign exchange contracts, liabilities and asset revaluations as well as interest rate swaps.

Finance costs increased by 43.9% to R1,800.0 million of which R1,430.9 million (2006: R1,001.6 million) relates to losses on foreign exchange contracts, liabilities and asset revaluations, interest rate swaps as well as well as the Vodacom DRC put option liability revaluation of R249.3 million.

In terms of a shareholders agreement, the Group's minority shareholder in Vodacom Congo (RDC) s.p.r.l., Congolese Wireless Network s.p.r.l. ("CWN") has a put option which came into effect on December 1, 2004, for a period of five years thereafter. In terms of the option, CWN is 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 constitutes 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 fair market value of the related shares at the date the put option is exercised. The put option gives rise to a financial liability in terms of IAS 32: Financial Instruments: Presentation of R249.3 million (2006: Rnil) at March 31, 2007. In terms of IAS 39: Financial Instruments: Recognition and Measurement, all subsequent changes in the fair value of the financial liability should be recognised as income or expense within the consolidated income statement. The increase in the value of the option had to be expensed through the income statement as a finance charge. The initial recognition of the option was at a value of Rnil due to the fact that Vodacom Congo (RDC) s.p.r.l. was incurring losses, coupled with the political instability in the country.

Taxation

The taxation expense increased by 24.4% to R3.8 billion (2006: R3.1 billion) for the year ended March 31, 2007, mainly due to a significant increase in secondary taxation on companies ("STC") paid on higher dividends as well as higher South African normal taxation paid on higher profits. Vodacom's effective tax rate decreased to 36.9% (2006: 37.5%) primarily due to the utilisation of Vodacom Congo's capital expenditure allowances. STC increased Vodacom's effective tax rate by 6.7% (2006: 6.9%).

Group shareholder distributions

Dividends declared for the 2007 financial year totalled R5.4 billion (2006: R4.5 billion), an increase of 20.0%. The final dividend of R2.9 billion was paid on April 4, 2007.

Capital expenditure

Capital expenditure additions
Geographical split

Year ended March 31,	Rand millions 2005	2006	2007	% of total 2005	2006	2007	% change 05/06	06/07
South Africa	2,777	4,384	**4,993**	79.5	85.3	**73.9**	57.9	**13.9**
Tanzania	234	318	**957**	6.7	6.2	**14.2**	35.9	**>200**
DRC	335	273	**506**	9.6	5.3	**7.5**	(18.5)	**85.3**
Lesotho	10	26	**25**	0.3	0.5	**0.4**	160.0	**(3.8)**
Mozambique	115	121	**85**	3.3	2.4	**1.3**	5.2	**(29.8)**
Holding companies	23	16	**182**	0.6	0.3	**2.7**	(30.4)	**>200**
Capital expenditure for the year	3,494	5,138	6,748	100.0	100.0	100.0	47.1	31.3
Capital expenditure additions (including software) as a % of revenue (%)	12.8	15.1	16.4	-	-	-	2.3	1.3

Cumulative capital expenditure
Geographical split

Year ended March 31,	2006 R billions	2006 Foreign	2007 R billions	2007 Foreign
South Africa (R billions)	24.1	-	**27.3**	**-**
Tanzania (TSH billions)	1.5	297.6	**2.7**	**456.7**
DRC (US$ millions)	2.0	323.1	**2.9**	**391.3**
Lesotho (Maloti millions)	0.2	225.0	**0.2**	**184.1**
Mozambique (MT billions)	0.6	2.6	**0.8**	**3.0**
Holding companies (R billions)	0.1	-	**0.2**	**-**
Cumulative capital expenditure	28.5	-	34.1	-

The Group invested R6.7 billion (2006: R5.1 billion) in property, plant and equipment (R6.1 billion) and computer software (R0.6 billion) for 2007, of which R5.2 billion (2006: R4.2 billion) was for cellular network infrastructure (excluding software).

Property, plant and equipment (including software), sold and scrapped, amounted to R1,956.9 million (2006: R689.7 million).

Foreign currency translation differences increased cumulative capital expenditure by R793.0 million (2006: decrease of R418.0 million).

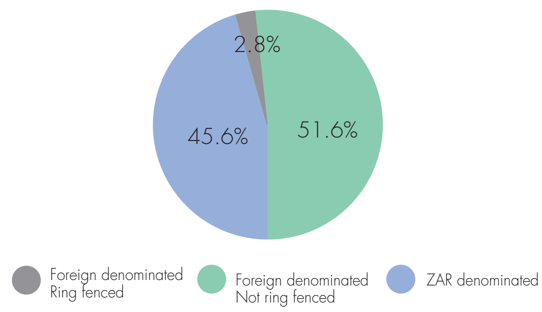
It is Vodacom's policy to hedge all foreign denominated commitments of South African operations. However, Vodacom does not qualify for hedge accounting in terms of IAS 39 and therefore, all capital expenditure in South Africa is recorded at the exchange rate ruling at the date of acceptance of the equipment. 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

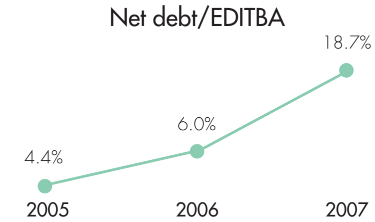
Vodacom's net debt position increased to R2.7 billion (2006: R709 million) as at March 31, 2007.

The Group's net debt to EBITDA ratio was 18.7% (2006: 6.0%) while Vodacom's net debt to equity ratio increased to 27.6% (2006: 8.2%). However, the final dividend of R2.9 billion payable to the Group's shareholders should be taken into account when evaluating the net debt to equity ratio, due to these dividends being paid very soon after year-end. In addition, in terms of covenant calculations, certain intangible assets are excluded from the calculation. If the shareholders for dividends and the secondary taxation on companies ("STC") thereon are included in, and certain intangible assets as well as minority interest are excluded from the calculation, the adjusted net debt to equity ratio at March 31, 2007, increased to 72.8% (2006: 50.5%).

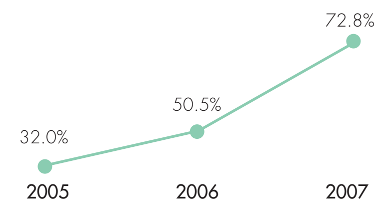
Gross debt composition including bank overdrafts
R3,435 million



Net debt/EDITBA



Adjusted net debt/equity



Summary of net debt and maturity profile

	Rand millions						
		Repayment of 2007 debt					
Year ended March 31,	2007	2008	2009	2010	2011	2012	2013 onwards
Finance leases							
South Africa	729	114	194	99	162	83	77
Funding loans							
Vodacom Tanzania shareholder							
and project finance loans	212	95	117	-	-	-	-
Vodacom Congo preference share liability	270	270	-	-	-	-	-
Vodacom International term loan	1,312	-	-	1,312	-	-	-
Other	33	23	1	-	-	-	9
Debt excluding bank overdrafts	2,556	502	312	1,411	162	83	86
Bank overdrafts	879	879	-	-	-	-	-
Gross debt	3,435	1,381	312	1,411	162	83	86
Bank and cash balances	(771)	(771)	-	-	-	-	-
Net debt	2,664	610	312	1,411	162	83	86

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 therefore 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 has project funding in place for its Tanzania investment at this stage, 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 of finance lease liabilities and short term money market borrowings at variable interest rates.

Financial instruments and risk management

Subject to central bank regulations in the various countries as well as local market condition restrictions, Vodacom actively 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.

Foreign exchange rates

Year ended March 31,	Rand exchange rate 2005	2006	2007	% change 05/06	06/07
US Dollar ("US$")					
Average	6.24	6.40	**7.05**	2.6	**10.2**
Closing	6.27	6.19	**7.29**	(1.3)	**17.8**
Tanzanian Shilling ("TSH")					
Average	175.01	180.72	**182.02**	3.3	**0.7**
Closing	176.68	198.03	**170.83**	12.1	**(13.7)**
Mozambique Metical ("MT")					
Average	3.42	3.89	**3.73**	13.7	**(4.1)**
Closing	3.12	4.37	**3.63**	40.1	**(16.9)**

Cash flow

Vodacom had a positive free cash flow before shareholder distributions and financing activities of R3.7 billion (2006: R3.2 billion), an increase of 13.8% when compared to the previous year. The cash generated from operations of R13.9 billion had a positive variance of R2.8 billion (2006: positive variance of R1.1 billion) compared to the previous year.

Conclusion

Vodacom is still uniquely positioned to leverage its existing resources and capabilities. The year under review illustrated the efficiency of Vodacom's customer centric approach. Through strong cash generation ability, Vodacom ensured a healthy consolidated balance sheet and substantial dividend payouts. 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 a balance between insightful analysis and intuition, born of a nuance understanding of the business. Vodacom's prospects remain positive, given the solid platform from which it grows.

Vodacom has once again performed exceptionally well in all the countries it operates in, during the current financial year. The South African market is not saturated yet and has increased beyond expectations. Gross connections improved substantially in Tanzania, the Democratic Republic of Congo, Lesotho and Mozambique, resulting in over 23% of the total Vodacom customer base now lying outside the borders of South Africa.

The investments made in Africa over the last couple of years have started to bear fruit in a very challenging competitive, regulatory and fiscal environment.

Pieter Uys
Chief Operating Officer
Vodacom Group (Proprietary) Limited

South Africa

Vodacom South Africa continues to grow and the number of customers has increased to 23.0 million (2006: 19.2 million). A record number of over 10 million gross connections is proof of continued activity in the market.

During the period June to September 2006, Vodacom deleted 3 million inactive prepaid customers from the database, which accounts for the slight decrease in estimated market share to 58%.

Although Vodacom South Africa continues to expand, under the leadership of Shameel Joosub, we have started to look for growth opportunities outside our traditional cellular business. To this effect we have invested in related industries such as information technology and broadcasting technology that can for example deliver 22 television channels to Vodafone live! customers.

Customer retention remains a strong focus and we have introduced loyalty programmes like Vodacom talking points and the Vodacom credit card to assist with this effort. The reduction in data tariffs will also contribute significantly to the total product portfolio Vodacom is committed to provide to its customers.

Mobile number portability has not had a big impact on the market, with less than 1% (net donor of just over 6 thousand) Vodacom customers utilising this facility.

The regulatory environment is an important factor in the performance of all companies and we anticipate that, when it comes into effect, customer registration will have an impact on Vodacom as well as other operators. The regulator has launched an investigation into mobile and retail wholesale tariffs which could also have an impact on prices in future.

Other operations

Tanzania

An increase in taxes, specifically excise duty on airtime of 40%, impacted negatively on the profit margin and business in Tanzania. A difficult operating environment with power rationing, inflated fuel prices and a significant devaluation of the local currency increased operational costs.

Despite the challenging operating environment, Vodacom Tanzania still experienced an increase of 55.3% in the customer base to over 3.2 million.

The new Convergence Bill, which increased the number of players in the telecommunications industry, created a much more competitive environment resulting in a decrease in the estimated market share to 55% (2006: 58%).

During the current financial year, Vodacom Tanzania was proud to launch the first third generation ("3G") network on the continent outside of South Africa and Mauritius, covering the Dar es Salaam area.

Dietlof Maré was appointed as Managing Director in Tanzania for the following financial year. The previous Managing Director, Romeo Kumalo, returned to South Africa as Commercial Director.

Democratic Republic of Congo ("DRC")

The first democratic elections were held in the DRC during 2006 and President Joseph Kabila was inaugurated in December 2006. Business grew with the customer base increasing by 67.5% to a total of over 2.6 million. Under the management of Dietlof Maré, EBITDA margins rose to above 31% with increased revenue of 43.5% and a year on year profit increase of 136.8%.

Vodacom DRC acquired an Internet Service Provider ("ISP") to compliment the telecommunications offering to the corporate business market. During the year, a general packet radio service ("GPRS") was rolled out and we look forward to continued growth.

Local participation in the business is borne by the fact that approximately 75% of all executive management positions are filled by DRC citizens.

In line with Vodacom's strategy to get synergy through investments, leaders are rotated and Mervyn Visagie was appointed as Managing Director in DRC for the following financial year.

Lesotho

Despite the small population, Vodacom Lesotho's customer base has increased by 35.4% under the leadership of Mervyn Visagie. Vodacom Lesotho has delivered significant growth with an increase in revenue of 33.5%. Profit from operations increased by 47.1% and EBITDA margins were maintained above 42%.

Vodacom Lesotho has maintained its estimated market share of 80% with excellent coverage, brand management and distribution of products and services.

Godfrey Mbingo was appointed as Vodacom Lesotho's new Managing Director for the following financial year.

Mozambique

Although we are faced with a difficult operating and competitive environment, Vodacom Mozambique experienced a phenomenal year of operations, under the leadership of José dos Santos. Customer acquisitions increased by 133.0% and the customer base showed an increase of 101.6% to 988 thousand customers. Estimated market share increased by 5% to 35% and revenue increased by 70.3%.

For the first time since inception, the months of February and March 2007 were EBITDA positive, although ARPUs and minutes of use were lower than expected.

Vodacom increased its local shareholding in Mozambique by introducing a second shareholder, Intelec Holdings Limitada ("Intelec"). Empresa Moçambicana de Telecommunicações ("EMOTEL") and Intelec are now together holding a 10% share in Vodacom Mozambique, effective April 1, 2007.

A GPRS network has been launched during the current financial year and it is anticipated that this will stimulate customer growth within the country.

Shameel Aziz Joosub
Managing Director
Vodacom (Proprietary) Limited

Structure

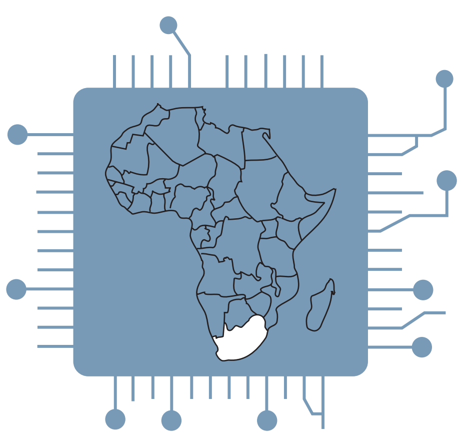
The review of Vodacom's South African ("VSA") operations comprises of Vodacom (Proprietary) Limited, Vodacom Service Provider Company (Proprietary) Limited ("VSPC"), Vodacom Properties No. 2 (Proprietary) Limited and the Number Portability Company (Proprietary) Limited, but excludes Cointel V.A.S. (Proprietary) Limited, Smartphone SP (Proprietary) Limited and its subsidiaries.

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, to name but a few. Vodacom distributes its services through five service providers.

VSPC is one of those service providers and distributes only Vodacom services.



VSPC remains the flagship of our service provider channel, managing 73.9% (2006: 70.9%) of the total customer base and 79.6% (2006: 75.1%) of the contract base.

Vodacom services are also provided exclusively by the following service providers: Global Telematics (Proprietary) Limited, trading as Orchid, Smartphone SP (Proprietary) Limited, a 70% subsidiary of Vodacom Group (Proprietary) Limited, trading as Smartcall and distributing products to prepaid customers and Smartcom (Proprietary) Limited, a subsidiary of Smartphone SP (Proprietary) Limited, distributing products to contract customers.

Together the Vodacom Group controlled service providers, control 99.4% of the prepaid customer base and 84.2% of the contract customer base.

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

Distribution channels

As at March 31, 2007, Vodacom's distribution network consisted of the following:

- Vodaworld: a unique one-stop mobile telecommunications mall, showcasing the latest technology in communications solutions;
- Dealers and franchises: 945 (2006: 610) company and independently owned cellular dealer and franchise outlets which include Vodashop, Vodacare, Vodacom 4U, Chatz and Cellshack stores;
- National chains: 13,800 (2006: 9,870) retail outlets;
- Vodacom Direct: Vodacom's call centre-based selling division;
- Business solutions: an extensive direct sales division within Vodacom which concentrates on the sale of contracts, data products and value added services to businesses;
- Wholesale: a significant channel representing the informal sector comprising of street vendors serving under-serviced areas; and
- Service provider distribution: consisting of direct sales, corporate dealers and franchise stores such as Smartcall, Smartcom, Nashua and Autopage.

Customers and traffic

Customer growth and connections

The South African customer base continued to grow, illustrating that the market is larger than previously anticipated. The total number of customers increased by 20.1% to 23.0 million (2006: 19.2 million), with the majority of the growth from the prepaid market. The number of prepaid customers increased by 18.6% to 19.9 million, while the number of contract customers increased by 27.6% to 3.0 million. The growth in customers was a direct result of the record number of gross connections achieved.

Contract gross connections increased by 31.6% to 666 thousand (2006: 506 thousand), while prepaid gross connections increased by 17.5% to 10.1 million (2006: 8.6 million), bringing the total number of connections for the year to 10.9 million (2006: 9.1 million). The growth in the contract connections was largely due to the increased connections in the hybrid product named Family Top Up. During the year, 246 thousand (2006: 196 thousand) customers converted from prepaid to contract packages.

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")

The high growth in prepaid customers continued to drive market penetration in 2007 and made up 93.2% (2006: 94.3%) of all gross connections. During the period under review, ARPU decreased to R125 (2006: R139) per month due to the continued dilution caused by the higher proportion of lower ARPU prepaid and contract connections made as the lower end of the market is penetrated.

Contract customer ARPU decreased by 9.6% to R517 (2006: R572) per month. The main contributing factor to this decrease has been the high growth in data customers as well as in the low end hybrid, Family Top Up package. The prepaid customer ARPU decreased by 8.7% to R63 (2006: R69) per month.

Community services ARPU decreased by 49.8% to R902 (2006: R1,796) per month mainly due to increased competition and the increased rollout by Vodacom.

Churn

The cost of acquiring contract customers in a highly developed market is considerable. Vodacom has therefore implemented retention initiatives over the last couple of years to administer this. Through the continued high level of handset support and an improvement in service to customers, Vodacom maintained a very low contract churn of 9.7% (2006: 10.0%) in 2007.

The developing prepaid market is characterised by low acquisition costs due to the flexibility required by this market to access our services. The increase in prepaid churn experienced, for the year under review, of 37.5% (2006: 18.8%) is mainly as a result of the deletion of 3 million customers during the period June to September 2006 when a clean-up of inactive customers was done. Subsequent to the clean-up, prepaid churn has stabilised around 20% which is comparable to the 2006 financial year.

Traffic and minutes of use

Total traffic on the network, excluding the impact of national and international roaming, has shown an increase of 19.4% to 20.4 billion (2006: 17.1 billion) minutes in 2007. This growth was mainly due to the 20.1% year on year growth in the total customer base from 19.2 million to 23.0 million. Also evident was a marked change in customer calling patterns, with total mobile-to-mobile traffic increasing by 23.9% while total mobile-to-fixed and fixed-to-mobile traffic increased by only 2.9%.

Minutes of use is reflective of voice trends outside and in excess of bundle minutes and shows a stabilised trend for the period under review. Contract minutes of use in excess of bundled minutes showed an 8.7% decrease to 188 (2006: 206) minutes per customer per month, as a result of high connections on the low end hybrid product while prepaid minutes of use showed a 4.1% decrease to 47 (2006: 49) minutes per customer per month.

"Currently 80% of the employees from Vodacom Group and Vodacom's wholly owned subsidiaries in South Africa are from historically disadvantaged groups"

Estimated market share

Despite strong competition, Vodacom retained its leadership in the South African market with an estimated 58% (2006: 58%) market share as at March 31, 2007. Market share is mainly affected by increased prepaid customer deletions, the introduction of an additional competitor in the market, through the launch of Virgin Mobile, as well as renewed efforts by the existing competitors to increase their share of the gross connections of both contract and prepaid customers. Increased efficiencies in the management of churn also resulted in higher net growth amongst some of the competitors. The cellular industry in South Africa grew by an estimated 20.7% since March 2006, of which Vodacom has contributed approximately 56.2%. The market penetration of the cellular industry is now an estimated 84% (2006: 71%) of the population, with a total cellular market of approximately 40 million (2006: 33 million) customers. Prepaid customers continued to dominate the market and comprised an estimated 83% (2006: 85%) of the total cellular market.

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 data, voice and SMS bundles for prepaid, Top Up and contract customers. Vodacom continued to launch and support Vodafone products such as Vodafone Simply, Welcome Tones, extended live television to 22 channels and Vodafone live! release 7 with its simple tabular, user-friendly approach. A number of corporate or business products were also launched, ranging from e-mail and enhanced voicemail to corporate access points which enhance the security of the mobile worker using a 3G/HSDPA data card remotely.

Contract services

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

As of March 31, 2007, 13.1% (2006: 12.3%) 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 proved to be highly successful and contributed to the growth in contract customers. As at March 31, 2007, 30.0% (2006: 27.6%) of Vodacom's contract customers comprised Top Up customers. During the year, Vodacom launched a number of new Top Up products to complete our range and lower the entry pricing.

Prepaid services

The majority of Vodacom's customers are prepaid customers and at March 31, 2007 prepaid comprised 86.5% (2006: 87.5%) of the customer base.

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, 2007, 85.3% (2006: 77.0%) 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 to prepaid, Top Up and contract customers, includes various pay-as-you-use, bundled GPRS and 3G/HSDPA offerings.

Vodacom was the first operator to introduce a commercial 3G offer into the local market in December 2004 and created a new niche market in data-related products and services. The take-up by customers during this initial period deployment has been exceptional. The number of active 3G/HSDPA devices on the network as at March 31, 2007 was 733 thousand (2006: 180 thousand). The 3G launch included a number of innovative products such as the Vodafone Mobile Connect Card. As at March 31, 2007 Vodacom already connected 139 thousand (2006: 38 thousand) 3G/HSDPA users. Significant data price reductions were introduced to further establish Vodacom as a serious contender in the data connectivity space and offered a viable alternative to fixed line as well as significantly increase the mobile data adoption.

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, 2007 Vodacom had 23 thousand (2006: 12 thousand) BlackBerry® users.

During the year there was an increase in the usage of GPRS, with the number of GPRS users increasing to 2.8 million (2006: 1.4 million) at March 31, 2007.

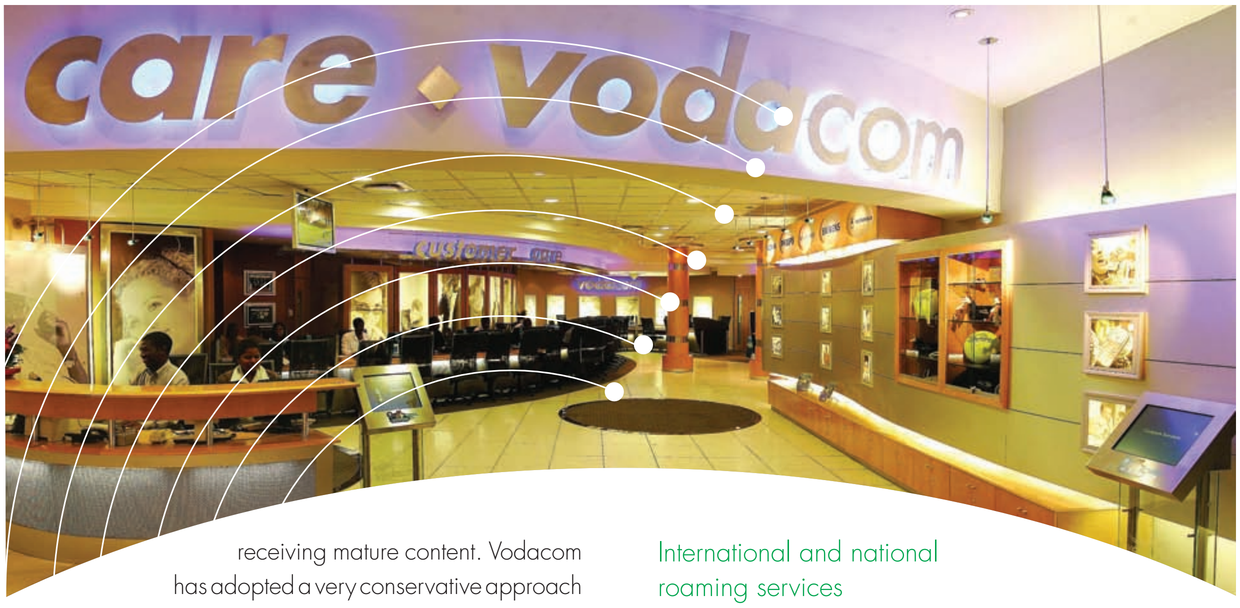
A major contributor to the number and volume of GPRS and 3G data traffic is Vodafone live!, which was launched on March 22, 2005 and by March 31, 2007 there were 899 thousand (2006: 351 thousand) users. On December 1, 2005 Vodafone release 7 was launched with Welcome Tones and Mobile TV as major new services. At March 31, 2007 there were 22 channels available with 33 thousand (2006: 13 thousand) mobile TV users.

A focus area this year has been to enhance self service, both through the Vodacom4me portal and the *111# service. This offers customers the ability to automatically set up their own phone for data and multimedia messaging services ("MMS") to check billing and bundle information real-time and even apply for, and change VAS if required.

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 largely driven by consumer applications, with the majority of interest being in premium-rated outgoing SMS and bulk incoming SMS services. As of March 31, 2007, 165 (2006: 152) WASPs applied for connectivity to the Vodacom network.

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 increased to 15.8 million (2006: 13.0 million) premium rated SMSs. A number of new bearers became significant as Vodacom also provides premium rated MMS and interactive voice response ("IVR") as well as the Vodacom Online Billing Service. This enables a WASP to issue Vodacom billing, tickets, enabling Vodacom to collect subscription services on their behalf. Revenues from WASP services increased by 38% year on year as the number of services and bearers have increased.

In addition, Vodacom launched the Adult Content Management System, the first, and to date, the only mobile system that enables parents to "opt out" their children 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 newsagents. Children are further protected from not only visually unsuitable material, but also chat rooms and unsuitable websites with gambling and drugs.

Handset sales

The number of handsets sold during the year was 4.6 million (2006: 3.8 million) units, which represented a year on year growth of 21.1%. The state of the art warehouse in Midrand, handled an average of 2,287 orders per day; an increase of 7.4% from the prior year figure of 2,130 orders per day. An impressive 98.3% of all deliveries to Vodacom's distribution channels are completed within 48 hours of receiving the order.

The Vodafone live! handset portfolio has increased significantly during the year, which has accounted for 32% of our total sales for the year. 3G handset pricing has also reduced significantly in the current year, making 3G handsets now more affordable. HSDPA data card sales increased significantly, accounting for 4% of total sales for the year. Bundling offers of the HSDPA data card with laptops, will increase in the coming year as the introduction of embedded 3G modules in the laptops have been a huge success. Camera technology in phones has improved to 1.3 mega pixel cameras currently being the standard and five mega pixel cameras now available on high end phones. HSDPA handsets also made its way into the market in the 2007 financial year.

International and national roaming services

As at March 31, 2007, Vodacom had international roaming agreements with 386 mobile communications network operators in 180 countries (2006: 350 network operators in 169 countries) for contract telephony services, 146 (2006: 93) GPRS roaming contracts, 46 (2006: 36) 3G roaming contracts and 31 (2006: 22) prepaid roaming telephony contracts.

Planned actions for 2007 will focus on increasing the footprint for Vodafone Passport, prepaid and GPRS networks as well as 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.

Customer care

Customer relationship management

Following the implementation of mobile number portability ("MNP") late in 2006 and the fact that the South African market is approaching saturation, customer retention has become one of the main priorities for cellular operators in South Africa.

This year, Vodacom focused on rewarding our customers for their loyalty. In particular Vodacom strived to give contract customers benefits over and above contract upgrades.

A Vodacom credit card was implemented whereby Vodacom contract customers are given large discounts on travel, leisure, security, education and cellular products.

During this year, more than one million Vodacom prepaid customers were able to exchange their talking points, earned when recharging, for rewards such us free SMS bundles, call discounts and free cellphones. This programme has proved to be extremely popular amongst our high end prepaid customers.

The Yebo Millionaires programme continues to be a favourite with Vodacom's emerging market customers. To date, more than 650 thousand Vodacom customers won prizes such as motor cars, cellphones, airtime and cash. Two of these customers became instant millionaires when they were able to predict the winning letters for the week. Vodacom also provided computer centres to two schools and to date has given away 32 of these computer centres. These computers are funded from the income generated from the charge of R1 per SMS, which is levied when customers exceed the two free SMSs per week that are given to all customers as a reward for their loyalty to Vodacom.

Both these programmes significantly contributed to the high levels of satisfaction among Vodacom's customers, evident in the South African customer satisfaction surveys conducted by the Department of Trade and Industry ("DTI"), where Vodacom not only improved their score, but also achieved the highest score in the telecommunications and banking sectors. Similar surveys, based on best practices used by Vodafone, were conducted internally and rendered equally high scores for Vodacom.

These surveys enable Vodacom to better understand our customers' preferences and how customers would prefer 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

The primary focus for customer care has been on expanding capacity in the call centres. Calls answered grew by 22% over last year, and consolidated service levels also improved. Recruitment and focus management continued, and new staffing models have been adopted to improve flexibility as staff is scheduled more effectively to meet call volume demand. An additional 915 call centre staff required both training and seating capacity. Training facilities have been expanded and the new Johannesburg call centre went live in July 2006.

Specialisation of call centres has been very successful. A data call centre was established to focus on the support of GPRS and 3G/HSDPA products. For the first time staff have been trained on both telecommunications and information technology skills and customer feedback has been positive. The retentions, loyalty and trade partner support specialist call centres grew by over 35% and achieved all targets, including service levels, upgrades and contract churn management. A highly specialised dedicated port support desk was also established and is providing successful first tier and second tier support, combined with valuable statistical analysis of reasons for porting.

The e-mail contact centre continued to experience rapid growth and proved to be an effective channel with year on year volumes growing in excess of 100%.

The outsourcing of prepaid and directory enquiry calls continued successfully and is likely to be expanded in the coming year.

Alongside the expansion of call centres, there has been a focus on efficiency. Forecasting and scheduling tools were being replaced and agent behaviour received attention. Targets for first call resolution were successfully achieved.

Feedback from customers on the IVR unit were used to re-design the flow and handling of incoming calls. The aim was to improve customer experience by providing a friendlier interface and by proactively answering typical queries. A customer experience index was developed to provide ongoing feedback.

The Ladder of Learning trade training increased the number of training interventions by 25%, focusing predominately on new product, process and system training. With the evident need for consistent service delivery across all customer touch points, coupled with the ability to differentiate ourselves in the market place through customer service excellence, this division is anticipated to grow substantially in the coming year.

Walk-in customer care

Dedicated customer care centres located in busy shopping centres across the country continued 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 from the year on year increase of 39% in foot-traffic. This increase contributed to the decision to continue increasing the number of centres with a possible further expansion into more remotely based areas. In addition to the five centres currently located in the following areas: Vodaworld - Midrand, Canal Walk - Cape Town, Gateway - Durban, Greenacres - Port Elizabeth and Mimosa Mall - Bloemfontein, three additional centres will be opened in the next few months. As data services became more popular, all of these centres were upgraded to assist customers with queries of a technical nature and in the case of the Vodaworld centre, a dedicated data centre was created where customers receive personalised attention in resolving their highly technical data related queries.

Vodacare

Vodacare specialises in cellular repairs and consists of 35 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 75 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, loan handsets, the 48 hour swap programme and managed repairs through third parties.

Around 20% of high level repair customers opted to use the 48 hour swap programme. The remainder of the high level repair customers selected to use the seven day turnaround time programme provided by the advanced repair centre. The balance of the low level repair customers, which comprises over 80% of the business, was 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, 2007 Vodacom achieved the following 2G voice quality, measured through vehicle trialing:

- 99.7% (2006: 99.6%) call set-up success rate;
- 99.6% (2006: 99.6%) call retention rate; and
- 99.3% (2006: 99.3%) call success rate.

The network's core GSM infrastructure as at March 31, 2007 consisted of the following:

CORE	GSM/GPRS/EDGE	3G/HSDPA
• 45 mobile switching centres* (including the HP HLRs, VLRs, STPs and gateways); * This is down from the 58 mobile switching centres in the March 2006 report due to the consolidation achieved during the HP HLR migration.	• 325 base station controllers (2006: 280); • 5,231 macro-base transceiver stations (2006: 4,873); • 1,634 micro-base transceiver stations (2006: 1,528); • 69,527 transceivers (2006 : 57,223) ; • 6,110 sites (macro/micro combination) activated with CS3 and 4 (2006: 5,882); • 2,195 sites activated with EDGE (2006: 1,153 sites); and • GPRS functionality across the network.	• 22 radio network controllers (2006: 14); • 2,119 UMTS base transceiver stations (NodeB) (2006: 1,504); • 9,606 UMTS transceivers (2006:4,512); and • HSDPA functionality across the 3G network.

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

Vodacom's infrastructure covers an estimated 97.9% (2006: 97.5%) of the population, based on the available census information of 2001, and 71.2% (2006: 69.4%) of the geographical area of South Africa. Growth in both population and geographical coverage continued proportionally during 2007.

Vodacom continues to deploy GSM1800MHz radio equipment in all regions to provide additional customer capacity as necessitated by the increase in network traffic. Vodacom has operational dual band base stations in 2,225 (2006: 1,599) locations in South Africa. These sites comprised of 19,018 (2006: 13,945) GSM1800MHz transceivers.

Vodacom's transmission network comprised of 19,931 (2006: 18,596) E1 links and 385 (2006: 228) broadband (STM-1/4 and STM-0) 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 internet protocol ("IP MPLS"). It comprises of more than 300 nodes (2006: more than 50 nodes) and is supported (for transport) by Ethernet over SDH.

The 2007 financial year saw the Siemens intelligent networks ("IN") environment replacing the entire legacy Siemens Nixdorf platforms with far superior Fujitsu Siemens servers. This went hand in hand with a total change to the architecture, operating system, database and application environments supported on these systems (collectively referred to as the IN@vantage platform).

In parallel to this, the entire prepaid data billing architecture was completely remodelled in order to provide the necessary data billing capabilities and flexibility. One of the many advantages the immediate functionality provided was the ability to charge differently for on- and off-net rating for the Vodafone live! environment i.e. free on-net browsing, but chargeable traffic when moving off-net. Four new charging@vantage platforms, three Authentication and Charging Gateway Platform Blade Systems are active, each with six blades per system, and the distributed Common User Repository ("CUR") systems were implemented. This architecture and functionality were also pre-requisites to be able to introduce prepaid data bundles.

On the VAS side, the WAP Gateways were replaced to provide redundancy and enhanced capacity, Ring Back Tones for both Vodafone live! and legacy customers, which required a fairly significant deployment of Tecnomen IVR infrastructure in excess of 2,000 ports geographically distributed in the major regional MSC facility. Introduction of new LINUX routers enabled Vodacom to handle the significant Christmas peak SMS traffic without any major blockages or failures.

Adult content management was introduced. The adaptive solution integrates directly with the intelligence packet solution and CUR systems and provides the possibility to introduce multiple levels of content management and filtering for various levels of customer profiles and access.

Procurement

Vodacom solicits bids for all goods and services in excess of R1 million. Bids are via a closed tender system and by invitation only. 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, black economic empowerment ("BEE") and quality. Vodacom spent 70.8% of its eligible procurement expenditure with BEE companies, compared to a target of 66%. Vodacom seeks to utilise at least two suppliers for all critical equipment where possible, to minimise supply risk. Vodacom's main technology suppliers are Siemens, for the core and 3G network, and Alcatel and Motorola for the radio networks.

Regulatory affairs

The regulatory environment was vibrant in the current financial year, with inter alia the Electronic Communications

Act ("ECA") and the Independent Communications Authority of South Africa ("ICASA") Amendment Act being promulgated on July 19, 2006; the publication of the framework for converting existing licenses and the Notice of Intention to Prescribe Regulations in terms of the Licensing Framework applicable to Individual and Class Licenses, are at the "in comment" phase.

The Information and Communication Technology ("ICT") BEE Charter, after more than a year of continued industry consultation and negotiation, is also nearing finalisation. The Charter will be subject to alignment with minimum requirements of the Department of Trade and Industry's ("DTI") Codes of Good Practice.

On January 29, 2007 the Authority also initiated an inquiry into the market for wholesale fixed and mobile call termination rates. The process is still ongoing. Further, MNP was implemented since September 10, 2006 without any significant impact.

Under-serviced area licenses ("USAL")

Vodacom has roaming agreements with six Under-Serviced Area Licensees ("USALs"), namely Amatole, Bokone, B-TEL, ITEL, Karabotel and Kingdom Communications. These agreements allow them to use Vodacom's network to provide GSM services to their customers, both within their respective regions and outside of such regions on a national basis. Of the six USALs with whom Vodacom has agreements, five launched commercial services with Bokone being the exception.

Electronic Communications Act

The Electronic Communications Act, No. 36 of 2005 (previously known as the Convergence Bill) was signed by the President and published on April 11, 2006. The Act introduces a new regulatory framework aimed at stimulating services-based competition and came into operation on July 19, 2006. The ICASA Amendment Act was signed by the President on June 15, 2006 and came into operation on the same date as the Electronic Communications Act. The amendment to the ICASA Act redefines and expands the powers of ICASA.

The regulations made under the Telecommunications Act are to remain in force until required new regulations are in place to fully implement the provisions of the Electronic Communications Act.

All existing licenses are to remain valid until converted by ICASA in line with the new licensing framework. This must be done within 24 months from the commencement date of the Electronic Communications Act. As a result, Vodacom's licenses will be converted to new licenses in accordance with the new licensing regime. Conversion is required to be on no less favourable terms than the original license. The process of converting our licenses to the new licensing framework may be lengthy and complex. ICASA may grant additional rights and impose obligations on the licensee, in order to ensure that the existing licenses comply with the Electronic Communications Act.

As stated above, the Framework for Converting Existing Licenses and the Notice of Intention to Prescribe Regulations in terms of the Licensing Framework applicable to Individual and Class Licenses were published (both still in comment phase). This constitutes the first step towards license conversion.

ICT BEE Charter

The draft ICT BEE Charter is presently being aligned with the DTI Codes of Good Practice, that were published on February 9, 2007. Implementation of the ICT Sector Code by the Department of Communications is projected for the end of 2007. The final charter is due for implementation at the beginning of 2008.

1800MHz and 3G spectrum

From a technical regulatory perspective, Vodacom is well positioned for future growth. Vodacom has permanent 1800MHz and 3G spectrum licenses. 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 5,000 schools and 140 institutions for people with disabilities over a period of eight years. The Department of Communication assisted in the identification of some beneficiaries within various government departments. The license stipulates that roll-out can only commence upon approval of the implementation plans by ICASA. The implementation plans in respect of 1800MHz and 3G was submitted to ICASA in August 2005. 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 rate, as provided for in the Telecommunications Act. The implementation plan for 3G rollout in the Gauteng Province was approved by ICASA on February 15, 2007 and Vodacom is in the process of rolling out internet connectivity to the approved schools in Gauteng.

Mobile number portability

Phase 1 of MNP was launched in South Africa, on November 11, 2006. Phase 2, which includes multiline porting, FTP access to third parties and operational software upgrades on the Central Reference Data Base ("CRDB"), will be implemented during May 2007

The uptake on MNP was disappointingly slow.

The total ported customers from November 11, 2006 until March 31, 2007 were as follows:

	Ported numbers
Ports per recipient network operator	
Vodacom	16,815
Cell C	20,481
MTN	12,498
Total	**49,794**
Ports per donor network operator	
Vodacom	22,833
Cell C	6,424
MTN	20,537
Total	**49,794**

Regulation of Interception of Communication and Provision of Communication related Information Act ("RICA")

The Amendment Bill on RICA regarding electronic customer registration is still in the Portfolio Committee on Justice and Constitutional Development.

The President has by Proclamation, dated June 27, 2006, repealed the proclamation that had set June 30, 2006 as the effective date for customer registration. No new effective date has been set in the new proclamation.

The Safety and Security Department has prepared a substantive submission for the Committee, supporting the Operator's positions. This is to be submitted to the Committee when it reconvenes.

Public hearings are expected to resume in May 2007.

Conclusion

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.

SMARTCALL
SMARTCOM
COINTEL

Mark Attieh
Managing Director
Smartphone SP (Proprietary) Limited

Overview

Vodacom Group (Proprietary) Limited acquired an additional 19% interest in Smartphone SP (Proprietary) Limited, trading as Smartcall, effective August 30, 2006. This increased Vodacom Group (Proprietary) Limited's shareholding to 70%.

Smartcall acquired an additional 2.25% interest in Smartcom (Proprietary) Limited, effective September 13, 2006, increasing the shareholding to 88%. Smartcall acquired 100% of Cointel V.A.S. (Proprietary) Limited from Vodacom Group (Proprietary) Limited, effective October 9, 2006. Smartcall has set up a joint venture ("JV") operation with Discovery Life in order to create, market and distribute prepaid funeral policy products to the prepaid market. Smartcall owns 88% of Smartcall Smartlife (Proprietary) Limited, the JV vehicle with Discovery Life.

Smartcall maintained its 52% holding in Ithuba Smartcall (Proprietary) Limited, the remaining shares held by BEE entities. Ithuba Smartcall (Proprietary) Limited concentrates on voucher sales and voucher distribution for Telkom SA Limited.

The Smartphone Group performed well in the South African market. The Smartphone Group's profit from operations increased by 45.1% when excluding Cointel and the profit on disposal of the Smartcom customer base.

Smartphone SP (Proprietary) Limited trading as Smartcall

Smartcall achieved excellent results and exceeded expectations in a more competitive environment. Smartcall's profit from operations increased by 77.9% when compared to the previous financial year.

Smartcall developed new voucher distribution solutions and these are gaining market share on a monthly basis. Smartcall started operating in the wireless application service provider ("WASP") arena in late 2005 and this area of the business showed good growth in revenues, profit as well as services offered.

Smartcall offers products exclusively to the prepaid market and at March 31, 2007 the customer base was over 5.0 million (2006: 4.7 million).

Smartcom (Proprietary) Limited

Smartcom (Proprietary) Limited ("Smartcom") disposed of its entire customer base in October 2006 to Vodacom Service Provider Company (Proprietary) Limited ("VSP"), but will continue to connect customers going forward.

Smartcom's distribution channels performed well with sales of both Family Top Up and data packages doing exceptionally well. All distribution channels are being actively monitored and strengthened where required. Smartcom managed to maintain very good customer care service levels and are poised for further growth in the year ahead.

Smartcom offers products exclusively to the contract market and its customer base at March 31, 2007 was over 30 thousand.

Cointel V.A.S. (Proprietary) Limited

Cointel V.A.S. (Proprietary) Limited ("Cointel") has been a prominent operator in the value added services market, community payphone market and the mobile commerce market for the last 10 years. Cointel currently manages over 1,500 customised mobile commerce and value added services applications on mobile and fixed wire networks in South Africa.

Cointel has offered mobile commerce and recharge solutions to African operators and currently operates in South Africa, Namibia, Kenya and Botswana.

Smartcall Smartlife (Proprietary) Limited

Smartcall Smartlife (Proprietary) Limited ("Smartcall Smartlife") started operations with Discovery Life in December 2006. The product take up was low, but is starting to increase, which is to be expected from a new and innovative product that targets a previously unbanked sector of the economy.

Employees

The Smartphone group has a combined staff compliment of 174 (2006: 255) employees.

Nick Zografos
Chief Executive Officer
Smartcom (Proprietary) Limited

Gary Nunez
Managing Director
Cointel V.A.S. (Proprietary) Limited

Prospects

The cellular market continues to show growth and Smartcall, Cointel and Smartcom continue to benefit from this through its well developed distribution channels, brands, new products and innovative services.

Smartcall Smartlife will further open doors into new distribution channels for our financial services products as well as our existing cellular products and services.

The companies are known for their innovation in the telecommunication market and are continuously exploring and developing novel customised concepts to enhance current solutions as well as to launch new solutions and services into the market place. Smartcall is also aggressively developing its retail distribution channels and Smartcom is well positioned to take advantage of mobile number portability.

The loyalty towards our brands has grown significantly over the last few years and we will continue to stimulate this through all mediums for all entities in the group.

SOUTH AFRICA CONSOLIDATED KEY OPERATIONAL INFORMATION

South Africa (Vodacom South Africa, Smartcall, Smartcom and Cointel)

	Year ended March 31,			% change	
	2005	2006	2007	05/06	06/07
Customers (thousands)[1]	12,838	19,162	23,004	49.3	20.1
Contract	1,872	2,362	3,013	26.2	27.6
Prepaid	10,941	16,770	19,896	53.3	18.6
Community services	25	30	95	20.0	>200
Gross connections (thousands)[2]	6,180	9,140	10,859	47.9	18.8
Contract	434	506	666	16.6	31.6
Prepaid	5,742	8,618	10,124	50.1	17.5
Community services	4	16	69	>200	>200
Inactives (3 months - %)	7.9	8.7	10.7	0.8 pts	2.0 pts
Contract	1.5	2.4	3.1	0.9 pts	0.7 pts
Prepaid	9.0	9.6	11.8	0.6 pts	2.2 pts
Total churn (%)[3]	27.1	17.7	33.8	(9.4 pts)	16.1 pts
Contract	9.1	10.0	9.7	0.9 pts	(0.3 pts)
Prepaid	30.3	18.8	37.5	(11.5 pts)	18.7 pts
Traffic (millions of minutes)[4]	14,218	17,066	20,383	20.0	19.4
Outgoing	9,231	11,354	13,638	23.0	20.1
Incoming	4,987	5,712	6,745	14.5	18.1
ARPU (Rand per month)[5]	163	139	125	(14.7)	(10.1)
Contract	624	572	517	(8.3)	(9.6)
Prepaid	78	69	63	(11.5)	(8.7)
Community services	2,321	1,796	902	(22.6)	(49.8)
Minutes of use per month[6]	84	74	69	(11.9)	(6.8)
Contract	226	206	188	(8.8)	(8.7)
Prepaid	52	49	47	(5.8)	(4.1)
Community services	3,185	2,327	1,151	(26.9)	(50.5)
Gross capex spend (Rand millions)[7]	2,777	4,384	4,993	57.9	13.9
Capex as a % of revenue (%)	11.1	14.1	13.5	3.0 pts	(0.6 pts)
Cumulative capex (Rand millions)	20,358	24,095	27,310	18.4	13.3
Capex per customer (Rand)	1,515	1,257	1,187	(17.0)	(5.6)
Number of employees[8]	3,954	4,148	4,388	4.9	5.8
Customers per employee	3,247	4,619	5,242	42.3	13.5
Estimated mobile penetration (%)[9]	49	71	84	22 pts	13 pts
Estimated mobile market share (%)[9]	56	58	58	2 pts	-

Notes

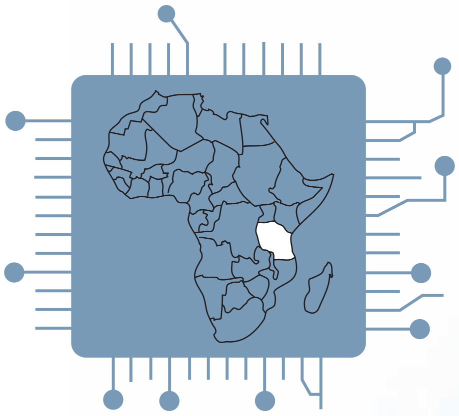
1. *Customer totals are based on the total number of customers registered on Vodacom's network, which have not been disconnected, including inactive customers, as at the end of the period indicated.*
2. *The 2005 and 2006 gross connections have been restated due to a change in the Group's reporting policy. Conversions between categories have now been excluded from gross connections. The following are the connections including conversions for 2005 and 2006 respectively, based on the old policy:*
   Contract: 610; 702
   Prepaid: 5,566; 8,422.
3. *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.*
4. *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.*
5. *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.*
6. *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.*
7. *Including computer software.*
8. *Temporary employees previously included in 2005 and 2006 are now being excluded from the number of employees.*
9. *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.*

Romeo Kumalo
Managing Director
Vodacom Tanzania Limited

Overview

Vodacom Group (Proprietary) Limited owns a 65% interest in Vodacom Tanzania Limited; two local shareholders, Planetel Communications Limited and Caspian Construction Limited hold the remaining 16% and 19% respectively. Vodacom Tanzania was issued its license 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 licensing regulatory framework. Vodacom Tanzania became the largest mobile operator in the country within one year of launching and still remains the largest mobile network operator in Tanzania.

The company's operating results were in line with expectations for the year ended March 31, 2007, driven primarily by the substantial growth in the customer base although profit margins were reduced by an unexpected increase of 40% in rate of excise duty from 5% to 7% on mobile calls and the additional cost of running sites as a result of a countrywide power crisis which resulted in power rationing for a substantial period during the year.



Infrastructure

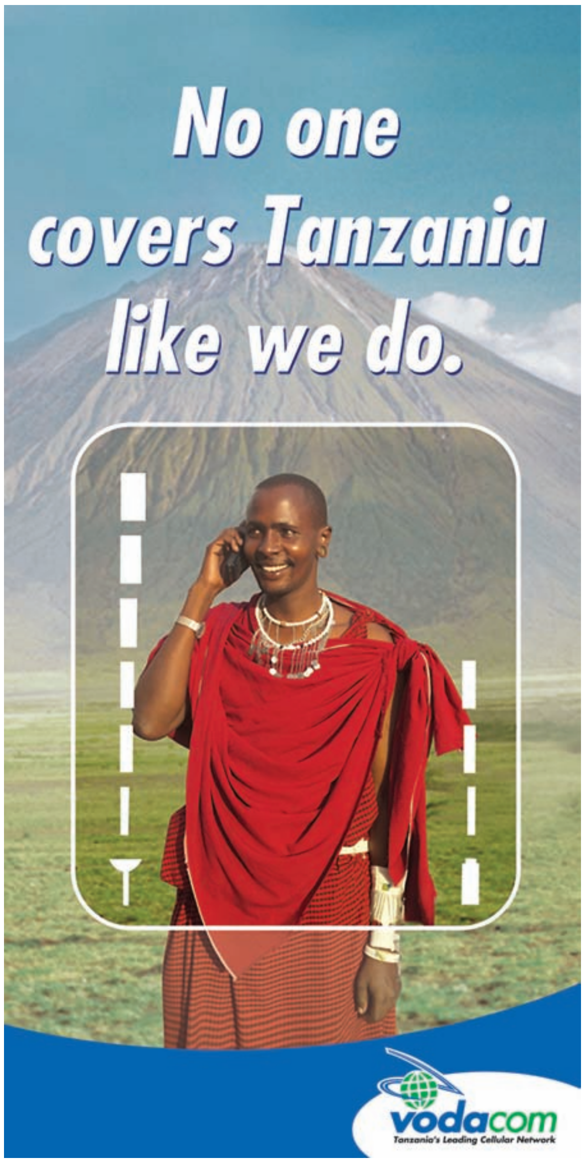
Vodacom Tanzania's infrastructure network comprised five MSCs, 28 BSCs, 602 Macro BTSs, one SGSN, one GGSN, one RNC and 101 Node Bs as at March 31, 2007. The network had a home location register ("HLR") capacity of eight million and an effective visitors location register ("VLR") capacity of 3.7 million. Vodacom Tanzania is planning to increase the capacity by the installation of two further VLRs during the following financial year, extending the capacity to 5.4 million.

Vodacom Tanzania's cumulative capital expenditure (excluding the license) at March 31, 2007 amounts to TSH456.7 billion (2006: TSH297.6 billion), or R2.7 billion (2006: R1.5 billion).

Vodacom Tanzania focused its infrastructure investment in building core capacity to accommodate the substantial growth in the customer base during the year and investing in establishing a core data network for its third generation/high speed downlink packet access ("3G/HSDPA"), general packet radio service/enhanced data for GSM evolution ("GPRS/EDGE") and worldwide interoperability for microwave access ("WiMax") product offerings. New network coverage has been at acceptable levels with a continued emphasis on building capacity sites to improve quality of service and enhance and establish sites to deliver data product functionality in the existing coverage areas.

Products and services

In the last quarter of the year the company commercially launched its 3G/HSDPA and GPRS data product offering, which together with the commercial launch of WiMax in the new financial year, is anticipated to enhance data revenues. The 3G/HSDPA data product initially 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 Vodatariffa, a premium rated SMS-based information service and further supported by the increased focus on the appointment of wireless application service providers ("WASP"s) during the year.



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.

Vodafasta, a dynamic recharge product, was introduced during the current financial year. The product allows prepaid customers to electronically recharge airtime via registered vendors, enhancing the availability of Vodago prepaid airtime and reducing the cost of physical distribution.

Customers

The Vodacom Tanzania customer profile is currently 99.3% (2006: 99.5%) prepaid, 0.4% (2006: 0.3%) contract and 0.3% (2006: 0.1%) public phones. The total customer base at March 31, 2007 was 3.2 million (2006: 2.1 million), a substantial increase of 55.3%. This growth has primarily been achieved by an increase in the prepaid customer base of 54.9% to 3.2 million customers. Gross connections of 2.1 million (2006: 1.4 million), represents an increase of 54.6% over the year. The churn rate increased to 35.6% (2006: 28.5%). 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 licensed in Tanzania namely Mobitel (re-launched as Tigo during the year), Celtel and Zantel. During the year, two further operators Tanzanian Telecommunications Company Limited ("TTCL") and Benson on Line ("BOL"), both locally controlled companies, were granted mobile licenses and launched code division multiple access ("CDMA") mobile networks. Further licenses have been applied for, but none had been granted by the end of the financial year. Zantel enhanced 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" concept) 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, further reductions in international tariffs were made during the year, despite substantial reductions in the prior year to once again align these with those made by our competitors, in particular Celtel. The Vodacom Tanzania estimated market share is 55% (2006: 58%).

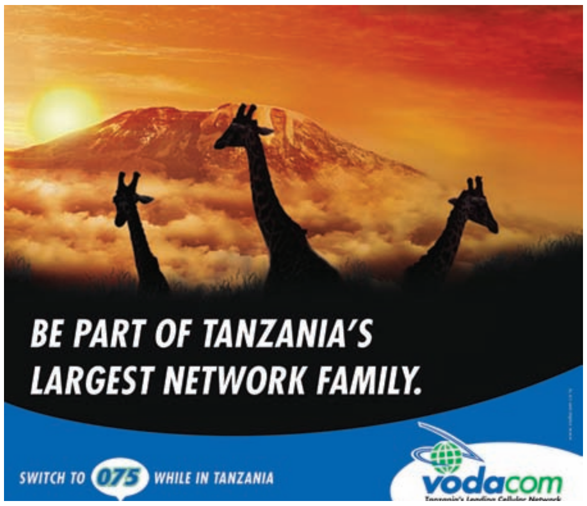
Employees

At March 31, 2007, Vodacom Tanzania had a total headcount of 527 (2006: 438) 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

The negotiation of the terms and conditions of migrating Vodacom's existing license to the new regulatory framework was finalised during the year. Vodacom Tanzania was granted its new licenses on July 26, 2006. These licenses were for National and International Network Facilities, Network Services Application Services and Radio Frequency Spectrum Resource Usage. All licenses, with the exception of the Application License, run for a fixed term of 25 years. The Application Services License 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 license covers GSM and DCS at 900 MHz and 1800 MHz and broadband frequencies for WiMax and 3G/UMTS.



The mobile termination rate determined by the Tanzanian Communications and Regulatory Authority is 8.0 US cents, effective from March 1, 2006 and will remain in place until December 31, 2007.

Prospects

Vodacom Tanzania is anticipating substantial 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 also initiate the implementation of a comprehensive data strategy, which will include the further implementation of 3G/HSDPA.

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.

Dietlof Maré was appointed as the new Managing Director of Vodacom Tanzania, effective April 1, 2007.

Vodacom Tanzania

	Year ended March 31,			% change	
	2005	2006	2007	05/06	06/07
Customers (thousands)[1]	1,201	2,091	3,247	74.1	55.3
Contract	5	7	14	40.0	100.0
Prepaid	1,193	2,081	3,223	74.4	54.9
Community services	3	3	10	-	>200
Gross connections (thousands)	746	1,353	2,092	81.4	54.6
Churn (%)	29.6	28.5	35.6	(1.1 pts)	7.1 pts
ARPU (Rand)[2]	81	67	52	(17.3)	(22.4)
Gross capex spend (Rand millions)	234	318	957	35.9	>200
Capex as a % of revenue (%)	24.4	24.3	55.3	(0.1 pts)	31.0 pts
Cumulative capex (Rand millions)	1,359	1,503	2,674	10.6	77.9
Number of employees[3]	340	438	527	28.8	20.3
Customers per employee	3,532	4,774	6,161	35.2	29.1
Estimated mobile penetration (%)[4]	5	9	16	4 pts	7 pts
Estimated mobile market share (%)[4]	59	58	55	(1 pt)	(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. Temporary employees previously included in 2005 and 2006 are now being excluded from the number of employees.*
4. *Estimated mobile penetration and market share is calculated based on Vodacom estimates.*

VODACOM CONGO

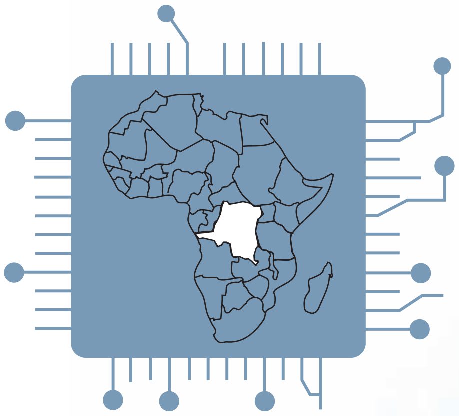
Dietlof Maré
Managing Director
Vodacom Congo (RDC) s.p.r.l.

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. Despite aggressive competition for market share, Vodacom Congo has been able to surpass competition and retain dominance in the Congolese cellular market. The main contributing factors in achieving customer and profit growth include coverage roll-out in strategic areas, implementation of an effective and aggressive sales and distribution strategy and an improvement in consumer confidence and spending.

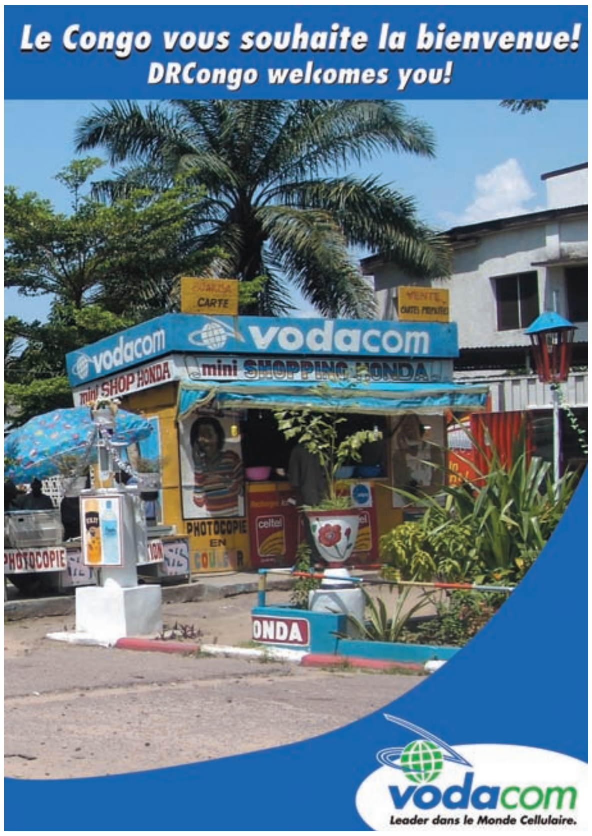
The DRC's first presidential and parliamentary elections took place on July 30, 2006, after an official postponement was announced in June 2005. The relative peaceful outcome of the election is anticipated to bring political stability and economic growth to the DRC. The current coverage and market share levels put Vodacom Congo in a very favourable position to benefit from such an economic upturn.



Infrastructure

Vodacom Congo invested R506 million or US$71.7 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 nine provinces of the DRC. This includes roll-out in 238 (2006: 184) towns and consists of 470 (2006: 373) base stations and four (2006: four) mobile service switching centres ("MSC"s). Vodacom Congo is financing its roll-out with a combination of external medium-term and shareholder funding.

The company's cumulative capital expenditure at March 31, 2007 was R2.9 billion or US$391.3 million (2006: R2.0 billion or US$323.1 million).



Products and services

Vodacom Congo offers contract, prepaid and public phone services. The contract product is aimed at the corporate market, with a focus on value-added and customer service. Service to contract customers was further enhanced, this financial year, with the possibility to migrate to Top Up options and the introduction of the corporate private automatic branch exchange ("PABX") product. The prepaid and public phone products are aimed at the broad Congolese market, with the main competitive advantage being coverage, network quality and distribution. To further enhance data revenue streams, Vodacom Congo commercially launched general packet radio services ("GPRS") in February 2006. The application was introduced to support data transfer requirements during the electoral process and meet the data demands of local businesses and corporate clients. Additional revenue streams were created, during the 2007 financial year, with the acquisition of the business of an internet service provider named InterConnect s.p.r.l. The acquisition offers additional products and services such as data and voice bundled packages to new and existing customers.

In May 2005, the company launched an electronic voucher solution known as Voda-E in order to strengthen its distribution capabilities and enable customers to recharge to the value of US$0.3 (previous lowest denomination US$1) and to transfer airtime among users via text messaging with the use of a standard handset. Voda-E airtime distribution platform currently accounts for 40% of all voucher sales on the network. During the 2007 financial year, the US$1 Vodago voucher was introduced. The secured electronic distribution system ("SEDS") provides secure printed vouchers with extended distribution. SEDS was introduced to complement the Electronic Voucher Distribution system with enhanced voucher security and operating system capacity.

Customers

Vodacom Congo's customer base increased by 67.5% to 2.6 million (2006: 1.6 million) customers at the end of the financial year. This was the result of 1,688 thousand (2006: 892 thousand) gross connections and a churn percentage of 30.4% (2006: 28.1%).

Vodacom's key success factors in the market remain the ability to source the lowest priced quality handsets; effective distribution channels; access to new areas through a successful coverage roll-out plan and sound network quality supported by the strong Vodacom multi-national brand.

Market share and competition

Vodacom Congo continued to be the leading telecommunication network in the DRC, with an estimated market share of 47% (2006: 48%) as at March 31, 2007. Vodacom's main competitor Celtel, controls approximately 39% (2006: 44%) of the market. The remaining balance of the market is shared with Tigo and Congo Chine Telecom accounting for 5% (2006: 2%) and 9% (2006: 6%), respectively. During the year, SAIT re-launched its network under the brand name Tigo. This effort consisted of re-branding the company through aggressive television, sponsorships and outdoor media activity.

Employees

Vodacom Congo ended the financial year with 627 (2006: 479) employees, which includes secondees. Management remains committed to the skill transfer process through the evaluation, identification and intensive training of local staff. During the 2007 financial year, the company implemented a bursary scheme aimed at targeting and developing students as well as retaining key employees.

Regulatory

The National Regulatory Agency ("NRA") has been active during the year, working with international consultants appointed by the World Bank on the reformation of the telecommunication legislative framework and regulations. Key focus areas included:

- Spectrum (national planning, management and fees);
- Interconnection guidelines and principles;
- Cost modelling;
- Numbering (national planning, management and fees); and
- Universal service fund (constitution and funding mechanisms).

Draft guidelines and regulations were submitted to network operators for consultation purposes.

The NRA has also been holding public hearings regarding the introduction of 3G technology. The NRA's findings are expected to soon be submitted to the government.

In addition to its GSM license rights, Vodacom Congo was granted additional exploitation rights for PABX (including an assigned spectrum for corporate direct connection) and internet/WiMax.

Social responsibility

Vodacom Congo remains committed to the social upliftment and community enhancement of the DRC through the implementation and funding of several social responsibility programmes. Vodacom Congo has invested more than R8.7 million or US$1.2 million in social activities which focuses on a four pillar strategy: health, education, welfare and environment.

Prospects

Vodacom Congo is well placed to take advantage of opportunities in the market as it continues to build on the foundation of providing the highest quality and best value in wireless voice and data telecommunication. The ability to effectively manage 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

	Year ended March 31,			% change	
	2005	2006	2007	05/06	06/07
Customers (thousands)[1]	1,032	1,571	2,632	52.2	67.5
Contract	10	14	17	40.0	21.4
Prepaid	1,010	1,538	2,587	52.3	68.2
Community services	12	19	28	58.3	47.4
Gross connections (thousands)	565	892	1,688	57.9	89.2
Churn (%)	23.1	28.1	30.4	5.0 pts	2.3 pts
ARPU (Rand)[2]	98	86	77	(12.2)	(10.5)
Gross capex spend (Rand millions)	335	273	506	(18.5)	85.3
Capex as a % of revenue (%)	31.2	20.5	26.4	(10.7 pts)	5.9 pts
Cumulative capex (Rand millions)	1,759	2,000	2,852	13.7	42.6
Number of employees[3]	527	479	627	(9.1)	30.9
Customers per employee	1,958	3,279	4,198	67.5	28.0
Estimated mobile penetration (%)[4]	4	6	9	2 pts	3 pts
Estimated mobile market share (%)[4]	47	48	47	1 pt	(1 pt)

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 the 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. Temporary employees previously included in 2005 and 2006 are now being excluded from the number of employees.*
4. *Estimated mobile penetration and market share is calculated based on Vodacom estimates.*

VODACOM **LESOTHO**

Mervyn Visagie
Managing Director
Vodacom Lesotho (Proprietary) Limited

Overview

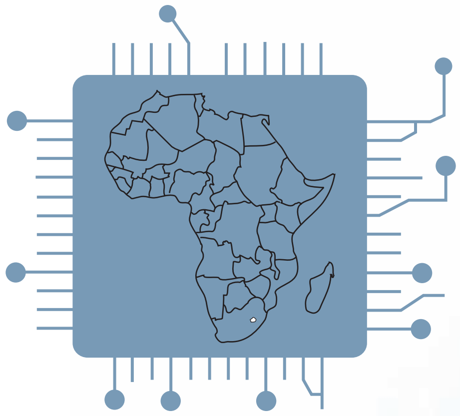
Vodacom International Holdings (Proprietary) Limited owns an 88.3% interest in Vodacom Lesotho (Proprietary) Limited. The remaining 11.7% stake is owned by a local company, Sekhametsi Enterprises (Proprietary) Limited.

Vodacom Lesotho launched its commercial operations in May 1996 and, although a small operation by South African standards, its strategic geographic importance in terms of market share, justifies its inclusion in the Vodacom portfolio.

Vodacom Lesotho's operating results were well above expectations for the year ended March 31, 2007, driven primarily by growth in customers, higher than expected ARPUs and containment of cost.

Infrastructure

The network consists of 66 BTSs, one MSC, three BSCs, one SMSC and one voicemail platform. Vodacom Lesotho's billing systems and billing infrastructure are hosted by Vodacom South Africa and this resulted in the disposal of redundant billing and intelligent network platform software and hardware to the value of R52 million during the year.



Vodacom Lesotho's cumulative capital expenditure at March 31, 2007 amounted to R184 million (2006: R225 million). An additional investment of R25 million (2006: R26 million) is an indication of the company's drive to expand and optimise the existing infrastructure, ensuring the widest coverage and superior network quality and service levels to its customers.

Products and services

Vodacom Lesotho's product offerings consist of a variety of prepaid and contract products. The current prepaid offering is known as Mocha-o-chele. The existing free minute contract offerings such as SuperTalk50 and SuperTalk100 have been expanded to include the newly launched SuperTalk250 and SuperTalk500 for high end business users. SuperTalk contracts remain the first and only contracts in Lesotho offering bundled minutes and subsidised handsets. Additional contract packages include the Corporate Executive, Master Plan, Budget Plan and Family Plan, all of which provide connectivity options without bundled services or subsidised handsets. In addition to the above mentioned products, Vodacom Lesotho also offers public phone services as well as a direct connect service, allowing customers to access the mobile network directly from their private automatic branch exchange ("PABX").

Distribution is maintained via nine Vodashop branches, eight Super Dealers, with their respective sub dealers and outlets as well as four retail groups. Products can be purchased from more than a thousands outlets and customers are serviced via either the walk-in or the customer care call centre.

Customers

During the year under review, Vodacom Lesotho managed to increase its customer base by 35.4% to 279 thousand as at March 31, 2007 (2006: 206 thousand). The prepaid offerings are consistently the most popular and accounts for 97.5% (2006: 97.1%) of the total customers.

The substantial increase in total customers is a result of 119 thousand (2006: 98 thousand) gross connections for the year, as well as a low churn rate of 19.0% (2006: 22.3%), resulting in a net growth in customers of 73 thousand (2006: 59 thousand). Growth is fuelled by new coverage and increased distribution, complemented by the strong Vodacom brand.

Competition

Econet-Ezicell remains the only direct competitor in the country with Vodacom Lesotho still maintaining superior coverage and infrastructure. Vodacom Lesotho has commissioned seven additional base stations during the year under review. The company has also increased its international roaming agreements to exceed that of Econet-Ezicell. This will remain a priority for the 2008 year with its core focus on retaining and expanding its estimated 80% (2006: 80%) market share.

Employees

The headcount for Vodacom Lesotho decreased to 60 (2006: 67) employees as at March 31, 2007. The decrease was as a result of staffing and operational changes and recruitment is currently in process for most of the existing vacancies. Excluding the favourable effect of vacancies, employee productivity increased as indicated by customers per employee.

Regulatory

The Regulator issued a Communications Sector Liberalisation Framework in January 2007. In terms of this framework, there will be no quotas set for the number of participants in any service. It will be up to the investors to determine the viability of the market before entering. All existing network operators will be allowed to operate international gateways and the voice and data services shall be fully liberalised. Further international gateway licenses will be allowed to specified classes of Internet Service Providers ("ISP"). Implementation of this framework is already in process as invitations to apply for the gateway licenses have been issued. Vodacom Lesotho has applied for an international gateway license.

Through World Bank secured finance, the Regulator commissioned a study on interconnect and tariff rationalisation in 2006. The objective of the study was to recommend the appropriate level of tariff regulation based on cost models for interconnection and retail rates. The findings of the study were published in January 2007. The consultants recommended a reduction in the mobile termination rates and an increase in the fixed termination rates. After review of these recommendations the network operators agreed on new interconnect rates that incorporate some recommendations of the study and have requested regulatory ratification for the new rates. In terms of the law, the Regulator may only impose interconnect rates if the operators fail to agree the rates or if the suggested rates fail to comply with the principles of interconnection.

The study further recommends that the current tariff approval process for mobile services, which is strictly controlled by the regulator, be relaxed to allow for price reductions in order to stimulate competition.

Prospects

Vodacom Lesotho has proven itself as a worthy market leader within the Lesotho telecommunications industry. The management structure, dedicated staff, excellent team work, wide product range and good service levels have all greatly contributed to the company's performance. Due to its geographical importance we will continue to provide the necessary support and guidance required to ensure success at all levels.

Godfrey Mbingo was appointed as the new Managing Director of Vodacom Lesotho effective April 1, 2007.

Vodacom Lesotho

	Year ended March 31,			% change	
	2005	2006	2007	05/06	06/07
Customers (thousands)[1]	147	206	279	40.1	35.4
Contract	4	3	3	(25.0)	-
Prepaid	142	200	272	40.8	36.0
Community services	1	3	4	200.0	33.3
Gross connections (thousands)	70	98	119	40.0	21.4
Churn (%)	17.3	22.3	19.0	5.0 pts	(3.3 pts)
ARPU (Rand)[2]	92	78	75	(15.2)	(3.8)
Gross capex spend (Rand millions)	10	26	25	160.0	(3.8)
Capex as a % of revenue (%)	7.3	15.2	11.0	7.9 pts	(4.2 pts)
Cumulative capex (Rand millions)	211	225	184	6.6	(18.2)
Number of employees[3]	63	67	60	6.3	(10.4)
Customers per employee	2,333	3,071	4,644	31.6	51.2
Estimated mobile penetration (%)[4]	7	13	17	6 pts	4 pts
Estimated mobile market share (%)[4]	80	80	80	-	-

Notes

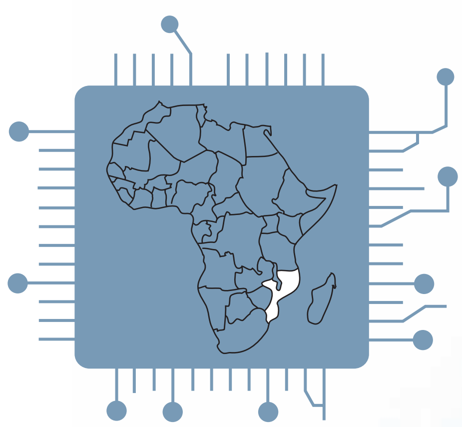
1. *Customer totals are based on the total number of customers registered on Vodacom's network which have not been disconnected, including inactive customers, as of end of the period indicated.*
2. *ARPU is calculated by dividing the average monthly revenue during the period by the average monthly total 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. Temporary employees previously included in 2005 and 2006 are now being excluded from the number of employees.*
4. *Estimated mobile penetration and market share is based on Vodacom estimates.*

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 established on October 23, 2003 and commercially launched on December 15, 2003. At March 31, 2007 Vodacom owned 98% of Vodacom Mozambique. The remaining 2% was held by a local consortium named Empresa Moçambicana de Telecommunicações ("EMOTEL"). 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 EMOTEL acquiring an additional 3%.

Vodacom Mozambique's license is a second generation ("2G") global system for mobile communication ("GSM") license and will expire in December 2018. During the current financial year, Vodacom successfully launched national general packet radio service ("GPRS") and enhanced data for GSM evolution ("EDGE") services.



The company is functioning in an extremely challenging environment which is underpinned by fierce competition, an unstable regulatory regime as well as low minutes of use and low ARPUs as a result of the impoverished environment.

Infrastructure

Vodacom Mozambique's infrastructure roll-out consists of one MSC (HLRi), one MSC (VLR), four BSCs and 180 BTSs as at March 31, 2007. The network had a home location register ("HLR") capacity of 1.5 million customers as at that date,with an increase to a capacity of 2.5 million planned for the 2008 financial year.

Vodacom Mozambique's cumulative capital expenditure (excluding the license) at March 31, 2007 amounted to MT2,961.2 million (2006: MT2,644.6 million), or R816 million (2006: R605 million). GPRS has been implemented on all BTSs nationwide with EDGE available in the Maputo metro area and the planned expansion of this service to the Beira and Nampula areas for 2008.

Products and services

The current package offerings consist of: Bazza Bazza, a prepaid product; Fale 50, 100 and 150, and Pro 400S bundled airtime contract products; and Fale Mais 236, Fale Mais 500 and Empresas, hybrid contract products. This year marked the launch of a range of new and innovative products and promotional offerings catering to the needs of the full spectrum of the market. GPRS and MMS was launched to both prepaid and contract customers. GPRS is available as add-on bundles to dedicated contracts, the latter suited for use with mobile data cards and USB modems. In tandem with the launch of GPRS and MMS, Vodacom Mozambique also launched VodaMail, a free e-mail service available to all contract customers.

Since prepaid continues to be the bulk of the business in Mozambique, a range of new innovative services were launched during the year to enhance the overall value proposition of Bazza Bazza. These services include Bazza Bonus, a high-spend airtime reward scheme that rewards customers daily with free airtime based on the previous day's spend. As a further measure to reward customers, 60+ was launched in August 2006 which rewards the customer with free SMSs for long duration calls. Finally in February 2007 Bazza uau! was launched which introduced a third prepaid tariff plan with the unique benefit of rewarding customers for receiving calls.

Other services launched this year include SMS bundles for contract customers, electronic invoicing, an unstructured supplementary service data ("USSD") based self-care menu, premium rated SMS and interactive voice response ("IVR") based competitions, and content based services through third party wireless application service providers ("WASP"s).

These product innovations greatly helped in positioning Vodacom Mozambique as the value leader in the market.

Customers

During the year under review, Vodacom Mozambique managed to increase its customer base by 101.6% to 988 thousand (2006: 490 thousand) as at March 31, 2007.

The substantial increase in total customers is a result of 797 thousand (2006: 342 thousand) gross connections for the year, offset by a churn rate of 41.7% (2006: 32.2%). Prepaid packages account for 99.0% (2006: 98.5%) 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 all 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.

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 unique position to have derived extraordinary benefits due to it being part of the larger system of state-owned enterprises which it continues to exploit. Consequently, Vodacom Mozambique still has to deal with the situation where factors within the Mozambican business environment have not always resulted in the realisation of equitable market dynamics.

Vodacom Mozambique managed to increase its estimated market share to 35% (2006: 30%) by focusing on coverage expansion, building sound distribution and delivering innovative value propositions underscored by a warm and receptive brand. A unique point of differentiation for Vodacom Mozambique came from its corporate social investment projects which saw the complete reconstruction of a school in Maputo and the donation of sorely needed books and encyclopedias to more than 40 schools nationally. In addition, Vodacom Mozambique provided relief assistance to the victims of cyclone Favio in Vilankulos.

In further enhancing its Mozambican positioning, Vodacom Mozambique was accepted as a partner to the "Made in Mozambique" initiative that is being propagated by the Ministry of Industry and Commerce. This venture is designed to promote local industry and export initiatives.

mCel continues to be an aggressive competitor and displayed a pattern of imitation on the basis of having introduced exact copies of Vodacom's product offerings. Given their greater financial and market power, they remain a formidable opponent in the foreseeable future.

Employees

The headcount for Vodacom Mozambique was 129 (2006: 170) as at March 31, 2007.

Vodacom Mozambique continues to support the development of local skills whereby skills and knowledge

are transferred by a succession plan 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. This is illustrated in the Instituto Naçional das Communicaçoes de Moçambique ("INCM")'s agenda for 2007, released in December 2006:

- preparation of service quality regulations;
- introduction of number portability (the INCM has already invited bids from consultants to investigate the introduction of portability);
- preparation of regulations governing the allocation of spectrum and numbers;
- preparation of legislation ending TDM's exclusivity;
- preparation of convergence legislation;
- preparation of an interconnection cost model (already in progress); and
- the re-issue of licenses to conform to new convergence legislation.

In February 2007, the INCM appointed a consultant to facilitate the introduction of cost based interconnection. This is part of the out-of-court settlement Vodacom Mozambique reached with the INCM, TDM and mCel in August 2006, whereby Vodacom Mozambique agreed to waive the court interdict against the INCM's unlawful reduction of interconnection rates, subject to the introduction of long run average incremental cost ("LRAIC") based interconnection as required by law.

The dispute with TDM regarding their excessive transmission prices continues. Vodacom Mozambique wrote to the INCM, informing them that the company is considering reviving legal action against the INCM and TDM. The law clearly states that TDM, as a declared dominant operator has to offer its essential facilities (which includes transmission) at the same price it charges itself and its affiliates.

On February 12, 2007, the Ministry of Transport and Communications issued the bidding documents for the universal access pilot project. The US$2.5 million subsidy will be financed by the World Bank. After careful study and analysis of the bid by Vodacom Mozambique management, with the support of Group Regulatory, it was decided not to participate in the bid. Participation would necessitate approximately an extra R10 million in capex, while the roll-out of 900 public pay phones in the space of six months is unrealistic.

Prospects

The operation continued to produce exemplary performance, despite the challenges of an inequitable market dynamic and low economic activity in the market. Vodacom Mozambique is optimistic that the years ahead will prove to offer further growth insofar as its customer base and profitability is concerned and that positive changes being made in the business, will result in the achievement of a profitable and sustainable business in the future.

The ability to strictly manage costs in the face of low ARPUs and low minutes of usage, whilst expanding coverage and distribution and intensifying the promotional and product offerings will be critical to achieving improved results.

Vodacom Mozambique

	Year ended March 31,			% change	
	2005	2006	2007	05/06	06/07
Customers (thousands)[1]	265	490	988	84.9	101.6
Contract	4	8	15	100.0	87.5
Prepaid	261	482	973	84.7	101.9
Gross connections (thousands)	225	342	797	52.0	133.0
Churn (%)	11.3	32.2	41.7	20.9 pts	9.5 pts
ARPU (Rand)[2]	52	36	28	(30.8)	(22.2)
Gross capex spend (Rand millions)	115	121	85	5.2	(29.8)
Capex as a % of revenue (%)	109.7	76.8	31.7	(32.9 pts)	(45.1 pts)
Cumulative capex (Rand millions)	696	605	816	(13.1)	34.9
Number of employees[3]	109	170	129	56.0	(24.1)
Customers per employee	2,431	2,885	7,659	18.7	165.5
Estimated mobile penetration (%)[4]	4	8	14	4 pts	6 pts
Estimated mobile market share (%)[4]	33	30	35	(3 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. Temporary employees previously included in 2005 and 2006 are now being excluded from the number of employees.*
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-executive, with three 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 company to the Directing Committee. The Chairman and members of the Directing Committee consist of the eight non-executive directors nominated for appointment to the Board by the committed shareholders. Committee meetings are held 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 Remuneration 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.

Investment Committee

The Investment Committee ("IC") has been established at the Vodacom Group Directing Committee meeting, held on May 26, 2006. The purpose is to review and recommend individual investment proposals exceeding R100 million for approval by the Directing Committee.

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

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

The IC shall be empowered 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;
v) Ensure that a proper approval process is followed before accepted proposals may be executed.

Audit Committee

The Audit 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 Audit 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 Group Risk Management Committee and, ultimately, to the Group 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 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

Group Internal Audit is an independent appraisal function to examine and evaluate the Group's activities. Its objective is to assist members of executive management in the effective discharge of their responsibilities.

Scope of Internal Audit

The scope of Group Internal Audit is to review the reliability and integrity of financial and operating information; the risk management process; the systems of internal control; the means of safeguarding assets; the efficient management of the Group's resources; effective quality assurance and the effective conduct of its operations.

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 system of internal financial control. The significant components of these are:

i) Formal annual confirmation by subsidiary managing directors concerning the operation of internal control systems for which they are responsible;
ii) Group Internal Audit, while reporting directly to the 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 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. A consultative committee consists of a maximum of nine staff members 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 Governance 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 Governance 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. The King Committee identified five focus areas for corporate governance: boards and directors, risk management, internal audit, sustainability reporting, and accounting and auditing. The Governance Group is responsible for the implementation of the Board and Director Development Programme. The Risk Management Group is responsible for the Group-wide implementation of the Enterprise Risk Management ("ERM") Programme. Within the framework of the ERM Programme, the Governance Group is responsible for implementing the Anti-Corruption, Money Laundering and Financing of Terrorism ("CMT") Compliance Programme and the Ethics Along the Way Programme. The Governance Group also takes a leading role in Governance and Policy Development.

Board and Director Development Programme

The Governance Group continues to formulate and implement a Board and Director Development Programme, which currently consists of the following elements:

Institute of Directors Memberships

The Group sponsors memberships in the Institute of Directors in Southern Africa ("IOD") for 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.

Director Training and Development

The Governance Group sponsors the presentation of the IOD seminar on corporate governance, directorship and board effectiveness. The seminar has been presented in all operating countries to more than one hundred directors, officers and executives. This seminar is repeated from time to time to ensure that all directors, officers and executives have an opportunity to attend the seminar.

Directors, officers and executives are encouraged to take advantage of self-development and other training opportunities offered by the IOD and other reputable institutions. The Governance 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 company secretaries within the Group.

Company Secretaries

The Governance Group also encourages and sponsors the further training of company secretaries, as well as their participation in conferences.

Risk Management Programmes

ERM Programme

As noted above, the Risk Management Group, headed by the Group Chief Risk Officer, is responsible for the Group-wide implementation of the ERM Programme. The Group Risk Management Committee currently meets quarterly and is effective in managing and overseeing the implementation of the ERM Programme in the Vodacom Group of Companies. The critical and high strategic risks are updated continually and are annually presented to and reviewed by the Group Audit Committee. The current list of critical and high strategic risks was reviewed by the Group Audit Committee in March 2007. The identified risks form the basis of the internal audit plan of the Internal Audit Group.

All executive heads of divisions received risk management training during the 2007 financial year. Additional training courses will be held during the 2008 financial year for all new executive heads of division and other key risk role players. 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 in each division. The risk champion facilitates the process of updating the risk profile of the respective division twice a year directly in the risk database.

ERM was embedded in the non-South African operating subsidiaries during the 2007 financial year. Management attended a series of risk management training courses. Risk champions have been identified and the risk software was rolled out to the two major non-South African operating subsidiaries, namely in Tanzania and the DRC. The roll-out in Mozambique and Lesotho will be done during the next financial year.

ERM provides assistance to management on a continuous basis, to assist them in identifying and assessing risks.

The external Vodacom Ethics and Whistle-Blowing Hotline service is fully operational within Vodacom South Africa.

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. Developments in respect of Vodacom's ethics programme are highlighted below. The focus here is on the CMT Compliance Programme, which 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. Legal counsel and consultants on CMT provide specialist advice and updates on political, socio-economic and CMT risk in selected countries. Various governance and CMT indicators are also regularly consulted and monitored in connection with Vodacom's current investments, as well as in respect of any proposed investment opportunities.

- Risk Assessment and Risk Management Strategy and Design: Country and company CMT risk assessments continue to be carried out and are updated annually for Vodacom Group and all network operating subsidiaries. Based on the findings, CMT risk management strategies and programmes are designed and 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. Governance 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 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. Thirdly, the due diligence process is then initiated in respect of new and existing business relationships. Lastly, based on the results of the due diligences, appropriate CMT clauses are inserted into new and existing contracts and agreements.

During the financial year, an additional, senior governance officer was deployed to Vodacom Mozambique to assist management with the implementation of the CMT Compliance Programme, as well as to manage and mentor the local governance officer. Programme implementation is now proceeding satisfactorily in all countries.

- Enforcement: Governance officers are responsible for monitoring the implementation of, and compliance with, the CMT Compliance Programme. The Governance Group's Compliance Division performs CMT reviews, audits and investigations, and works 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 Vodacom Group. The Governance Group also provides governance and CMT risk assessments and due diligences in respect of proposed investment opportunities.

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 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 five operating subsidiaries. The assessments were conducted in the 2006 and 2007 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 Governance 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 Vodacom Group and all network operating subsidiaries follow.

Ethics Training

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

- Training of Senior Management: To date, 80% of senior management in the Group and the operating subsidiaries have received training on how to think about and manage ethics in the business environment. Once trained, they are expected to utilise the newly acquired skills in making ethical decisions and in their general management practices. They are also expected to collaborate with the Governance Group and the newly established Group Ethics Committee in implementing their ethics related programmes.

- Training of Junior Management and Staff: The provision of basic ethics training at junior management and staff level continues to be implemented. The training has been substantially implemented in Lesotho and Mozambique. Training has commenced in South Africa and Tanzania. It will commence in the DRC in the 2008 financial year. 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 Governance Group has identified various other awareness and training programmes being implemented within the Group in the areas of operations, human resources, governance and risk management that also address perceived risks identified in the ethics risk assessment process.

The Vodacom Way

The Vodacom Way continues to be emphasised, appropriated and applied throughout the Group of companies. This has been achieved through the above mentioned training, as well as various communications and campaigns, in particular from the office of the CEO. These initiatives provide the means for employees to discuss the ethical content of the Vodacom Way and to learn how to apply its ethical content in everyday business.

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, which is currently being used in the operating subsidiaries outside South Africa, will be suitably tailored for each country, to address specific cultural concerns and challenges peculiar to that country.

Institutionalisation of Ethics

A Group Ethics Committee has been established, and it is envisaged that similar committees will be established in Vodacom's operating subsidiaries. The Committee is composed of representatives from the operations, human resource, risk management and governance 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, the Code of Ethics, and showing zero tolerance for unethical, non-compliant (illegal) activities 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;
- Provide oversight of the operating company Ethics Committees;
- Ensure the conduct 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 Governance 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 Governance, Legal or Human Resource Groups.

Governance Policy and 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. It is planned that similar registration systems will be implemented in non-South African operating subsidiaries.

Vodacom Employees Serving as Directors etc.

The Governance Group has also developed 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.

Sustainability Reporting

Various executives at Group and operating company level take responsibility for championing one or more of the key elements of corporate sustainability. Ethics and organisational integrity has been reported on here. Sustainability issues relating to human resource development and stakeholder relations are covered in other reviews and reports.

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.

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

Introduction

The increasingly competitive landscape in the Information and Communication Technology ("ICT") environment, finalisation of the Black Economic Empowerment ("BEE") Codes of Good Practice and the continued growth of the South African economy are only a few of the external factors that continue to present the Group with numerous challenges and opportunities. In dealing with these challenges the key differentiator remains the quality of people within the business. The Human Resources ("HR") function focuses on ensuring that the best available talent is deployed at areas where they will thrive and continue to deliver results which will ensure sustainable business growth.

Key focus of activities

The key thrust of our HR strategic imperative is driven by the need to attract, develop and retain high calibre employees to meet the growth needs of the organisation. 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; 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; refining our recruitment and selection processes.

Headcount

	Year ended March 31,			% change	
	2005	2006	2007	05/06	06/07
Number of employees including temps and contractors*	4,993	5,459	5,920	9.3	8.4
South Africa including holding companies	3,954	4,302	4,573	8.8	6.3
Non-South African countries	1,039	1,157	1,347	11.4	16.4
Total customers per employee	3,101	4,308	5,093	38.9	18.2

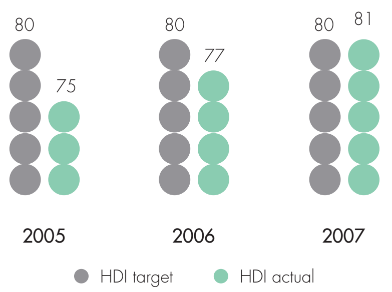
** Excluding outsourced contractors*

Headcount and movements

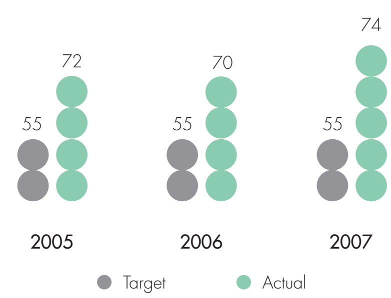
The Group continues to manage headcount tightly to ensure operational effectiveness and efficiencies and contain administration overheads. Actual headcount increased in the Group in the current financial year by 8.4% to 5,920 (2006: 5,459) employees. The increase in headcount is conservative in comparison to the increase in the Group's customer base. Group-wide customers per employee, as a measure of organisational efficiency, increased to 5,093 which represents an 18.2% increase in employee productivity for the year.

The voluntary labour turnover for the Group for the year stands at 9.2% (2006: 11.6%). The labour turnover is still within our target of 12%. The average age in the Group is 34 years, 66% of employees are between the ages of 21 and 35 years, a relatively young population. This impacts man-powerplanning, as well as employee benefits and retention strategies in creating the right appeal to attract and retain young talent that is increasingly mobile.

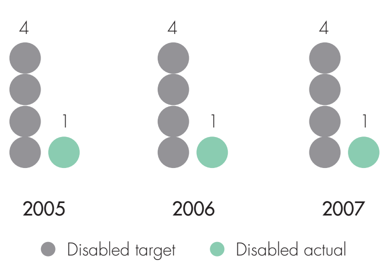
Historically disadvantaged individuals ("HDI") actual versus target
%



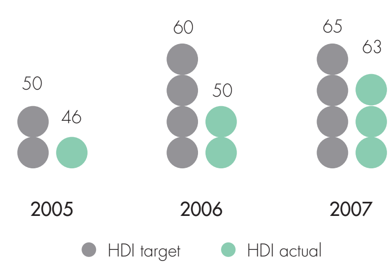
Black female as a % of total female actual versus target
%



Disabled actual versus target
%



HDI at management level 2007
%



Employment equity

The Employment Equity ("EE") Act and the Broad-based Black Economic Empowerment ("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. A large part of the business has undergone diversity management workshops which focus on assisting individuals to understand the past and present as well as the need to deal with prejudices and stereotypes. 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 87% (2006: 77%) of Vodacom's new appointments were from the previously disadvantaged group. As at March 31, 2007, 79% (2006: 68%) of our workforce was from this Group, excluding white women.

While EE 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 credit and risk, governance 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, 2007, Vodacom has made significant progress towards achieving its target at all management positions in an environment where there is very low labour turnover, a young executive profile and lucrative opportunities created by the telecommmunications convergence.

Employee rewards

Vodacom Group recognises that reward is a business issue, not just a human resources issue, as it has a direct impact on operational expenditure, company culture, employee behaviour 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 remain market competitive. 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 as part of its annual remuneration strategy review, introduced various initiatives such as a lease company car benefit to lower management levels as well as the introduction of variable retirement funding contributions to address the need for flexibility. These initiatives are aimed at meeting different employee needs as far as benefits are concerned, which falls in line with the Group's remuneration philosophy.

Human resources development

General

Since the commencement of its commercial operation in South Africa thirteen 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 R30 million or 2.5% (2006: 2.0%) 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

BEE 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 331 learners who participated in programmes that cover almost all business areas across the Group of Companies. These areas include the Call Centre, HR, 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 R6.2 million during the financial year.

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 started 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 UNISA Business School. Since its inception the programme has produced an alumnus of 38 graduates, all of whom have contributed significantly to reshaping the business.

In August 2006, 20 participants were accepted into the programme and are due to graduate in September 2007.

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. Four themes have been covered since inception, namely: Strategy, Leadership and Transformation, Corporate Ethics, Personal Mastery and Customer Centricity. The overall feedback on the workshops has been very positive with the satisfaction rating ranging from 81% to 90%.

Virtual Learning Centre ("VLC")

Since the year 2000 until 2007, the VLC initiative ensured an overall return on investment of almost R7 million. The VLC has been implemented in Vodacom South Africa, Tanzania, the Democratic Republic of Congo and Mozambique and will be introduced in Lesotho during the following financial year. Utilisation of the VLC across the non-South African operational companies is up to 34%.

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, 283 candidates have participated in the programme. The total pool consists of 67% EE candidates of which 33% 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 person is ready for the next level.

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
- 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 intake into the GPFT completed year one of the programme in March 2007 and they were all permanently employed in Engineering and Operations. The second intake of ten participants commenced their programme on February 1, 2007.

Employee education assistance

To promote life-long learning principles, the Group extends educational assistance to its full-time employees through its Yebo bursary scheme. For the year ended March 31, 2007 the Group spent R3.5 million (2006: R2.3 million) on the scheme. The scheme has been in operation for the past 8 years and to date, 4,722 employees have benefited from the scheme, demonstrating the premium the Group places on learning and acquisition of skills.

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 all the Vodacom Group of Companies including some operations outside of South Africa. The roadmap includes compliance with legislation, incapacity management, pre- and post-assignment health assessments and health risk assessments for specific job categories.

Access to counseling

Independent counseling and advisory services ("ICAS") continue to provide our employees with exceptional counseling 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 destigmatisation. In partnership with Direct Aids

Intervention ("DAI") we have achieved more than 87% Voluntary Counselling and Testing ("VCT") of the eligible employee population. This is significantly higher than VCT rates of 50% to 60% achieved in other corporate companies in the country. Of the tested population, our HIV prevalence stands at 2.4%, 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 representivity for Vodacom South Africa is at 12.3% (2006: 10.2%) of all employees.

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 on being an employer of choice and invests heartily in its employees to ensure attraction and retention of skills as borne out by the below industry average labour turnover of 10%. The quality and enthused workforce continues to be a key competitive differentiator for the success of Vodacom Group and for delivering sustainable shareholder growth.

Dot Field
Chief Communications Officer
Vodacom Group (Proprietary) Limited

A remarkable performance

During the year, Vodacom was rated as the top telecommunications company in the world by the first ranking of the reputations of the world's largest companies. The company was also ranked second overall in South Africa and 43rd in the world. The research findings were enormously gratifying and a clear affirmation of our strategic communication with our markets.

The ranking was conducted by the USA-based authoritative Reputation Institute, the leading international organisation devoted to advancing knowledge about corporate reputations.

Since its inception, Vodacom has striven incessantly to be the leader in the seven pillars which the Reputation Institute identifies as the most relevant key performance indicators: products/services; innovation; performance; leadership; citizenship; governance; and workplace.

The Reputation Institute's RepTrak™ Pulse 2006 is the result of over 28 thousand interviews conducted during March and April 2006 with consumers in 25 countries on six continents, and measures the corporate reputation of over 700 companies with local consumers.

The Global RepTrak™ Pulse project invites consumers to rate the largest companies in their home market. The results provide a relative assessment of a company's local reputation and enables comparisons against the home market reputations of the world's largest companies.

With a rating of 76, Vodacom achieved the highest reputation among the largest telecom service companies in the world.

The RepTrak™ Pulse rates Vodacom's performance as "remarkable", particularly in the light of generally negative perceptions of the telecom services industry.

Rated only in relation to companies across all sectors in South Africa, Vodacom also scored exceptionally well, taking second position behind retailer Woolworths in the reputation stakes, indicating that the company appeals to a broad range of consumers, is visible and has a strong presence in the South African consumer market. In considering the ways in which Vodacom successfully manages its reputation among consumers, several aspects of our corporate communication strategy deserve mention. They include our support of the media sector; product and service launches; communication about corporate social investment ("CSI") activities; and occupational and environment risk management.

Managing reputation: supporting a vibrant media sector

Vodacom recognises the influence of media on society, and is committed to providing support for the structures that enable media to fulfill its function unhindered. It

CORPORATE COMMUNICATIONS AND SOCIAL RESPONSIBILTY REVIEW

Mthobi Tyamzashe
Executive Director Government Relations and Regulatory
Vodacom (Proprietary) Limited
and Chairman
Vodacom Foundation

also recognises the need to assist in setting benchmarks against which media can evaluate its output and strive towards outstanding performance. Vodacom initiated the annual Vodacom Journalist of the Year Awards in 2002 as a tangible way of rewarding excellence in journalism across all media fields. The awards have grown steadily in stature and have proved a resounding success with hundreds of journalists and photographers vying for top honours.

The purpose of The South African National Editors' Forum ("SANEF") is to encourage quality journalism, transform the industry, and hold up media freedom as a vital pillar of democracy. In celebration of its first decade, Vodacom sponsored the publication of a book chronicling the history of SANEF, entitled "Part of the story". Authored by Elizabeth Barratt, the publication provides a fascinating account of the challenges and opportunities facing media in the period that roughly coincides with the first decade of South Africa's democracy. Vodacom sponsored the first meeting of The Editors Council of The African Editors' Forum ("TAEF") in Grahamstown in September 2006.

Managing reputation: communicating about products and services

Eighty 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. Several communication initiatives in the countries in which Vodacom operates were outstanding in bringing the message of Vodacom's products and services to consumers.

Managing reputation: demonstrating that Vodacom cares

Good corporate citizenship is a major driver of corporate reputation. Respondents to the RepTrak™ Pulse survey rated Vodacom's citizenship only behind products/services, and ahead of performance, leadership, governance, workplace and innovation.

The Vodacom Corporate Social Responsibility ("CSR") programme comprises CSI, on the one hand, and Corporate Citizenship, on the other. CSI involves charitable contributions towards community upliftment initiatives whilst Corporate Citizenship constitutes the rest of the internal arrangements adopted by the company in conducting its business in a socially responsible manner.

Vodacom's CSI in communities is made through the Vodacom Foundation. The Foundation priorities have been rationalised to focus on Education and Health interventions, with the balance of its activities being covered under the Safety and Security or general/other category.

In South Africa, in response to the Department of Trade and Industry's BEE Codes of Good Practice, the Foundation's budget for the coming year has been increased significantly, over that of the current financial year. Additionally, to ensure good corporate governance and take advantage of existing tax benefits, the Foundation has applied for Public Benefit Organisation ("PBO") status.

A milestone for Vodacom Tanzania was achieved in July 2006 when the company publically launched the Vodacom Foundation in that country. The Foundation's objective is to enrich the lives of millions of Tanzanians through community partnerships in the fields of health care, education and economic empowerment.

In Democratic Republic of Congo, Lesotho and Mozambique, Vodacom is similarly involved in CSR initiatives, as part of its overall marketing strategy.

Vodacom engages in a strategic, focused and ongoing initiative to communicate the activities of the Vodacom Foundation to both external and internal markets.

South Africa

Education

The area of Education, this year, took up about 53% of the total Foundation budget with the bulk of that amount going towards bursaries and scholarships in ICT-related qualifications. Various other partnerships are forged which contribute to addressing the skills shortages experienced by both the industry and society.

- Open Bursary Scheme: Vodacom continues to allocate tertiary level bursaries on the basis of excellence within needy communities, including dependents of staff members, under its Open Bursary Scheme. With last year's allocation of 45 bursaries towards University/ Technikon bursaries, a total of 700 bursaries have been allocated since 1995. In 2006, 10 students were placed on a graduate training programme whilst a further five were placed on experiential training programmes.

- Vodacom Nelson Mandela Metropolitan University Post-Graduate Scholarship Programme: Vodacom and the Nelson Mandela Metropolitan University ("NMMU") are now in the second of their three-year partnership where 80 graduates mainly from disadvantaged communities, qualified with Masters and Doctoral degrees.

- Vodacom CEO Scholarship Award: With the outstanding success of the inaugural recipients of this excellence-based scheme, where the top three matriculants in the country are offered generous Vodacom scholarships to pursue University degrees, a new intake of the three top matriculants in 2006 was recruited. They are following studies in accounting, actuary and astro physics.

- University of Witwatersrand Centre of Excellence: Vodacom joined Telkom and Siemens as one of the sponsors of the Wits Centre of Excellence ("COE"). The Vodacom sponsorship is towards the programmes conducted at the convergence lab of the facility.

- Connect SA National Technology Challenge: In partnership with the Telkom Foundation and the ABSA Foundation, Vodacom has contributed to the Connect SA National Technology Challenge. This project is designed to stimulate interest in mathematics and science. The project aims to identify talent in young South Africans for careers in the technological field by stimulating interest in subjects that support such career choices.

- Kwadedangendlala High School: Vodacom responded swiftly to a call by the school for assistance, when the school was recently damaged by fire. The modest contribution went a long way towards restoring this Soweto school and minimised the impact of absenteeism resulting from the damage.

- SAICA Partnership: In an effort to increase the number of black accountants in South Africa in order to reflect the demographics of the country, Vodacom is committed to contribute R250,000 per annum, for three years, to the South African Institute of Chartered Accountant's Thuthuka Bursary Fund. The Fund is designed to assist black students who want to further their studies in accounting.

Health

The area of Health accounted for about 23% of the Foundation's budget. Besides Education, Health often makes the difference between ensuring sustainable livelihoods and dependence on welfare.

- Cataract Programme / Sight 4 U / Pretoria Eye Institute: Vodacom's partnership with Netcare and the Pretoria

Eye Institute has allowed many corrective procedures to be performed on individuals with damaged cataracts. Since the launch of the partnership with Netcare in 2004, the Foundation has assisted more than a thousand patients to regain their vision.

The Foundation is also the main sponsor of the Pretoria Eye Institute's Eye Care Awareness Week, and contributed to a further 115 cataract operations at the Institute outside this particular week.

- Cleft Palate Programme: In a separate partnership, the Foundation also joined hands with Netcare in a programme called "Smiles 4 U". This programme has assisted with some 200 cleft palate operations to date.

- Walter Sisulu Paediatric Cardiac Centre for Africa: The Foundation has, to date, helped fund 18 procedures conducted to treat heart defects in youth and babies by surgeons at Sunninghill Hospital, in another partnership involving the Walter Sisulu Paediatric Centre for Africa. The Centre is named after the late Walter Sisulu and his wife, Albertina, is its patron.

- Bayethe Foundation: Vodacom responded favourably to a request by King Goodwill Zwelithini for six Isuzu Bakkies that will be used to transport HIV and Aids educators to reach various rural communities in the Ulundi area of KwaZulu-Natal.

Other contributions

- Ikhaya Lethemba: The Foundation provided furniture and other material for the launch of the residential phase of the Ikhaya Lethemba Centre, a one-stop centre for abused women and children in Johannesburg.

- Women and Men Against Child Abuse: Vodacom's support for the Boksburg and Alexandra clinics run by this organisation continues. The funds are used towards the costs of medical consultations and counselling for the victims and survivors of abuse. A total of 6,720 new cases as well as over 12 thousand follow-ups have been handled since we started supporting this project in 2003.

"During the year, Vodacom was rated as the top telecommunications company in the world by the first ranking of the reputations of the world's largest companies"

- Committee Against Crime: The Foundation is in the second year of funding a Northern Cape Committee that rehabilitates street children by involving them in the fight against crime.

Yebo Heroes Programme

- In only twelve months since the implementation of a staff participation programme, Vodacom encouraged about 600 staff members to operate as volunteers in some of its community projects. The most successful of these campaigns is Payroll Giving where about 500 staff members contribute monthly to a number of charities through The Giving Organisation. The utilisation of departmental team building sessions to revamp buildings and gardens, paint walls and bring other forms of relief is gaining popularity as a means of helping needy individuals and institutions.

Tanzania

Vodacom Tanzania Foundation was launched in May 2006. CSI initiatives follow the national priorities of education, health and economic development. A board of trustees that meets at least twice a year makes decisions on projects above US$50,000. Smaller projects are allocated by Vodacom management.

Income generating opportunities

- Msongola Orphanage poultry project: The Msongola Orphanage approached the Foundation last year to assist them with an income generating activity that would help them meet some of its orphans' needs. In response, the Foundation donated a poultry project last November worth TSH23 million to help the orphanage provide food for the orphans in form of meat and eggs as well as an income generating activity. The poultry project has expanded significantly and the orphanage now also manages a dairy and a brick-making project.

Health

- Mwananyamala Water Well Project: Water shortages and access to clean drinking water is a major and widespread problem in Tanzania. Residents of Mwananyamala Kambangwa ward had been facing severe water shortages for many years and requested assistance from the Vodacom Foundation to drill a well.

With the capacity to produce about 11,000 litres of water, the well benefits more than 3,000 residents in the surrounding area and has eliminated water shortages in Mwananyamala.

- Free Eye Clinics: Over 360,000 people in Tanzania are blind. Almost 80% of these people could have been cured, had they received medical intervention at an early stage. A partnership between the Vodacom Foundation, CCBRT hospital and the Lions Club enabled free eye clinics to be provided for over 2,000 patients in Dar es Salaam. 320 senior citizens received eye surgery.

Drought relief

- A significant amount of goodwill was created by the donation of one billion Tanzania shillings (US$820,000) to the government's National Drought Emergency Fund. This donation was used to provide food for thousands of starving Tanzanians affected by the devastating drought.

Safety portfolio

- Communication is critical in the fight against crime, and the Vodacom Foundation donated 50 phones to the Tanzania police force. These are to be distributed throughout the country to police posts in areas hard hit by crime.

Democratic Republic of Congo

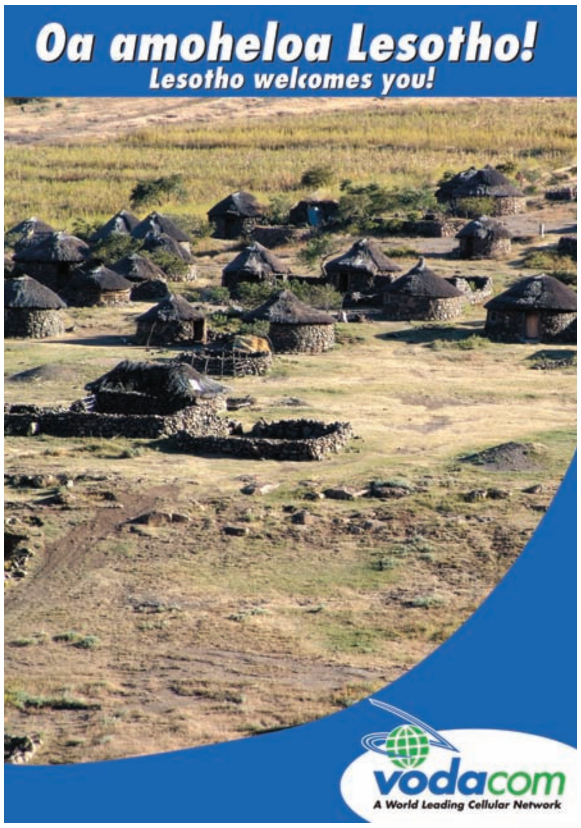
Vodacom Congo spent US$972,000 in community upliftment programmes, in the areas of Education, Health and Welfare, Safety and Security and the Environment.

Education

- About 1,000 much-needed school benches were manufactured in Kinshasa during the period. Additionally, equipment, and classroom renovations benefited several primary schools, damaged by rains across Kinshasa, Equator region, Lubumbashi/ Katanga, Nkamba/Bas, Mpotempela/Nioki and the Eastern regions. Altogether some 105 classrooms and about eight toilets were provided to the schools.
- Scholarships were also awarded to 20 Congolese students to study at the Tshwane University of Technology in South Africa.

Health and Welfare

- Renovations to Kinshasa General Hospital, Kalembe Lembe Pediatric Hospital and Mwene Ditu Hospital in the Kasai region, were made through Vodacom Congo funding.

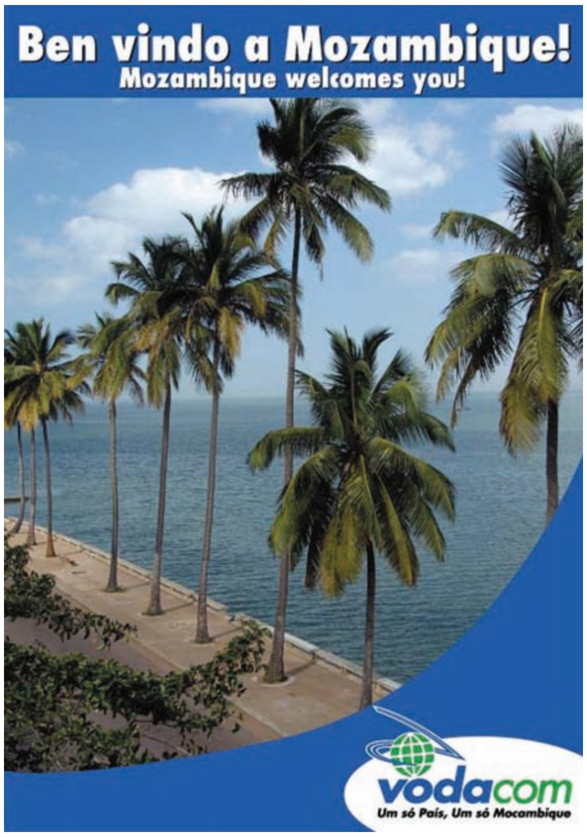


- Vodacom Congo continued with its successful "Cares and Shares" campaign where HIV affected persons, orphans and the disabled, receive gifts of clothing, food and other necessities. The strategy is to visit orphans, widows, elderly and people living with HIV/Aids. We have created an image of Vodacom as a company which cares and shares. The centers received gifts of rice, milk, soap, sugar and clothes.

Lesotho

Vodacom is a company that cares deeply about the community in which it operates. For this reason, Vodacom Lesotho has been behind various sponsorships and donations aimed at helping the disadvantaged, assisting the youth and promoting the arts and culture of Lesotho.

Morija Arts & Cultural Festival 2006: As the premier sponsor, Vodacom Lesotho provided R300,000 towards the festival in September 2006. Vodacom Lesotho also donated R10,000 towards a campaign promoting responsible driving and road safety during the festival period.



Vodacom SuperTalk Fun Walk donation: Vodacom Lesotho and employees donated all the proceeds, in excess of R69,000, from this annual event to the District Administrator for Maseru to assist the victims of the 2005 tornado.

Donation of blankets for orphans and the elderly: Vodacom Lesotho delivered 1,000 blankets to a number of orphanages and old age homes in Lesotho during March. This donation was made in anticipation of the extremely cold and harsh weather that descends on Lesotho in the winter.

Tsoanela Day Care Centre: In August 2006, Vodacom Lesotho provided the centre with a much-needed vehicle to transport care givers. The centre assists both the elderly and children from the surrounding villages with their daily nutritional and medical needs.

Free Internet Room for the National University of Lesotho: In March of 2007, Vodacom Lesotho donated 30 computers to the National University of Lesotho for the establishment of a Free Internet Computer Room. This donation will go a long way to ultimately providing students with free access to the Internet for the purposes of improving their research and study projects.

Mozambique

Vodacom Mozambique ("VM") successfully implemented the following CSR initiatives with a collective spend in excess of R11 million.

Education

- Escola Secundaria de Chamanculo: With a total investment of almost R9 million, made possible through the support of the Vodacom Group Foundation, VM in conjunction with the Ministry of Education built a new secondary school in Chamanculo, Maputo. The school is scheduled to be officially inaugurated in May 2007.

- Encyclopaedias and text books: During the course of the year more than 40 schools across the country received complete sets of library books consisting of encyclopaedias and textbooks. These donations were focussed in the provinces of Inhambane, Maputo, Nampula, Niassa and Zambezia.

National relief

- Following the widespread devastation caused by cyclone Favio in February 2007, VM embarked on a roadshow in the Vilankulos and Inhassoro areas donating food hampers and T-shirts to the villagers affected by the cyclone. Through the support of the Vodacom Group Foundation, VM secured US$100,000 in construction material, tents and blankets for the displaced residents affected by cyclone Favio.

Managing reputation: occupational safety and the environment

Certification

- Following an audit by DEKRA in October 2006, all three ISO certifications namely ISO 9001 (Quality), ISO 14001 (Environmental) and OHSAS 18001 (Health and Safety), were retained by Vodacom Group (Proprietary) Limited, Vodacom (Proprietary) Limited, and Vodacom Service Provider Company (Proprietary) Limited.

- Vodacom (Proprietary) Limited achieved a rating of 96% following an external audit for compliance to South African Health and Safety legislation, as conducted by Lexis-Nexis-Butterworths in August 2006. Given that few companies achieve a rating above 90%, this represents an outstanding achievement.

Environmental data

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

- Electricity buildings – 61.0 million kWh (2006: 68.3 million kWh);
- Electricity sites – 112.3 million kWh (2006: 103.1 million kWh);
- Water – 137,502 kl (2006: 171,450 kl);
- Paper – 105,482 kg (2006: 122,112 kg);
- Diesel – 466,681 litres (2006: 676,640 litres);
- Petrol – 940,903 litres (2006: 805,604 litres);

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 auditable entity known as the Vodacom Group EMF Council.

Corporate exposure to EMF risk is multi-faceted in nature and the membership of the EMF Council reflects the decision to manage each component via an identified risk owner at senior management level. The Council has oversight 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 SA is now being replicated across the non-South African operating companies to ensure parity with the health, safety, and environment management systems already employed.

The creation of an EMF Council mirrors the model implemented by Vodafone worldwide for the management of EMF risk across its group operating companies and as a result Vodacom is able to benefit from a wealth of international subject matter 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.

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 Electromagnetic Fields ("EMF").

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 cellphones 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 Cellphones", which is designed to help parents make responsible choices regarding children's usage of cellular technology.

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, previously known as Telkom Directory Services (Proprietary) Limited, a provider of directory services, and Swiftnet (Proprietary) Limited, a provider of wireless data services and its newly acquired subsidiary, Africa Online Limited a provider of internet services in Africa.

As of March 31, 2007, 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, 2007, Telkom had a market capitalisation of R88.5 billion. The government of the Republic of South Africa owns 38.8% 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 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 36 countries. Based on ownership interests at December 31, 2006, the Group had 198.6 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 £72 billion at March 31, 2007, making it the fifth largest company in the Financial Times Stock Exchange 100 index and the twenty-second 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 Investment SA Limited.

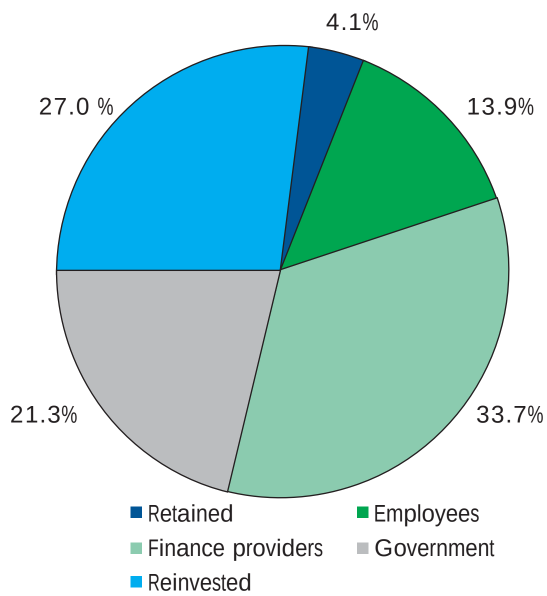
NOTES TO CONSOLIDATED VALUE ADDED STATEMENTS

for the three years ended March 31, 2007

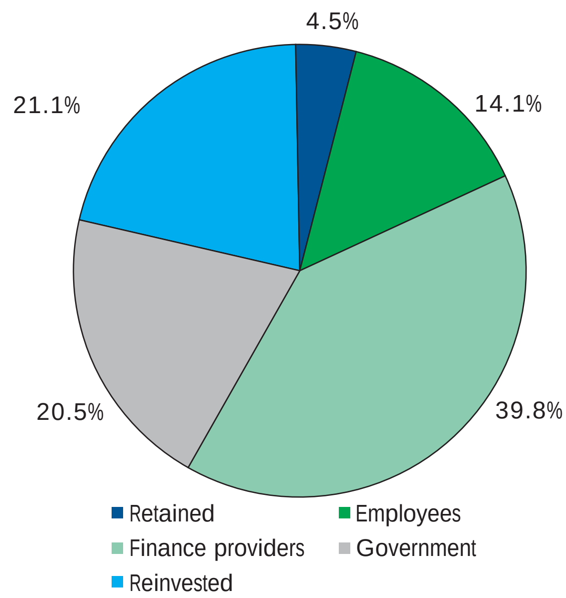
	2005 Rm	2006 Rm	2007 Rm
1. NET OPERATING EXPENSES			
Direct network operating costs	14,617.8	18,297.2	22,439.8
Other operating income	(63.8)	(125.1)	(119.8)
Marketing expenses	767.3	976.9	1,146.4
Administration expenses	751.3	1,042.7	1,063.6
	16,072.6	20,191.7	24,530.0

2. ANALYSIS OF VALUE DISTRIBUTED

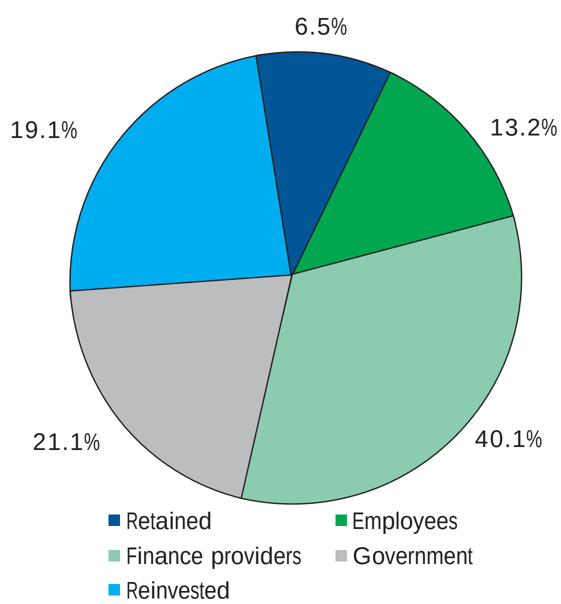
Value distributed 2005



Value distributed 2006



Value distributed 2007



CONSOLIDATED VALUE ADDED STATEMENTS

for the three years ended March 31, 2007

	2005 Rm	2005 %	2006 Rm	2006 %	2007 Rm	2007 %
Value added						
Value added by operating activities	11,242.7	94.8	13,850.8	95.8	16,616.4	92.6
Revenue	27,315.3		34,042.5		41,146.4	
Net operating expenses	(16,072.6)		(20,191.7)		(24,530.0)	
Value added by investing activities	622.9	5.2	611.7	4.2	1,336.2	7.4
Income from investments	8.0		7.8		10.4	
Interest income	614.9		603.9		1,325.8	
	11,865.6	100.0	14,462.5	100.0	17,952.6	100.0
Value distributed						
Distributed to employees	1,652.9	13.9	2,042.1	14.1	2,372.5	13.2
Salaries, wages, medical and other benefits	1,578.0		1,952.8		2,275.1	
Pension and retirement fund contributions	74.9		89.3		97.4	
Distributed to providers of finance	3,999.6	33.7	5,750.9	39.8	7,200.0	40.1
Finance costs	599.6		1,250.9		1,800.0	
Dividends	3,400.0		4,500.0		5,400.0	
Distributed to government	2,525.4	21.3	2,967.9	20.5	3,785.7	21.1
South Afican normal taxation	2,082.6		2,375.6		3,058.7	
Secondary taxation on companies	429.4		562.5		692.7	
Foreign taxation	13.4		29.8		34.3	
Value reinvested	3,199.5	27.0	3,058.8	21.1	3,434.4	19.1
Depreciation of property, plant and equipment	2,413.6		2,651.6		2,901.8	
Amortisation of intangible assets	429.6		344.2		459.4	
Integration costs, disposals of operations and impairments	268.4		(52.8)		22.9	
Deferred taxation	(36.0)		136.2		(44.0)	
Foreign deferred taxation	123.9		(20.4)		94.3	
Value retained	488.2	4.1	642.8	4.5	1,160.0	6.5
Retained profit (adjusted for dividends)	457.4		526.1		942.4	
Minority interest	30.8		116.7		217.6	
	11,865.6	100.0	14,462.5	100.0	17,952.6	100.0

CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

for the three years ended March 31, 2007

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, 2007 presented on pages 85 to 183 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 31, 2007 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, I hereby confirm that for the year ended March 31, 2007, 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

REPORT OF THE INDEPENDENT AUDITORS AND INDEPENDENT REGISTERED ACCOUNTING FIRM

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 consolidated balance sheets as at March 31, 2007, 2006 and 2005, 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 85 to 183.

Management's Responsibility for the Financial Statements

Management is 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.

Auditors' 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 and the standards of the Public Company Accounting Oversight Board (United States). 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.

The Group is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control over financial reporting. Accordingly, we express no such opinion.

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 of March 31, 2007, 2006 and 2005, 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.

Note 23 to the consolidated annual financial statements discloses the adoption of two new accounting pronouncements. These relate to the adoption of IFRS 8: Operating Segments which has adjusted disclosure of segments reported previously in terms of IAS 14: Segment Reporting as well as the adoption of the revised IAS 21: The Effects of Changes in Foreign Exchange Rates which resulted in all foreign exchange gains and losses on monetary investments in foreign operations being recognised in equity whereas some were previously recognised in the consolidated income statement.

IFRS vary in certain significant respects from accounting principles generally accepted in the United States of America. Information relating to the nature and effect of such differences is presented in Note 45 to the consolidated annual financial statements.

Deloitte & Touche
Registered Auditors
Per PJ Smit
Partner
Johannesburg, South Africa
June 6, 2007

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 L Geeringh Consulting MG Crisp Financial Advisory L Bam Strategy CR Beukman Finance TJ Brown Clients & Markets SJC Sibisi Public Sector and Corporate Social Responsibility NT Mtoba Chairman of the Board J Rhynes Deputy 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, 2007.

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 R41.1 billion (2006: R34.0 billion; 2005: R27.3 billion), representing a 20.9% (2006: 24.6%; 2005: 19.5%) increase over the prior year. This is largely attributable to the 28.2% (2006: 51.9%; 2005: 38.0%) increase in the total customer base.

	2005 '000	2006 '000	2007 '000
Customer base			
Total	15,483	23,520	30,150
Contract	1,895	2,392	3,062
Prepaid	13,546	21,072	26,951
Community Services	42	56	137
Location of customer base			
South Africa	82.9%	81.5%	76.3%
Non-South African	17.1%	18.5%	23.7%
Total ARPU			
South Africa (R)	163	139	125
Tanzania (R)	81	67	52
Lesotho (R)	92	78	75
Congo (R)	98	86	77
Mozambique (R)	52	36	28

Profit from operations for the year was R10.9 billion (2006: R8.9 billion; 2005: R6.5 billion), representing a 22.5% (2006: 36.9%; 2005: 24.0%) increase over the prior year. The net profit for the year under review is R6.6 billion (2006: R5.1 billion; 2005: R3.9 billion). The 27.6% (2006: 32.3%; 2005: 27.4%) increase in net profit is mainly due to the 22.5% increase in operating profit as well as an increase in net finance income of R175.4 million which includes the put option liability revaluation for the Vodacom Congo minorities amounting to R249.3 million. Taxation expense increased by R752.3 million from R3.1 billion in 2006 to R3.8 billion in 2007 due to the increased profit from operations.

Earnings before interest, taxation, depreciation, amortisation, impairment and profit on sale of investments ("EBITDA") for the year was R14.2 billion (2006: R11.8 billion; 2005: R9.6 billion), representing a 20.5% (2006: 23.1%; 2005: 23.6%) increase over the year. EBITDA as a percentage of revenue is currently 34.6% (2006: 34.7%; 2005: 35.1%). EBITDA as a percentage of revenue excluding mobile phone and accessory sales is 39.9% (2006: 39.9%; 2005: 40.1%).

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 R5,400.0 million (2006: R4,500.0 million; 2005: R3,400.0 million) was declared for the year:

	2005 Rm	2006 Rm	2007 Rm
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	-
Declared March 10, 2005 and paid April 1, 2005	1,800.0	-	-
Declared September 10, 2004 and paid October 1, 2004	1,600.0	-	-

The payment of the current year final ordinary dividend was made on April 4, 2007 to all shareholders registered on April 2, 2007. Payment of the interim dividend was made on October 4, 2006 to all shareholders registered on October 2, 2006.

4. CHANGE IN ACCOUNTING POLICIES

Details of the effect of the change in accounting policies and newly adopted standards implemented in 2007 are disclosed in Note 23 to the consolidated annual financial statements.

5. CAPITAL EXPENDITURE

During the year, the Group invested R6.7 billion (2006: R5.1 billion; 2005: R3.5 billion) in property, plant and equipment and software. Of this capital expenditure R5.2 billion (2006: R4.2 billion; 2005: R2.8 billion) was for cellular network infrastructure (excluding software). Capital expenditure in South Africa amounted to R5.0 billion (2006: R4.4 billion; 2005: R2.8 billion), making up 73.9% of the total amount invested. The capital expenditure was funded by internal cash generation, supplier credits and bank credit.

During the financial year certain property, plant and equipment and intangible assets of VM, S.A.R.L. trading as Vodacom Mozambique were impaired. This impairment resulted in the recognition of an impairment expense of R22.9 million (2006: R52.8 million impairment reversal; 2005: R268.4 million impairment expense). The Group assessed the assets of VM, S.A.R.L. in accordance with the requirements of IAS 36: Impairment of Assets. The recoverable amount of these assets has been determined based on the fair value of the assets less cost of disposal at March 31, 2007, 2006 and 2005. Refer to Note 3 of the consolidated annual financial statements.

Further information on the investment in property, plant and equipment and software is presented in Note 8 and Note 9 of the consolidated annual financial statements.

Commitments at March 31, 2007 in respect of contracts for orders placed for the new financial year amount to R1.2 billion (2006: R1.3 billion; 2005: R1.5 billion). Commitments at March 31, 2007 which have been approved by the Board of Directors but not yet contracted for amount to R7.1 billion (2006: R6.2 billion; 2005: R4.4 billion).

Further information on the commitments of the Group is presented in Note 33 and Note 34 of the consolidated annual financial statements.

6. INVESTMENT ACTIVITIES

6.1 South Africa

Vodacom (Proprietary) Limited, Vodacom Service Provider Company (Proprietary) Limited, Smartphone SP (Proprietary) Limited, Smartcom (Proprietary) Limited and Cointel V.A.S. (Proprietary) Limited (refer Note 6.3 below), are included in Vodacom's South African operations. The South African operations continued to grow, as reflected in the increase in revenue of 19.1% (2006: 24.1%; 2005:17.3%). EBITDA for the year was R13.0 billion (2006: R11.1 billion; 2005: R9.0 billion). The number of customers increased to 23 million, representing a 20.1% increase year-on-year.

6.2 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 3.2 million closing customers, a 55.3% increase year-on-year. EBITDA for the year was R584.2 million (2006: R464.7 million; 2005: R344.7 million), an increase of 25.6%.

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 43.5% year-on-year (2006: 24.1%; 2005: 15.2%). EBITDA for the year was R602.8 million (2006: R372.5 million; 2005: R252.3 million), an increase of 61.7%. The number of customers increased to 2.6 million, a 67.5% 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 R227.5 million (2006: R170.1 million; 2005: R137.0 million), an increase of 33.5% year-on-year. Customer numbers grew to 279 thousand, a 35.4% increase year-on-year. A total dividend of R18.0 million (2006: R7.5 million; 2005: R2.0 million) was declared to shareholders.

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

Vodacom International Limited holds 98% of the ordinary share capital of Vodacom Mozambique. Effective April 1, 2007 Vodacom International Limited sold an 8% equity interest in Vodacom Mozambique to local investors (Note 37). Customer numbers grew to 988 thousand, a 101.6% increase year-on-year. EBITDA is still in a loss position at R69.3 million (2006: R128.5 million loss; 2005: R110.9 million loss).

6.3 Acquisitions

Cointel V.A.S. (Proprietary) Limited

In October 2006, Vodacom Group (Proprietary) Limited acquired an additional 49% shareholding in Cointel V.A.S. (Proprietary) Limited, a value added services provider in the South African market for R147.0 million. Vodacom Group (Proprietary) Limited subsequently sold its full shareholding in the same month to Smartphone SP (Proprietary) Limited for R300.0 million (Note 29).

Smartphone SP (Proprietary) Limited

The Group increased its interest in Smartphone SP (Proprietary) Limited to 70% by acquiring an additional 19% for R334.7 million during August 2006 (Note 29).

The Group increased its effective interest in Smartcom (Proprietary) Limited to 61.6% during September 2006 (Note 29).

6. INVESTMENT ACTIVITIES (CONTINUED)

6.3 Acquisitions (continued)

National Porting Company (Proprietary) Limited

The introduction of Mobile Number Portability ("MNP") as mandated by the Independent Communications Authority of South Africa in terms of Section 96 of the Telecommunications Act of 1996 was set for commencement, July 1, 2006. In response to the introduction of MNP it was necessary for the formation of a company to provide all the services necessary to allow the three incumbent mobile operators to offer MNP.

National Porting Company (Proprietary) Limited ("NPC") was formed for the express purpose of providing all the necessary services required for MNP by Vodacom, Mobile Telephone Networks (Proprietary) Limited ("MTN") and Cell C (Proprietary) Limited ("Cell C").

NPC 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 NPC by acquiring 100 shares for R1. Each shareholder advanced to NPC funding by way of shareholders' loans. As at March 31, 2007 the shareholder loan amounted to R6.0 million.

Vodacom Ventures (Proprietary) Limited

The principal nature of the business of Vodacom Ventures (Proprietary) Limited is to generate innovative telecommunications products and services for the Group via investments in companies such as Gogga Tracking Solutions (Proprietary) Limited and G-Mobile Holdings Limited (Notes 10 and 39).

WBS Holdings (Proprietary) Limited

The Group purchased a 10% equity stake in WBS Holdings (Proprietary) Limited, a wireless service provider in the South African market, for R80.0 million excluding capitalised transaction costs of R0.8 million. An amount of R8.0 million relating to the acquisition cost was outstanding at year end and its settlement is subject to fulfilment of certain conditions (Note 10). The Group has an option to purchase an additional 15.5% shareholding of which the option expires on September 14, 2007.

Africell Cellular Services (Proprietary) Limited

Effective October 1, 2006, the Group acquired the business of Africell Cellular Services (Proprietary) Limited for an amount of R80.0 million (Note 29). Africell Cellular Services (Proprietary) Limited is a cellular dealer to the public.

InterConnect s.p.r.l.

Effective November 1, 2006 the Group acquired the internet service provider business of InterConnect s.p.r.l. (Note 29) in the Democratic Republic of the Congo.

7. LOAN TO VODACOM INTERNATIONAL LIMITED

The loan of US$180 million from Standard Bank Plc and RMB International (Dublin) Limited was refinanced from the original repayment date of July 19, 2006. The loan is collateralised by guarantees provided by the Group, bears interest at an effective interest rate of LIBOR plus 0.35% and is now repayable in full on July 26, 2009 (Note 18).

8. SHARE CAPITAL AND SHAREHOLDER LOANS

The authorised and issued share capital remained unchanged during the year under review. The issued share capital of R100 (2006: R100; 2005: R100) is ultimately held in the percentages as outlined below.

	Shareholding 2005 %	Shareholding 2006 %	Shareholding 2007 %
Telkom SA Limited	50.0%	50.0%	50.0%
Vodafone Holdings (SA) (Proprietary) Limited *	35.0%	35.0%	29.9%
Vodafone Telecommunication Investments SA Limited *	15.0%	15.0%	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.

*During the financial year Venfin Telecommunications Investment SA Limited, changed its name to Vodafone Telecommunications Investment SA Limited, and changed its shareholding in the Group. Vodafone Holdings (SA) (Proprietary) Limited decreased its shareholding in the Group from 35.0% to 29.9% by transferring ownership to its wholly owned subsidiary, Vodafone Telecommunications Investment SA Limited which now hold 20.1% in the Group.

9. DIRECTORS AND SECRETARY

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

	In office 31/03/2006	Resignations	Appointments	In office 31/03/2007
Directors	OA Mabandla (Chairman) ADC Knott-Craig (Chief Executive Officer) L Crouse (Chief Financial Officer) PJ Uys (Chief Operating Officer) MS Aziz Joosub GJ Darby * Dr M Mostert RN Barr * LRR Molotsane RJ September J Visser # AAG Sokol " ^	J Visser # (06/09/2006) AAG Sokol " ^ (13/02/2007)	RC Snow * (13/02/2007) RW Collymore * (06/09/2006)	OA Mabandla (Chairman) ADC Knott-Craig (Chief Executive Officer) L Crouse (Chief Financial Officer) PJ Uys (Chief Operating Officer) MS Aziz Joosub GJ Darby * Dr M Mostert RN Barr * LRR Molotsane RJ September RC Snow * RW Collymore *
Secretary	L Crouse			L Crouse
Alternate Directors	PR Williams * T Nowak ~ Sir JM Horn-Smith *	T Nowak ~ (06/09/2006) Sir JM Horn-Smith * (06/09/2006)	PM Donovan * (06/09/2006) KR Patel (19/01/2007)	PM Donovan * PR Williams * KR Patel

* British ~ German # Dutch " French ^American

10. 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 37.

11. COUNTRY OF INCORPORATION

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

12. REGISTERED OFFICE AND POSTAL ADDRESSES

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

13. 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, 2007

	Notes	2005 Restated Rm	2006 Restated Rm	2007 Rm
Revenue	1	27,315.3	34,042.5	41,146.4
Other operating income		63.8	125.1	119.8
Direct network operating cost	2	(14,617.8)	(18,297.2)	(22,439.8)
Depreciation	8	(2,413.6)	(2,651.6)	(2,901.8)
Staff expenses		(1,652.9)	(2,042.1)	(2,372.5)
Marketing and advertising expenses		(767.3)	(976.9)	(1,146.4)
Other operating expenses		(751.3)	(1,042.7)	(1,063.6)
Amortisation of intangible assets	9	(429.6)	(344.2)	(459.4)
Impairment of assets	3	(268.4)	52.8	(22.9)
Profit from operations	4	6,478.2	8,865.7	10,859.8
Interest, dividends and other financial income	5	622.9	611.7	1,336.2
Finance costs	6	(599.6)	(1,250.9)	(1,800.0)
Profit before taxation		6,501.5	8,226.5	10,396.0
Taxation	7	(2,613.3)	(3,083.7)	(3,836.0)
Net profit		3,888.2	5,142.8	6,560.0
Attributable to:				
Equity shareholders		3,857.4	5,026.1	6,342.4
Minority interests		30.8	116.7	217.6

		2005 R	2006 R	2007 R
Basic and diluted earnings per share	32	385,740	502,610	634,240
Dividend per share	32	340,000	450,000	540,000

CONSOLIDATED BALANCE SHEETS

as at March 31, 2007

	Notes	2005 Restated Rm	2006 Restated Rm	2007 Rm
ASSETS				
Non-current assets		13,888.4	16,079.2	20,844.3
Property, plant and equipment	8	11,576.9	13,386.6	17,073.2
Intangible assets	9	1,644.3	1,954.9	2,700.3
Financial assets	10	93.3	92.1	209.5
Deferred taxation	11	308.1	297.6	386.1
Deferred cost		236.9	311.2	396.4
Lease assets		28.9	36.8	78.8
Current asset		8,706.4	8,688.6	7,625.9
Deferred cost		428.3	451.8	574.8
Short-term financial assets	10	187.1	149.3	207.5
Inventory	12	479.5	454.3	364.3
Trade and other receivables	13	3,621.4	4,487.1	5,707.9
Cash and cash equivalents	31	3,990.1	3,146.1	771.4
Total assets		22,594.8	24,767.8	28,470.2
EQUITY AND LIABILITIES				
Ordinary share capital	14	*	*	*
Retained earnings		8,059.1	8,583.0	9,523.2
Non-distributable reserves	15	(299.9)	(194.0)	(97.4)
Equity attributable to equity holders of the parent		7,759.2	8,389.0	9,425.8
Minority interests	16	128.7	283.3	221.2
Total equity		7,887.9	8,672.3	9,647.0
Non-current liabilities		3,233.1	2,236.6	3,812.1
Interest bearing debt	18	2,213.5	819.2	2,051.4
Non-interest bearing debt	19	-	-	3.0
Deferred taxation	11	472.1	602.3	757.3
Deferred revenue		240.7	320.3	412.3
Provisions	20	184.4	372.3	377.5
Other non-current liabilities	21	122.4	122.5	210.6
Current liabilities		11,473.8	13,858.9	15,011.1
Trade and other payables	22	4,830.8	5,104.7	6,874.4
Deferred revenue		1,411.4	1,604.5	1,904.8
Taxation payable		632.6	630.2	1,112.7
Non-interest bearing debt	19	4.3	4.3	-
Short-term interest bearing debt	18	381.6	1,645.5	501.0
Short-term provisions	20	595.0	623.0	741.8
Dividends payable		1,800.0	2,800.0	2,990.0
Derivative financial liabilities	39	1.0	60.9	7.2
Bank borrowings	31	1,817.1	1,385.8	879.2
Total equity and liabilities		22,594.8	24,767.8	28,470.2

* Share capital R100

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

for the three years ended March 31, 2007

	Notes	Attributable to equity shareholders: Share capital Rm	Retained earnings Rm	Non-distributable reserves Rm	Total Rm	Minority interests Rm	Total equity Rm
Balance at March 31, 2004		*	7,836.1	(324.9)	7,511.2	93.0	7,604.2
Net profit for the year		-	3,857.4	-	3,857.4	30.8	3,888.2
Dividends declared	16,32	-	(3,400.0)	-	(3,400.0)	(3.8)	(3,403.8)
Contingency reserve	15	-	(1.0)	1.0	-	-	-
Acquired reserves from the minorities							
of Vodacom Congo (RDC) s.p.r.l.	15,30	-	(233.4)	82.1	(151.3)	-	(151.3)
Business combinations and other acquisitions	16,29	-	-	-	-	10.1	10.1
Revaluation of available-for-sale investments	15,16	-	-	0.2	0.2	0.1	0.3
Net gains and losses not recognised in the							
income statement	15,16						
Foreign currency translation reserve		-	-	(58.3)	(58.3)	(1.5)	(59.8)
Balance at March 31, 2005 - restated	23	*	8,059.1	(299.9)	7,759.2	128.7	7,887.9
Net profit for the year		-	5,026.1	-	5,026.1	116.7	5,142.8
Dividends declared	16,32	-	(4,500.0)	-	(4,500.0)	(0.9)	(4,500.9)
Contingency reserve	15	-	(2.2)	2.2	-	-	-
Business combinations and other acquisitions	16,29	-	-	-	-	46.5	46.5
Minority shares of VM, S.A.R.L.		-	-	-	-	8.0	8.0
Revaluation of available-for-sale investments	15,16	-	-	(0.2)	(0.2)	(0.1)	(0.3)
Net gains and losses not recognised							
in the income statement	15,16						
Foreign currency translation reserve		-	-	103.9	103.9	(15.6)	88.3
Balance at March 31, 2006 - restated	23	*	8,583.0	(194.0)	8,389.0	283.3	8,672.3
Net profit for the year		-	6,342.4	-	6,342.4	217.6	6,560.0
Dividends declared	16,32	-	(5,400.0)	-	(5,400.0)	(170.8)	(5,570.8)
Contingency reserve	15	-	(2.2)	2.2	-	-	-
Business combinations and other acquisitions	16,29	-	-	-	-	(136.4)	(136.4)
Net gains and losses not recognised							
in the income statement	15,16						
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

*Share capital R100

CONSOLIDATED CASH FLOW STATEMENTS

for the three years ended March 31, 2007

	Notes	2005 Restated Rm	2006 Restated Rm	2007 Rm
CASH FLOW FROM OPERATING ACTIVITIES				
Cash receipts from customers		27,078.8	33,132.7	40,380.0
Cash paid to suppliers and employees		(17,066.8)	(22,042.4)	(26,513.9)
Cash generated from operations	24	10,012.0	11,090.3	13,866.1
Finance costs paid	25	(259.2)	(446.4)	(1,358.8)
Interest, dividends and other financial income received	26	246.8	338.6	1,035.1
Taxation paid	27	(2,744.4)	(2,980.3)	(3,303.3)
Dividends paid – equity shareholders		(3,100.0)	(3,500.0)	(5,300.0)
Dividends paid – minority shareholders		(5.2)	(0.9)	(80.8)
Net cash flows from operating activities		4,150.0	4,501.3	4,858.3
CASH FLOW FROM INVESTING ACTIVITIES				
Additions to property, plant and equipment and intangible assets	28	(3,253.4)	(4,788.4)	(5,955.3)
Proceeds on disposal of property, plant and equipment and intangible assets		20.1	31.2	98.3
Business combinations and other acquisitions	29	(289.8)	(0.1)	(591.2)
Acquired cash from Vodacom Congo (RDC) s.p.r.l.	30	12.9	-	-
Other investing activities		136.0	(33.5)	(135.7)
Net cash flows utilised in investing activities		(3,374.2)	(4,790.8)	(6,583.9)
CASH FLOW FROM FINANCING ACTIVITIES				
Non-interest bearing debt incurred		-	-	3.0
Interest bearing debt incurred		1,165.3	32.3	6.0
Interest bearing debt repaid		(1,332.3)	(89.7)	(141.3)
Finance lease capital repaid		(28.1)	(50.2)	(67.7)
Net cash flows utilised in financing activities		(195.1)	(107.6)	(200.0)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		580.7	(397.1)	(1,925.6)
Cash and cash equivalents at the beginning of the year		1,597.7	2,173.0	1,760.3
Effect of foreign exchange rate changes		(5.4)	(15.6)	57.5
(BANK BORROWINGS)/CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	31	2,173.0	1,760.3	(107.8)

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 (Note 23).

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 its subsidiaries, both foreign and domestic, up to March 31, 2007.

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. 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, 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 fair value of the identifiable assets, liabilities and contingent liabilities. Subsequently, any losses attributable to minority shareholders in excess of their interest, is allocated against the interest of the Group.

- 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 the entities 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 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.

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.

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. 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.

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 and residual values are reviewed on an annual 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 does not cease when assets are idle.

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.

B. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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 the consolidated income statement in the period in which they occur.

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 restoration 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 at the date of acquisition. Goodwill on the acquisition of subsidiaries and joint ventures is included in intangible contingent assets and liabilities. Goodwill is tested annually for impairment 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 a finite useful life are amortised to the consolidated income statement on a straight-line basis over their estimated useful lives, which are reviewed on an annual basis. Amortisation commences when the intangible asset is available for use. The residual values of intangible assets are assumed to be zero.

D. INTANGIBLE ASSETS (CONTINUED)

D.2 Intangible assets with a finite useful life (continued)

- 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 mobile customer bases. Customer bases are amortised on a straight-line basis over their estimated useful lives.

- TRADEMARKS AND PATENTS

  Purchased trademarks and patents acquired, other than through business combinations, are capitalised at cost and amortised over their estimated useful lives. Expenditure incurred to develop, maintain and renew trademarks and patents internally generated 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.

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 finance costs and finance income 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 translated. Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit and loss for the period except for differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

F. FOREIGN CURRENCIES (CONTINUED)

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 or average foreign exchange rates for the period.

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

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 intangibles arising on the acquisition of a foreign operation are treated as assets of the foreign operation and translated at the foreign exchange rates ruling at balance sheet date.

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

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 profit will be available against which the associated unused taxation losses or credits and deductible temporary differences can be utilised.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the asset realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax assets and liabilities reflects the tax 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 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 tax 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 necessary, 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 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 the consolidated income statement.

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

Equipment sales are recognised only when delivery and acceptance has taken place.

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 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 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 the consolidated income statement over the term of the lease using the effective interest rate method, so as to produce a constant periodic rate of return on the remaining balance of the liability for each period.

- OPERATING LEASES

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

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

J.3 Group as lessor

- FINANCE LEASES

  Amounts due from lessees under finance leases are recorded as receivables at the amount of the Group' 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 the consolidated income statement on a straight-line basis over the lease term. Such leased assets are included under property, plant and equipment and depreciated in accordance with the accounting policy stated above.

K. DERIVATIVE INSTRUMENTS

The Group recognises all derivative instruments on the consolidated balance sheet at fair value, including certain derivative instruments embedded in other contracts. Changes in the fair value of derivative instruments are recorded in earnings 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 or the host contracts are carried at fair value.

Where the fair value of derivatives cannot be reliably estimated, the derivatives are recorded at cost.

The Group does not use derivatives for trading or speculative purposes. However, derivatives that are not accounted for as hedges, are classified as trading instruments in current assets.

L. FINANCIAL INSTRUMENTS - OTHER THAN DERIVATIVES

L.1 Initial recognition and measurement

All financial instruments, other than derivatives which are dealt with above, are recognised in the consolidated balance sheets. Financial instruments are initially recognised when the Group becomes party to the contractual terms of the instruments and are measured at cost, which is the fair value of the consideration given (financial asset) or received (financial liability or equity instrument) for it.

Financial liabilities and equity instruments issued by the Group are classified on at initial recognition as debt or equity or compound instruments in terms of IAS 32: Financial Instruments: Disclosure and Presentation ("IAS 32") on the basis of the contractual terms.

Purchases and sales of investments are recognised on trade-date, the date on which the Group commits to purchase or sell the asset.

Financial guarantee contracts are recognised initially at fair value and subsequently at the higher of the amount determined in accordance with IAS 37: Provisions, Contingent Liabilities and Contingent Assets or the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with IAS 18: Revenue.

L.2 Financial assets

The Group's principal financial assets other than derivatives are investments, trade and other receivables and bank and cash balances:

- INVESTMENTS

  All financial assets not carried at fair value through profit or loss are initially recognised at fair value including directly attributable transaction costs. Subsequent to initial recognition, these instruments are measured as set out below.

  Investments in equity instruments, excluding those in subsidiaries and joint ventures, are classified as available-for-sale investments and are stated 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 included in the consolidated income statements. These investments are included in non-current assets unless management intends to dispose of the investments within twelve months of the balance sheet date.

  Investments acquired principally for the purpose of generating a profit from the short-term fluctuations in price, are classified as financial assets at fair value through profit and loss and are recorded and measured at fair value. Financial assets at fair value through profit or loss consists of financial assets held-for-trading or those designated at fair value through profit or loss at inception. Gains and losses on these investments are recorded in the consolidated income statements. These investments are classified as current assets if they are either held-for-trading or are expected to be realised within twelve months of the balance sheet date.

  Held-to-maturity investments carried at amortised costs, using the effective interest rate method, are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group has the positive intention and ability to hold to maturity.

- RECEIVABLES

  Receivables that include interest bearing investments, investments in finance leases, trade and other receivables, and other loans are stated at original investment less principal payments, amortisations, and less accumulated impairment losses. Receivables originated by the Group by providing goods or services directly to the customer are carried at original invoice amount less provision for doubtful receivables. A provision for doubtful receivables is established when there is objective evidence that the Group has incurred a loss and will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the carrying amount and the recoverable amount.

L. FINANCIAL INSTRUMENTS - OTHER THAN DERIVATIVES (CONTINUED)

L.2 Financial assets (continued)

- RECEIVABLES (CONTINUED)

  The provision for doubtful receivables covers losses where there is objective evidence that the Group incurred a loss at the balance sheet date. These incurred loss events have been estimated based upon historical patterns of losses in each component, the credit ratings allocated to the customers and reflecting the current economic climate in which the borrowers operate. When a receivable is uncollectable, it is written off to the consolidated income statement. Subsequent recoveries are credited to the consolidated income statements.

- BANK AND CASH BALANCES

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

L.3 Financial liabilities

The Group's principal financial liabilities other than derivatives are interest bearing debt, trade and other payables, non-interest bearing debt, dividends payable, provisions, bank borrowings and other short-term debt:

- INTEREST BEARING DEBT

  Interest bearing debt, including finance lease obligations, is originally recognised at fair value, net of transaction costs incurred. Interest bearing debt is subsequently stated at amortised cost, namely original debt less principal payments and amortisations. Any differences between proceeds and the redemption value are recognised in the consolidated income statement over the period of the debt using the effective interest rate method. The accounting policy for finance lease obligations is dealt with under leases set out above.

  Interest bearing debt is 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.

  Preference shares, which are mandatory redeemable on a specific date are classified as liabilities. The dividends on these preference shares are recognised in the consolidated income statements as an interest expense.

- TRADE AND OTHER PAYABLES

  Trade and other payables are stated at their cost.

- PUT OPTION LIABILITY

  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.

- DIVIDENDS PAYABLE

  Dividends payable are stated at amounts declared.

- 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.

L. FINANCIAL INSTRUMENTS - OTHER THAN DERIVATIVES (CONTINUED)

L.3 Financial liabilities (continued)

- BANK BORROWINGS AND OTHER SHORT-TERM DEBT

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

L.4 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.

L.5 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 the consolidated income statements.

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 the consolidated income statements.

L.6 Fair value methods and assumptions

The fair value of financial instruments traded in an organised financial market is measured at the applicable quoted prices.

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

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

L.7 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.

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 the consolidated income statement immediately. The recoverable amount of an asset is the higher of the assets 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.

M. IMPAIRMENT OF ASSETS (CONTINUED)

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 Tax. 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 provision

The provision for unearned premiums 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 income.

O. CASH AND CASH EQUIVALENTS

For the purpose of the consolidated cash flow statements, 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 receivable by the Group and carried at amortised cost. Due to the short-term nature of these, the amortised cost approximates its fair value.

Bank borrowings, consisting of interest bearing 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 event sponsorships are expensed over the duration of the event.

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 judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement 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 makers. 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 makers. 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 / (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.

	2005 Rm	2006 Rm	2007 Rm
1. REVENUE			
Airtime and access	16,190.8	20,085.8	23,707.5
Data revenue	1,340.5	2,037.6	3,341.7
Interconnect revenue	5,923.6	6,696.8	7,835.6
Equipment sales	2,687.3	3,985.6	4,699.1
International airtime	886.8	971.2	1,305.8
Other	286.3	265.5	256.7
	27,315.3	34,042.5	41,146.4
2. DIRECT NETWORK OPERATING COST			
Airtime and access	(4,953.7)	(5,596.0)	(6,929.0)
Data expenditure	(220.6)	(320.0)	(531.3)
Interconnect cost	(3,405.7)	(4,312.2)	(5,179.9)
Equipment cost	(2,979.0)	(4,173.9)	(5,022.8)
International airtime cost	(246.8)	(322.1)	(456.2)
Regulatory fees	(670.3)	(812.1)	(979.7)
Network operational expenses *	(1,393.8)	(1,781.0)	(2,248.1)
Other	(747.9)	(979.9)	(1,092.8)
	(14,617.8)	(18,297.2)	(22,439.8)

* Network operational expenses include transmission rental, site costs and site maintenance.

	2005 Rm	2006 Rm	2007 Rm
3. IMPAIRMENT OF ASSETS			
Intangible assets	(97.5)	(0.1)	(0.3)
Goodwill	-	-	(0.2)
Licences	(97.5)	-	-
Computer software	-	(0.1)	(0.1)
Property, plant and equipment	(170.9)	52.9	(22.6)
Infrastructure	(142.3)	59.9	(17.9)
Information services	(23.3)	(5.6)	(3.7)
Motor vehicles	(2.4)	(0.3)	(0.3)
Furniture and office equipment	(1.6)	(0.5)	(0.3)
Leasehold improvements	(0.6)	(0.3)	(0.1)
Other assets	(0.7)	(0.3)	(0.3)
(Impairment recognised) / Impairment reversed	(268.4)	52.8	(22.9)

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. The recoverable amount of these assets was based on the fair value less cost of disposal at March 31, 2007, 2006 and 2005. The fair value of the assets was obtained from a knowledgeable, willing party on an arm's length basis, on the assumption that the assets would be disposed of on an item by item basis. 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.

	2005 Rm	2006 Rm	2007 Rm
4. PROFIT FROM OPERATIONS			
The profit from operations is arrived at after taking the following income / (expenditure) into account:			
Net profit / (loss) on disposal of property, plant and equipment and intangible assets	1.8	(26.8)	26.9
Loss on disposal of property, plant and equipment and intangible assets	(6.7)	(27.5)	(30.3)
Profit on disposal of property, plant and equipment and intangible assets	8.5	0.7	57.2
Profit on disposal of shares in subsidiary	-	-	17.4
Auditor's remuneration – audit fees	(8.3)	(14.9)	(16.6)
Current year audit fees	(7.8)	(14.0)	(16.2)
Prior year under-provision of audit fees	(0.1)	(0.8)	(0.2)
Telkom costs	(4.6)	(4.8)	(6.1)
Telkom recovery	4.6	4.8	6.1
Expenses	(0.4)	(0.1)	(0.2)
Auditor's remuneration – other services	(2.5)	(2.1)	(0.6)
Professional fees for consultancy services	(78.4)	(112.2)	(147.1)
Operating lease rentals	(613.1)	(870.7)	(1,259.1)
GSM transmission and data lines (Note 34)	(544.3)	(787.9)	(965.8)
Office accommodation	(43.4)	(47.6)	(65.1)
Other accommodation	(24.5)	(33.0)	(223.4)
Office equipment	(0.9)	(1.1)	(0.2)
Motor vehicles	-	(1.1)	(4.6)
Staff expenses – pension and provident fund contributions	(74.9)	(89.3)	(97.4)
Pension fund contributions	(70.7)	(76.4)	(84.7)
Provident fund contributions	(4.2)	(12.9)	(12.7)
(Increase) / Decrease in provision for obsolete inventory (Note 12)	17.5	(15.9)	(18.3)
Decrease / (Increase) in provision for doubtful receivables (Note 13)	(11.3)	6.0	15.8
Bad debts written off	(52.2)	(42.3)	(94.8)

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.

4. PROFIT FROM OPERATIONS (CONTINUED)

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 Nova Risk Partners Limited, a South African registered short-term insurance company. The cell facility is further used to issue insurance contracts to Group companies to provide cover against a variety of insurable risks including assets own risk and the extended warranty provided to customers. These inter-company transactions are eliminated on consolidation of the cell captive.

In terms of the shareholder 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 R28.8 million (2006: R52.5 million; 2005: R19.5 million) underwriting profit included in profit from operations:

	2005 Rm	2006 Rm	2007 Rm
Net earned premiums	89.7	112.7	131.6
Gross claims incurred	(45.6)	(51.7)	(67.4)
Net reinsurance (expense) / income	(11.6)	10.7	(11.6)
Net operating expenses	(13.0)	(19.2)	(23.8)
Underwriting profit	19.5	52.5	28.8

5. INTEREST, DIVIDENDS AND OTHER FINANCIAL INCOME

	2005 Rm	2006 Rm	2007 Rm
Banks and loans	93.6	89.4	30.6
Income from investments at fair value through profit and loss	8.0	7.8	10.4
Other interest income	15.8	19.7	23.2
Gain on foreign exchange contract revaluation	155.1	211.2	617.9
Gain on foreign liability and asset revaluation	318.4	266.4	640.9
Interest rate swap interest	11.6	13.0	10.2
Interest rate swap revaluation	20.4	4.2	2.9
Dividends received – unlisted investment	-	-	0.1
	622.9	611.7	1,336.2

	2005 Rm	2006 Rm	2007 Rm
6. FINANCE COSTS			
Bank overdraft	(39.1)	(15.2)	(131.4)
Finance leases	(127.3)	(121.6)	(112.3)
Funding loans	(32.2)	(73.8)	(89.4)
Interest on minority shareholder loan *	(7.2)	(8.1)	(9.7)
Other finance costs	(24.2)	(30.6)	(26.3)
Interest rate swap interest	(5.5)	-	-
Interest rate swap revaluation	(11.3)	(10.8)	(12.8)
Loss on foreign exchange contract revaluation	(143.4)	(471.8)	(150.2)
Loss on foreign liability and asset revaluation	(209.4)	(519.0)	(1,018.6)
Put option liability revaluation (Note 22)	-	-	(249.3)
	(599.6)	(1,250.9)	(1,800.0)

* This amount of R9.7 million (2006: R8.1 million; 2005: R7.2 million) relates to notional interest on the loan from Caspian Construction Company Limited and Planetel Communications Limited, that was remeasured at amortised cost, at an effective interest rate of LIBOR plus 5%, for which no consideration has been recorded.

	2005 Rm	2006 Rm	2007 Rm
7. TAXATION			
South African normal taxation	(2,082.6)	(2,375.6)	(3,058.7)
Current year	(2,091.3)	(2,337.9)	(3,063.7)
Prior year over / (under) provision	8.7	(37.7)	5.0
Deferred taxation	36.0	(136.2)	44.0
Current year	35.2	(177.0)	45.3
Prior year (under) / over provision	(6.3)	40.8	(1.3)
Taxation rate change *	7.1	-	-
Secondary taxation on companies - current year	(429.4)	(562.5)	(692.7)
Foreign taxation	(13.4)	(29.8)	(34.3)
Current year	(13.3)	(29.4)	(34.0)
Prior year under provision	(0.1)	(0.4)	(0.3)
Foreign deferred taxation	(123.9)	20.4	(94.3)
Current year	(75.2)	43.5	(135.4)
Prior year under / (over) provision	(48.7)	(22.0)	41.1
Taxation rate change #	-	(1.1)	-
	(2,613.3)	(3,083.7)	(3,836.0)

* Deferred taxation was calculated at 29% for all South African entities at March 31, 2005 following a change in the corporate taxation rate. The revised taxation rate was applicable to normal taxation with effect from the 2006 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.

	2005 Rm	2005 %	2006 Rm	2006 %	2007 Rm	2007 %
7. TAXATION (CONTINUED)						
Reconciliation of rate of taxation						
Normal taxation on profit before taxation	1,950.5	30.0	2,385.7	29.0	3,014.9	29.0
Adjusted for:						
Disallowed expenditure	131.3	2.0	135.6	1.7	205.8	2.0
Unrecognised taxation asset	118.8	1.8	149.9	1.8	86.5	0.9
Functional vs local reporting currency	(153.6)	(2.4)	45.3	0.6	(226.8)	(2.2)
Revaluation of tax base of qualifying assets	80.7	1.2	(181.6)	(2.2)	98.6	0.9
Translation to US$	61.8	1.0	(16.8)	(0.2)	95.7	0.9
Secondary taxation on companies	429.4	6.7	562.5	6.9	692.7	6.7
Secondary taxation on companies credits	(3.8)	-	-	-	3.8	-
Prior year (over) / under provision	46.4	0.7	19.3	0.2	(44.5)	(0.4)
Foreign taxation rate differences	(30.8)	(0.5)	(15.6)	(0.2)	(48.6)	(0.5)
Taxation rate change * #	(7.1)	(0.1)	1.1	-	-	-
Foreign taxation	5.7	0.1	8.7	0.1	10.4	0.1
Taxation not payable due to tax concession	-	-	-	-	(81.2)	(0.8)
Foreign controlled entity passive income imputed	8.6	0.1	17.8	0.2	27.9	0.3
Business combination contingent purchase consideration	-	-	(20.6)	(0.3)	-	-
Utilisation of investment deductions	(10.2)	(0.2)	0.2	-	-	-
Utilisation of taxation loss	(12.6)	(0.2)	(6.9)	(0.1)	-	-
Exempt income	(0.1)	-	(1.1)	-	-	-
Other adjustments	(1.7)	-	0.2	-	0.8	-
	2,613.3	40.2	3,083.7	37.5	3,836.0	36.9

* Deferred taxation was calculated at 29% for all South African entities at March 31, 2005 following a change in the corporate taxation rate. The revised taxation rate was applicable to normal taxation with effect from the 2006 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
8. PROPERTY, PLANT AND EQUIPMENT			
2005			
Land and buildings	936.2	(87.4)	848.8
Infrastructure	18,902.5	(9,012.8)	9,889.7
Information services	1,678.0	(1,106.0)	572.0
Community services	91.9	(73.0)	18.9
Motor vehicles	158.1	(93.7)	64.4
Furniture and office equipment	234.5	(180.3)	54.2
Leasehold improvements	294.6	(192.6)	102.0
Other assets	64.2	(37.3)	26.9
	22,360.0	(10,783.1)	11,576.9
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

8. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Land and buildings Rm	Infra-structure Rm	Information services Rm	Community services Rm	Motor vehicles Rm	Furniture & office equipment Rm	Leasehold improvements Rm	Other assets Rm	Total Rm
Reconciliation 2005									
Opening balance	831.4	9,060.1	760.4	28.4	51.2	60.6	97.2	23.2	10,912.5
Acquired from the minorities of Vodacom Congo (RDC) s.p.r.l.	4.5	457.9	115.4	-	4.0	4.8	7.7	2.0	596.3
Transfer from investment properties	9.9	-	-	-	-	-	-	-	9.9
Additions	21.7	2,781.7	371.5	1.3	35.2	17.4	37.9	21.7	3,288.4
Disposals	-	(10.8)	(3.0)	-	(2.2)	(0.6)	(0.2)	(1.5)	(18.3)
Foreign currency translation	-	60.5	3.5	-	0.4	0.3	-	(1.5)	63.2
Depreciation	(18.7)	(1,952.5)	(326.7)	(10.8)	(21.8)	(26.8)	(40.0)	(16.3)	(2,413.6)
Business combinations	-	-	4.9	-	-	0.1	-	-	5.0
Impairments (Note 3)	-	(142.3)	(23.3)	-	(2.4)	(1.6)	(0.6)	(0.7)	(170.9)
Transfer from intangible assets / Asset category transfer (Note 9)	-	(364.9)	(330.7)	-	-	-	-	-	(695.6)
Closing balance	848.8	9,889.7	572.0	18.9	64.4	54.2	102.0	26.9	11,576.9
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	-	-	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 9)	-	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	-	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 9)	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

	2005 Net book value Rm	2006 Net book value Rm	2007 Net book value Rm
8. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)			
Freehold land and buildings			
Portions 859, 847, 827 and 828 of the farm Randjesfontein No. 405, Midrand, RSA	37.5	37.5	37.5
Holding 182, Erand Agricultural Holdings Ext 1, RSA	1.6	1.6	1.6
Erf 200, Chelmsfordville, Pietermaritzburg, RSA	0.1	0.1	0.1
Portion 8 of erf 1606, New Germany, Pietermaritzburg, RSA	0.5	0.5	0.5
1046 Mama Yemo Avenue, Lubumbashi, Province de Katanga, DRC	0.9	1.0	1.2
Kinshasa Building (Justice), 292 Justice Avenue, Gombe, Kinshasa, DRC	8.6	8.3	24.9
MSC Building, Maseru West, Lesotho	0.7	0.6	0.6
Stand 13, 14 and 15, Eastwood Road, Dunkeld West, RSA	14.4	14.1	14.1
6195 Boulevard du 30 Juin, Kinshasa, DRC	7.6	7.4	8.5
Portions 878 and 879 of the farm Randjesfontein No. 405, Midrand, RSA	10.7	52.5	75.9
Erf 2102, Silverton, Ext 54, RSA	-	33.9	22.4
Portion 751 of the farm Randjesfontein No. 405, Midrand, RSA	-	14.6	159.5
Holding 191, Erand Agricultural Holdings Ext 1, RSA	-	7.6	7.0
MSC, Vodacom Hatfield, iParioli, RSA	-	-	0.5
Erf 911, Hawthorne Road, Framesby, Port Elizabeth, RSA	-	-	8.8
Erf 498, Hurlingham Ext 5 Township, RSA	-	-	2.1
Holding 179, Erand Agricultural Holdings Ext 1, RSA	-	-	7.7
Portion 1 of Plot 37, Estoire Settlement, Bloemfontein, Free State (MSC), RSA	-	-	4.6
Portion 787 of the farm Randjesfontein No.405, Midrand, RSA	-	-	6.2
Portion 8 of erf 18, Atholl Township, RSA	-	-	9.2
Portion 807 of the farm Randjesfontein No. 405, Midrand, RSA	-	-	5.1
Portion 827 and 828 of the farm Randjesfontein No. 405, Midrand, RSA	-	-	12.3
	82.6	179.7	410.3
Leasehold land and buildings			
Portion 827, 828, 847 and 859 of the farm Randjesfontein No. 405, Midrand, RSA	262.4	256.8	251.1
Portion 769 of the farm Randjesfontein No. 405, RSA	156.8	154.3	151.6
Stand 34083, Bellville, City of Tygerberg, RSA	104.7	103.3	101.7
Erf 5259 and 5260, Montague Gardens, RSA	93.3	91.8	90.2
Portion 748 of the farm Randjesfontein No. 405, Midrand, RSA	85.5	83.9	82.2
Portion 791 of the farm Randjesfontein No. 405, Midrand, RSA	49.7	45.9	41.9
Erf 33153 Belville, Cape Town, RSA	10.1	9.9	9.7
43 Kwale Road, Dar es Salaam, Tanzania*	3.7	3.3	3.8
	766.2	749.2	732.2
Total freehold and leasehold land and buildings	848.8	928.9	1,142.5

* The land and building is held under a 99 year lease.

8. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Debt is collateralised over leasehold land and buildings and the fair value of the lease liability is R786.3 million (2006: R911.5 million; 2005: R956.8 million). A register with details of the cost price 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:

General purpose buildings	50 years
Special purpose buildings	15 years
Infrastructure	
- Radio	1 - 10 years
- Intelligent Networks	5 - 8 years
- Switching	5 - 10 years
- Transmission	8 years
- Billing	5 - 6 years
- Value added services equipment	3 - 8 years
Community services	2 - 10 years
Information services	3 - 5 years
SIM centre	3 - 8 years
Office automation	3 - 5 years
Other assets	
- Motor vehicles	4 years
- Furniture and fittings	4 - 5 years
- Office equipment	4 years

The Group is required to measure the residual value of an item of property, plant and equipment. Management has determined that radio, intelligent networks, transmission, switching, information services, billing and administration, value added services, 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 residual values is received from third parties.

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 reduction of R14.7 million in the current year's depreciation charge.

	Cost Rm	Accumulated amortisation and impairment Rm	Net book value Rm
9. INTANGIBLE ASSETS			
2005			
Goodwill	932.1	(518.6)	413.5
Licences	338.0	(211.4)	126.6
Trademarks and patents	209.7	(78.8)	130.9
Customer bases	863.2	(593.4)	269.8
Computer software	2,123.3	(1,419.8)	703.5
	4,466.3	(2,822.0)	1,644.3
2006			
Goodwill	1,002.0	(518.1)	483.9
Licences	306.3	(186.6)	119.7
Trademarks 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
Trademarks 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

	Goodwill Rm	Licences Rm	Trademarks & patents Rm	Customer bases Rm	Computer software Rm	Total Rm
9. INTANGIBLE ASSETS (CONTINUED)						
Reconciliation 2005						
Opening balance	344.3	181.6	173.5	303.3	-	1,002.7
Acquired from the minorities of Vodacom Congo (RDC) s.p.r.l. (Note 30)	51.3	50.6	-	-	-	101.9
Additions	-	-	-	-	205.4	205.4
Foreign currency translation	(0.8)	9.0	-	-	-	8.2
Amortisation	-	(17.1)	(42.6)	(172.4)	(197.5)	(429.6)
Business combinations	18.7	-	-	138.9	-	157.6
Impairment of assets (Note 3)	-	(97.5)	-	-	-	(97.5)
Transfer from property, plant and equipment (Note 8)	-	-	-	-	695.6	695.6
Closing balance	413.5	126.6	130.9	269.8	703.5	1,644.3
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 8)	-	-	-	-	(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)
Transfers from property, plant and equipment (Note 8)	-	-	-	-	(33.0)	(33.0)
Closing balance	931.2	209.8	220.6	159.0	1,179.7	2,700.3

9. INTANGIBLE ASSETS (CONTINUED)

The estimated useful lives of intangible assets are currently as follows:

- Mobile licences	5 - 30 years
- Contract and prepaid mobile customers	36 - 96 months
- Trademarks and patents	10 - 15 years
- Computer software	2 - 8 years
- Internet service provider subscribers	3 years

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 12 to 17 years and 9 to 11 years respectively as at March 31, 2007. The licence and other intangible assets of Vodacom Tanzania Limited are pledged as security for the project finance funding obtained (Note 18).

	2005 Short-term portion Rm	2005 Long-term portion Rm	2005 Total Rm	2006 Short-term portion Rm	2006 Long-term portion Rm	2006 Total Rm
10. FINANCIAL ASSETS						
Loans and receivables (Note 10.1)	-	93.3	93.3	-	92.1	92.1
Investments at fair value through profit and loss (Note 10.2)	101.1	-	101.1	111.7	-	111.7
Available-for-sale investments (Note 10.3)	16.8	-	16.8	-	-	-
Derivative financial assets (Note 10.4)	69.2	-	69.2	37.6	-	37.6
	187.1	93.3	280.4	149.3	92.1	241.4

	2007 Short-term portion Rm	2007 Long-term portion Rm	2007 Total Rm
Loans and receivables (Note 10.1)	16.2	114.4	130.6
Investments at fair value through profit and loss (Note 10.2)	135.7	-	135.7
Available-for-sale investments (Note 10.3)	-	80.8	80.8
Derivative financial assets (Note 10.4)	55.6	-	55.6
Other investments (Note 10.5)	-	14.3	14.3
	207.5	209.5	417.0

	2005 Rm	2006 Rm	2007 Rm
10. FINANCIAL ASSETS (CONTINUED)			
10.1 Loans and receivables			
Planetel Communications Limited	42.7	42.1	49.6
The loan with a nominal value of US$6.8 million issued during the 2003 year, bears 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 are 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 (Note 18).			
Caspian Construction Company Limited	50.6	50.0	58.8
The loan with a nominal value of US$8.1 million issued during the 2003 year, bears interest at LIBOR plus 5%. Caspian Construction Company Limited utilised this loan to ensure sufficient shareholder loan funding by itself as a shareholder of Vodacom Tanzania Limited. The loans and capitalised interest are 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 (Note 18).			
Sekha-Metsi Investment Consortium Limited	-	-	16.2
The loan was advanced to Sekha-Metsi Investment Consortium Limited and bears interest at South African overdraft interest rates plus a margin of 2%. Interest is payable monthly in arrears. The loan is repayable on demand when Sekha-Metsi Investment Consortium Limited is able to obtain a loan externally. Sekha-Metsi Investment Consortium Limited have pledged their shares in Sekha-Metsi Enterprises (Proprietary) Limited as security for the loan.			
Number Portability Company (Proprietary) Limited	-	-	6.0
The shareholder loan made to Number Portability Company (Proprietary) Limited ("NPC") for an amount of R6.0 million at March 2007, is subordinated and ranks behind the claims of all creditors of NPC for repayment until such time as the assets of NPC fairly valued exceed its liabilities and 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 interest at the maximum rate of the prevailing South African prime rate of 10.5% or a lesser rate determined by a resolution past by majority vote of the board at a duly constituted meeting of such board.			
	93.3	92.1	130.6
Less: Short-term portion of loans and receivables			
Sekha-Metsi Investments Consortium Limited	-	-	(16.2)
Long-term portion of loans and receivables	93.3	92.1	114.4

10. FINANCIAL ASSETS (CONTINUED)

10.2 Investments at fair value through profit and loss

10.2.1 Investments held for trading

	Maturity period	Interest rate	Market value Rm
2005			
Details of the maturity periods and interest rates of the money market investments at year end are as follows:	0 - 12 months	7.3% - 8.5%	101.1
Less: Short-term portion of investments held for trading			(101.1)
Long-term portion of investments held for trading			-

	Maturity period	Interest rate	Market value Rm
2006			
Details of the maturity periods and interest rates of the money market investments at year end are as follows:	0 - 12 months	5.6% - 7.3%	111.7
Less: Short-term portion of investments held for trading			(111.7)
Long-term portion of investments held for trading			-

	Maturity period	Interest rate	Market value Rm
2007			
Details of the maturity periods and interest rates of the money market investments at year end are as follows:	0 - 12 months	6.5% - 9.4%	135.7
Less: Short-term portion of investments held for trading			(135.7)
Long-term portion of investments held for trading			-

	2005 Rm	2006 Rm	2007 Rm
10.3 Available-for-sale investments			
Listed investment – SAGE shares	16.8	-	-
9,090,909 ordinary shares of R0.01 each.			
Unlisted Investment – WBS Holdings (Proprietary) Limited	-	-	80.8
2,500 ordinary shares of R0.01 each			
	16.8	-	80.8
Less: Short-term portion of available-for-sale investments			
Listed investment – SAGE shares	(16.8)	-	-
Long-term portion of available-for-sale investments	-	-	80.8

Directors' valuation of unlisted investments are not materially different from the carrying amount of the investments.

	2005 Rm	2006 Rm	2007 Rm
10. FINANCIAL ASSETS (CONTINUED)			
10.4 Derivative financial assets			
Interest rate swap asset (Note 39)	44.2	37.6	27.7
Foreign currency derivative asset (Note 39)	25.0	-	27.9
	69.2	37.6	55.6
10.5 Other Investments			
Other Investments	-	-	14.3
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 the investments (Note 39).			
Long-term portion of other investments	-	-	14.3

Other investments are carried at cost and reflects the directors' valuations of these investments.

	2008 Rm	2009 Rm	2010 Rm	2011 Rm	2012 Rm	2013 onwards Rm	Total Rm
10.6 Maturity of financial assets							
Loans and receivables	16.2	108.4	-	-	-	6.0	130.6
Investments at fair value through profit and loss	135.7	-	-	-	-	-	135.7
Derivative financial assets	55.6	-	-	-	-	-	55.6
Available-for-sale investments	-	-	-	-	-	80.8	80.8
Other investments	-	-	-	-	-	14.3	14.3
	207.5	108.4	-	-	-	101.1	417.0

The fair value of the Group's investments is estimated at R417.0 million (2006: R241.4 million; 2005: R280.4 million).

		2005 Rm	2006 Rm	2007 Rm
11.	**DEFERRED TAXATION**			
	Deferred taxation assets	308.1	297.6	386.1
	Deferred taxation liabilities	(472.1)	(602.3)	(757.3)
		(164.0)	(304.7)	(371.2)
11.1	**Components**			
	Capital allowances	(1,086.6)	(1,243.6)	(1,626.2)
	Foreign equity revaluation reserves	11.9	12.6	4.5
	Remeasurement of shareholder loans liabilities	(21.7)	(19.5)	(16.8)
	Remeasurement of shareholder loans assets	36.4	32.5	29.5
	Taxation losses	278.8	223.1	232.5
	Provisions and deferred income	634.1	797.2	1,006.0
	Prepayments and other allowances	(24.2)	10.8	(84.9)
	Customer bases	(77.0)	(46.7)	(53.4)
	Trademarks and patents	(33.4)	(56.4)	(47.9)
	Fair value adjustment of properties	(2.2)	(2.0)	(2.0)
	Foreign exchange	89.0	(22.9)	180.9
	Secondary taxation on companies credits	3.8	3.8	-
	Other	27.1	6.4	6.6
		(164.0)	(304.7)	(371.2)
11.2	**Reconciliation**			
	Balance at the beginning of the year	(132.3)	(164.0)	(304.7)
	Deferred taxation – Income statement expense (Note 7)	(87.9)	(115.8)	(50.3)
	Foreign equity revaluation reserve	(0.1)	0.7	(8.1)
	Acquired from the minorities of Vodacom Congo (RDC) s.p.r.l.	96.3	-	-
	Business combinations			
	Acquisition of customer base	(41.7)	-	(17.5)
	Acquisition of trademark and patents	-	(35.8)	-
	Acquisition of subsidiary	1.7	-	-
	Foreign exchange differences on consolidation of foreign subsidiaries	-	10.2	9.3
	Other	-	-	0.1
	Balance at the end of the year	(164.0)	(304.7)	(371.2)

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

	2005 Rm	2006 Rm	2007 Rm
11. DEFERRED TAXATION (CONTINUED)			
11.3 Utilisation of taxation losses			
Opening taxation loss	1,187.1	1,194.8	1,538.7
Foreign exchange movement on opening taxation loss	(8.1)	(142.3)	104.5
Acquired from the minorities of Vodacom Congo (RDC) s.p.r.l.	158.0	-	-
Prior year (under) / over statement	72.9	24.3	(129.7)
Current year taxation loss (utilised) / created	(215.1)	461.9	(300.8)
Closing taxation loss	1,194.8	1,538.7	1,212.7
Utilised to reduce net deferred taxation liability	(839.6)	(662.3)	(78.4)
Deferred taxation at 40%	(268.7)	(244.1)	-
Deferred taxation at 32%	-	-	(78.4)
Deferred taxation at 30%	(570.9)	(418.2)	-
Taxation losses available to reduce deferred taxation	355.2	876.4	1,134.3

There are estimated unused taxation losses to the value of R1,134.3 million (2006: R876.4 million; 2005: R355.2 million) available to reduce the net deferred taxation liability. The effect of this would be a R363.0 million (2006: R279.4 million; 2005: R109.3 million) reduction in the net deferred taxation liability for the year to R8.2 million (2006: R25.3 million; 2005: R54.7 million).

The growth of the Group following its geographical expansion into other African countries over the past few years has made the estimation and judgement 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 therefore 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.

	2005 Rm	2006 Rm	2007 Rm
12. INVENTORY			
Merchandise	438.4	397.5	287.3
Other inventory	41.1	56.8	77.0
	479.5	454.3	364.3
Inventory carried at net realisable value	289.8	215.1	163.1
12.1 Inventory valuation allowance included above			
Balance at the beginning of the year	(78.9)	(62.8)	(78.0)
Foreign exchange movement on opening balance	-	0.7	(1.3)
(Charged to) / Reversed from costs and expenses	17.5	(15.9)	(18.3)
Business combinations	(1.4)	-	-
Balance at the end of the year	(62.8)	(78.0)	(97.6)

The cost of inventories recognised as an expense during the period is reflected as equipment costs (Note 2).

12. INVENTORY (CONTINUED)

12.1 Inventory valuation allowance included above (continued)

The cost of inventories recognised as an expense includes R35.7 million (2006: R6.9 million; 2005: Rnil) in respect of write downs of inventory to net realisable value, which has been reduced by R18.6 million (2006: R2.3 million; 2005: Rnil) 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.

	2005 Rm	2006 Rm	2007 Rm
13. TRADE AND OTHER RECEIVABLES			
Trade receivables	3,316.5	4,097.2	5,211.5
Prepayments	185.3	205.2	192.3
Value added taxation	69.0	88.1	147.7
Interest income receivable	35.7	41.5	51.3
Lease assets	-	13.1	32.9
Other	14.9	42.0	72.2
	3,621.4	4,487.1	5,707.9
13.1 Doubtful receivable allowance included above			
Balance at the beginning of the year	(75.6)	(94.0)	(85.1)
Foreign exchange movement on opening balance	(0.2)	2.9	(6.1)
Reversed from / (Charged to) costs and expenses	(11.3)	6.0	15.8
Business combinations	(6.9)	-	-
Balance at the end of the year	(94.0)	(85.1)	(75.4)

	Within one year Rm	Between two and five years Rm	After five years Rm	Total Rm
13.2 Finance Leases				
Staff benefits	6.0	6.2	-	12.2
Computers	26.9	37.5	-	64.4
Present value of minimum lease payments	32.9	43.7	-	76.6

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 zero and 0.08% per annum.

The long-term portion of R43.7 million is reflected as part of lease assets on the consolidated balance sheet.

	2005 R	2006 R	2007 R
14. 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 not under the control of the Board of Directors.

	2005 Rm	2006 Rm	2007 Rm
15. NON-DISTRIBUTABLE RESERVES			
Foreign currency translation reserve (Note 15.1)	(323.7)	(225.5)	(123.0)
Taxation on foreign currency translation reserve (Note 15.1)	12.3	18.0	9.9
Contingency reserve (Note 15.2)	11.3	13.5	15.7
Revaluation of available-for-sale investments (Note 15.3)	0.2	-	-
	(299.9)	(194.0)	(97.4)
Reconciliation			
Balance at the beginning of the year	(324.9)	(299.9)	(194.0)
Foreign currency translation reserve	23.8	103.9	94.4
Acquisition of Vodacom Congo (RDC) s.p.r.l. (Note 30)	82.1	-	-
Foreign currency translation for the year	(58.6)	98.2	102.5
Taxation for the year	0.3	5.7	(8.1)
Other non-distributable reserves			
Transferred from distributable reserves – contingency reserve	1.0	2.2	2.2
Revaluation of available-for-sale investments	0.2	(0.2)	-
Balance at the end of the year	(299.9)	(194.0)	(97.4)

15. NON-DISTRIBUTABLE RESERVES (CONTINUED)

15.1 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.

15.2 Contingency reserve

In terms of the Short-term Insurance Act of 1998 the Group's cell captive partner, Nova Risk Partners Limited is required to raise 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.

15.3 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 10).

16. MINORITY INTERESTS

	2005 Rm	2006 Rm	2007 Rm
Distributable reserves	187.8	358.1	268.5
Non-distributable reserves	(59.1)	(74.8)	(47.3)
	128.7	283.3	221.2
Reconciliation			
Balance at the beginning of the year	93.0	128.7	283.3
Profit allocated to minority interest	30.8	116.7	217.6
Foreign currency translation reserve	(1.5)	(15.6)	27.5
Revaluation of available-for-sale investments	0.1	(0.1)	-
Business combinations and other acquisitions	10.1	46.5	(136.4)
Minority shares of VM, S.A.R.L.	-	8.0	-
Dividend to minority shareholders	(3.8)	(0.9)	(170.8)
Balance at the end of the year	128.7	283.3	221.2

	2005 Rm	2006 Rm	2007 Rm
17. ANALYSIS OF RECOGNISED INCOME AND EXPENSES			
(Loss) / Gain on revaluation of available-for-sale investment	0.3	(0.3)	-
Foreign currency translation reserve	(59.8)	88.3	121.9
Net profit / (loss) recognised directly in equity	(59.5)	88.0	121.9
Net profit for the year	3,888.2	5,142.8	6,560.0
Total recognised income and expense for the year	3,828.7	5,230.8	6,681.9
Attributable to:			
Equity shareholders	3,799.3	5,129.8	6,436.8
Minority interests	29.4	101.0	245.1

	2005 Short-term portion Rm	2005 Long-term portion Rm	2005 Total Rm	2006 Short-term portion Rm	2006 Long-term portion Rm	2006 Total Rm
18. INTEREST BEARING DEBT						
Finance leases (Note 18.1)	50.5	807.2	857.7	79.2	728.3	807.5
Funding loans (Note 18.2)	323.7	1,406.3	1,730.0	1,527.3	90.9	1,618.2
Other short-term loans (Note 18.3)	7.4	-	7.4	39.0	-	39.0
	381.6	2,213.5	2,595.1	1,645.5	819.2	2,464.7

	2007 Short-term portion Rm	2007 Long-term portion Rm	2007 Total Rm
Finance leases (Note 18.1)	113.6	615.0	728.6
Funding loans (Note 18.2)	365.5	1,436.4	1,801.9
Other short-term loans (Note 18.3)	21.9	-	21.9
	501.0	2,051.4	2,552.4

	2005 Rm	2006 Rm	2007 Rm
18. INTEREST BEARING DEBT (CONTINUED)			
18.1 Finance leases			
Vodacom (Proprietary) Limited	574.9	537.7	479.7
The finance leases are collateralised by various land and buildings with a book value of R477.3 million (2006: R489.1 million; 2005: R500.1 million), bearing interest at fixed effective interest rates of between 12.1% and 16.9% per annum and are repayable between 1 and 6 years. The residual payment on settlement date is R144.4 million.			
Vodacom Service Provider Company (Proprietary) Limited	282.8	269.8	248.9
The finance lease is collateralised by land and buildings with a book value of R251.1 million (2006: R256.8 million; 2005: R262.4 million), and 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.			
	857.7	807.5	728.6
Less: Short-term portion of finance leases			
Vodacom (Proprietary) Limited	(37.6)	(58.3)	(83.0)
Vodacom Service Provider Company (Proprietary) Limited	(12.9)	(20.9)	(30.6)
Short-term portion of finance leases	(50.5)	(79.2)	(113.6)
Long-term portion of finance leases	807.2	728.3	615.0

The fair value of the Group's finance lease liability is R786.3 million (2006: R911.5 million; 2005: R956.8 million).

	2008 Rm	2009 Rm	2010 Rm	2011 Rm	2012 Rm	2013 onwards Rm	Total Rm
Repayment of finance leases							
Future minimum lease payments *	211.7	271.2	153.6	200.6	98.7	82.1	1,017.9
Finance costs	(98.1)	(76.9)	(55.1)	(39.0)	(15.2)	(5.0)	(289.3)
Net present value	113.6	194.3	98.5	161.6	83.5	77.1	728.6

* Future minimum lease payments include residual payments at the end of the lease term.

	2005 Rm	2006 Rm	2007 Rm
18. INTEREST BEARING DEBT (CONTINUED)			
18.2 Funding loans			
Planetel Communications Limited	38.5	41.6	53.5
The shareholder loan of US$8.4 million (2006: US$8.4 million; 2005: US$8.4 million) is subordinated for the duration of the project finance funding period of Vodacom Tanzania Limited, bears no interest from April 1, 2002 and is thereafter available or repayment, by approval of at least 60% of the shareholders of Vodacom Tanzania Limited. The loan became non-interest bearing and was re-measured at amortised cost at an effective interest rate of LIBOR plus 5% (Note 10) during the 2003 financial year. The gain on re-measurement was included in equity.			
Caspian Construction Company Limited	45.7	49.3	63.6
The shareholder loan of US$10.0 million (2006: US$10.0 million; 2005: US$10.0 million) is subordinated for the duration of the project finance funding period of Vodacom Tanzania Limited, bears no interest from April 1, 2002 and is 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 re-measured at amortised cost at an effective interest rate of LIBOR plus 5% (Note 10) during the 2003 financial year. The gain on re-measurement was included in equity.			
Project finance funding to Vodacom Tanzania Limited	285.1	184.0	94.9
The drawn down portions of the project finance funding from external parties include the following: (a) Netherlands Development Finance Company of US$3.8 million 2006: US$7.6 million; 2005: US$10.1 million); (b) Deutsche Investitions- und Entwicklungsgesellschaft mbH of € 3.9 million (2006: € 7.8 million; 2005: € 10.4 million); (c) Standard Corporate and Merchant Bank of US$4.0 million (2006: US$8.0 million; 2005: US$12.0 million); (d) Barclays Bank (Local Syndicate Tanzania) TSHnil (2006: TSH5,703.8 million; 2005: TSH10,968.8 million). The funding is collateralised by a charge over 51% of the shares, the licence and Vodacom Tanzania Limited's tangible and intangible assets. The loans bear interest based upon the foreign currency denomination of the project financing between 6.0% and 14.4% per annum and will be fully repaid by March 2008.			
Balance carried forward	369.3	274.9	212.0

	2005 Rm	2006 Rm	2007 Rm
18. INTEREST BEARING DEBT (CONTINUED)			
18.2 Funding loans (continued)			
Balance brought forward	369.3	274.9	212.0
Term loan to Vodacom International Limited	1,128.8	1,114.4	1,311.9
The loan provided by Standard Bank Plc and RMB International (Dublin) Limited that amounts to US$180.0 million (2006: US$180.0 million; 2005: US$180.0 million) is collateralised by guarantees provided by the Group. The loan, originally repayable on July 19, 2006, was refinanced during the current period. The loan is now repayable on July 26, 2009 and bears interest at an effective interest rate of LIBOR plus 0.35%.			
Preference shares issued by Vodacom Congo (RDC) s.p.r.l.	231.9	228.9	269.5
The preference shares of US$37.0 million (2006: US$37.0 million; 2005: US$37.0 million) bear interest at a rate of 4% per annum. The preference shares are redeemable, but only after the first three years from date of inception and only on the basis that the shareholders are repaid simultaneously and in proportion to their shareholding.			
Sekha-Metsi Investment Consortium Limited	-	-	2.5
The shareholder loan bears no interest and is repayable in 10 equal 6 monthly instalments commencing on September 30, 2006. Effective April 1, 2007 the repayment terms changed to 4 equal 6 monthly instalments. The loan was remeasured at amortised cost at a fixed effective interest rate of 13.7% during the current financial period. The gain on re-measurement is included in equity.			
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 shareholder loan is subordinated and bears interest at the maximum rate of the prevailing South African prime rate of 10.5%, or a lesser rate determined by the board of Number Portability Company (Proprietary) Limited.			
	1,730.0	1,618.2	1,801.9
Less: Short-term portion of funding loans			
Project finance funding to Vodacom Tanzania Limited	(91.8)	(184.0)	(94.9)
Term loan to Vodacom International Limited	-	(1,114.4)	-
Preference shares issued by Vodacom Congo (RDC) s.p.r.l.	(231.9)	(228.9)	(269.5)
Sekha-Metsi Investment Consortium Limited	-	-	(1.1)
Short-term portion of funding loans	(323.7)	(1,527.3)	(365.5)
Long-term portion of funding loans	1,406.3	90.9	1,436.4

The carrying value of the Group's funding loan liability approximates its fair value.

	2005 Rm	2006 Rm	2007 Rm
18. INTEREST BEARING DEBT (CONTINUED)			
18.3 Other short-term loans			
Vodacom Congo (RDC) s.p.r.l.	6.3	37.1	21.9
The short-term facilities amount to US$3.0 million (2006: US$6.0 million; 2005: US$1.0 million). US$1.0 million of these facilities bears interest at 18% per annum with no fixed repayment terms. US$2.0 million of these facilities is repayable on June 30, 2007 and bears interest at LIBOR plus 6% per annum.			
Other	1.1	1.9	-
	7.4	39.0	21.9

The fair value of the Group's short-term loans is R21.9 million (2006: R39.0 million; 2005: R7.4 million).

	2008 Rm	2009 Rm	2010 Rm	2011 Rm	2012 Rm	2013 onwards Rm	Total Rm
18.4 Repayment of interest bearing debt							
Finance leases							
Vodacom (Proprietary) Limited	83.0	151.6	41.4	86.9	39.7	77.1	479.7
Vodacom Service Provider Company (Proprietary) Limited	30.6	42.7	57.1	74.7	43.8	-	248.9
Funding loans							
Planetel Communications Limited	-	53.5	-	-	-	-	53.5
Caspian Construction Company Limited	-	63.6	-	-	-	-	63.6
Project finance funding to Vodacom Tanzania Limited	94.9	-	-	-	-	-	94.9
Term loan to Vodacom International Limited	-	-	1,311.9	-	-	-	1,311.9
Preference shares issued by Vodacom Congo (RDC) s.p.r.l.	269.5	-	-	-	-	-	269.5
Sekha-Metsi Investment Consortium Limited	1.1	1.4	-	-	-	-	2.5
Mobile Number Portability Company (Proprietary) Limited	-	-	-	-	-	6.0	6.0
Other short-term loans	21.9	-	-	-	-	-	21.9
	501.0	312.8	1,410.4	161.6	83.5	83.1	2,552.4

	2005 Rm	2006 Rm	2007 Rm
19. NON-INTEREST BEARING DEBT			
Sekha-Metsi Investment Consortium Limited	4.3	4.3	-
The minority shareholder's loan was previously uncollateralised and no repayment terms were determined. During the 2007 financial year the loan became repayable (Note 18).			
Minority shareholders of Smartcom (Proprietary) Limited	-	-	3.0
The minority shareholder's loan amounting to R3.0 million is unsecured, bears no interest and no repayment terms have been arranged.			
	4.3	4.3	3.0
Less: Short-term portion of non-interest bearing debt			
Sekha-Metsi Investment Consortium Limited	(4.3)	(4.3)	-
Long-term portion of non-interest bearing debt	-	-	3.0

The fair value of the Group's non-interest bearing debt approximates its fair value.

	2005 Rm	2006 Rm	2007 Rm
20. PROVISIONS			
Deferred bonus incentive provision (Note 20.1)	423.9	452.4	500.7
Bonus provision (Note 20.2)	203.1	279.8	330.6
Leave pay provision (Note 20.3)	58.3	70.8	90.9
Warranty provision (Note 20.4)	28.2	32.8	-
Long-term incentive provision (Note 20.5)	-	122.1	161.2
Other (Note 20.6)	65.9	37.4	35.9
	779.4	995.3	1,119.3
Timing of Provisions			
Within one year	595.0	623.0	741.8
After one year	184.4	372.3	377.5
	779.4	995.3	1,119.3

20. PROVISIONS (CONTINUED)

	Deferred bonus incentive provision Rm	Bonus provision Rm	Leave pay provision Rm	Warranty provision Rm	Long-term incentive provision Rm	Other Rm
Reconciliation 2005						
Balance at the beginning of the year	359.5	149.1	53.9	34.3	-	55.3
Provision created	207.1	240.0	15.7	11.3	-	65.5
Provision utilised	(142.7)	(186.0)	(11.3)	(17.4)	-	(54.9)
Balance at the end of the year	423.9	203.1	58.3	28.2	-	65.9
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

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.

20. PROVISIONS (CONTINUED)

20.1 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.

20.2 Bonus provision

The bonus provision consists of a performance bonus based on the achievement of the predetermined financial targets, payable to all levels of staff.

20.3 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.

20.4 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 will assume responsibility for the second year warranty subsequent to March 31, 2007 and accordingly there is no remaining provision.

20.5 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.

	2005 Rm	2006 Rm	2007 Rm
Net liability at beginning of year	-	-	122.1
Interest cost	-	6.5	9.6
Current service cost	-	9.1	17.6
Recognised actuarial losses	-	123.4	13.3
Net cost	-	139.0	162.6
Total benefit payments	-	(16.9)	(1.4)
Net liability at end of year	-	122.1	161.2
Key assumptions:			
General inflation rate (%)	-	4.7	5.1
Discount rate (%)	-	7.4	8.0
Salary inflation (%)	-	5.7	6.1
Valuation date	-	March 31, 2006	March 31, 2007

20.6 Other

Other provisions for the Group include provisions for advertising 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.

	2005 Rm	2006 Rm	2007 Rm
21. OTHER NON-CURRENT LIABILITIES			
Operating lease liability (Note 21.1)	122.4	122.5	150.4
Licence obligation (Note 21.2)	-	-	90.7
	122.4	122.5	241.1
21.1 Operating lease liability	122.4	122.5	150.4
The value of the Group's operating lease liability is R150.4 million (2006: R122.5 million; 2005: R122.4 million). The liability is due to the recognition of the operating lease expense on a straight line basis over the lease term (Note 34).			
21.2 Licence obligation	-	-	90.7
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 estimatedat R68.8 million. The net present value, at a discount rate of 8%, over three years, amounts to R59.1 million.			
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 R31.6 million.			
	122.4	122.5	241.1
Less: Short-term portion of other non-current liabilities			
Operating lease liability	-	-	(0.3)
Licence obligation	-	-	(30.2)
Short-term portion of other non-current liabilities *	-	-	(30.5)
Long-term portion of other non-current liabilities	122.4	122.5	210.6

* The short-term portion of other non-current liabilities is included in the trade and other payables note (Note 22).

	2005 Rm	2006 Rm	2007 Rm
22. TRADE AND OTHER PAYABLES			
Trade payables	3,466.8	3,315.4	4,021.3
Capital expenditure creditors	1,089.9	1,478.7	2,274.9
Value added taxation	91.6	100.3	121.9
Sundry accruals	75.4	89.4	110.8
Revenue charged in advance	67.2	64.2	34.2
Interest accrual	39.9	56.7	62.0
Put option liability #	-	-	249.3
	4,830.8	5,104.7	6,874.4

The obligation to settle the Congolese Wireless Networks s.p.r.l. put option (Note 39) 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 and 2005. During the current financial year the liability was re-measured through the consolidated income statement.

	Balance as previously reported Rm	Foreign exchange difference Rm	Balance as restated Rm
23. CHANGES IN ACCOUNTING POLICIES			
Reconciliation 2005			
Income statement			
Interest, dividends and other financial income	(662.8)	39.9	(622.9)
Finance costs	641.7	(42.1)	599.6
Taxation	2,613.0	0.3	2,613.3
Net profit (profit after taxation)	(3,886.3)	(1.9)	(3,888.2)
Balance sheet			
Equity			
Retained earnings	(8,057.2)	(1.9)	(8,059.1)
Non-distributable reserves	298.0	1.9	299.9
Reconciliation 2006			
Income statement			
Interest, dividends and other financial income	(659.3)	47.6	(611.7)
Finance costs	1,318.2	(67.3)	1,250.9
Taxation	3,077.8	5.9	3,083.7
Net profit (profit after taxation)	(5,129.0)	(13.8)	(5,142.8)
Retained earnings (opening balance)	(8,057.2)	(1.9)	(8,059.1)
Balance sheet			
Equity			
Retained earnings	(8,567.3)	(15.7)	(8,583.0)
Non-distributable reserves	178.3	15.7	194.0

23. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

The Group changed some of its accounting policies as detailed below on adoption of the following standards:

- IAS 21 (revised): The Effects of Changes in Foreign Exchange Rates ("IAS 21")
- IFRS 8: Operating Segments ("IFRS 8")

The table above reflects the effect on comparative figures of the adoption of the revised IAS 21, while Note 42 reflects the requirements of IFRS 8.

23.1 Foreign exchange differences

The Group adopted the revised IAS 21 in the current financial year. All foreign exchange gains and losses on a monetary investment in a foreign operation previously recognised in the consolidated income statement are now recognised in equity. The accounting treatment is no longer dependent on the currency of the monetary item or which entity within the Group makes the loan to the foreign entity. The change in accounting policy affected the Group's results but not cash flow information for the years ended March 31, 2006 and March 31, 2005.

23.2 Operating segments

The Group early adopted IFRS 8 in the current financial year. Operating segments are defined as components of an entity for which separate financial information is available that is evaluated regularly by the chief operating decision maker in the allocation of resources and in performance assessment. The operating segments currently reported under IFRS 8 are comparable to the previously reported primary segments under IAS 14: Segment Reporting.

24. CASH GENERATED FROM OPERATIONS

	2005 Rm	2006 Rm	2007 Rm
Profit from operations	6,478.2	8,865.7	10,859.8
Adjusted for:			
Depreciation of property, plant and equipment and amortisation of intangible assets (Note 8 and Note 9)	2,843.2	2,995.8	3,361.2
Net (profit) / loss on disposal of property, plant and equipment and intangible assets	(1.8)	26.8	(26.9)
Impairment of assets (Note 3)	268.4	(52.8)	22.9
Profit on sale of shares in a subsidiary	-	-	(17.4)
Other non-cash flow items	52.2	42.3	97.0
Cash flow from operations before working capital changes	9,640.2	11,877.8	14,296.6
Increase in trade and other receivables	(330.1)	(1,035.0)	(838.8)
Decrease / (Increase) in inventory	(161.1)	16.8	84.8
Increase in trade and other payables and provisions	863.0	230.7	323.5
Cash generated from operations	10,012.0	11,090.3	13,866.1

	2005 Rm	2006 Rm	2007 Rm
25. FINANCE COSTS PAID			
Finance costs per the income statement	(599.6)	(1,250.9)	(1,800.0)
Interest accrual at the beginning of the year	(14.2)	(39.9)	(56.7)
Interest accrual at the end of the year	39.9	56.7	62.0
Unrealised losses on foreign exchange contract revaluation	126.8	411.7	13.8
Unrealised losses on foreign liability and asset revaluation	169.4	350.3	122.6
Unrealised losses on interest rate swap valuation	11.3	10.8	12.8
Other non-cash flow items	7.2	14.9	37.4
Unrealised put option liability revaluation (Note 22)	-	-	249.3
	(259.2)	(446.4)	(1,358.8)
26. INTEREST, DIVIDENDS AND OTHER FINANCIAL INCOME RECEIVED			
Interest, dividends and other financial income per the income statement	622.9	611.7	1,336.2
Interest income receivable at the beginning of the year	18.9	35.7	41.5
Interest income receivable at the end of the year	(35.7)	(41.5)	(51.3)
Guarantee fees accrual at the beginning of the year	13.1	-	-
Elimination on consolidation of Vodacom Congo (RDC) s.p.r.l.	(13.1)	-	-
Unrealised gain on foreign exchange contract revaluation	(120.5)	(117.1)	(34.4)
Unrealised gain on foreign liability and asset revaluation	(218.4)	(146.0)	(231.0)
Unrealised gain on interest rate swap valuation	(20.4)	(4.2)	(2.9)
Other non-cash flow items	-	-	(23.0)
	246.8	338.6	1,035.1
27. TAXATION PAID			
Taxation per the income statement	(2,613.3)	(3,083.7)	(3,836.0)
Taxation payable at the beginning of the year	(852.0)	(632.6)	(630.2)
Taxation payable at the end of the year	632.6	630.2	1,112.7
Deferred taxation at the beginning of the year	(132.3)	(164.0)	(304.7)
Deferred taxation at the end of the year	164.0	304.7	371.2
Business combination – deferred taxation	(40.0)	(35.8)	(17.5)
Business combination – taxation payable	-	(15.2)	-
Exchange difference on consolidation of foreign subsidiary	-	10.4	9.3
Movement due to foreign equity revaluation reserve	0.3	5.7	(8.1)
Acquired from the minorities of Vodacom Congo (RDC) s.p.r.l.	96.3	-	-
	(2,744.4)	(2,980.3)	(3,303.3)

	2005 Rm	2006 Rm	2007 Rm
28. ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS			
Additions to property, plant and equipment and intangible assets (Note 8 and Note 9)	(3,493.8)	(5,141.5)	(7,214.4)
Increase in capital expenditure related creditors (Note 22)	240.4	353.1	796.2
Licence obligation (Note 21)	-	-	90.7
Less: Goodwill acquired through increase in shareholding of existing subsidiaries			
Smartphone SP (Proprietary) Limited (Note 29.2.1)	-	-	313.2
Smartcom (Proprietary) Limited (Note 29.2.2)	-	-	8.2
Cointel V.A.S. (Proprietary) Limited (Note 29.2.3)	-	-	90.9
Goodwill allocated to Smartphone SP (Proprietary) Limited's minority shareholders	-	-	(40.1)
	(3,253.4)	(4,788.4)	(5,955.3)

29. BUSINESS COMBINATIONS AND OTHER ACQUISITIONS

	2005 Rm	2006 Rm	2007 Rm
Business combinations (Note 29.1)	(289.8)	(0.1)	(101.2)
Other acquisitions (Note 29.2)	-	-	(490.0)
	(289.8)	(0.1)	(591.2)

29.1 Business combinations

	2005 Rm	2006 Rm	2007 Rm
InterConnect s.p.r.l (Note 29.1.1)	-	-	(21.2)
Africell Cellular Services (Proprietary) Limited (Note 29.1.2)	-	-	(80.0)
Tiscali (Proprietary) Limited (Note 29.1.3)	(40.1)	0.3	-
Cointel V.A.S. (Proprietary) Limited (Note 29.1.4)	-	(0.4)	-
Smartphone SP (Proprietary) Limited and subsidiaries (Note 29.1.5)	(233.8)	-	-
Smartcom (Proprietary) Limited (Note 29.1.6)	(15.9)	-	-
	(289.8)	(0.1)	(101.2)

	2005 Rm	2006 Rm	2007 Rm

29. BUSINESS COMBINATIONS AND OTHER ACQUISITIONS (CONTINUED)

29.1 Business combinations (continued)

29.1.1 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 preliminarily determined as follows:

	2005 Rm	2006 Rm	2007 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 initial 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 2007 year results. It is impracticable to disclose the impact of the consolidated revenue and consolidated net profit for the full year.

The goodwill related to the acquisition represents future synergies and are allocated to the Democratic Republic of Congo cash-generating unit.

29.1.2 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:

	2005 Rm	2006 Rm	2007 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)

29. BUSINESS COMBINATIONS AND OTHER ACQUISITIONS (CONTINUED)

29.1 Business combinations (continued)

29.1.2 Africell Cellular Services (Proprietary) Limited (continued)

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 current 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 stated it is also not practicable to determine the impact on revenue and profits of the Group for a full year.

	2005 Rm	2006 Rm	2007 Rm
29.1.3 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:			
Fair value of net assets acquired	(30.3)	-	-
Contract customer base	43.3	-	-
Deferred taxation liability	(13.0)	-	-
Goodwill	(9.8)	0.3	-
Purchase price	(40.1)	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 the same reason stated above it would not be practicable to determine the impact on revenue and profits of the Group for a full year.

	2005 Rm	2006 Rm	2007 Rm

29. BUSINESS COMBINATIONS AND OTHER ACQUISITIONS (CONTINUED)

29.1 Business combinations (continued)

29.1.4 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 values of the assets and liabilities acquired were determined by the Group as follows:

	2005 Rm	2006 Rm	2007 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 are allocated to the South African cash-generating unit.

29. BUSINESS COMBINATIONS AND OTHER ACQUISITIONS (CONTINUED)

29.1 Business combinations (continued)

29.1.5 Smartphone SP (Proprietary) Limited and subsidiaries

On March 1, 2004, the Group acquired a 51% interest in the equity of Smartphone SP (Proprietary) Limited, which, at the time, had a 100% shareholding in Stand 13 Eastwood Road Dunkeld (Proprietary) Limited and 52% in Ithuba Smartcall (Proprietary) Limited.

The purchase price of R231.2 million together with capitalised costs of R2.6 million totalling R233.8 million, was paid on April 7, 2004. The outstanding amount accrued interest at prime less 2% per annum from March 1, 2004 up to the date of payment.

	2005 Rm	2006 Rm	2007 Rm
29.1.6 Smartcom (Proprietary) Limited			
On April 16, 2004, the Group acquired an 85.75% interest in the equity of Smartcom (Proprietary) Limited through its then 51% owned subsidiary, Smartphone SP (Proprietary) Limited. The fair value of the assets and liabilities acquired were determined by the Group and are as follows:			
Fair value of net assets acquired	(70.5)	-	-
Property, plant and equipment	5.0	-	-
Intangible assets	95.6	-	-
Deferred taxation asset	1.7	-	-
Inventory	3.9	-	-
Accounts receivable	55.4	-	-
Cash and cash equivalents	61.5	-	-
Deferred taxation liability (including taxation effect on intangible assets)	(28.7)	-	-
Accounts payable	(113.6)	-	-
Dividends payable	(10.0)	-	-
Provision	(0.3)	-	-
Minority interest	10.1	-	-
Goodwill	(8.9)	-	-
Purchase price (including capitalised costs)	(69.3)	-	-
Cash and cash equivalents	61.5	-	-
Cash consideration	(7.8)	-	-
Less: Capitalised costs paid in previous financial year	0.5	-	-
Plus: Smartphone SP (Proprietary) Limited's share of the dividend paid by Smartcom (Proprietary) Limited	(8.6)	-	-
	(15.9)	-	-
The carrying value of the assets and liabilities at acquisition was as follows:	3.2	-	-
Non-current assets	6.7	-	-
Current assets	120.4	-	-
Current liabilities	(123.9)	-	-

29. BUSINESS COMBINATIONS AND OTHER ACQUISITIONS (CONTINUED)

29.1 Business combinations (continued)

29.1.6 Smartcom (Proprietary) Limited (continued)

The purchase price of R77.9 million (including capitalised costs, excluding dividend from Smartcom (Proprietary) Limited) was paid during April 2004. The company declared a dividend to its shareholders from pre-acquisition reserves on August 18, 2004. The dividend was paid on August 31, 2004.

The goodwill related to the acquisition represents future synergies and the ability to directly control the Group's customers in South Africa.

Revenue amounting to R173.3 million and net profit before allocation to minorities of R26.6 million is included in the March 31, 2005 results.

	2005 Rm	2006 Rm	2007 Rm
29.2 Other acquisitions			
Smartphone SP (Proprietary) Limited and subsidiaries (Note 29.2.1)	-	-	(333.9)
Smartcom (Proprietary) Limited (Note 29.2.2)	-	-	(9.1)
Cointel V.A.S. (Proprietary) Limited (Note 29.2.3)	-	-	(147.0)
	-	-	(490.0)

29.2.1 Smartphone SP (Proprietary) Limited and subsidiaries

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.

	2005 Rm	2006 Rm	2007 Rm
Minority interest acquired	-	-	21.5
Goodwill	-	-	313.2
Purchase price (including capitalised costs)	-	-	334.7
Capitalised cost payable	-	-	(0.8)
Cash consideration	-	-	333.9

29. BUSINESS COMBINATIONS AND OTHER ACQUISITIONS (CONTINUED)

29.2 Other acquisitions (continued)

29.2.1 Smartphone SP (Proprietary) Limited and subsidiaries (continued)

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 were still outstanding as at March 31, 2007. The outstanding amount accrued interest at 7.6% per annum from September 21, 2006 up to the date of payment.

	2005 Rm	2006 Rm	2007 Rm
29.2.2 Smartcom (Proprietary) Limited			
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.			
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.			
29.2.3 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. The acquisition was accounted for using the parent entity extension method.			
Minority interest	-	-	56.5
Goodwill	-	-	90.9
Purchase price (including capitalised costs)	-	-	147.4
Capitalised cost payable	-	-	(0.4)
Cash consideration	-	-	147.0

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 was realised, which resulted in the realisation of R17.4 million profit on consolidation.

30. ACQUIRED RESERVES FROM THE MINORITIES OF VODACOM CONGO (RDC) s.p.r.l.

Vodacom Congo (RDC) s.p.r.l. ("Vodacom Congo") was prior to April 1, 2005 accounted for as a joint venture. During the 2005 financial year the shareholders' agreement was amended to remove some of the participative rights of the minorities, resulting in Vodacom Congo being controlled and considered to be a 51% owned subsidiary of the Group from April 1, 2004. The Group's interest in the company was consolidated from this date in accordance with IAS 27: Consolidated and Separate Financial Statements.

The 49% portion of the assets, liabilities and losses attributable to the joint venture partner as at March 31, 2004 that had not been consolidated at that date, were as follows:

	As at April 1, 2004 Rm
Net loss for the year after taxation	(13.7)
Total liabilities (including preference shares)	(1,133.2)
Total assets	981.9

The following assets and liabilities were consolidated on April 1, 2004 to account for Vodacom Congo (RDC) s.p.r.l. as a subsidiary:

	As at April 1, 2004 Rm
Total assets	981.9
Property, plant and equipment	596.3
Intangible assets	101.9
Deferred taxation asset	96.3
Inventory	26.1
Accounts receivable	64.9
Short-term investments and loans	75.2
Cash and cash equivalents	21.2
Total liabilities	(1,133.2)
Accounts payable	(138.7)
Short-term interest bearing debt	(985.8)
Provision	(0.4)
Bank overdraft	(8.3)
Non-distributable reserve	(82.1)
Distributable reserves	(233.4)

No portion was allocated to the minorities as a result of the negative net equity position of the company. The negative net equity was recorded directly in reserves on April 1, 2004.

	2005 Rm	2006 Rm	2007 Rm
31. CASH AND CASH EQUIVALENTS AT END OF YEAR			
Bank and cash balances	2,990.1	3,146.1	771.4
Short-term bank deposits	1,000.0	-	-
Bank borrowings *	(1,817.1)	(1,385.8)	(879.2)
	2,173.0	1,760.3	(107.8)

*Bank borrowings are regarded as part of the Group's integral cash management system.

The short-term bank deposits at the end of March 31, 2005 earned interest at an effective interest rate of 7.4% and matured on April 1, 2005.

	2005 R	2006 R	2007 R
32. EARNINGS AND DIVIDEND PER SHARE			
32.1 Basic and diluted earnings per share			
The calculation of basic earnings per ordinary share was based on earnings of R5,012.3 million (2005: R3,855.5 million) at March 31, 2006 and 10,000 issued ordinary shares (2005: 10,000) at March 31, 2006. The following adjustments were made:	385,550	501,230	
Foreign exchange gain on monetary investment in foreign operation	190	1,380	
Earnings per share – restated	385,740	502,610	
The calculation of basic earnings per ordinary share is based on earnings of R6,342.4 million (2006: R5,026.1 million; 2005: R3,857.4 million) and 10,000 issued ordinary shares (2006: 10,000; 2005: 10,000).	385,740	502,610	634,240
Due to no dilution factors being present, basic earnings per share equals diluted earnings per share.			
32.2 Dividend per share			
The calculation of the dividend per ordinary share is based on a declared ordinary dividend of R5,400.0 million (2006: R4,500.0 million; 2005:R3,400.0 million;) and 10,000 issued ordinary shares (2006: 10,000; 2005: 10,000). The dividends were declared as follows:			
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	-
Declared March 10, 2005 to shareholders registered on March 31, 2005 and paid on April 1, 2005 (Final)	180,000	-	-
Declared September 10, 2004 to shareholders registered on October 1, 2004 and paid on October 1, 2004 (Interim)	160,000	-	-
	340,000	450,000	540,000

	2005 Rm	2006 Rm	2007 Rm

33. CAPITAL COMMITMENTS

	2005 Rm	2006 Rm	2007 Rm
Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:			
Vodacom (Proprietary) Limited	1,272.2	709.1	747.6
Vodacom Congo (RDC) s.p.r.l.	62.2	99.5	209.7
Vodacom Tanzania Limited	37.1	201.2	56.7
Vodacom Service Provider Company (Proprietary) Limited	18.0	16.9	14.8
Vodacom Group (Proprietary) Limited	0.3	222.9	120.7
VM, S.A.R.L.	78.0	34.2	32.0
	1,467.8	1,283.8	1,181.5
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	3,268.0	4,872.3	4,916.7
Vodacom Tanzania Limited	332.1	650.6	889.3
Vodacom Congo (RDC) s.p.r.l.	283.8	293.4	660.0
Vodacom Service Provider Company (Proprietary) Limited	138.8	164.7	277.7
Vodacom Lesotho (Proprietary) Limited	16.2	24.9	48.5
Vodacom Group (Proprietary) Limited	88.8	111.7	50.7
VM, S.A.R.L.	281.4	71.7	259.4
Smartphone SP (Proprietary) Limited	3.7	15.2	12.2
Cointel V.A.S (Proprietary) Limited	-	2.2	4.1
Skyprops 134 (Proprietary) Limited	-	-	16.6
	4,412.8	6,206.7	7,135.2

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

34. OTHER COMMITMENTS

	2005 Rm	2006 Rm	2007 Rm
Operating leases (Note 34.1)	5,841.7	6,277.8	2,182.8
Sport and marketing contracts (Note 34.2)	624.9	1,133.7	881.7
Site rentals (Note 34.3)	811.6	567.8	582.4
	7,278.2	7,979.3	3,646.9

34.1 Operating leases

	Within one year Rm	Between two and five years Rm	After five years Rm	Total Rm
Transmission and data lines GSM	163.2	456.3	75.6	695.1
Accommodation	134.1	585.8	747.7	1,467.6
Other operating leases	9.2	10.6	0.3	20.1
	306.5	1,052.7	823.6	2,182.8

The remaining average lease term for transmission and data lines is 5 years with a fixed price escalation clause per annum and various options to renew between 1 and 5 years. The remaining average lease term and escalation rate for office accommodation is 8 years and 12% per annum respectively with an option to renew for a further period. The remaining average lease term and escalation rate for other accommodation is between 3 and 5 years and 10% per annum.

		Within one year Rm	Between two and five years Rm	After five years Rm	Total Rm
34.	**OTHER COMMITMENTS (CONTINUED)**				
34.2	Sport and marketing contracts	327.7	550.7	3.3	881.7
34.3	Site rentals	142.2	392.6	47.6	582.4

The significant 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.

34.4 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.

34.5 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.

34.6 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 R249.8 million (2006: R175.2 million; 2005: R17.0 million).

34.7 Retention incentives

The Group has committed a maximum of R651.9 million (2006: R456.0 million; 2005: R373.1 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.

34.8 Activation bonuses

The Group has a potential liability in respect of activation bonuses payable related to starterpacks sold which have not yet been validated. The exposure is estimated at approximately R7.8 million (2006: R8.9 million; 2005: R6.0 million).

34.9 Activation commissions

The Group has a commitment to a maximum of R115.6 million (2006: R141.7 million; 2005: R22.6 million) in terms of activation commissions on gross prepaid connections in excess of the legal liability recorded in the consolidated annual financial statements.

34.10 Transmission and data line

Effective April 1, 2006 most contractual obligation for transmission and data line links were migrated from the interconnect agreements to new BTS and Broadband agreements. No commitment amounts for future periods have been disclosed, as the existing agreements are cancellable on 30 days notice. 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 above in Note 34.1.

	2005 Rm	2006 Rm	2007 Rm
35. CONTINGENCIES			
Various other legal matters	4.9	5.0	7.6

35.1 Negative working capital ratio

For financial years ended 2007, 2006 and 2005 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.

35.2 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.

35.3 Equity investment

Vodacom Ventures (Proprietary) Limited has acquired a 35% equity stake in a company for R12.3 million, which is subject to Competition Commission approval.

35.4 Various legal contingencies

The Group is involved in various legal cases of which the outcome is uncertain and of which the timing and amount cannot be reliably measured.

35.5 Taxation

The Group is regularly subject to an evaluation, by the taxation authorities, of its direct and indirect taxation filings and in connection with such reviews, 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.

During each of the years presented, provisions have been made or adjusted for anticipated obligations related to these taxation matters under review. The provisions made include estimates of anticipated interest and penalties where appropriate. Where no reliable assessment could be made, no provisions have been raised.

The Group is in 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 the exposure, if any, that the Group may incur.

35.6 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 the claim may be successful and that the amount recovered could be significant.

36. 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 R84.7 million (2006: R76.4 million; 2005: R70.7 million). Current contributions to the provident fund amounted to R12.7 million (2006: R12.9 million; 2005: R4.2 million). South African funds are governed by the Pension Funds Act of 1956.

37. 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, 2007 or the results of its operations or cash flows for the year ended, other than the following:

37.1 Wireless Business Solutions (Proprietary) Limited

On March 30, 2007 the Group entered into an infrastructure agreement with Wireless Business Solutions (Proprietary) Limited ("WBS") whereby WBS appointed the Group to design and construct a WiMax network.

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

As at March 31, 2007 Vodacom owned 98% of Vodacom Mozambique, and the remaining 2% was held by a local consortium named Empresa Moçambicana de Telecommunicações ("EMOTEL"). Effective April 1, 2007 Vodacom International Limited sold a portion of its shares to local investors, with 5% being purchased by Intelec Holdings Limitada and EMOTEL acquiring an additional 3%, leaving Vodacom International Limited with a 90% interest in Vodacom Mozambique.

37.3 Black economic empowerment ("BEE")

The Group is in the process of finalising a R7.5 billion BEE equity deal whereby both BEE partners and employees will have the opportunity to share in the success of Vodacom South Africa going forward. The deal is expected to be completed by the end of the 2008 financial year and it is anticipated to make a significant contribution to the well being of the Group and its employees.

	2005 Rm	2006 Rm	2007 Rm

38. RELATED PARTY TRANSACTIONS

38.1 Balances with related parties

Related party transactions occur within the Group. Details of transactions were entered into are as follows.

	2005 Rm	2006 Rm	2007 Rm
Included in accounts receivable			
Telkom SA Limited – Interconnect	487.9	509.7	699.3
Telkom SA Limited – Other	11.7	6.3	6.9
Vodafone Group Plc and subsidiaries	22.7	12.7	20.9
Included in accounts payable			
Telkom SA Limited – Interconnect	(74.0)	(85.3)	(80.1)
Telkom SA Limited – Other	(9.6)	(16.5)	(41.3)
Vodafone Group Plc and subsidiaries	(20.3)	(3.7)	(6.4)
Vodafone Telecommunications Investment SA Limited	-	(0.1)	-
WBS Holdings (Proprietary) Limited	-	-	(8.0)
Dividends payable			
Telkom SA Limited	(900.0)	(1,400.0)	(1,450.0)
Vodafone Holdings (SA) (Proprietary) Limited	(630.0)	(980.0)	(867.1)
Vodafone Telecommunications Investment SA Limited	(270.0)	(420.0)	(582.9)

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.

38.2 Transactions with related parties

	2005 Rm	2006 Rm	2007 Rm
Telkom SA Limited and subsidiaries (Entity with joint control over the Group)	(82.0)	(798.5)	(1,221.3)
Audit fees recovered	4.6	4.8	6.1
Cellular usage	33.1	37.0	45.6
Installation of transmission lines	(49.9)	(93.4)	(67.6)
Interconnect expense	(465.3)	(464.3)	(468.2)
Interconnect income	2,728.2	2,817.8	2,908.4
Interest paid – commercial	-	(0.1)	(0.1)
Lease of transmission lines	(511.9)	(752.1)	(839.0)
Other	-	4.8	(75.4)
Site costs	(19.9)	(26.3)	(30.9)
Telephone landline usage	(33.6)	(26.7)	(14.9)
Site rental income	7.6	10.8	14.7
Telkom prepaid vouchers	(74.9)	(60.8)	*
Dividend payable	(900.0)	(1,400.0)	(1,450.0)
Dividend paid	(800.0)	(850.0)	(1,250.0)

* Less than R50 000

	2005 Rm	2006 Rm	2007 Rm
38. RELATED PARTY TRANSACTIONS (CONTINUED)			
38.2 Transactions with related parties (continued)			
Vodafone Group Plc and subsidiaries	(14.9)	(192.0)	(338.2)
Roaming income	65.5	73.6	108.4
Roaming expense	(63.4)	(90.6)	(188.9)
Global alliance agreement	(17.0)	(175.2)	(249.8)
Secondee cost recovery	-	0.2	0.4
Other	-	-	(8.3)
Vodafone Holdings (SA) (Proprietary) Limited (Entity with joint control over the Group)	(1,190.0)	(1,575.0)	(1,614.6)
Dividend payable	(630.0)	(980.0)	(867.1)
Dividend paid	(560.0)	595.0)	(747.5)
Vodafone Telecommunications Investment SA Limited	(515.1)	(679.8)	(1,085.4)
Dividend payable	(270.0)	(420.0)	(582.9)
Dividend paid	(240.0)	(255.0)	(502.5)
Interest payments	(4.3)	(1.9)	-
Facility fees	(0.8)	(0.9)	-
Aircraft charter fees	-	(2.0)	-
Transactions with entities in which related parties have an interest.	-	(20.3)	(40.6)

During the current 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.

	2005 Rm	2006 Rm	2007 Rm
38.3 Key management personnel compensation (excluding directors' emoluments)			
Key management personnel remuneration	(29.7)	(56.0)	(83.1)
Salaries and restraint of trade payments	(9.9)	(17.1)	(32.7)
Fringe benefits	(0.8)	(0.6)	(0.8)
Bonuses and incentives	(16.7)	(30.6)	(37.6)
Long-term benefits	-	(7.6)	(12.0)
Other	(2.3)	(0.1)	-
Included in key management personnel's remuneration	(1.4)	(2.2)	(3.8)
Pension fund employer contributions	(0.7)	(1.2)	(1.7)
Provident fund employer contributions	(0.3)	(0.6)	(1.7)
Medical aid employer contributions	(0.4)	(0.4)	(0.4)

Key management include Chief Officers and Group Executives.

	2005 Rm	2006 Rm	2007 Rm
38. RELATED PARTY TRANSACTIONS (CONTINUED)			
38.4 Directors' emoluments			
Directors' remuneration	(52.8)	(96.7)	(76.7)
Executive directors – fees as directors: salaries and restraint of trade payments	(21.4)	(35.6)	(16.3)
Executive directors – fees as directors: fringe benefits	(0.8)	(0.7)	(1.2)
Executive directors – fees as directors: bonuses and incentives	(30.0)	(46.2)	(48.5)
Executive directors – long term benefits	-	(13.6)	(8.5)
Non-executive directors – fees as directors	(0.6)	(0.6)	(2.2)
Included in directors' remuneration	(2.2)	(4.2)	(15.8)
Pension fund employer contributions	(0.8)	(0.5)	(8.3)
Provident fund employer contributions	(1.2)	(3.5)	(7.3)
Medical aid employer contributions	(0.2)	(0.2)	(0.2)
Directors' remuneration and emoluments paid and accrued by:	(52.8)	(96.7)	(76.7)
Vodacom Group (Proprietary) Limited	(37.0)	(77.1)	(64.8)
Subsidiaries	(15.8)	(19.6)	(11.9)

39. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Group purchases or issues financial instruments in order to finance its operations and to manage the interest rate and currency risks that arise from its operations and sources of finance. Various financial assets and liabilities for example trade and other receivables, trade and other payables and provisions, 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 risks faced in the normal course of the Group's business are foreign currency risk, interest rate risk, credit risk, price risk and liquidity risk. These risks are managed within an approved treasury policy, subject to the limitations of the local markets in which the various group companies operate and the South African Reserve Bank.

The Group finances its operations through a mixture of retained profits, bank borrowings and long-term loans. Long-term financing is arranged locally by the South African entities. A treasury division within Vodacom Group (Proprietary) Limited has been established to provide treasury related services to the Group, including co-ordinating access to domestic and international financial markets, and the managing of various financial risks relating to the Group's operations. The treasury division is subject to arms length fees in terms of transfer pricing for services to offshore subsidiaries.

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

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

39. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

39.1 Foreign currency management

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

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

	2005 Rm	2006 Rm	2007 Rm
Foreign currency asset			
To buy	25.0	-	27.8
To sell	-	-	0.1
	25.0	-	27.9
Foreign currency liability			
To buy	-	(60.9)	(6.9)
To sell	(1.0)	-	(0.3)
	(1.0)	(60.9)	(7.2)

	Foreign contract value Mil	Forward value Rm	Fair value Rm
Forward contracts to buy foreign currency			
2005			
United States Dollar	11.8	70.1	3.9
Euro	156.5	1,281.3	14.9
Pound Sterling	45.2	529.1	6.2
Swiss Franc	*	0.1	*
		1,880.6	25.0
2006			
United States Dollar	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 Dollar	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 contracted forward exchange rate.

* Amounts less than R50 000

	Foreign contract value Mil	Forward value Rm	Fair value Rm
39. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)			
39.1 Foreign currency management (continued)			
Forward contracts to sell foreign currency			
2005			
United States Dollar	5.5	33.7	(0.7)
Euro	7.1	57.7	(0.3)
Pound Sterling	0.2	2.6	*
		94.0	(1.0)
2006			
United States Dollar	0.1	0.8	*
Euro	4.0	30.3	*
Pound Sterling	0.3	3.2	*
Swiss Franc	*	0.1	*
		34.4	*
2007			
United States Dollar	*	0.2	*
Euro	4.4	43.2	0.1
Pound Sterling	3.9	55.7	(0.3)
		99.1	(0.2)

Forward value represents the foreign contract value multiplied by the contracted forward exchange rate.
* Amounts less than R50 000

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 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
2005							
Net foreign currency monetary assets/(liabilities)							
Functional currency of company operation							
South African Rand	-	(157.0)	(0.4)	(5.3)	-	(0.7)	-
United States Dollar	-	(5.0)	-	-	23.8	-	-
Tanzanian Shilling	(9.6)	(65.0)	-	45.1	-	(0.1)	-
Mozambican Meticals	(12.6)	(1.5)	-	(58.7)	-	-	-
	(22.2)	(228.5)	(0.4)	(18.9)	23.8	(0.8)	-

39. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

39.1 Foreign currency management (continued)

	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	(976.1)	(0.3)	-	(296.4)	-	-	-
	(921.2)	(1,426.3)	(331.3)	(377.6)	(3.2)	(0.7)	(28.4)

39.2 Interest rate risk management

The Group's interest rate profile consists of fixed and floating rate borrowings which exposes the Group to fair value interest rate risk and cash flow interest rate risk and can be summarised as follows:

	2005 Rm	2006 Rm	2007 Rm
Financial liabilities			
Loans and bank borrowings at fixed rates of interest	(1,283.7)	(1,134.5)	(1,184.5)
Bank borrowings linked to South African prime rates	(1,752.0)	(1,361.8)	(823.5)
Bank borrowings linked to Lesotho prime rates	(15.5)	(7.5)	(3.0)
Loans linked to LIBOR	(1,276.5)	(1,286.2)	(1,382.8)
Loans linked to EURIBOR	(84.3)	(58.6)	(37.9)
Bank borrowings linked to money market rates	(0.2)	-	-
	(4,412.2)	(3,848.6)	(3,431.7)

	2005 Rm	2006 Rm	2007 Rm
39. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)			
39.2 Interest rate risk management (continued)			
Financial assets			
Investments and bank deposits at fixed rates of interest	1,177.1	168.1	194.2
Investments and bank deposits linked to money market rates	2,017.5	471.0	537.0
Investments and bank deposits linked to South African prime rates	829.1	2,603.1	180.5
Interest rate swaps linked to BA rate	44.2	37.6	27.7
Loans and bank deposits linked to LIBOR	154.4	94.2	126.0
Bank deposits linked to Lesotho prime rates	6.4	13.5	-
	4,228.7	3,387.5	1,065.4

	2008 Rm	2009 Rm	2010 Rm	2011 Rm	2012 Rm	2013 onwards Rm	Total Rm
Maturity of financial instruments exposed to interest rate risk							
Financial liabilities							
Linked to fixed rates	(445.0)	(195.7)	(98.5)	(161.6)	(83.5)	(200.2)	(1,184.5)
Linked to South African prime rates	(823.5)	-	-	-	-	-	(823.5)
Linked to Lesotho prime rates	(3.0)	-	-	-	-	-	(3.0)
Loans linked to LIBOR	(70.9)	-	(1,311.9)	-	-	-	(1,382.8)
Linked to EURIBOR	(37.9)	-	-	-	-	-	(37.9)
	(1,380.3)	(195.7)	(1,410.4)	(161.6)	(83.5)	(200.2)	(3,431.7)
Financial assets							
Linked to fixed rates	194.2	-	-	-	-	-	194.2
Linked to money market rates	537.0	-	-	-	-	-	537.0
Linked to South African prime rates	174.5	-	-	-	-	6.0	180.5
Interest rate swaps linked to BA rate	22.6	5.1	-	-	-	-	27.7
Loans linked to LIBOR	17.6	-	-	-	108.4	-	126.0
	945.9	5.1	-	-	108.4	6.0	1,065.4

39. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

39.2 Interest rate risk management (continued)

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 rate and floating rate interest amounts calculated by reference to the agreed notional principal amounts.

At March 31, 2007 the Group had three interest rate swaps:

Vodacom Group (Proprietary) Limited – the Company swapped its fixed interest rate of 14.9% NACQ (Nominal Annual Compounded Quarterly) for a floating rate, linked to the BA (Banker's Acceptance) 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% NACM (Nominal Annual Compounded Monthly) for a floating rate linked to the BA rate plus margin of 2.0%. The termination date of the agreement is December 1, 2012.

	2005 Rm	2006 Rm	2007 Rm
Fair value of interest rate swap asset	44.2	37.6	27.7

The fair value of the interest rate swap asset is represented by a notional principal amount of R198.5 million (2006: R217.7 million; 2005: R229.7 million) at a weighted average floating interest rate of 11,45% NACM (2006: 9,3% NACM; 2005: 10,0% NACM).

39.3 Credit risk management

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

The Group does not have any significant exposure to any individual customer or counter-party, except commercially to Telkom SA Limited, Mobile Telephone Networks (Proprietary) Limited and Cell C (Proprietary) Limited.

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

The carrying amounts of financial assets, excluding foreign currency derivatives and interest rate swaps, included in the consolidated balance sheets represent the Group's exposure to credit risk in relation to these assets. The credit exposure of forward exchange contracts is represented by the fair value of the contracts.

39. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

39.4 Price risk management

The Group is exposed to price risk as a result of changes in market prices of financial assets at fair value through profit and loss and market tradable shares available for sale.

39.5 Liquidity risk management

The Group is exposed to liquidity risk as a result of uncertain accounts receivable related cash flows and the capital commitments of the Group. 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 (Note 41). 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.

39.6 Fair value of financial instruments

At the balance sheet date, the carrying amounts of cash and short-term deposits, trade and other receivables, trade and other payables, short-term provisions, bank borrowings and accrued expenses and short-term debt approximated their fair values due to the short-term maturities of these assets and liabilities.

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

The fair value of long-term loans and finance leases are determined by discounting contractual cash flows at market related interest rates.

39.7 VM, S.A.R.L. call option

In terms of the shareholders' agreement, the Group's minority shareholder in VM, S.A.R.L., Empresa Moçambicana De Telecommunicaçòes S.A.R.L. ("EMOTEL") had a call option for a period of four years following the commencement date, August 23, 2003. The call option has a nil value at March 31, 2007, 2006 and 2005 and has been replaced with a new option, effective April 1, 2007.

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 Telecommunicaçòes 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 option price is specified in the shareholders agreement.

39.8 Smartphone SP (Proprietary) Limited put option

In terms of the shareholders' agreement amended during the current financial year, the minority shareholders of Smartphone SP (Proprietary) Limited have a put option against Vodacom Group (Proprietary) Limited, should the Group or the company terminate or fail to renew the Service Provider Agreement for any reason other than the expiry or cancellation of the Group's South African licence. The current and previous put options had a nil value at March 31, 2007, 2006 and 2005 as the conditions set out in the agreement were not met.

39. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

39.9 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 minority shareholders of Smartcom have a put option against the Group, should the Group reduce the standard service provider discount below the average service provider discount provided by Vodacom (Proprietary) Limited to its other service providers. The current and previous put options had a nil value at March 31, 2007, 2006 and 2005 as the conditions set out in the agreement were not met.

39.10 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., 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, 2007, 2006 and 2005. The option liability had a value of R249.3 million (2006: Rnil; 2005: Rnil) as at March 31, 2007 (Note 22).

39.11 The Somnium Family Trust ("the Trust") call option

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 event occurs. The option price is specified in the shareholders' agreement. The option had a nil value at March 31, 2007.

39.12 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 September 14, 2007, subject to the fulfilment of the conditions precedent as set out in the sales of shares and call option agreement. The option had a nil value at March 31, 2007.

39.13 G-Mobile Holdings Limited

G-Mobile Holdings Limited granted to Vodacom Ventures (Proprietary) Limited an irrevocable call option to subscribe for such number of further shares as will 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 Holding Limited after the exercise of the option at a specified price. The option had a nil value at March 31, 2007.

40. 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 Service Provider Company (Proprietary) Limited, Smartphone SP (Proprietary) Limited, Smartcom (Proprietary) Limited and Cointel V.A.S. (Proprietary) Limited have 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 12.5% and 13.7% in Rand terms. The terminal growth rate applicable is 4.5%. 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.

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 of 17.2% in US Dollar terms. Cash flows beyond this period have been extrapolated using annual nominal growth rates of 7%. 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 of 15% in US Dollar terms. The terminal growth rate applicable is 8.4%. 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.

40. GOODWILL IMPAIRMENT TEST (CONTINUED)

March 31, 2007	South Africa Rm	Democratic Republic of Congo Rm	Tanzania Rm
Carrying amount of goodwill	790.1	132.9	8.2
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. Value assigned to key assumption reflects past experience, except for potential growth. Growth is based on market expectation.	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.	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.
Key assumption	*ARPU*	*ARPU*	*ARPU*
Basis for determining value(s) assigned to key assumptions	Closing customer base in the period immediately preceding the budget period increased for expected growth. Value assigned to key assumption reflects past experience. Growth is based on expected market forces and external sources of information.	Closing customer base in the period immediately preceding the budget period increased for expected growth. Value assigned to key assumption reflects past experience. Growth is based on expected market forces and external sources of information.	Closing customer base in the period immediately preceding the budget period increased for expected growth. Value assigned to key assumption reflects past experience. Growth is based on expected market forces and external sources of information.
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 managements 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 managements 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 managements expected network coverage roll out.

40. GOODWILL IMPAIRMENT TEST (CONTINUED)

March 31, 2007	South Africa	Democratic Republic of Congo	Tanzania
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.

41. UNDRAWN BORROWING FACILITIES AND GUARANTEES

41.1 Rand denominated facilities and guarantees

The Group has Rand denominated credit facilities totalling R4,989.0 million with R816.0 million utilised at March 31, 2007. 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	2005 Rm	2006 Rm	2007 Rm
Vodacom (Proprietary) Limited	All guarantees less than R2.0 million.	Various	2.8	2.6	2.7
Vodacom Service Provider Company (Proprietary) Limited	All guarantees less than R2.0 million.	Various	3.0	2.8	2.6
Vodacom Service Provider Company (Proprietary) Limited	Guarantee in respect of receipt by independent intermediaries of premiums on behalf of short-term insurers and Lloyd's underwriters, and relating to short-term insurance business carried on in South Africa. Terminates on May 31, 2007.	SA Insurance Association for benefit of insurers	17.8	21.1	27.0
Smartcom (Proprietary) Limited	Guarantees for salary bank account	Various and debit orders.	3.0	2.9	3.2
Cointel V.A.S (Proprietary) Limited	Guarantees for operating lease and debit orders.	Various	-	-	1.5
Vodacom (Proprietary) Limited	Letter of undertaking in respect of land.	Attorneys	-	-	6.8
			26.6	29.4	43.8

41. UNDRAWN BORROWING FACILITIES AND GUARANTEES (CONTINUED)

41.2 Foreign denominated facilities and guarantees

The following foreign denominated facilities are in place:

Company	Details	As at March 31, 2007 Million Total Facility	As at March 31, 2007 Million Utilised
Vodacom Tanzania Limited	Project finance	US$13.0	US$13.0
Vodacom International Limited	Revolving term loan	US$180.0	US$180.0
Vodacom Congo (RDC) s.p.r.l.	Various	US$17.0	US$5.1
Vodacom Lesotho (Proprietary) Limited	Overdraft facilities with various banks	M47.0	M0.0
VM, S.A.R.L.	Overdraft facility	US$0.5	US$0.0

The following foreign denominated guarantees have been issued:

Guarantor / Issuer	Details	Beneficiary	Currency	2005 Rm	2006 Rm	2007 Rm
Nedbank Limited on behalf of Vodacom (Proprietary) Limited	Unsecured standby letters of credit	Alcatel CIT	€ nil (2006: € 11.4 million; 2005: € 40.7 million)	330.0	85.7	-
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 (2006: US$180.0 million; 2005: US$nil)	1,128.8	1,114,4	1,311.9
Vodacom International Limited	Guarantees issued for the obligations of Vodacom Congo (RDC) s.p.r.l. *	Alcatel CIT	€ nil (2006: € 5.0 million; 2005: € 5.0 million)	121.6	37.6	-
				1,580.4	1,237.7	1,311.9

* Foreign denominated guarantees amounting to R1,311.9 million (2006: R1,152.0 million; 2005: R1,189.6 million) issued in support of Vodacom Congo (RDC) s.p.r.l. are included as liabilities in the consolidated balance sheet.

\# 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.

42. 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 business is 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 "Democratic Republic of the Congo" comprise the segment information relating to the non-South African based cellular networks.

Segment results and segment assets have been adjusted for the changes in accounting policies reflected in Note 23.

	2005 Rm	2006 Rm	2007 Rm
Reconciliations of reportable segments			
Segment results			
Management operating profit for reportable segments	6,978.7	8,980.6	10,983.0
Amortisation of licences, trademarks and patents and customer bases	(232.1)	(167.7)	(117.7)
Impairment of assets	(268.4)	52.8	(22.9)
Profit on sale of shares in subsidiary	-	-	17.4
Profit from operations	6,478.2	8,865.7	10,859.8
Net finance (cost) / income	23.3	(639.2)	(463.8)
Interest, dividend and other financial income	622.9	611.7	1,336.2
Finance costs	(599.6)	(1,250.9)	(1,800.0)
Profit before taxation	6,501.5	8,226.5	10,396.0
Taxation	(2,613.3)	(3,083.7)	(3,836.0)
Net profit	3,888.2	5,142.8	6,560.0

42. SEGMENTAL INFORMATION (CONTINUED)

	Other Rm	South Africa Rm	Tanzania Rm	Mozambique Rm	Lesotho Rm	DRC Rm	Eliminations Rm	Total Rm
2005								
Segment revenue	256.7	25,045.6	958.5	103.4	136.9	1,074.7	-	27,575.8
Inter-segment revenue	(256.7)	(0.8)	-	-	(3.0)	-	-	(260.5)
External customers segment revenue	-	25,044.8	958.5	103.4	133.9	1,074.7	-	27,315.3
Airtime and access	-	14,809.3	692.9	47.0	96.3	545.3	-	16,190.8
Data revenue	-	1,245.5	74.2	2.5	8.8	9.5	-	1,340.5
Interconnect revenue	-	5,469.7	153.3	39.6	22.1	238.9	-	5,923.6
Equipment sales	-	2,591.2	12.3	1.7	4.7	77.4	-	2,687.3
International airtime	-	651.6	24.9	12.4	1.8	196.1	-	886.8
Other	-	277.5	0.9	0.2	0.2	7.5	-	286.3
Management operating profit/(loss)	58.1	6,838.5	183.9	(182.8)	24.6	56.4	-	6,978.7
Net finance income/(cost)	3,779.1	602.4	(61.6)	77.9	(2.9)	(169.0)	(4,202.6)	23.3
Taxation	(543.9)	(1,937.9)	(71.6)	(5.8)	(8.7)	(45.4)	-	(2,613.3)
Net profit/(loss)	1,779.3	5,215.6	49.8	(377.9)	12.9	(164.6)	(2,626.9)	3,888.2
Other material non-cash items included in segment profit/(loss):								
Depreciation and amortisation	(3.9)	(2,376.7)	(161.3)	(75.3)	(23.6)	(202.4)	-	(2,843.2)
Impairments of assets recognised	-	-	-	(268.4)	-	-	-	(268.4)
Assets								
Reportable segment assets	10,979.8	19,409.5	1,416.6	532.4	111.1	1,936.3	(11,790.9)	22,594.8
Included in reportable segment assets:								
Additions to property, plant and equipment and intangible assets	23.2	2,776.8	233.6	114.9	9.8	335.5	-	3,493.8
Non-current assets other than financial instruments and deferred taxation	9.6	9,460.8	1,107.3	425.1	88.2	1,570.2	825.8	13,487.0
Liabilities								
Reportable segment liabilities	(5,717.5)	(14,545.7)	(787.0)	(989.4)	(51.3)	(1,934.9)	9,318.9	(14,706.9)

42. 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 recognised	-	-	-	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)

42. 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)	46.8	10,383.6	347.0	(154.1)	74.9	284.8	-	10,983.0
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 recognised	-	-	-	(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)

43. 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; TZN – Tanzania; LES – Lesotho; 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 2005	2006	2007	Interest in issued ordinary share capital 2005 %	2006 %	2007 %
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	98
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	51	70
Smartcom (Proprietary) Limited (C)	RSA	R1,000	R1,000	R1,000	43.7	43.7	61.7
Cointel V.A.S. (Proprietary) Limited (C)	RSA	-	R10,204	R10,204	-	51	70
Other							
VSP Holdings (Proprietary) Limited (MSC)	RSA	R1,020	R1,020	R1,020	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 (MSC) *	RSA	R810	R810	R810	100	100	100
Vodacom Equipment Company (Proprietary) Limited (OTH) *	RSA	R100	R100	R100	100	100	100
Vodacare (Proprietary) Limited (C) *	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	R100	51	51	70
Ithuba Smartcall (Proprietary) Limited (OTH)	RSA	R100	R100	R100	26.5	26.5	36.4
Smartcall Smartlife (Proprietary) Limited (OTH)	RSA	-	-	R100	-	-	63
Vodacom Tanzania Limited (Zanzibar) (OTH) *	TZN	TZS10,000	TZS10,000	TZS10,000	100	100	100
Joycell Shops (Proprietary) Limited (OTH) *	RSA	R100	R100	R100	100	100	100
Marble Gold Investments (Proprietary) Limited (OTH) *	RSA	-	R100	R100	-	100	100
Vodacom Ventures (Proprietary) Limited (OTH)	RSA	-	R120	R120	-	100	100

* Dormant as at March 31, 2007.

44. INTEREST IN JOINT VENTURES

The introduction of Mobile Number Portability ("MNP") as mandated by the Independent Communications Authority of South Africa in terms of Section 96 of the Telecommunications Act of 1996 was set for commencement, July 1, 2006. In response to the introduction of 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.

National Porting Company (Proprietary) Limited ("NPC") was formed for the express purpose of providing all the necessary services required for MNP by Vodacom, MTN and Cell C.

NPC 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 NPC by acquiring 100 shares for R1. Each shareholder advanced to NPC funding by way of shareholders loans. As at March 31, 2007 the shareholders' loan amounted to R6.0 million (Note 18).

	National Porting Company (Proprietary) Limited Rm
The Group's proportionate share of assets and liabilities:	
Property, plant and equipment	*
Intangible assets	6.3
Current assets	2.2
Total assets	8.5
Long-term liabilities	(6.0)
Inter-company creditors	(3.0)
Current liabilities	(0.6)
Net liabilities	(9.6)
The Group's proportionate share of revenue and expenditure:	
Revenue	0.4
Loss before taxation	(1.1)
Taxation	-
Net loss	(1.1)
The Group's proportionate share of cash flows:	
Net cash flows utilised in operating activities	(1.0)
Net cash flows utilised in investing activities	(7.0)
Net cash flows from financing activities	9.0
Net cash flow	1.0

NPC had no contingent liabilities or capital commitments at March 31, 2007.

* Amounts less than R50 000

45. US GAAP INFORMATION

The consolidated annual financial statements have been prepared in accordance with IFRS, which differs in certain respects from accounting principles generally accepted in the United States of America ("US GAAP"). The Group adopted Statement of Financial Accounting Standards ("SFAS") No. 123 (Revised): Share-Based Payments ("SFAS 123(R)") as of April 1, 2006 on a modified retrospective basis. The reconciliations below reflect the impacts of this change in accounting principle. Further information regarding this change is presented in note (a) below. The effect of applying US GAAP principles to net profit and shareholders' equity is set out below along with an explanation of applicable differences between IFRS and US GAAP:

	Notes	2005 Rm	2006 Rm	2007 Rm
Net profit as reported in accordance with IFRS – restated		3,888.2	5,142.8	6,560.0
Attributable to minority interests	(j)	(30.8)	(116.7)	(217.6)
Net profit attributable to equity shareholders		3,857.4	5,026.1	6,342.4
Adjustments increasing / (decreasing) net profit:				
Business combinations	(m)	(4.8)	-	(7.2)
Derivative financial instruments		7.8	7.8	7.8
Income taxation – other differences	(f)	(98.7)	(201.1)	(37.9)
Impairment	(k)	-	(59.9)	22.8
Inventory write down reversal	(n)	-	-	(18.6)
Put option revaluation	(o)	-	-	249.3
Net profit in accordance with US GAAP – as adjusted		3,761.7	4,772.9	6,558.6
Total equity as reported in accordance with IFRS – restated		7,887.9	8,672.3	9,647.0
Attributable to minority interests	(j)	(128.7)	(283.3)	(221.2)
Equity attributable to equity holders of the parent		7,759.2	8,389.0	9,425.8
Adjustments increasing / (decreasing) shareholders' equity:				
Business combination	(m)	-	-	(7.2)
Goodwill – amortisation of taxation rate difference	(f)	(17.7)	(17.7)	(17.7)
Goodwill – non-amortisation	(b)	194.6	194.6	194.6
Goodwill – accumulated translation differences	(c)	(10.3)	(10.6)	(6.0)
Income taxation – other differences	(f)	(1,076.0)	(1,274.2)	(1,309.2)
Inventory write down reversal	(n)	-	-	(18.6)
Impairment	(k)	-	(59.9)	(37.1)
Shareholders' equity in accordance with US GAAP – as adjusted		6,849.8	7,221.2	8,224.6

	2005 Rm	2006 Rm	2007 Rm
45. US GAAP INFORMATION (CONTINUED)			
SUMMARY OF DIFFERENCES BETWEEN IFRS AND US GAAP			
Movements in shareholders' equity in accordance with US GAAP			
Balance at beginning of the year – as previously reported	6,727.9	6,881.7	-
Adjustments (Note 45 a)	(22.3)	(31.9)	-
Balance at beginning of the year – restated	6,705.6	6,849.8	7,221.2
Net profit for the year	3,761.7	4,772.9	6,558.6
Dividends declared	(3,400.0)	(4,500.0)	(5,400.0)
Foreign currency translation reserve adjustment	(61.4)	103.4	99.0
Acquired reserves from the minorities of Vodacom Congo (RDC) s.p.r.l.	(151.3)	-	-
Gain on derivatives – reclassified to earnings, net of taxation	(4.8)	(4.9)	(4.9)
Put option liability revaluation	-	-	(249.3)
Balance at end of the year	6,849.8	7,221.2	8,224.6

(a) Deferred bonus incentive scheme

Under IFRS, the total value of deferred bonus entitlements as calculated at the end of each financial period is based on the net present value of expected future cash payments as determined under the bonus formula over the vesting period.

Under US GAAP the Group previously accounted for the deferred bonus incentive scheme, in accordance with FIN 28: Accounting for Stock Appreciation Rights and Other Variable Stock Option Awards Plans an Interpretation of APB Opinions no. 15 and 25 ("FIN 28"), whereby compensation costs were recognised over the service period or the vesting period if the service period was not defined, based upon the undiscounted value of the entitlements.

In 2007, the Group changed its accounting policy related to the accounting for the deferred bonus scheme. The Group adopted SFAS 123(R) as of April 1, 2006 on a modified retrospective basis. While SFAS 123(R) only addresses stock based compensation, it also superseded FIN 28, which the Group had been applying by analogy. Accordingly, the Group changed its accounting policy to align its US GAAP accounting with the IFRS treatment.

The impact of this change in accounting policy decreased net profit with R3.7 million and R9.6 million for the years ended March 2006 and 2005, respectively.

(b) Goodwill – non-amortisation

The Group adopted IFRS 3: Business Combinations ("IFRS 3") from April 1, 2004, under which acquired goodwill is no longer amortised, but tested for impairment at least annually (or more frequently if impairment indicators arise). Accordingly, goodwill arising from the Group's investments is not subject to amortisation as from April 1, 2004.

Under US GAAP, SFAS 142: Goodwill and Other Intangible Assets ("SFAS 142") is consistent with IAS 38: Intangible Assets ("IAS 38") and IFRS 3 which was adopted by the Group from April 1, 2004. From this date goodwill is no longer amortised.

(c) Goodwill – translation of goodwill arising on the acquisition of a foreign entity

Under IFRS and US GAAP, goodwill arising on the acquisition of a foreign entity is treated as an asset of the entity and translated at the foreign exchange rate ruling at the balance sheet date. The resulting foreign exchange transaction gain or loss is recorded in equity. The difference in the carrying values of goodwill under IFRS and US GAAP which are summarised below, results in a difference in the accumulated translation amount recorded in equity.

	2005 Rm	2006 Rm	2007 Rm

45. US GAAP INFORMATION (CONTINUED)

A reconciliation of goodwill reported under IFRS at the balance sheet date to the amounts determined under US GAAP is as follows:

	2005	2006	2007
Included in total goodwill reported under IFRS	413.5	483.9	931.2
Goodwill not amortised under US GAAP	205.0	205.0	205.0
Business combination (Note 45 m)	136.0	136.0	28.1
Additional goodwill – income taxation rate change (Note 45 f)	71.5	50.5	71.9
Translation difference on goodwill balance	(10.3)	(10.6)	(6.0)
As adjusted under US GAAP	815.7	864.8	1,230.2

(d) Income taxes – additional temporary differences

Under IFRS, no deferred taxation liability was recognised in respect of intangible assets acquired other than in a business combination where there was a difference at the date of acquisition between the assigned values and the taxation bases of the assets.

Under US GAAP, a deferred taxation liability (and corresponding increase in assets acquired) is recognised for all temporary differences between the assigned values and the taxation bases of intangible assets acquired. The recording of such deferred taxation liability has no net impact on net income or shareholder's equity as determined under US GAAP as the decrease in income taxation expense is offset by a corresponding increase in amortisation (Note 45 g).

(e) Derivative financial instruments

The Group adopted IAS 39: Financial Instruments – Recognition and Measurement ("IAS 39") and SFAS 133: Accounting for Derivative Instruments and Hedging Activities ("SFAS 133") on April 1, 2001.

Under IFRS, upon adoption of IAS 39 the difference between previous carrying amounts and the fair value of derivatives, which prior to the adoption of IAS 39 had been designated as either fair value or cash flow hedges but do not qualify as hedges under IAS 39, is recognised as an adjustment of the opening balance of retained earnings at the beginning of the financial year IAS 39 is initially applied. Changes in fair value of derivatives acquired after April 1, 2001 are recorded in the consolidated income statement.

Under US GAAP, upon adoption of SFAS 133, the difference between previous carrying amounts and fair value of derivatives, which prior to the adoption of SFAS 133 had been cash flow type hedges but do not qualify as hedges under SFAS 133, is recognised as a cumulative effect adjustment of other comprehensive income in the year SFAS 133 is initially applied. This amount is subsequently released into earnings in the same period or periods during which the hedged transaction affects earnings. During the year ended March 31 2007, R7.8 million (2006: R7.8 million; 2005: R7.8 million) was released into earnings. The difference between previous carrying amounts and fair value of derivatives, which prior to the adoption of SFAS 133 had been fair value type hedges, is recognised as a cumulative effect adjustment in earnings. Changes in fair value of derivatives acquired after April 1, 2001 are recorded in the consolidated income statement.

The Group's interest rate swaps are classified as trading instruments under IFRS. Under US GAAP, such swaps are classified based on the maturity date of the swaps. Accordingly, some swaps are classified as long-term under US GAAP.

45. US GAAP INFORMATION (CONTINUED)

(f) Income taxation – other differences

Under IFRS, current and deferred taxation assets and liabilities are measured using taxation rates enacted unless announcements of taxation rates by the government have the substantive effect of actual enactment. The Group's deferred taxation assets and liabilities at March 31, 2005 were recorded at the substantially enacted taxation rate of 29%.

The taxation rate in South Africa varies depending on whether income is distributed. Upon distribution an additional taxation, Secondary Taxation on Companies ("STC") of 12.5% is due based on the amount of the dividends net of the STC credit for dividends received during a dividend cycle.

In conformity with IFRS, the Group reflects the STC as a component of the income taxation charge for the period in which dividends are declared. IFRS also requires that deferred taxation be provided for at the undistributed rate of 29%.

For the purpose of US GAAP, under SFAS 109: Accounting for Income Taxes ("SFAS 109"), measurement of current and deferred taxation liabilities and assets is based on provisions of the enacted taxation law; the effects of future changes in taxation laws or rates are not anticipated. Therefore, the enacted rate of 30% was used for all taxation amounts (prior to the calculation of STC) until the change in the taxation law became enacted during the Group's fiscal year ended March 31, 2006. Temporary differences should be tax effected using the taxation rate that will apply when income is distributed, i.e. an effective rate of 36.89% (2006: 36.89%; 2005: 37.78%) including STC.

The Group has therefore computed the estimated STC that would become payable upon distribution of relevant undistributed earnings and accrued that amount as an additional liability for US GAAP purposes.

The use of the higher rate not only affects the measurement of deferred taxation assets and liabilities, and hence the taxation charge for any period, but because temporary differences in a business combination need to be tax effected at the higher rate there is a consequent effect on the amount of goodwill recognised in a business combination under US GAAP.

In addition, SFAS 109 prohibits recognition of deferred taxation assets or liabilities that under SFAS 52: Foreign Currency Translation ("SFAS 52") are remeasured from local currency into the functional currency using historical exchange rates and that result from either changes in exchanges rates or indexing for taxation purposes. The functional currency of Vodacom Congo (RDC) s.p.r.l. is the USD and it benefits from indexing for local Democratic Republic of the Congo taxation purposes which gives rise to a deferred taxation loss for IFRS purposes of R98.5 million at March 31, 2007 (2006: R100.9 million benefit), that is not recognised under US GAAP.

(g) Deferred taxation

The taxation effects of the US GAAP adjustments have been calculated based on the enacted taxation rate of 36.89% (2006: 36.89%; 2005: 37.78%).

A reconciliation of the deferred taxation balances under IFRS to the approximate amounts determined under US GAAP, where materially different, is as follows:

	2005 Rm	2006 Rm	2007 Rm
Net deferred taxation liabilities:			
As reported under IFRS	164.0	304.7	371.2
Additional temporary differences (Note 45 d)	38.9	37.7	136.4
Business combination (Note 45 m)	(62.4)	(41.0)	12.7
Income taxation – other difference (Note 45 f)	1,165.2	1,342.4	1,398.8
As adjusted under US GAAP	1,305.7	1,643.8	1,919.1

45. US GAAP INFORMATION (CONTINUED)

(g) Deferred taxation (continued)

Under IFRS, deferred taxation assets on deductible temporary differences are only recognised to the extent that it is probable that the future taxable profit will allow the deferred taxation asset to be recovered.

Under US GAAP, deferred taxation assets are recognised on all temporary differences. A valuation allowance is recognised if it is more likely than not that the asset will not be recovered. For US GAAP purposes, an additional deferred taxation asset and a corresponding valuation adjustment allowance of R363.0 million (2006: R279.4 million; 2005: R109.3 million) have no effect on the net shareholder's equity for the current year.

(h) Capitalised interest

Under IFRS, interest cost incurred during the construction period is expensed as incurred.

Under US GAAP, interest cost incurred during the construction period (i.e. period of time necessary to bring a constructed fixed asset to the condition and location necessary for its intended use) is capitalised. The capitalised interest is recorded as part of the asset to which it relates and is amortised over the asset's estimated useful life. Capitalised interest was nil for the years ended March 31, 2007, 2006 and 2005 as the effect of capitalising interest, as compared with the effect of expensing interest, was not material.

(i) Joint ventures

Under IFRS, investments qualifying as joint ventures are accounted for under the proportionate consolidation method of accounting. Under the proportionate consolidation method, the venturer records its share of each of the assets, liabilities, income and expenses of the jointly controlled entity on a line-by-line basis with similar items in the venturer's financial statements. The venturer continues to record its share of losses in excess of its net investment of the joint venture.

Under US GAAP, joint ventures are accounted for under the equity method of accounting. Under the equity method, an investment in a joint venture is shown in the consolidated balance sheet of an investor as a single amount. Likewise, an investor's share of earnings or losses from its investment is ordinarily shown in its income statement as a single amount. Typically an investor discontinues applying the equity method when its net investment (including net advances) is reduced to zero, unless the investor has guaranteed obligations of the investee or is otherwise committed to provide further financial support from the investee.

In 2007 the Group proportionately consolidated National Porting Company (Proprietary) Limited. The summarised financial statement information for National Porting Company (Proprietary) Limited relating to the Group's pro rata interest is set out in Note 44. Under US GAAP, the Group's share of losses of National Porting Company (Proprietary) Limited does not exceed the carrying amount of the investment in the joint venture.

(j) Minority interest

Under IFRS, net profit attributable for minority interests is included in the Group's net profit. Under US GAAP, net income attributable for minority interest is presented as a single line item between the deduction for income taxes and income from continuing operations.

The Group adopted IAS 27: Consolidated and Separate Financial Statements ("IAS 27"), from April 1, 2004. In accordance with the guidance, the Group has reclassified its minority interest in the consolidated balance sheet from a liability into equity. The Group applied this reclassification retrospectively.

Under US GAAP, minority interest is recorded outside of equity. Therefore, the minority interest under US GAAP is reclassified at the end of each fiscal year in the shareholders' equity reconciliation.

45. US GAAP INFORMATION (CONTINUED)

(k) Impairment

In 2006, the Group reversed an impairment loss under IFRS, which is not allowed under US GAAP.

In 2007, the Group recognised an impairment loss under IFRS related to its operations in Mozambique. Under US GAAP, the Group evaluates the recoverability of long-lived assets, using undiscounted cash flows and determined that the carrying amount of the assets in Mozambique were recoverable. As a result, the IFRS impairment loss was not recognised under US GAAP.

(l) Comprehensive income

Comprehensive income under US GAAP and accumulated other comprehensive income balances under US GAAP are summarised as follows:

	2005 Rm	2006 Rm	2007 Rm
Net income under US GAAP	3,761.7	4,772.9	6,558.6
Other comprehensive income / (loss):			
Foreign currency translation adjustment	(61.4)	103.4	99.0
Gain on derivatives - reclassified to earnings net of tax	(4.8)	(4.9)	(4.9)
Other comprehensive income / (loss)	(66.2)	98.5	94.1
Comprehensive income	3,695.5	4,871.4	6,652.7
Accumulated other comprehensive income balances:			
Cumulative foreign currency translation adjustments	(408.2)	(304.8)	(205.8)
Cumulative effect adjustment of adoption of SFAS 133	18.0	13.1	8.2

45. US GAAP INFORMATION (CONTINUED)

(m) Business combinations

Under IFRS, the Group elected to fair value 100% of the assets acquired and liabilities assumed, including minority interests. The excess of the cost of an acquired entity over the net of the amounts assigned to assets acquired and liabilities assumed should be recognised as an asset referred to as goodwill.

Under US GAAP, the Group fair values the percentage of the assets acquired, liabilities assumed and contingent liabilities, excluding minority interests. Similar to IFRS, the excess of the cost of an acquired entity over the net of the amounts assigned to assets acquired and liabilities assumed should be recognised as an asset referred to as goodwill. As a result, the carrying amount of the goodwill for US GAAP purposes is adjusted to reflect the different values assigned to the intangibles.

Under IFRS and US GAAP, losses are generally only allocated to the minority interest up to the amount of the minority's equity in the subsidiary entity. In 2004, the minority interest allocation was a net profit under US GAAP, and a net loss under IFRS (due to the additional amortisation expense). Therefore, there was no minority interest allocation under IFRS, and thus there was a GAAP difference effecting net income. In 2005, the minority interest allocation under both IFRS and US GAAP was a net profit. Therefore, in accordance with IAS 27, the IFRS allocation to minority interest was net of the loss not allocated to the minority in 2004. No difference in shareholders' equity exists at the end of 2005.

During the 2007 financial year, the Group acquired non-controlling interests in several of its subsidiaries. The Group's IFRS accounting policy is to account for such transactions using the "parent entity extension method". Under this method, the assets and liabilities of the subsidiary were 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 was therefore reflected as goodwill. Under US GAAP, these were accounted for using the purchase method. The acquired assets and liabilities were recorded at fair value, resulting in additional amortisation under US GAAP. The minority interest allocation under US GAAP is also difference from that under IFRS.

(n) Inventory write-downs

During the 2007 financial year, the Group reversed inventory write downs which had been recognised in previous years. US GAAP prohibits the reversal of inventory write downs.

(o) Put option liability revaluation

Under IFRS, the redemption amount of the Congolese Wireless Networks s.p.r.l. put option (Note 39) is recorded as a liability, with changes in this amount recorded through the consolidated income statement. Under US GAAP, the obligation under the put option is accounted for by analogy to EITF D-98: Classification and Measurement of Redeemable Securities ("EITF D-98"), with the carrying value of the minority interest being increased to the redemption amount. The Group has elected to record the changes in the redemption amount directly to retained earnings.

(p) Revenue recognition

Under US GAAP, the Group applies Emerging Issues Task Force ("EITF") No. 00-21: Revenue Arrangements with Multiple Deliverables ("EITF 00-21"), to its revenue arrangements with multiple deliverables. This application has not resulted in a difference between the revenue recognised under US GAAP and IFRS.

45. US GAAP INFORMATION (CONTINUED)

(q) Recent accounting pronouncements

The FASB has issued SFAS 157: Fair Value Measurements ("SFAS 157") that defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. This Statement applies under other accounting pronouncements that require or permit fair value measurements, the FASB having previously concluded in those accounting pronouncements that fair value is the relevant measurement attribute. Accordingly, this Statement does not require any new fair value measurements. However, for some entities, the application of this Statement will change current practice. This Statement is effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. The Group is currently evaluating the impact of SFAS 157 on its results of operations, financial position and cash flows

On September 29, 2006, the FASB issued SFAS 158: Employers Accounting for Defined Benefit Pension and Other Postretirement Plans - An Amendment of FASB Statements No. 87, 88, 106, and 132R ("SFAS 158"). This new standard requires an employer to: (a) recognise in its statement of financial position an asset for a plan's overfunded status or a liability for a plan's underfunded status; (b) measure a plan's assets and its obligations that determine its funded status as of the end of the employer's fiscal year (with limited exceptions); (c) recognise changes in the funded status of a defined benefit postretirement plan in the year in which the changes occur. Those changes will be reported in comprehensive income of a business entity and in changes in net assets of a not-for-profit organisation; and (d) disclose in the notes to financial statements additional information about certain effects on net periodic benefit cost for the next fiscal year that arise from delayed recognition of the gains or losses, prior service costs or credits, and transition asset or obligation.

The requirement to recognise the funded status of a benefit plan and the disclosure requirements are effective as of the end of the fiscal year ending after December 15, 2006, for entities with publicly traded equity securities, and at the end of the fiscal year ending after June 15, 2007, for all other entities. The requirement to measure plan assets and benefit obligations as of the date of the employer's fiscal year-end statement of financial position is effective for fiscal years ending after December 15, 2008. The Group does not expect the adoption of SFAS 158 to have a material impact on its operations, financial position or cash flows.

On February 15, 2007, the FASB issued SFAS 159: The Fair Value Option for Financial Assets and Financial Liabilities - including an amendment of FASB Statement No. 115 ("SFAS 159"), which permits an entity to measure certain financial assets and financial liabilities at fair value. Under SFAS 159, entities that elect the fair value option will report unrealised gains and losses in earnings. The fair value option may be elected on an instrument-by-instrument basis, with a few exceptions, as long as it is applied to the instrument in its entirety. The fair value option election is irrevocable, unless a new election date occurs, as discussed in paragraph 9 of the Statement. SFAS 159 is effective as of the beginning of an entity's first fiscal year beginning after November 15, 2007. The Group is currently evaluating the impact of SFAS 159 on its results of operations, financial position and cash flows.

The FASB has issued FIN 48: Accounting for Uncertainty in Income Taxes – an interpretation of FASB 109 ("FIN 48") to clarify the accounting for uncertainty in income taxes recognised in an enterprise's financial statements in accordance with Statement 109: Accounting for Income Taxes. This Interpretation prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. This interpretation also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. This Interpretation is effective for fiscal years beginning after December 15, 2006. The Group is currently evaluating the impact of FIN 48 on its results of operations, financial position and cash flows.

46. NEW INTERNATIONAL FINANCIAL REPORTING STANDARDS ACCOUNTING PRONOUNCEMENTS

Accounting pronouncements adopted at March 31, 2007

The Group adopted the following revised and new International Financial Reporting Standards prior to their effective dates in the current financial year:

IFRS 8	Operating Segments
IFRIC 8	Scope of IFRS 2

The Group adopted the following revised and new International Financial Reporting Standards in accordance with their effective dates during the current financial year:

IAS 21 (revised)	The Effects of Changes in Foreign Exchange Rates
IAS 39 (revised)	Financial Instruments: Recognition and Measurement
IFRIC 7	Applying the Restatement Approach under IAS 29
AC 502	Substantively Enacted Tax Rates and Tax Laws

The adoption of IFRIC 7 and IAS 39 had no impact on the Group's results or cash flow information for the year ended March 31, 2007. Refer to Note 23 for the effect of the above adoption of IAS 21 (revised) on the financial statements. The adoption of the other above mentioned standards did not impact the financial statements.

Accounting pronouncements not adopted at March 31, 2007

In August 2005 the IASB amended IAS 1: Presentation of Financial Statements ("IAS 1") to add requirements for disclosure about capital. These disclosure requirements include the entity's objectives, policies and processes for managing capital; quantitative data about what the entity regards as capital; whether the entity has complied with any capital requirements; and if it has not complied, the consequences of such non-compliance.

These disclosure requirements apply to all entities, effective for annual periods beginning on or after January 1, 2007, with earlier adoption encouraged.

The Group will adopt the revised IAS 1 during the 2008 financial year and is currently evaluating the effects of the standard.

In August 2005 the IASB issued IFRS 7: Financial Instruments: Disclosures ("IFRS 7"). The standard is effective for annual periods commencing on or after January 1, 2007. The standard adds certain new disclosures about financial instruments to those currently required by IAS 32: Financial Instruments: Disclosure and Presentation ("IAS 32"). The standard replaces the disclosures currently required by IAS 30: Disclosures in the Financial Statements of Banks and Similar Financial Institutions ("IAS 30"). The standard therefore combines all of those financial instruments disclosures together in a new standard.

The Group will adopt IFRS 7 during the 2008 financial years and is currently evaluating the effects of the standard.

In March 2006 the IASB issued IFRIC 9: Reassessment of Embedded Derivatives ("IFRIC 9"). The interpretation is effective for annual periods beginning on or after June 1, 2006. IAS 39: Financial Instruments: Recognition and Measurement ("IAS 39") requires an entity, when it first becomes a party to a hybrid contract, to assess whether any embedded derivatives contained in the contract are required to be separated from the host contract and accounted for as if they were stand-alone derivatives.

IFRIC 9 addresses:

- Whether IAS 39 requires such an assessment to be made only when the entity first becomes a party to the hybrid contract, or whether the assessment be reconsidered throughout the life of the contract.
- Whether a first-time adopter of IFRSs should make its assessment on the basis of the conditions that existed when the entity first became a party to the contract, or those prevailing when the entity adopts IFRSs for the first time.

The Group will adopt IFRIC 9 during the 2008 financial years and is currently evaluating the effects of the interpretation.

46. NEW INTERNATIONAL FINANCIAL REPORTING STANDARDS ACCOUNTING PRONOUNCEMENTS (CONTINUED)

Accounting pronouncements adopted at March 31, 2007 (continued)

In July 2006 the IASB issued IFRIC 10: Interim Financial Reporting and Impairment ("IFRIC 10") effective for annual periods beginning on or after November 1, 2006. The Interpretation addresses an apparent conflict between the requirements of IAS 34: Interim Financial Reporting ("IAS 34") and those in other standards on the recognition and reversal in financial statements of impairment losses on goodwill and certain financial assets.

IFRIC 10 concludes that:

- An entity shall not reverse an impairment loss recognised in a previous interim period in respect of goodwill or an investment in either an equity instrument or a financial asset carried at cost; and
- An entity shall not extend this consensus by analogy to other areas of potential conflict between IAS 34 and other standards.

The Group will adopt IFRIC 10 during the 2008 financial year and is currently evaluating the effect of the interpretation.

In November 2006 the IASB issued IFRIC 11: IFRS 2 Group and Treasury Share Transactions ("IFRIC 11") effective for annual periods beginning on or after March 1, 2007. The Interpretation clarifies the application of IFRS 2: Share-based Payment to certain share-based payment arrangements involving the entity's own equity instruments and to arrangements involving equity instruments of the entity's parent. IFRIC 11 concluded that when an entity receives services as consideration for rights to its own equity instruments, the transaction should be accounted for as equity-settled.

The Group will adopt IFRIC 11 during the 2008 financial year and is currently evaluating the effect of the interpretation.

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 effect 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.

AC 503: Accounting for BEE transactions ("AC 503") deals with black economic empowerment transactions where the fair value of cash and other assets received is less than the fair value of the equity instruments granted to the black economic empowerment candidates. Furthermore, AC 503 only applies where the difference is as a result of the entity obtaining black economic empowerment equity credentials. This standard is effective for periods beginning on or after May 1, 2006.

The Group will adopt AC 503 during the 2008 financial year and is currently evaluating the effects of the standard.

DEFINITIONS

2G	Second Generation
3G	Third Generation
Aids	Acquired immune deficiency syndrome
ARPU	Average Revenue Per User per month
BBBEE	Broad-Based Black Economic Empowerment
BEE	Black Economic Empowerment
BSC	Base Station Controller
BTS	Base Transceiver Station
Capex	Capital expenditure
Cell C	Cell C (Proprietary) Limited, a company incorporated in the Republic of South Africa
Celtel	Celtel Tanzania Limited, a company incorporated in the United Republic of Tanzania
CLP	Conversions in Leadership Programme
CMT	Corruption, Money laundering and Terrorism
CRM	Customer Relationship Management
CSI	Corporate Social Investment
CSR	Corporate Social Responsibility
CWU	Communications Workers Union
DAI	Direct Aids Intervention
DoC	Department of Communications
DRC	Democratic Republic of the Congo
DTI	Department of Trade and Industry
EBITDA	Earnings before Interest, Taxation, Depreciation, Amortisation, impairment and profit on sale of investments
ECB	Electronic Communication Bill (formerly Convergence Bill)
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	Electro-Magnetic Field
EMOTEL	Empresa Moçambicana de Telecommunicações, a company incorporated in the Republic of Mozambique
ERM	Enterprise Risk Management
Euribor	Euro interbank offer rate
FEC	Forward Exchange Contract
FPB	Films and Publications Board
GAAP	Generally Accepted Accounting Practices
GPRS	General Packet Radio Service
GSM	Global System for Mobile communications
HDI	Historically Disadvantaged Individual or company
HIV	Human Immuno Deficiency Virus
HLR	Home Location Register
HR	Human Resources
HSDPA	High Speed Downlink Packet Access
IAS	International Accounting Standards
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
IFRS	International Financial Reporting Standards
INCM	Instituto Naçional das Communicaçoes de Moçambique
IOD	Institute of Directors in South Africa
ISO	International Standards Organisation
IT	Information Technology
IVR	Interactive Voice Response
King II	King Committee Report on Corporate Governance 2002
Libor	London interbank offer rate
LTA	Lesotho Telecommunications Authority
mCel	Moçambique Cellular
MMS	Multimedia Messaging Service
MNP	Mobile Number Portability
Mobitel	MIC Tanzania Limited, a company incorporated in the United Republic of Tanzania
MSC	Mobile Services switching Center
MTC	Mobile Telecommunications Company
MTN	MTN Group Limited, a company incorporated in the Republic of South Africa
MVNO	Mobile Virtual Network Operator
MWSA	Media Workers of South Africa
NEPAD	New Partnership for Africa's Development
NRA	National Regulatory Authority
OBS	Online Billing Services
OHSAS	Occupational Health and Safety Assessment Series
PABX	Private Automatic Branch Exchange
RICA	Regulation of Interception of Communication and Provision of Communication-related Information Act
SDP	Succession Development Programme
SMS	Short Message Service
SNO	Second National Operator
STC	Secondary Tax on Companies
TDM	Telecomunicações de Moçambique, a company incorporated in the Republic of Mozambique
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
TSI	Technology Strategy Initiative
TTCL	Tanzania Telecommunication Company Limited, a company incorporated in the United Republic of Tanzania
USAID	United States Agency for International Development
USAL	Under-Serviced Area License
USSD	Unstructured Supplementary Service Data
VAEDP	Vodacom Advanced Executive Development Programme
VANS	Value Added Network Service
VAS	Value-Added Services
VenFin	VenFin Limited, a public company incorporated in the Republic of South Africa
VLC	Virtual Learning Centre
VLR	Visitor Location Register
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	Vodacom Mozambique (VM,S.A.R.L.), 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. The investment in Vodacom Group (Proprietary) Limited is held in Vodafone Holdings (SA) (Proprietary) Limited & its subsidiary Vodafone Telecommunication Investment SA Ltd.
VOIP	Voice Over Internet Protocol
VSA	Vodacom South Africa
VSAT	Very Small Aperture Terminal
VSPC	Vodacom Service Provider Company (Proprietary) Limited
WAP	Wireless Application Protocol
WASP	Wireless Application Service Provider
WHO	World Health Organisation
Zantel	Zanzibar Telecom Limited, a company incorporated in the United Republic of Tanzania

DISCLAIMER

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Vodacom Group (Proprietary) Limited is a private company and as such is not required by the Companies Act 61 of 1973, as amended, to publish its results.

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The information contained in this report is subject to change without notice and may be incomplete or condensed. In addition, this report may not contain all material information pertaining to Vodacom Group (Proprietary) Limited and its subsidiaries.

Without in any way derogating from the generality of the foregoing, it should be noted that:

- 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.
- Insofar as the shareholders of Vodacom Group (Proprietary) Limited are listed and offer their shares publicly for sale on recognised stock exchanges locally and / or internationally, potential investors in the shares of Vodacom Group (Proprietary) Limited's shareholders are cautioned not to place undue reliance on this report.