Vodacom Group (Proprietary) Limited

(to be converted into a public company and named Vodacom Group Limited)
(Registration No. 1993/005461/07)
Share code: **VOD** **ISIN ZAE000132577**
("**Vodacom Group**" or the "**company**")

PRE-LISTING STATEMENT

This pre-listing statement is issued in compliance with the Listings Requirements of the JSE Limited.

This pre-listing statement is not an invitation to subscribe for shares in Vodacom Group, but is issued in compliance with the Listings Requirements of the JSE Limited ("JSE") for the purpose of providing information to the public with regard to the business and affairs of Vodacom Group, its consolidated subsidiaries, special purpose entities, joint ventures and associated companies as at the time of listing. This pre-listing statement has been prepared on the assumption that (i) the resolutions relating to the Transactions proposed in the notice of general meeting forming part of the circular to shareholders of Telkom SA Limited ("Telkom") dated 2 March 2009 (the "Telkom circular"), which is enclosed in the same envelope as this pre-listing statement, will be passed at the general meeting of shareholders of Telkom to be held on 26 March 2009, and (ii) that each of the share sale transaction and the unbundling (both as defined in the definitions section of this pre-listing statement and more fully set out in the Telkom circular) shall become effective and be implemented. This pre-listing statement should be read in conjunction with the Telkom circular.

The Vodacom Group directors, whose names are set out in Part III of this pre-listing statement, collectively and individually, accept full responsibility for the accuracy of the information provided in this pre-listing statement and certify that, to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement in this pre-listing statement false or misleading, and confirm that they have made all reasonable enquiries in this regard and confirm that this pre-listing statement contains all information required by the Listings Requirements of the JSE. Subject to the fulfilment of the conditions precedent as defined in this pre-listing statement, the JSE has agreed to the listing of the entire issued ordinary share capital of Vodacom Group in the "Telecommunications" sector of the main board of the JSE under the abbreviated name "Vodacom" with effect from the commencement of business on 5 May 2009.

The authorised share capital of Vodacom Group, as at the date of this pre-listing statement, is R1 000 divided into 100 000 ordinary shares with a par value of R0.01 each and the issued share capital of Vodacom Group is R100 divided into 10 000 issued ordinary shares with a par value of R0.01 each. On the commencement of its listing, the authorised share capital of Vodacom Group will be 4 000 000 000 ordinary shares with no par value and Vodacom Group will have a stated capital of R100 divided into 1 487 954 000 issued ordinary shares with no par value. As at the date of listing, no subsidiaries of Vodacom Group will hold any of the issued share capital of Vodacom Group as treasury shares. All the issued ordinary shares in Vodacom Group rank *pari passu* in all respects, there being no conversion or exchange rights attaching thereto, and have equal rights to participate in capital, dividend and profit distributions by Vodacom Group.

The joint sponsors, reporting accountants and auditors, attorneys and transfer secretaries whose reports and/or names are included in this pre-listing statement, have given and have not withdrawn their consent to the inclusion of their names and/or reports in this pre-listing statement in the form and context in which they appear.

Joint Sponsors

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Transfer Secretaries

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Attorneys advising on US and UK law

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Reporting Accountants and Auditors

Deloitte.
Deloitte & Touche
Registered Auditors

Date of issue: 2 March 2009

This pre-listing statement is available in English only. Copies may be obtained during normal business hours from 2 March 2009 until 5 May 2009 (both days inclusive) from the joint sponsors, Vodacom Group and the transfer secretaries, whose details are set out in the "*Corporate Information and Advisers*" section of this pre-listing statement.

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DISCLAIMER

The release, publication or distribution of this pre-listing statement in certain jurisdictions may be restricted by law and therefore persons in any such jurisdictions into which this pre-listing statement is released, published or distributed should inform themselves about and observe such restrictions. Any failure to comply with the applicable restrictions may constitute a violation of the securities laws of any such jurisdiction. This pre-listing statement does not constitute an offer to sell or issue shares, or the solicitation of an offer to purchase or to subscribe for shares or other securities or a solicitation of any vote or approval in any jurisdiction in which such offer or solicitation would be unlawful.

Any Vodacom Group shares which may be distributed in the unbundling will not be, and are not required to be, registered with the US Securities and Exchange Commission (the "SEC") under the US Securities Act of 1933 (the "Securities Act") or any US state securities laws. The Vodacom Group shares may not be offered or sold in the US absent registration under the Securities Act or an exemption therefrom. Neither the SEC nor any US state securities commission has approved or disapproved the Vodacom Group shares or commented upon the accuracy or adequacy of this pre-listing statement. Any representation to the contrary is a criminal offence in the US.

Holders of Telkom shares with an address in the US, holders of Telkom American Depository Shares ("ADS") and ineligible foreign shareholders of Telkom (as defined in the Telkom circular), will not receive any Vodacom Group unbundled shares pursuant to the unbundling. The Vodacom Group unbundled shares due to such US shareholders of Telkom, Telkom ADS holders and ineligible foreign shareholders of Telkom will be disposed of for cash pursuant to Regulation S under the Securities Act and the cash proceeds therefrom (net of applicable fees, expenses, taxes and charges) will be distributed to such US shareholders of Telkom, Telkom ADS holders and ineligible foreign shareholders in proportion to their respective purported entitlements to Vodacom Group shares. There can be no assurance as to what price such US shareholders, Telkom ADS holders or ineligible foreign shareholders will receive from the disposal of such Vodacom Group shares or the timing of such receipt.

This pre-listing statement contains statements about Vodacom that are or may be forward looking statements. All statements, other than statements of historical facts included in this pre-listing statement, may be forward looking statements. Any statements preceded or followed by, or that include the words "forecasts", "believes", "expects", "intends", "plans", "prediction", "will", "may", "should", "could", "anticipates", "estimates", "seeks", "continues" or similar expression or the negative thereof, are forward looking statements.

Forward looking statements include, among others, statements relating to the following:

- future capital expenditures, acquisitions, divestitures, expenses, revenues, economic performance, financial conditions, dividend policy, losses and future prospects;
- business and management strategies relating to the expansion and growth of Vodacom;
- the effects of regulation of Vodacom's businesses by governments in the countries in which the Group operates, including the SA Government;
- Vodacom's expectations as to the launch and roll out dates for products, services or technologies offered by Vodacom;
- expectations regarding the operating environment and market conditions;
- revenue and growth expected from Vodacom's total communications strategy;
- growth in customers and usage;
- the expected contribution to the Group's revenue of voice services, messaging services, data services, broadband services, fixed location pricing, internet services and mobile advertising;
- the rate of dividend growth by the Group or its existing investments;
- possible future acquisitions, including increases in ownership in existing investments, the timely completion of pending acquisition transactions and pending offers for investments, including licence acquisitions, and the expected funding required to complete such acquisitions or investments;
- mobile penetration and coverage rates and Vodacom's ability to acquire spectrum;
- the impact of regulatory and legal proceedings involving Vodacom and of scheduled or potential regulatory changes;
- overall market trends and other trend projections;
- the effect of the current economic crisis on Vodacom's operations;
- the ability of Vodacom to continue to obtain financing on commercially reasonable terms;
- the effect of competition on Vodacom;
- the effect of expansion on Vodacom's management, financial and technical systems;
- the ability of Vodacom to attract and retain key personnel; and
- exchange control restrictions in the jurisdictions in which Vodacom operates.

By their nature, forward-looking statements are inherently predictive, speculative and, because they relate to events and depend on circumstances that will occur in the future, involve known and unknown risks, uncertainties and other facts or factors which may cause the actual results, performance or achievements of the Group, or its industry, to be materially different from any results, performance or achievements expressed or implied by such forward looking statements. These forward looking statements are not guarantees of future performance and are based on numerous assumptions regarding Vodacom Group's present and future business strategies and the environments in which it will operate in the future. These statements are further qualified by the risk factors set out in Part VI of this pre-listing statement, which could cause actual results to differ materially from those in the forward-looking statements. All subsequent oral or written forward looking statements attributable to the Group or any member thereof or any persons acting on their behalf are expressly qualified in their entirety by the cautionary statements above and below. Vodacom expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward looking statements contained herein or to reflect any change in their expectations with regard thereto or any change in events, conditions or circumstances on which any such forward looking statement is based.

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PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Presentation of financial information

Unless otherwise indicated, the financial information in this pre-listing statement has been prepared in accordance with IFRS issued by the International Accounting Standards Board, as amended from time to time (formerly, International Accounting Standards).

This pre-listing statement includes Vodacom's audited consolidated historical financial information as at and for the financial years ended 31 March 2006, 2007 and 2008, audited by its independent auditors and prepared in accordance with IFRS. This pre-listing statement also includes Vodacom's reviewed consolidated historical financial information as at and for the six months ended 30 September 2007 and 2008, reviewed by its independent auditors and prepared in accordance with IFRS.

The independent reporting accountants' report on the audited consolidated historical financial information of Vodacom for the three years ended 31 March 2006, 2007 and 2008 is attached as Annexure 2 to this pre-listing statement.

The independent reporting accountants' report on the reviewed consolidated historical financial information of Vodacom for the six months ended 30 September 2007 and 2008 is attached as Annexure 4 to this pre-listing statement.

Currencies

All references to "South African Rand", "Rand", "R" or "cents" are to the lawful currency of South Africa. All references to "Tanzanian Shilling" or "TSH" are to the lawful currency of Tanzania. All references to "US Dollar" or "US$" are to the lawful currency of the United States of America. All references to "Lesotho Loti" or "Maloti" are to the lawful currency of Lesotho. All references to "Metical" or "MT" are to the lawful currency of Mozambique.

For historical information regarding rates of exchange between the Rand and the other functional currencies of Vodacom, see "*Foreign exchange rates*" in both the "*Financial Information*" section of the pre-listing statement and Annexures 1 and 3.

As a result of rounding adjustments, the figures or percentages in a column may not add up to the total for that column.

Reference to defined terms, names and dates

Unless otherwise stated or the context clearly indicates otherwise, capitalised terms used in this pre-listing statement shall have the meanings stated in the "Definitions and interpretations" and "Glossary of certain industry and/or technical terms" sections of this pre-listing statement. Unless the context otherwise requires, references to "Vodacom" or the "Group" are to the company and its consolidated subsidiaries. References to any "year" are to the financial year ended 31 March, unless otherwise stated.

EBITDA and HEPS

In this pre-listing statement, reference is made to EBITDA and Headline Earnings Per Share ("HEPS"). EBITDA is defined as earnings before interest, taxation, depreciation, amortisation, profit/loss on disposal of investments and profit/loss on disposal of property, plant and equipment, investment properties and intangible assets and BEE IFRS 2 charges. The definition of EBITDA was changed with effect from the financial year ended 31 March 2008, however, figures have not been restated as the total difference is considered immaterial. HEPS is defined as earnings per share adjusted for the per share impact of special items including minority interest, profit/loss on the sale or termination of discontinued operations, profit/loss on disposal of property, plant and equipment ("PPE"), impairment of tangible assets, impairment of intangible assets, and reversal of impairment all of which are adjusted for their relative tax effect.

EBITDA and HEPS are not measurements of financial performance under IFRS and neither of these financial measures should be considered as an alternative to (a) EBIT or EPS (as determined in accordance with IFRS), or as a measure of Vodacom's operating performance, (b) cashflows from operating activities, investing activities or financial activities (as determined in accordance with IFRS) or (c) any other measures of financial performance under IFRS. These financial measures may not be indicative of Vodacom's historical operating results and are not meant to be predictive of potential future results.

These financial measures have been disclosed in this pre-listing statement to provide investors with a comparative financial measure and to permit a more complete and comprehensive analysis of Vodacom's operating performance relative to other companies. Because not all companies calculate these measures identically, Vodacom's presentation of these financial measures may not be comparable to similarly titled financial measures of other companies.

TABLE OF CONTENTS

The definitions and interpretations commencing on page 9 of this pre-listing statement have been used in this table of contents.

IMPORTANT DATES AND TIMES

Terms used in this section headed "*Important Dates and Times*" shall have the definitions and interpretations ascribed to them in the section headed "*Definitions and Interpretations*" which commences on page 9.

	2009
Issue of notice for the Telkom general meeting	Monday 2 March
Last day for lodging of forms of proxy for the general meeting by 10h00	Wednesday 25 March
General meeting of Telkom at 10h00	Thursday 26 March
Results of the general meeting of Telkom released on the Securities Exchange News Service ("SENS")	Thursday 26 March
Results of the general meeting of Telkom published in the press	Friday 27 March
Last day to trade in Telkom shares on the JSE in order to be recorded in Telkom's register on the record date for the unbundling	Monday 4 May
Telkom shares trade *ex* the entitlement to the Vodacom Group unbundled shares from the commencement of business	Tuesday 5 May
Listing of Vodacom Group on the JSE from commencement of business	Tuesday 5 May
Record date to participate in the unbundling from commencement of business	Monday 11 May
Share certificates in respect of certificated Vodacom Group shares will be posted, by registered post, at the risk of the certificated shareholders concerned, to certificated shareholders and dematerialised shareholders will have their accounts at their CSDP or broker updated with such Vodacom Group unbundled shares	Tuesday 12 May
Holders of Telkom shares with an address in the US, Telkom ADS holders and ineligible foreign shareholders of Telkom (as defined in the Telkom circular), will not receive any Vodacom Group unbundled shares pursuant to the unbundling. The Vodacom Group unbundled shares otherwise due to such US shareholders of Telkom, Telkom ADS holders and ineligible foreign shareholders of Telkom will be disposed of for cash pursuant to Regulation S under the Securities Act and the cash proceeds therefrom (net of applicable fees, expenses, taxes and charges) will be distributed to such US shareholders of Telkom, Telkom ADS holders and ineligible foreign shareholders in proportion to their respective purported entitlements to Vodacom Group unbundled shares. There can be no assurance as to what price such US shareholders, Telkom ADS holders or ineligible foreign shareholders will receive from the disposal of such Vodacom Group shares or the timing of such receipt.	

Notes:

1. The above dates and times are indicative only and subject to change. Any changes to the above dates and times will be released on SENS and published in the press.
2. All times given in this pre-listing statement are local times in South Africa.
3. These dates will only apply if the share sale conditions precedent have been fulfilled by Tuesday, 2 April 2009 so that the Telkom finalisation announcement can be released by 12:00 on Thursday, 23 April (the finalisation date) to allow five clear days before the last day to trade prior to the listing of Vodacom Group on the JSE.
4. If the share sale conditions precedent have not been fulfilled by the finalisation date, the revised dates and times will be released on SENS and published in the press by Telkom.

In this pre-listing statement and in the annexes thereto, unless otherwise indicated or unless the context indicates a contrary intention, the words in the first column have the meaning stated opposite them in the second column, words in the singular include the plural and *vice versa*, natural persons include juristic persons, one gender includes the other genders, reference to any legislation shall be to such legislation as in force at the last practicable date. A reference to a "holding" or "subsidiary" company shall bear the meaning ascribed to it in section 1 of the Companies Act and shall include an entity which would have been a subsidiary as defined in section 1 of the Companies Act but for the fact that it is incorporated outside of South Africa. A glossary of industry terms is set out at the back of this document.

"articles"	the articles of association of Vodacom Group to be adopted with effect from the date of the capital restructure, extracts from which appear in Annexure 7.
"associated company"	means any association, business, close corporation, company, concern, enterprise, firm, partnership, person, trust, undertaking, voluntary association or other similar entity, whether corporate or unincorporated, in which a company holds at least 20% of the equity interest and/or voting rights in such entity and is neither a subsidiary nor a joint venture.
"BBBEE"	broad-based black economic empowerment as contemplated in the Broad-Based Black Economic Empowerment Act (No. 53 of 2003), as amended.
"BEE"	black economic empowerment.
"BBBEE Codes"	codes of good practice issued under the Broad-Based Black Economic Empowerment Act (No. 53 of 2003), as amended.
"Board"	the board of directors of Vodacom Group.
"CAGR"	compound annual growth rate.
"capital restructure"	the steps necessary to prepare Vodacom Group for the listing and/or the unbundling, including (i) the conversion of Vodacom Group from a private company to a public company; (ii) the subdivision of the authorised and issued share capital of Vodacom Group, pursuant to which the authorised and issued share capital of Vodacom Group will be sub-divided from 100 000 authorised ordinary shares and 10 000 issued ordinary shares, each with a par value of R0.01, to 14 879 540 000 authorised ordinary shares and 1 487 954 000 issued ordinary shares with a par value of R0.000000672063786918143974880943900014745 each, (iii) the conversion of the authorised and issued share capital into shares of no par value, resulting in each shareholder in Vodacom Group immediately prior to the conversion to no par value shares holding (before the unbundling) a larger number of issued ordinary shares,which shall constitute the same percentage shareholding in Vodacom Group as that shareholder held immediately prior to the conversion; and (iv) the cancellation of 10 879 540 000 ordinary shares with no par value in the authorised but unissued share capital of Vodacom Group, resulting in the authorised share capital of Vodacom Group comprising 4 000 000 000 ordinary shares of no par value.
"CEO"	chief executive officer.
"certificated share"	a Vodacom Group share that has not been dematerialised, title to which is represented by a share certificate or other document of title.
"certificated shareholder"	in relation to a certificated share, the registered holder thereof.
"CFO"	chief financial officer.
"common monetary area"	the common monetary area comprising of South Africa, the Republic of Namibia and the Kingdoms of Lesotho and Swaziland.
"Companies Act"	the Companies Act (No. 61 of 1973), as amended.
"Competition Act"	the Competition Act (No. 89 of 1998), as amended.
"Competition Authorities"	the Competition Commission and/or the Competition Tribunal.
"Competition Commission"	the Competition Commission, established in terms of the Competition Act.
"Competition Tribunal"	the Competition Tribunal, established in terms of the Competition Act.

"conditions precedent"	the share sale conditions precedent and the unbundling conditions precedent, as set out in paragraphs 2.2 and 2.3 in Part I of this pre-listing statement.
"core activities"	the core areas of focus of Vodacom, being the provision of a wide range of mobile voice and data communications products and services.
"CSDP"	a Central Securities Depository Participant (operating in terms of the Securities Services Act (No. 36 of 2004), as amended).
"Deloitte"	Deloitte & Touche, reporting accountants and auditors to Vodacom Group.
"dematerialisation"	the process whereby physical documents of title are dematerialised into an electronic record (and reflected in or on an electronic share register) for the purposes of the electronic clearing and settlement system operated by Strate.
"dematerialised shareholder"	in relation to a dematerialised share, the registered and/or beneficial holder thereof at the relevant time, as the context may require.
"dematerialised share"	a Vodacom Group share that has been dematerialised, which will be reflected on Vodacom Group's electronic share register as such.
"DRC"	Democratic Republic of Congo.
"this document" or "this pre-listing statement"	this pre-listing statement of Vodacom Group dated 2 March 2009.
"documents of title"	share certificates, duly completed certified transfer deeds in respect of Vodacom Group shares, balance receipts and any other materialised documents of title acceptable to Vodacom Group.
"EBITDA"	earnings before interest, taxation, depreciation, amortisation, profit/loss on disposal of investments and on disposal of property, plant and equipment, investment properties and intangible assets and BEE IFRS 2 charges.
"Electronic Communications Act"	Electronic Communications Act (No. 36 of 2005), as amended.
"EPS"	earnings per share.
"equipment sales"	the sale of mobile phones, mobile phone accessories and other mobile phone related products.
"foreign shareholders"	shareholders who are resident in, or who are nationals or citizens of, or who have registered addresses in, countries other than South Africa.
"Gateway"	100% of the shares in each of Gateway Telecommunications Plc, Gateway Communications (Proprietary) Limited, Gateway Communications Mozambique LDA, Gateway Communications (Tanzania) Limited and GS Telecom (Proprietary) Limited and their respective subsidiaries.
"general meeting"	the general meeting of the members of Telkom to be held at Gallagher Estates, Midrand, South Africa, on 26 March 2009, notice of and a form of proxy in respect of which are included in the Telkom circular, including any adjournment thereof.
"HEPS"	headline earnings per share.
"ICASA"	the Independent Communications Authority of South Africa.
"ICT"	information and communications technology.
"ICT sector"	the ICT sector or industry.
"IFRS"	International Financial Reporting Standards as issued by the International Accounting Standards Board from time to time.
"ISIN"	International Securities Identification Number.
"Income Tax Act"	the Income Tax Act (No. 58 of 1962), as amended.
"JSE"	JSE Limited (registration number 2005/022939/06), a public limited liability company duly incorporated in accordance with the laws of South Africa and which is licensed to operate a securities exchange under the Securities Services Act (No. 36 of 2004), as amended.
"King Code"	the Code of Corporate Practices and Conduct as advocated by the King Report II on Corporate Governance for South Africa, 2002.

"last day to trade"	the last day to trade in Telkom shares in order to be recorded in the Telkom register on the record date, which last date to trade is expected to be 4 May 2009.
"last practicable date"	the last practicable date prior to finalisation of this pre-listing statement, being 31 January 2009.
"Lesotho"	the Kingdom of Lesotho.
"Lesotho Loti" or "Maloti"	Lesotho Loti, the currency of Lesotho.
"listing"	the listing of the Vodacom Group shares in the "Telecommunications" sector on the main board of the JSE under the share code "VOD" and ISIN of ZAE000132577, which is expected to occur from the commencement of business on 5 May 2009.
"Listings Requirements"	the Listings Requirements of the JSE, as amended.
"Mauritius"	the Republic of Mauritius.
"memorandum"	the memorandum of association of Vodacom Group.
"Meticals" or "MT"	Mozambique Metical, the currency of Mozambique.
"Mozambique"	the Republic of Mozambique.
"Rand" or "R"	South African Rand, the currency of South Africa.
"record date"	the last date on which a Telkom shareholder must be recorded in the Telkom register in order to participate in the unbundling and/or the special dividend, which dates are expected to be 11 May 2009 and 15 May 2009, respectively.
"Regulatory Agreement"	the agreement entered into amongst Vodafone, Vodacom Group and the SA Government on 6 November 2008, pursuant to which Vodafone and Vodacom Group gave certain undertakings to the SA Government.
"RICA"	the Regulation of Interception of Communications and Provision of Communication-related Information Act (No. 70 of 2002), as amended.
"SA Government"	the Government of South Africa.
"sale shares"	so many Vodacom Group shares as shall constitute 15% of the entire issued ordinary share capital of Vodacom Group, sold by Telkom to VHSA pursuant to the share sale agreement.
"Securities Act"	the US Securities Act of 1933.
"shareholders"	registered and/or beneficial shareholders of Vodacom Group at the relevant time.
"share sale agreement"	the sale of shares agreement entered into between Telkom and VHSA on 6 November 2008, pursuant to which Telkom agreed to sell the sale shares to VHSA.
"share sale conditions precedent"	the conditions precedent to the share sale transaction, as set out in paragraph 2.2 in Part I of this pre-listing statement.
"share sale transaction"	the sale of shares transaction contemplated in the share sale agreement.
"South Africa"	the Republic of South Africa as constituted from time to time.
"special dividend"	the distribution by Telkom of 50% of the after-tax proceeds of the share sale transaction to Telkom shareholders, net of STC taxes levied thereon and an additional amount which relates to Vodacom Group's interim and final dividend for the financial year ending 31 March 2009, which collectively amount to a dividend of R19 per Telkom share, as more fully described in the Telkom circular.
"STC"	Secondary tax on companies currently levied at 10% in terms of section 64B of the Income Tax Act.
"Strate"	Strate Limited (registration number 1998/022242/06), a public limited liability company duly incorporated in accordance with the laws of South Africa and which operates the electronic clearing and settlement system used by the JSE.
"Tanzania"	the United Republic of Tanzania.
"Tanzanian Shilling" or "TSH"	the currency of Tanzania.
"Telecommunications Act"	the Telecommunications Act (No. 103 of 1996), as amended.
"Telkom"	Telkom SA Limited (registration number 1991/005476/06), a public limited liability company duly incorporated in accordance with the laws of South Africa, with its ordinary shares listed on the JSE and its American Depositary Shares listed on the New York Stock Exchange.

"Telkom circular"	the circular to shareholders of Telkom dated 2 March 2009, enclosed in the same envelope as this pre-listing statement, setting out, *inter alia*, details of the unbundling and a notice of meeting in respect of the general meeting.
"Telkom register"	Telkom's register of members.
"Telkom shares"	ordinary shares in the issued share capital of Telkom with a par value of R10.00 each.
"TIA"	the transaction implementation agreement entered into between Telkom, the Vodafone Parties, Vodacom Group, VSPC and Vodacom SA on 6 November 2008, pursuant to which the parties agreed on, *inter alia*, the process to be followed in the implementation of the Transactions.
"Transactions"	the share sale transaction, the listing and the unbundling, and "Transaction" shall mean any one of them.
"transfer secretaries"	Computershare Investor Services (Proprietary) Limited (registration number 2004/003647/07), a private company duly incorporated in accordance with the laws of South Africa.
"UBS"	UBS South Africa (Proprietary) Limited (registration number 1995/011146/07), a private limited liability company duly incorporated in accordance with the laws of South Africa.
"UK"	the United Kingdom of Great Britain and Northern Ireland.
"unbundling"	the declaration and subsequent distribution of all of the Vodacom Group shares held, following the implementation of the share sale transaction, by Telkom in terms of section 90 of the Companies Act and as authorised in terms of Telkom's articles of association, in the ratio of one Vodacom Group share for every one Telkom share held at the close of business on the record date for the unbundling, to be effected in terms of section 46 of the Income Tax Act and otherwise on the terms and subject to the conditions set out in the Telkom circular such that each Telkom shareholder on the record date for the unbundling will become a beneficial owner of one Vodacom Group share for each Telkom share held by it on that date.
"unbundling conditions precedent"	the conditions precedent to the unbundling, as set out in paragraph 2.3 in Part I of this pre-listing statement.
"US"	the United States of America.
"US$"	United States dollar, the currency of the US.
"VAT"	value-added tax levied in terms of the Value-Added Tax Act (No. 89 of 1991), as amended.
"VHSA"	Vodafone Holdings SA (Proprietary) Limited (registration number 1993/005373/07), a private limited liability company duly incorporated in accordance with the laws of South Africa.
"Vodacom" or the "Group"	the group of companies comprising Vodacom Group, its consolidated subsidiaries, special purpose entities (as defined in IFRS SIC 12), joint ventures and associated companies for the time being, collectively or individually as the context may require and, where the context requires, their respective predecessors in title.
"Vodacom BEE transaction"	the broad-based BEE ownership transaction implemented by Vodacom SA in October 2008 in terms of which YeboYethu, Lisinfo 209 Investments (Proprietary) Limited (registration number 2008/007293/07) and Main Street 661 (Proprietary) Limited (registration number 2008/003181/07) acquired in the aggregate 6.25% of Vodacom SA, valued at such time at an equity value of approximately R7.5 billion.
"Vodacom Business"	a division of Vodacom SA which provides end-to-end converged solutions, extending from mobile to fixed-line voice and data, managed data networks, VoIP solutions, hosted facilities and applications, security and managed hosting solutions.
"Vodacom DRC"	Vodacom Congo (RDC) s.p.r.l. (registration number NRC 52424, a company duly incorporated in accordance with the laws of the DRC.

"Vodacom Gateway"	Vodacom Holdings SA (Proprietary) Limited (registration number 2007/015109/07), a private limited liability company duly incorporated in accordance with the laws of South Africa, which is in the process of changing its name to Gateway Group (Proprietary) Limited.
"Vodacom Group" or "the company"	Vodacom Group (Proprietary) Limited (registration number 1993/005461/07), a private limited liability company duly incorporated in accordance with the laws of South Africa, to be converted prior to the listing into a public company known as Vodacom Group Limited, the issued ordinary shares of which are to be listed on the JSE.
"Vodacom Group directors"	directors of Vodacom Group, including those persons to be appointed as directors of Vodacom Group with effect from the date of listing, whose details are set out in Part III of this pre-listing statement.
"Vodacom Group shares"	ordinary shares with a par value of R0.01 each before the capital restructure and with no par value after the capital restructure in the share capital of Vodacom Group.
"Vodacom Group unbundled shares"	Vodacom Group shares constituting 35% of the issued ordinary share capital of Vodacom Group held by Telkom and to be distributed by Telkom to its shareholders in the unbundling.
"Vodacom International"	Vodacom International Holdings (Proprietary) Limited (registration number 2001/007051/07), a private limited liability company duly incorporated in accordance with the laws of South Africa.
"Vodacom Lesotho"	Vodacom Lesotho (Proprietary) Limited (registration number 1995/236), a private limited liability company duly incorporated in accordance with the laws of Lesotho.
"Vodacom Mauritius"	Vodacom International Limited (registration number 20849/4653), a private limited liability company duly incorporated in accordance with the laws of Mauritius.
"Vodacom Mozambique"	VM, S.A.R.L (trading as Vodacom Mozambique) (registration number 14.497), a private limited liability company duly incorporated in accordance with the laws of Mozambique.
"Vodacom SA"	Vodacom (Proprietary) Limited (registration number 1993/003367/07), a private limited liability company duly incorporated in accordance with the laws of South Africa and its subsidiaries.
"Vodacom Tanzania"	Vodacom Tanzania Limited (registration number 38501), a private limited liability company duly incorporated in accordance with the laws of Tanzania.
"Vodacom Ventures"	Vodacom Ventures (Proprietary) Limited (registration number 2005/029857/07), a private limited liability company duly incorporated in accordance with the laws of South Africa.
"Vodafone"	Vodafone Group Plc (registration number 1833679), a public limited liability company duly incorporated in accordance with the laws of England and Wales.
"Vodafone Group"	Vodafone, its subsidiaries (whether incorporated in South Africa or otherwise) and associated companies from time to time.
"Vodafone Investments"	Vodafone Investments (SA) (Proprietary) Limited (formerly Rembrandt Group Limited) (registration number 1948/031037/07), a private limited liability company duly incorporated in accordance with the laws of South Africa.
"Vodafone Parties"	Vodafone, VHSA, Vodafone Investments and VTI.
"VSPC"	Vodacom Service Provider Company (Proprietary) Limited (registration number 1991/001471/07), a private limited liability company duly incorporated in accordance with the laws of South Africa.
"VTI"	Vodafone Telecommunications Investments (S.A.) (Proprietary) Limited (formerly Van Rijn Beleggingskorporasie Beperk) (registration number 1953/002567/07), a private limited liability company duly incorporated in accordance with the laws of South Africa.
"YeboYethu"	YeboYethu Limited (registration number 2008/014734/06), a public limited liability company duly incorporated in accordance with the laws of South Africa.

SALIENT INFORMATION

This summary sets out the salient features of the information detailed in this pre-listing statement, which should be read in its entirety for a full appreciation of Vodacom, the listing and the unbundling. The definitions and interpretations commencing on page 9 of this pre-listing statement have been used in this section headed *"Salient Information"*.

1. INTRODUCTION

The listing of Vodacom Group forms part of the following series of Transactions, which are interconditional:

- the share sale transaction in terms of which Telkom will dispose of 15% of Vodacom Group to VHSA. The share sale transaction will be implemented prior to the listing and the unbundling;
- immediately following the share sale transaction, but before the listing and the unbundling, the capital restructure will be implemented. In the capital restructure, Vodacom Group will be converted from a private company into a public company named "Vodacom Group Limited";
- the listing will take place immediately prior to the unbundling but after the implementation of the share sale transaction and the capital restructure. The JSE has consented to the listing of Vodacom Group in the "Telecommunications" sector of the main board of the JSE, under the abbreviated name Vodacom, with effect from the commencement of business on 5 May 2009, assuming all share sale conditions precedent are met by no later than 2 April 2009;
- Telkom will distribute the Vodacom Group unbundled shares to its shareholders by way of the unbundling; and
- Telkom will pay the special dividend to Telkom shareholders on the register as at the record date for the special dividend.

The Transactions are subject to the conditions precedent. If any of the conditions precedent fail, the Transactions, including the listing, will not proceed.

2. OVERVIEW OF THE GROUP

Vodacom is a leading African communications group providing mobile communications and related services to 37.8 million customers as at 31 December 2008. Its mobile network covers a total population of approximately 179 million people across five countries: South Africa, Tanzania, the DRC, Lesotho and Mozambique. Vodacom's presence in Africa was strengthened with the acquisition of Gateway on 30 December 2008, which has customers in 40 countries in Africa, providing communications services to multi-national companies and telecommunications network operators. In addition, Vodafone has agreed to use Vodacom as its exclusive investment vehicle in sub-Saharan Africa.

The Group provides a wide range of communications products and services, including but not limited to: voice, messaging, broadband and data connectivity and converged services. Vodacom SA is South Africa's largest mobile communications network operator by number of customers and revenue. Vodacom also has the leading market position in Tanzania, the DRC and Lesotho and is nearing the market share of the largest and state-owned operator in Mozambique.

Vodacom Business was launched in 2008 offering converged business network and IT services such as access services, managed network services, converged application services and managed hosting services. Following the acquisition of Gateway, Vodacom is well placed to achieve its strategy to become a leading total communications provider in sub-Saharan Africa.

For the year ended 31 March 2008, Vodacom reported revenue of R48.2 billion and profit from operations of R12.5 billion. Vodacom is headquartered in Vodavalley, Midrand, South Africa and employs approximately 6 695 people.

3. KEY STRENGTHS

Vodacom believes its key strengths include the following:

3.1 Attractive existing footprint with leading market positions

As at the date of this pre-listing statement, the Group has the leading market position in all of its mobile operations, except in Mozambique, where it is second to the state-owned incumbent. Vodacom is the leading provider of broadband in South Africa and offers corporate customers converged communications solutions as a result of the investments made in Vodacom Business.

The Group's operations outside South Africa represent attractive growth markets due to their relatively lower levels of mobile penetration and the less mature stage of development of the ICT sector in these regions.

Vodacom has recently expanded its presence by the acquisition of Gateway, which has operations across sub-Saharan Africa. The Group will utilise its leading market positions as a mobile operator to drive its transformation into a total communications provider.

3.2 **Investment in technology with high quality networks and superior coverage**

Vodacom is a leader in the deployment of new technologies in the markets in which it operates and its service offering is underpinned by existing high quality networks. Vodacom SA's GSM network infrastructure covers an estimated 98% of the population and 72% of the territory with 7 397 base transceiver stations, with full GPRS functionality. Vodacom SA commenced its UMTS/3G deployment in 2004 and has the most extensive coverage in South Africa, with 2 665 base transceiver stations. Vodacom SA has recently invested in transmission infrastructure, with the deployment of microwave links and four completed and seven in-progress core fibre rings in six major regions in South Africa.

In Vodacom's other countries of operation, network coverage primarily focused on major cities and towns. However, Vodacom is still expanding coverage which is driving increased penetration.

3.3 **A leading, recognisable brand**

In South Africa, Vodacom is recognised as the number one telecommunications brand and the fourth most popular brand overall. It is also a leading brand in Lesotho, Tanzania, Mozambique and the DRC and has been awarded the Superbrand status for East African Companies in August 2008. Vodacom is a major sponsor of sport, tournaments and events. The Group will continue to use sponsorship as a vehicle to associate the passion of sport with its brand and to promote its corporate social responsibility initiatives.

3.4 **Extensive distribution channels**

Vodacom is supported by extensive distribution channels for airtime and mobile phones, including wholesale channels, direct sales forces, independent dealers, franchises, national chains, informal distribution channels and "Vodacom Direct", an on-line channel and a direct fulfilment call centre. For example, in South Africa, Vodacom has over 25 000 points of sale.

3.5 **Benefits arising from being part of the Vodafone Group**

Vodacom benefits from being part of the Vodafone Group. The Vodafone Group provides Vodacom with access to Vodafone's expertise, product innovation, marketing and centralised purchasing of telecommunications equipment. Vodacom is able to benchmark itself with other operating companies in the Vodafone Group, and share best practices. Furthermore, Vodacom is able to market Vodafone branded products and services, such as *Vodafone 3G, Vodafone Mobile Connect Cards, Vodafone live!, live TV channels and BlackBerry™ Storm* and it has access to roaming offers such as *Vodafone World* and *Vodafone Passport* which are innovative roaming offers giving customers preferential rates when roaming on Vodafone or its partner networks worldwide. After Vodacom becomes a subsidiary of Vodafone, it will continue to evaluate areas where it would benefit from increasing or extending its co-operation with Vodafone, in order to create value for Vodacom's shareholders.

3.6 **Experienced management team and employee base**

Vodacom has an experienced management team with an established track record in the telecommunications industry, including a number of senior executives and a CEO who have been with Vodacom since its inception. Management has extensive knowledge of local market dynamics and long-standing relationships with key industry participants in the markets. The Group's investment in people enables it to attract and retain some of the most experienced and talented individuals in the industry.

4. STRATEGY

Vodacom aims to be a leading total communications provider in sub-Saharan Africa. Its goal is to maintain its market position within its existing markets and to expand profitably into new products, services and geographies. The principal elements of Vodacom's strategy are:

4.1 **Continue to grow core mobile business**

As the Group continues to grow in South Africa, and the rest of sub-Saharan Africa, it is focused on maintaining and strengthening its market position.

Vodacom aims to continue growing by expanding its customer base and launching innovative products and services to grow ARPU. In addition, Vodacom will continue to offer its customers quality customer care in order to maximise customer retention.

Vodacom will continue to invest in technology to support growth but also to ensure the Group manages its cost base through exploiting greater efficiencies and economies of scale.

4.2 **Leadership in broadband and connectivity services**

The telecommunications market in sub-Saharan Africa is characterised by low fixed-line teledensity and limited broadband access over fixed infrastructure. Additionally a shortage of uplink capacity and international connectivity, combined with unfavourable pricing, has limited the development of broadband services. MNOs, with their extensive network coverage, large existing customer bases and cost effective assets and usage packages are in a position to significantly increase broadband penetration.

Vodacom SA is the largest provider of broadband services in South Africa, offering a wide array of fast, high quality mobile broadband services based on 3G, 3G/HSDPA, 3G/HSUPA, GPRS, EDGE, Wi-Fi and WiMAX. The Group will continue to drive its market leading position in broadband in South Africa and will expand its service offering into the rest of sub-Saharan Africa. Vodacom has built 3G/HSDPA networks in Tanzania and Lesotho, as well as WiMAX networks in South Africa, Tanzania, the DRC and Lesotho. In addition, through Gateway, Vodacom is optimally positioned to sell wholesale broadband and VSAT-based internet services across the region.

Vodacom intends to continue to focus on offering premium interactive voice response services, premium SMS services, multimedia services, internet services, e-mail services and fixed-to-mobile access products.

4.3 **Develop new converged ICT solutions**

Vodacom aims to become sub-Saharan Africa's leading provider of business enterprise solutions. Vodacom Business has launched products, is gaining customer contracts and is co-operating with Gateway to expand its services outside South Africa.

Vodacom believes that its brand position, effective distribution network and significant customer base place it in a strong position to launch products and services in the new media, entertainment, advertising and financial services to complement core voice and data revenue.

4.4 **Expand in sub-Saharan Africa**

The sub-Saharan African population of approximately 750 million people is a market offering significant growth prospects as fixed and mobile penetration remains low compared to more developed markets.

Vodacom's customer base outside of South Africa increased significantly over the past year to approximately 11.3 million as at 31 December 2008. The recent acquisition of Gateway provides Vodacom with an established platform into Africa on which to benefit from the further growth in demand for carrier connectivity and high quality corporate telecommunications services.

Vodacom regularly reviews its existing portfolio of investments to assess whether it is appropriately positioned to maximise shareholder value. This may lead to increases and decreases in Vodacom's levels of ownership of its investments. Vodacom will also continue to selectively evaluate further licence and acquisition opportunities within sub-Saharan Africa. Vodafone has agreed to use Vodacom as its exclusive investment vehicle in sub-Saharan Africa.

5. SUMMARY FINANCIAL INFORMATION

5.1 Summarised income statement

Set out below is an extract of the consolidated income statement of Vodacom for the financial years ended 31 March 2006, 2007 and 2008 and the six months ended 30 September 2007 and 2008:

	Year ended 31 March			6 months ended 30 September	
(Rm)	**2006**	**2007**	**2008**	**2007**	**2008**
Revenue	34 043	41 146	48 178	22 815	26 016
South Africa	31 069	37 007	42 784	20 299	22 716
Non-South African operations	2 974	4 139	5 394	2 516	3 300
EBITDA	11 809	14 227	16 463	7 600	8 654
South Africa	11 053	12 963	14 790	6 904	7 749
Non-South African operations	776	1 215	1 617	719	890
Holding companies	(20)	49	56	(23)	15
Profit from operations	8 866	10 860	12 491	5 714	6 430
Profit before taxation	8 227	10 396	12 067	5 269	5 771
Net profit	5 143	6 560	7 958	3 658	3 776
Minority interest	117	218	146	61	83
EPS (cents)	338	426	525	242	248
HEPS (cents)	331	426	528	241	250

Note: For the purposes of calculating the EPS and HEPS, it has been assumed that the weighted average number of Vodacom Group shares in issue was 1 487 954 000 (being the number of Vodacom Group shares that will be in issue on the date of listing).

5.2 Summarised balance sheet

Set out below is a summary of the consolidated balance sheet of Vodacom as at 31 March 2006, 2007 and 2008 and 30 September 2008:

	As at 31 March			As at 30 September
(Rm)	**2006**	**2007**	**2008**	**2008**
ASSETS				
Non-current assets	16 079	20 844	24 468	25 859
Current assets	8 689	7 626	9 707	10 360
Deferred cost	452	575	706	736
Financial assets	149	208	445	173
Inventory	455	364	637	878
Trade and other receivables	4 474	5 675	6 801	7 424
Lease assets	13	33	140	144
Taxation receivable	–	–	–	183
Cash and cash equivalents	3 146	771	978	822
Total assets	**24 768**	**28 470**	**34 175**	**36 219**

(Rm)	As at 31 March 2006	2007	2008	As at 30 September 2008
EQUITY AND LIABILITIES				
Total equity	**8 672**	**9 647**	**11 805**	**12 700**
Non-current liabilities	2 237	3 812	4 788	3 266
Interest bearing debt	819	2 051	3 026	1 529
Other liabilities	1 418	1 761	1 762	1 737
Current liabilities	13 859	15 011	17 582	20 253
Interest bearing debt	3 031	1 380	3 100	5 349
Other liabilities	10 828	13 631	14 482	14 904
Total equity and liabilities	**24 768**	**28 470**	**34 175**	**36 219**
Net asset value per share (cents)	583	648	793	854
Net tangible asset value per share (cents)	451	467	510	563

Note: For the purposes of calculating the net asset value per share and net tangible asset value per share, it has been assumed that the weighted average number of Vodacom Group shares in issue was 1 487 954 000 (being the number of Vodacom Group shares that will be in issue on the date of listing).

5.3 Summarised cashflow statement

Set out below is an extract of the consolidated cashflow statement of Vodacom for the financial years ended 31 March 2006, 2007 and 2008 and the six months ended 30 September 2007 and 2008:

(Rm)	Year ended 31 March 2006	2007	2008	6 months ended 30 September 2007	2008
Cash generated from operations	11 090	13 866	16 334	6 879	7 952
Net cashflows from operating activities	4 501	4 858	5 125	1 069	2 056
Net cashflows (utilised) in investing activities	(4 791)	(6 584)	(7 502)	(4 641)	(3 887)
Net cashflow from/(utilised) in financing activities	(107)	(200)	3 234	4 458	1 596
Net increase/(decrease) in cash and cash equivalents	(397)	(1 926)	857	886	(235)
Cash and cash equivalents/ (Bank borrowings) at the end of the year/period	1 760	(108)	837	763	613

5.4 Key financial indicators

Set out below are select key financial indicators of Vodacom for the financial years ended 31 March 2006, 2007 and 2008 and the six months ended 30 September 2007 and 2008:

(%)	Year ended 31 March			6 months ended 30 September	
	2006	**2007**	**2008**	**2007**	**2008**
Profit from operations margin	26.0	26.4	25.9	25.0	24.7
EBITDA margin	34.7	34.6	34.2	33.3	33.3
Net profit margin	15.1	15.9	16.5	16.0	14.5
Net debt/EBITDA	0.3	0.4	0.5	0.4	0.5
Net debt/equity	50.5	72.8	93.1	56.6	93.2
Capital expenditure additions (including software) as a % of revenue	15.1	16.4	12.3	10.0	11.4

Note: Net debt includes dividends payable and the STC on dividends.

6. CAPITAL STRUCTURE, DIVIDENDS AND DIVIDEND POLICY

Vodacom Group's capital structure will not change as a result of the listing. Vodacom's management believes that Vodacom Group is well-capitalised and is conservatively geared with net debt/EBITDA of 0.5x based on net debt as at 30 September 2008 and annualised EBITDA for the period ended 30 September 2008. Vodacom has a strong track record of cash flow generation and its business model has, to date, provided for stable and predictable cash flows.

Vodacom Group has historically, as a private company, paid a dividend equal to approximately all of its free cashflow on a semi-annual basis. For the financial year ended 31 March 2008 Vodacom Group declared a dividend of R5.9 billion. Vodacom Group declared and paid an interim dividend for the 2009 financial year of R3.0 billion. For the financial year ending 31 March 2009 Vodacom Group has declared a final dividend of R2.2 billion payable in April 2009, to Vodafone and Telkom, prior to the listing.

Following its listing, Vodacom Group is expected to amend its dividend policy, which is usual for a company moving from a private to public listed company status. Vodacom Group intends to adopt a dividend policy that is appropriate for similarly placed JSE listed companies and reflects the growth, long-term earnings and cashflows of Vodacom Group.

Vodacom Group intends to pay so much of its after tax profits as will be available after retaining such sums and repaying such debts owing to third parties as shall be necessary to meet the requirements reflected in the budget and business plan, taking into account monies required for expansion and other growth opportunities. However, there is no assurance that a dividend will be paid in respect of any financial period and any future dividends will be dependent upon the operating results, financial condition, investment strategy, capital requirements and other factors.

For the financial year ending 31 March 2010, Vodacom Group anticipates a dividend payout ratio of approximately 40% of headline earnings. The first dividend to be declared is expected to be the interim dividend for the 2010 financial year.

7. RELATIONSHIP WITH VODAFONE

As at the date of listing, Vodafone (through its subsidiaries) will hold 65% of Vodacom Group. Vodacom and Vodafone co-operate in a number of areas where Vodacom can leverage Vodafone's expertise, product innovation, marketing, resources and global footprint. Key elements that have been leveraged by Vodacom in South Africa to date include: roaming products and access to roaming agreements between members of the Vodafone Group including its partner market networks; innovative mobile connectivity products such as *BlackBerry™ from Vodafone*, *Vodafone live!* and *Vodafone Mobile Connect Card*; involvement in global handset procurement arrangements; the purchase and deployment of network equipment and new technologies; co-operation in the acquisition and service of international corporate customers, as well as the sharing of best practice in both technical and commercial programmes.

After Vodacom Group becomes a subsidiary of Vodafone it will continue to evaluate if there are areas where it would benefit from increasing its level of co-operation with Vodafone, in order to create value for Vodacom Group's shareholders.

8. OUTLOOK

Vodacom expects revenue growth for the year ending 31 March 2009 to be slightly lower than the revenue growth reported for the nine month period ended 31 December 2008. Revenue growth has been driven by continued growth in customers in all Vodacom's countries of operation and strong growth in data services. Group revenue is expected to include revenue from Gateway from the date of acquisition on 30 December 2008.

Vodacom expects the EBITDA margin for the year ending 31 March 2009 to be slightly lower than the margin for the year ended 31 March 2008. The EBITDA margin has been negatively impacted by non-recurring Vodacom BEE operational expenses estimated at R97 million and the lower profitability in Vodacom DRC. The Vodacom BEE transaction was concluded in October 2008, which resulted in a non-tax deductible charge of R1.5 billion made in accordance with IFRS 2: Share-based Payment: Vesting Conditions and Cancellations expense, which will not be included in EBITDA, but will negatively impact the Group's operating profit.

Vodacom's net debt has increased substantially as a result of increased capital expenditure and the Gateway acquisition, resulting in an increase in the interest expense in the second half of the financial year compared to the six months reported to 30 September 2008. Included in net finance charges is an amount of approximately R408 million relating to foreign exchange contract losses with respect to the acquisition of Gateway. Capital expenditure committed for the year ended 31 March 2009 is approximately R8.4 billion.

Vodacom DRC's financial performance has been adversely affected by deteriorating economic conditions in the DRC. Consequently, Vodacom's investment in Vodacom DRC may need to be impaired. However, Vodacom will only be able to assess the magnitude of such impairment, if any, following its year end results preparation.

Vodacom will continue investing to participate in the growth in the sub-Saharan African communications markets, which remain among the fastest growing markets in the world. However, the recent deterioration in the global macroeconomic environment coupled with weaker consumer confidence and credit tightness is expected to impact growth in the year ahead. Vodacom is taking action to contain overall costs and preserve its strong cash flow generation.

9. OVERVIEW OF RISK FACTORS

The section of this pre-listing statement entitled *"Risk Factors"* describes certain risk factors that should be considered before making an investment decision. Investors should carefully consider the factors and risks associated with any investment in Vodacom Group shares, Vodacom's business, the industry and markets in which it operates, together with all the information that is included in this pre-listing statement and should form their own view.

Vodacom Group (Proprietary) Limited

(to be converted into a public company and named Vodacom Group Limited)
(Registration No. 1993/005461/07)
Share code: **VOD** **ISIN ZAE000132577**
("**Vodacom Group**" or the "**company**")

Directors of Vodacom Group

Oyama Andrew Mabandla *(Chairman)*▲
Mthandazo Peter Moyo *(Chairman)* **
Petrus (Pieter) Johannes Uys*
Mohamed Shameel Aziz Joosub*
Johan van der Watt*
David Duncan Barber▲
Ekwow Spio-Garbrah▲
Peter Gowar Joubert▲
Morten Lundal
James Carl Grinwis Maclaurin
Richard Charles Snow
Thomas Andrew Boardman
Phuti Malabie
Ronald Schellekens
Thoko Martha Mokgosi-Mwantembe**
Michael Joseph**

* Executive
** appointed as a director of Vodacom Group with effect from the date of listing.
▲ to retire as a director of Vodacom Group with effect from the date of listing.

PRE-LISTING STATEMENT

PART I: INTRODUCTION

1. INTRODUCTION

On 6 November 2008 each of Vodafone and Telkom announced that they (amongst others) had concluded the share sale agreement, the TIA and the Regulatory Agreement pursuant to which, subject to certain conditions:

- VHSA will buy from Telkom the sale shares for a cash consideration of R22.5 billion less the attributable net debt of Vodacom Group as at 30 September 2008 and 15% of any dividends (and any STC levied thereon), declared or paid by Vodacom Group prior to the implementation of the share sale transaction;
- Vodacom Group will be converted into a public company and application will be made for Vodacom Group to be listed on the main board of the JSE;
- Telkom will distribute the Vodacom Group unbundled shares to shareholders of Telkom on the register on the record date for the unbundling in proportion to their shareholdings in Telkom, by way of the unbundling, in terms of section 90 of the Companies Act and section 46 of the Income Tax Act; and
- Telkom will declare and pay the special dividend,

with all the Transactions being interconditional.

This pre-listing statement has been prepared on the basis that:

(i) the share sale agreement becomes unconditional and effective;

(ii) the unbundling conditions are fulfilled; and

(iii) the unbundling takes place.

The purpose of this pre-listing statement is to provide information relating to Vodacom Group, its subsidiaries, its operations, its directors and management and historical financial information relating to the Group.

2. THE TRANSACTIONS

2.1 Interconditionality of the Transactions

The listing of Vodacom Group forms part of the following series of Transactions, which are interconditional:

- the share sale transaction will be implemented prior to the listing and the unbundling. Subject to the fulfilment of the share sale conditions precedent set out in paragraph 2.2 below, Telkom will dispose of the sale shares to VHSA. For more details on the share sale transaction, please refer to the Telkom circular which has been posted together with this pre-listing statement and which can also be obtained from www.telkom.co.za;
- immediately following the share sale transaction, but before the listing and the unbundling, the capital restructure will be implemented. In the capital restructure, Vodacom Group will be converted from a private company into a public company named "Vodacom Group Limited". More details in respect of the capital restructure are set out in Part VII of this pre-listing statement;
- the listing will take place immediately prior to the unbundling but after the implementation of the share sale transaction and the capital restructure. The JSE has consented to the listing of Vodacom on condition that the share sale conditions precedent are met by no later than 2 April 2009;
- subject to the fulfilment of the unbundling conditions precedent, Telkom will distribute the Vodacom Group unbundled shares to its shareholders by way of the unbundling. For more details on the unbundling, please refer to the Telkom circular which has been posted together with this pre-listing statement and which can also be obtained from www.telkom.co.za; and
- subject to the resolution declaring the special dividend being passed by the requisite majority of Telkom shareholders and fulfilment of the other conditions precedent, Telkom will pay the special dividend to Telkom shareholders on the register as at the record date for the special dividend. For more details on the special dividend, please refer to the Telkom circular which has been posted together with this pre-listing statement and which can also be obtained from www.telkom.co.za.

The Transactions are subject to the conditions precedent. If any of the conditions precedent fail, the Transactions, including the listing, will not proceed.

2.2 Share sale conditions precedent

The share sale transaction is subject to the fulfilment or waiver, by no later than 17h00 on 6 November 2009 or such later date as may be agreed between VHSA and Telkom, of the following outstanding conditions precedent:

(i) ICASA giving, to the extent required, its final written approval to the share sale transaction;

(ii) the share sale transaction being approved by the shareholders of Telkom in accordance with the Listings Requirements;

(iii) the unbundling being approved by the shareholders of Telkom in general meeting in accordance with section 228 of the Companies Act, (if, and to the extent, required) the Listings Requirements and the articles of association of Telkom; and

(iv) the shareholders of Telkom in general meeting approving the declaration of the special dividend.

It should be noted that where any condition precedent contemplates the granting of an approval by any body and such approval is granted subject to conditions, such condition precedent shall only be deemed to have been fulfilled if each party to the agreement affected by any conditions imposed by the relevant body agrees in writing to accept, and be bound by, such conditions.

2.3 Unbundling conditions precedent

The listing and the unbundling are subject to the fulfilment of the following outstanding conditions precedent:

(i) the implementation of each of the share sale transaction and the capital restructure;

(ii) the unbundling being approved by the shareholders of Telkom in general meeting in accordance with section 228 of the Companies Act, (if, and to the extent, required) the Listings Requirements and the articles of association of Telkom; and

(iii) the shareholders of Telkom approving a special resolution to amend Telkom's articles of association to authorise the directors of Telkom to direct that any Vodacom Group shares unbundled to shareholders in restricted jurisdictions be held for and on behalf of such non-resident shareholders and sold on their behalf, the cash proceeds of which (net of applicable fees, expenses, taxes and charges) are to accrue to and be paid to the said non-resident shareholders, and such amendments being registered by the Registrar of Companies in South Africa.

3. OVERVIEW OF THE GROUP

Vodacom is a leading African communications group providing mobile communications and related services to 37.8 million customers as at 31 December 2008. Its mobile network covers a total population of approximately 179 million people across five countries: South Africa, Tanzania, the DRC, Lesotho and Mozambique. Vodacom's presence in Africa was strengthened with the acquisition of Gateway on 30 December 2008, which has customers in 40 countries in Africa, providing communications services to multi-national companies and telecommunications network operators.

The Group provides a wide range of communications products and services, including but not limited to: voice, messaging, broadband and data connectivity and converged services. Vodacom SA is South Africa's largest mobile communications network operator by number of customers and revenue. Vodacom also has the leading market position in Tanzania, the DRC and Lesotho and is nearing the market share of the state-owned and largest operator in Mozambique.

Vodacom Business was launched in 2008 offering converged business network and IT services such as access services, managed network services, converged application services and managed hosting services. Following the acquisition of Gateway, Vodacom is well placed to achieve its strategy to become a leading total communications provider in sub-Saharan Africa.

For the year ended 31 March 2008, Vodacom reported revenue of R48.2 billion and profit from operations of R12.5 billion. Vodacom is headquartered in Vodavalley, Midrand, South Africa and employs approximately 6 695 people.

There are no government protections and/or any investment encouragement laws affecting the business conducted by Vodacom.

4. GROUP HISTORY AND RECENT DEVELOPMENTS

Vodacom Group and Vodacom SA were incorporated in South Africa in 1993 as a joint venture between Telkom, Vodafone and VenFin Limited ("VenFin"). The Group launched one of Africa's first GSM networks in South Africa in 1994.

Vodacom Group's shareholders recognised the need for BEE investors and in 1996 a 5% stake in Vodacom Group was sold to a BEE company, Hosken Consolidated Investments Limited ("HCI") (through Descarte Investments No 8 (Proprietary) Limited) for R118 million. Six years later in 2002, HCI sold its stake back to Vodafone and VenFin for R1.5 billion, making it one of the most successful BEE deals implemented in South Africa to date.

Until the implementation of the Vodacom BEE transaction, Vodacom Group held 100% of Vodacom SA. The Vodacom BEE transaction was finalised on 8 October 2008 when Royal Bafokeng Holdings (Proprietary) Limited ("Royal Bafokeng") and Thebe Investment Corporation (Proprietary) Limited ("Thebe"), through their subsidiaries, the black public (as defined in the BBBEE Codes), business partners and employees acquired in aggregate 6.25% of Vodacom SA. The black public, business partners and employees obtained ownership in Vodacom SA through YeboYethu. YeboYethu owns 3.44% of Vodacom SA while Royal Bafokeng and Thebe own 1.97% and 0.84% of Vodacom SA, respectively through their subsidiaries.

Prior to 20 April 2006, the entire issued share capital of Vodacom Group was held as follows: 15% by VenFin, 35% by VHSA and 50% by Telkom. On 20 April 2006, Vodafone Group acquired the entire issued share capital of VenFin, resulting in a change in the shareholding of Vodacom Group, with the issued Vodacom Group shares being held as follows, 50% (in aggregate) by VHSA and VTI, indirect wholly owned subsidiaries of Vodafone, and 50% by Telkom.

Operations in South Africa

Vodacom SA was awarded a mobile cellular telecommunications licence in South Africa in 1993 and launched commercial services in 1994. In the initial period of its network roll-out, Vodacom worked with Mobile Service Providers ("MSPs") in order to drive customer growth. As the initial network rollout phase was completed, Vodacom SA embarked on a series of transactions to obtain control of the majority of the MSPs. Vodacom SA managed 97.2% of the total South African customer base, including 83.5% of the contract customer base and 99.6% of the prepaid customer base as at 31 December 2008. Vodacom has three MSPs – VSPC, which is wholly owned, and Autopage and Nashua, which are independent.

Vodacom Group has acquired 24.9% of WBS Holdings (Proprietary) Limited ("WBSH") (the holding company of the entity trading as "iBurst (Proprietary) Limited" ("iBurst")). iBurst supplies customers with high speed connectivity through broadband internet and e-mail services. On 30 March 2007 Vodacom SA entered into an infrastructure agreement with Wireless Business Solutions (Proprietary) Limited ("WBS"), a wholly owned subsidiary of WBSH, whereby WBS appointed Vodacom SA to design and construct a WiMAX network for use by WBSH. WBS and VSPC are service providers for WiMAX services.

In February 2009, Vodacom SA acquired a 51% interest in Storage Technology Services (Proprietary) Limited ("StorTech"), a managed storage services company.

Vodacom Ventures was formed in 2006 for the purpose of investing in companies which produce innovative telecommunications products and services that can provide commercial benefits for Vodacom. Vodacom Ventures has interests in five companies providing services such as network access and social networking.

Operations outside of South Africa

In June 1995, Vodacom was awarded a GSM licence in Lesotho and commenced operations in May 1996. In December 1999 Vodacom was awarded a GSM licence in Tanzania and launched its service in August 2000. Vodacom DRC commenced operations in May 2002 after receiving a GSM licence in December 2001. Vodacom Mozambique was awarded a licence in August 2002, but only launched services in December 2003, following the establishment of an interconnection regime.

These operating companies have been awarded additional service licences and authorisations (see overview of *"Regulatory Environment"* in Part V of this pre-listing statement).

Acquisition of Gateway

Vodacom acquired Gateway on 30 December 2008 for an enterprise value of approximately US$675 million plus a make whole payment in relation to Gateway's high yield bond of approximately US$27 million. Gateway employs approximately 350 people in 17 countries throughout Africa and Europe. For the nine months ended 30 September 2008, Gateway's revenue and EBITDA was US$253 million and US$36 million, respectively.

Gateway is one of Africa's largest providers of interconnection services via satellite and terrestrial network infrastructure for both African and international telecommunications companies. Gateway also provides an extensive range of high quality, end-to-end connectivity solutions to multinational corporations operating across Africa.

The acquisition of Gateway is in line with Vodacom's growth strategy and offers significant synergy potential and multiple strategic benefits including:

- accelerating the Group's international expansion by broadening its international presence in key markets throughout Africa, especially Nigeria;
- creating a platform for future expansion and positioning the Group as partner of choice for multinational customers and international telecommunications providers seeking African connectivity; and
- strengthening of the total communications strategy by complementing the Group's business services strategy in South Africa, and allowing the roll-out of existing products and services, in addition to new offerings, across the African continent and enabling the marketing of converged fixed and mobile offerings across Africa to Gateway's blue chip customer base.

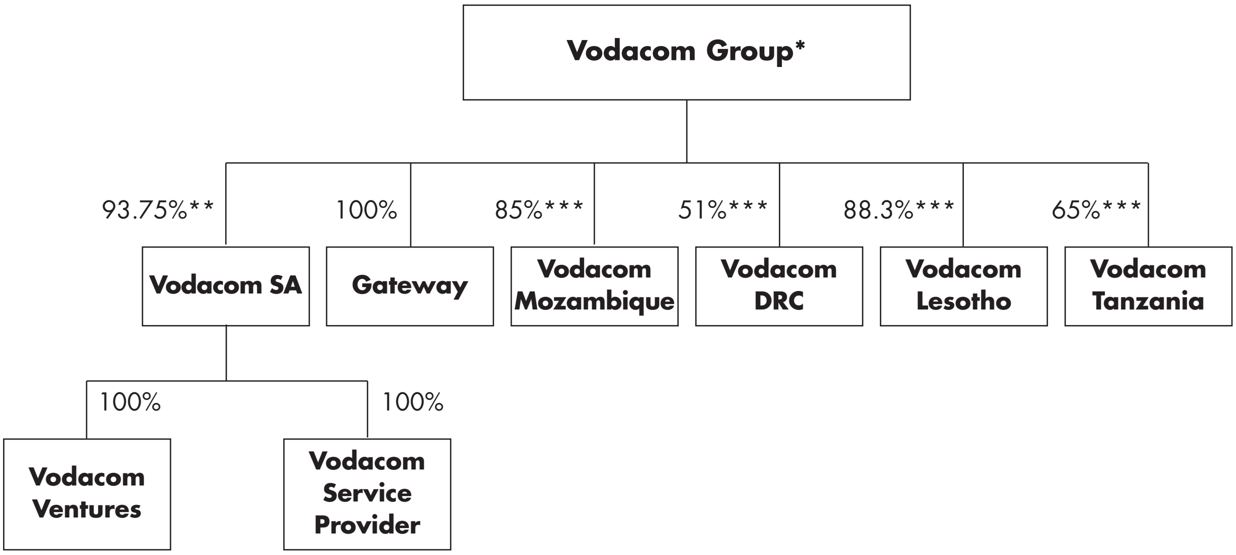
5. RELATIONSHIP WITH VODAFONE

As at the date of listing, Vodafone (through its subsidiaries) will hold 65% of Vodacom Group. Vodacom and Vodafone co-operate in a number of areas where Vodacom can leverage Vodafone's expertise, product innovation, marketing, resources and global footprint. Key elements that have been leveraged by Vodacom in South Africa to date include: roaming products and access to roaming agreements between members of the Vodafone Group including its partner market networks; innovative mobile connectivity products such as *BlackBerry™ from Vodafone*, *Vodafone live!* and *Vodafone Mobile Connect Card*; involvement in global handset procurement arrangements; the purchase and deployment of network equipment and new technologies; co-operation in the acquisition and service of international corporate customers, as well as the sharing of best practice in both technical and commercial programmes. The relationship between Vodafone and Vodacom is governed by a branding agreement and a co-operation agreement, under which Vodacom pays Vodafone fees for services rendered by Vodafone to Vodacom and licensing by Vodafone to Vodacom of certain Vodafone branded products, based on certain revenue share arrangements. For the financial year ended 31 March 2008, Vodacom paid Vodafone total fees of R304 million.

The co-operation agreement was amended and extended on 20 March 2008 to, amongst other things, include Vodacom's subsidiaries in Lesotho, Tanzania, Mozambique and the DRC. After Vodacom becomes a subsidiary of Vodafone, it will continue to evaluate if there are areas where it would benefit from increasing or extending its co-operation with Vodafone, in order to create value for Vodacom's shareholders.

6. SIMPLIFIED GROUP OPERATIONAL STRUCTURE

Set out below is a simplified operational structure of Vodacom Group and its principal subsidiaries as at the last practicable date. Details of Vodacom Group's direct and indirect subsidiaries are set out in more detail in Annexure 5.



* to be listed on the JSE.
** 6.25% of Vodacom SA was acquired by BEE parties in the Vodacom BEE transaction (refer to paragraph 4 in Part II above).
*** the remaining issued shares in these companies are held by local partners in the respective countries.

7. THE VODACOM GROUP BUSINESS

7.1 Products and services

Vodacom offers a wide range of communications products and services over a variety of technology platforms to consumer, corporate and wholesale customers.

As at 31 December 2008, Vodacom had 37.8 million mobile customers, segmented as shown in the following table:

	Customers (in thousands)				Percentage of total (%)			
	Contract	**Prepaid**	**Community services**	**Total**	**Contract**	**Prepaid**	**Community services**	**Total**
South Africa	3 867	22 450	133	26 450	14.6	84.9	0.5	100.0
Tanzania	19	5 327	9	5 355	0.4	99.5	0.1	100.0
The DRC	26	3 898	118	4 042	0.7	96.4	2.9	100.0
Mozambique	26	1 395	14	1 435	1.8	97.2	1.0	100.0
Lesotho	4	474	11	489	0.9	96.9	2.2	100.0
Total	**3 942**	**33 544**	**285**	**37 771**	**10.4**	**88.8**	**0.8**	**100.0**

Although differences exist within each country in which Vodacom operates, the following are the principal services and products offered:

- Voice
- Mobile messaging
- Broadband data and connectivity
- Converged services

In addition to these principal services, Vodacom offers a range of other related products and services. Vodacom constantly considers and reviews its pricing and the introduction of new services to attract and retain customers and increase ARPU.

Voice

Mobile voice services are the largest contributor to Vodacom's revenue and include revenue generated by customers from outgoing and incoming traffic, international roaming, incoming visitor roaming, national roaming and carrier voice services.

Outgoing voice traffic

Vodacom had 33.5 million prepaid customers as at 31 December 2008, comprising 88.8% of the Group's customer base. Prepaid customers are charged for voice services on a per minute or per second basis and do not pay a monthly subscription charge. Prepaid vouchers of various value denominations can be purchased from a range of retail outlets. Recharge vouchers are distributed physically and electronically across all of the countries in which the Group operates.

Vodacom had 3.9 million contract customers at 31 December 2008, comprising 10.4% of the Group's customer base. A range of customised subscription based mobile service packages are offered to contract customers. These packages, which are tailored to individual country markets, include hybrid contracts (fixed value which can be topped up using prepaid vouchers) for consumer customers, standard subscription packages for consumer customers, business packages and packages targeting the small and medium enterprise market. Contract subscription is typically for an initial 24 month period with monthly subscription and call charges varying with each package.

In 1996 Vodacom SA developed community service telephone units designed to be used in communities which had limited access to telephone services. This has now developed into a successful business model and has been introduced into Vodacom's other countries of operation. Vodacom had 284 962 community service telephones, comprising 0.8% of the Group's customer base as at 31 December 2008. Community phone shops are run by entrepreneurs and some offer complementary services including internet and e-mail access.

Incoming voice traffic

Vodacom earns revenue when calls which originate outside of its networks terminate on its networks. These termination fees are either negotiated between telecommunications operators or based on rates determined by local regulators. In each of its countries of operation Vodacom has entered into interconnection agreements with fixed, mobile and VANS operators.

International roaming

Vodacom offers its customers international roaming services which allow customers to make and receive calls whilst travelling abroad by using the networks of operators with whom Vodacom has entered into international roaming agreements. The type of customers and their technology platform determine the extent to which customers are capable of roaming internationally. As at 31 December 2008, Vodacom SA had international roaming agreements with 423 MNOs in 186 countries for its contract customers and 39 countries for its prepaid customers. GPRS roaming agreements were in place with 224 operators for roaming contract customers and 3G roaming agreements with 76 operators for contract customers. Each of the operating companies outside of South Africa has similar agreements in place.

In addition to allowing Vodacom customers to roam whilst travelling internationally, Vodacom generates revenue from other international MNO customers roaming on its networks.

National roaming

National roaming agreements unilaterally enable the customers of third parties to make use of Vodacom networks to make and receive calls and to access other telecommunications services. Vodacom SA has a 15 year national roaming agreement in place with Cell C, which is terminable on or after 14 November 2016. Vodacom SA charges a fee to the third party based on the volume of traffic, subject to a minimum fee, which is originated by customers who are roaming on Vodacom SA's network.

Carrier voice

On 30 December 2008, Vodacom Group completed its acquisition of Gateway. Through Gateway's carrier services business, the Group offers inbound and outbound connectivity as well as domestic backhaul services to telecommunications operators in Africa.

Mobile messaging

Vodacom offers its customers mobile messaging services such as SMS, MMS, premium rate SMS (including USSD) and MMS, SVS, bulk SMS and MMS and WAP services. These services are charged on a different basis, subject to the terms of the customer's package.

SMS

The Group's primary messaging service is SMS, which allows customers to send and receive short text messages on mobile handsets and various other devices. In 2000, Vodacom SA launched the USSD-based *Please Call Me* service, which enables a customer to send a free SMS to another person to ask him/her to call back. Vodacom SA now transmits approximately 20 million *Please Call Me* messages per day. These messages facilitate a call back from the recipient that generates revenue for Vodacom. The *Please Call Me* messages include advertising messages.

SVS

In October 2008, Vodacom SA launched SVS (short voice service), which allows users to communicate by means of sending and receiving voice messages with a maximum length of 30 seconds. Within two months from launch, more than 1.6 million customers used this service. SVS provides customers with the flexibility of communicating in their preferred language and does not require sophisticated handsets or complex downloads.

MMS

MMS messaging offers customers with compatible devices the ability to send and receive multi-media messages, such as pictures, music, sound, video and text.

Premium rate SMS and MMS

Premium rate SMS and MMS content is largely developed by WASPs and focuses on competitions, sports, news and alert services. The revenue is then shared with the WASPs.

Broadband data and connectivity

Vodacom offers broadband connectivity and internet access services in all the countries in which it operates, using various technologies such as, GPRS, EDGE, 3G, HSDPA, HSUPA, WiMAX and VSAT.

In December 2004, Vodacom SA was the first operator to introduce a commercial 3G product in South Africa. The number of active 3G/HSDPA handsets on the South African network as at 31 December 2008 was 1.6 million. In March 2007, Vodacom Tanzania launched a 3G offering in Dar es Salaam and by 31 December 2008, more than 292 000 3G devices were registered on the Vodacom Tanzania network. Vodacom Lesotho is currently rolling out WiMAX and 3G broadband access in certain key areas.

Additionally Gateway, through its business services division, offers data connectivity solutions to over 1 500 corporations across Africa including multi-nationals. As at 31 December 2008, Gateway operated 1 677 business VSAT sites for corporate customers.

Converged services

Vodacom Business

Vodacom Business was launched in February 2008 and offers a total communications service portfolio to corporate customers. Vodacom Business has invested in significant infrastructure and has a Tier 1 internet network capability as well as a corporate grade national MPLS VPN.

Vodacom Business services include next-generation IP voice, managed networks and infrastructure, internet access, hosting and storage. In 2008, Vodacom Business launched a dedicated internet access service and also a broadband internet access service. It also launched a managed MPLS VPN service together with a managed enterprise voice and VoIP gateway in April 2008 and May 2008, respectively. These service offerings are supported by a new data centre at the headquarters in Midrand, the development of a soft switch and the development of a client services operations centre.

The acquisition of Gateway provides an opportunity to leverage Vodacom Business across sub-Saharan Africa. Gateway currently serves major corporate clients in over 40 countries across Africa. Such services include wireless broadband access, internet, enterprise solutions, VPNs and enterprise voice and data over satellite infrastructure.

Other converged services

Vodacom is extending its service offerings to other converged areas, including financial services, digital publishing, gaming, video on demand, music and telemetry services such as automated electricity meter reading.

Vodafone has developed a proprietary money transfer system to enable the use of mobile phones for money transfers. The service is currently offered by Vodafone in Kenya through Safaricom and through Vodacom in Tanzania. Vodacom intends to roll out money transfer services in other operating companies (including South Africa).

Mobile advertising has evolved into an important mass media channel, with more mobile phones in the world than the combined number of televisions and personal computers. Through this medium, advertisers can deliver targeted messages directly to consumers. Vodacom Mobile Media was launched in the 2008 financial year and contributed R24.1 million to revenue in that year.

Equipment sales and other services

In addition to its provision of telecommunications services, Vodacom sells handsets and other telecommunications equipment and accessories. The sale of equipment is primarily a feature of Vodacom SA and has only limited financial impact in Vodacom's operations outside of South Africa.

Vodacom SA has a warehouse in Midrand that handles, on average, more than 160 000 units per day, 98% of which are delivered within 48 hours to major centres. This enables Vodacom SA to provide stock to its extensive distribution network on a just-in-time basis.

Equipment sales for Vodacom SA as at 31 December 2008 accounted for 10.9% of Vodacom SA's total revenue. The number of handsets sold in the nine months to 31 December 2008 was 4.2 million units, which represented year on year growth of 8.8%.

7.2 Licences, network technology and infrastructure

Licences

Vodacom is dependent on the licences it holds to operate mobile communications networks and offer services. Further detail on regulation and licences can be found in Part V of this pre-listing statement.

Licensee	Licence	Expiration date
Vodacom SA	Individual Electronic Communications Network Service Licence and Individual Electronic Communications Service Licence, enabling Vodacom to offer fully converged technology neutral telecommunications solutions.	15 January 2029 15 January 2024
Vodacom Tanzania	Licence for the Provision of Network Services, Licence for the Provision of Network Facilities and Licence for the Provision of Application Services, allowing Vodacom Tanzania to offer converged telecommunications solutions.	25 July 2031
Vodacom DRC	Concession Licence for Public Telecommunications Service, allowing Vodacom DRC to provide mobile, transmission, ISP and international gateway services.	18 August 2018
Vodacom Mozambique	Telecommunications Licence for 2G and 3G GSM with transmission and international gateway rights.	28 August 2018
Vodacom Lesotho	Licence for the Operation of Mobile Systems and the Provision of Mobile Services, allowing Vodacom Lesotho to offer mobile, wireless, transmission and international gateway services.	1 June 2016

Network technology

Vodacom uses a number of mobile technologies in the markets in which it operates and has historically been an early adopter of new technologies. In all markets in which Vodacom operates, GSM technology has been deployed for voice and digital transmissions, supporting a wide range of services such as SMS, high speed circuit switched data (CSD), and packet switched data through GPRS and EDGE.

This technology enables Vodacom to provide value-added voice and data services supported by voice-mail platforms, short messaging service centres, a wireless application protocol platform, a mobile internet gateway platform providing advanced SIM toolkit applications and intelligent network platforms.

Prepaid services are supported by the same GSM technology as contract services. In addition, prepaid services utilise a network of intelligent network nodes and associated front-ends and mediation systems for a variety of interactive voice response and electronic recharging options, including personal internet, commercial bank ATM and point of sale terminal recharging.

In December 2004, Vodacom began deploying 3G networks. In 2007, Vodacom deployed HSDPA in its South African and Tanzanian networks, supporting down-link speeds of 3.6 Mbps. In 2008, Vodacom SA launched HSUPA in the South African market, improving the data speed on the uplink to 1.4 Mbps. It is expected that by July 2009, Vodacom SA's network will be HSDPA 7.2 Mbps capable. The investment in 3G networks allows for the introduction of new services, improved spectrum efficiency and increased voice capacity. Through its strategy of sharing infrastructure with existing 2G sites, 3G technology is being cost effectively deployed.

During 2008, Vodacom SA commenced the deployment of a WiMAX network in the South African market, on behalf of WBS. The first phase of this network was rolled out in Johannesburg, Pretoria, Cape Town and Durban. As of 31 December 2008, 118 WiMAX base stations were operational in South Africa. WiMAX has also been deployed in Lesotho and Tanzania, with 13 and 31 WiMAX base stations, respectively. WiMAX allows Vodacom SA to resell a wireless broadband service similar to ADSL, which complements the HSPA wireless broadband services. WiMAX provides an assured rate service which functions as a wireless leased service with quality of service and service level guarantees for enterprises.

Network infrastructure

Vodacom's GSM networks generally consist of mobile switching centres, base station controllers, base transceiver stations, transmission lines, software applications and information systems to manage infrastructure.

The table below sets out Vodacom's core mobile infrastructure as at 31 December 2008:

	South Africa	Tanzania	The DRC	Mozambique	Lesotho
Mobile switching centres	39	9	11	3	1
Packet support nodes	21	1	–	1	1
2G – GSM/GPRS/EDGE					
Base station controllers	361	36	23	7	4
Base transceiver stations	7 397	978	514	244	114
3G – HSDPA					
Radio network controllers	36	3	–	–	1
UMTS base transceiver stations	2 665	230	–	–	14
WiMAX base stations	118	31	–	–	13

Vodacom has designed its mobile communications networks using scalable technology in order to provide increased capacity as dictated by demand in cost effective manner. The networks are capable of providing a high level of service quality despite an extremely varied distribution of traffic, difficult terrain conditions and a complex regulatory environment.

In 2008, Vodacom SA built Techno Park, a business engineering centre in Midrand, South Africa. Techno Park houses most of the Group's engineering and technology employees and functions. It includes a laboratory where network configurations, hardware and software can be evaluated and developed, and provides a simulated live network for testing. Techno Park also houses key switching, intelligent networking, value added services and radio and transmission equipment. This includes two earth stations that were completed during 2007. These are now commercially operational and provide direct satellite communications with Vodacom's non-South African operations.

The acquisition of Gateway significantly enhanced Vodacom's satellite network with an additional leased capacity of 43 transponders on 14 satellites and circuits providing a total of 1 567 MHz of additional capacity. Gateway manages over 1 670 iDirect antennae and 1 307 simplex links linking more than 400 earth stations and provides connectivity to, from and within 40 African countries.

7.3 Supply chain management

Vodacom does not manufacture equipment or other products but uses technology sourced from major equipment suppliers. The majority of the Group's purchases comprise handsets, network equipment, transmission marketing and IT services. The Group's supply chain management initiatives focus on reducing costs and minimising excess stock while ensuring product availability. Vodacom negotiates handset pricing centrally and leverages Vodafone global pricing deals to ensure the benefit of volume based pricing. Benefits include exclusive launches (e.g. iPhone™ and *BlackBerry Storm*™) and low cost handsets. Low cost handsets are being procured and delivered into all markets in which the Group operates.

7.4 Customer service, brand and distribution

Customer service

Vodacom seeks to provide consistent and high quality customer care in each of its countries of operation and utilises call centres, walk-in centres and specialised service centres to offer a broad range of customer support functions. E-mail, SMS and web-based self-service are also available in most of the countries of operation.

Vodacom considers customer care to be a key aspect in attracting new customers and retaining existing customers and has made significant investments to maximise its performance. For example, Vodacom SA has a national network of 42 Vodacare franchises which specialise in cellular repair services and perform an average of over 100 000 repairs per month.

Brand

Vodacom believes that developing and maintaining a strong and popular brand is an essential component of successfully delivering telecommunications services in Africa. Vodacom has, through sponsorships and well executed advertising, managed to achieve iconic status in all markets in which it operates.

As markets mature and customers become more sophisticated, it is important that Vodacom continues to develop a truly customer-centric brand. This is achieved by a more targeted approach on a market-by-market basis as well as by consistently delivering on brand values.

The Board will continue to evaluate the most appropriate branding strategy in each country in which Vodacom operates to maximise shareholder value, including ways to leverage the international standing of the Vodafone brand. No decision has yet been reached on any rebranding strategy as a result of the Transactions.

Distribution

Vodacom markets airtime as a fast moving consumer good and airtime recharge vouchers and starter packs are available from thousands of formal and informal retail outlets. Vodacom operates a wide range of distribution channels (Vodacom Direct and online), the direct ownership of shops, the use of independent and franchise outlets and nationwide retail chains. Vodacom operates wholesale channels in its markets to supply the informal sector, primarily street vendors, which provide access to otherwise under-serviced areas.

For its corporate customers within South Africa, Vodacom Business operates an extensive direct sales division within Vodacom SA which concentrates on the sale of contracts, data products, value added services and more recently the broad portfolio of ICT converged services. Vodacom Business aims to use Gateway as a distribution channel for its products and services into the rest of Africa.

7.5 Key markets

South Africa

Summarised financial information

The following table sets forth summarised financial information for Vodacom SA:

	Year to 31 March			% change		Six months ended 30 September		% change
(Rm)	**2006**	**2007**	**2008**	**06/07**	**07/08**	**2007**	**2008**	**07/08**
Revenue	31 069	37 007	42 784	19.1	15.6	20 299	22 716	11.9
Data revenue	1 886	3 113	4 669	65.1	50.0	1 947	2 790	43.3
EBITDA	11 053	12 963	14 790	17.3	14.1	6 904	7 749	12.2
Profit from operations	8 602	10 293	11 669	19.7	13.4	5 389	6 048	12.2
Capital expenditure	4 384	4 993	4 252	13.9	(14.8)	1 613	2 014	24.9
EBITDA margin (%)	35.6	35.0	34.6			34.0	34.1	
Operating profit margin (%)	27.7	27.8	27.3			26.5	26.6	
Capital expenditure/ revenue (%)	14.1	13.5	9.9			8.0	8.9	

Operational data

The following table sets forth key operational data for Vodacom SA:

	Year ended 31 March			% change		Six months ended 30 September		% change
	2006	**2007**	**2008**	**06/07**	**07/08**	**2007**	**2008**	**07/08**
Customers (thousands)[1]	**19 162**	**23 004**	**24 821**	**20.1**	**7.9**	**23 297**	**25 245**	**8.4**
Contract	2 362	3 013	3 541	27.6	17.5	3 409	3 735	9.6
Prepaid	16 770	19 896	21 177	18.6	6.4	19 790	21 391	8.1
Community services	30	95	103	>200	8.4	98	119	21.4
Gross connections (thousands)	**9 140**	**10 859**	**12 040**	**18.8**	**10.9**	**5 845**	**5 693**	**(2.6)**
Contract	506	666	782	31.6	17.4	425	349	(17.9)
Prepaid	8 618	10 124	11 248	17.5	11.1	5 416	5 328	(1.6)
Community services	16	69	10	>200	(85.5)	4	16	>200
Churn (%)[2]	**17.7**	**33.8**	**42.3**			**45.9**	**42.3**	
Contract	10.0	9.7	8.3			8.3	9.7	
Prepaid	18.8	37.5	47.9			51.9	48.1	
Traffic (millions of minutes)[3]	**17 066**	**20 383**	**22 769**	**19.4**	**11.7**	**11 024**	**11 793**	**7.0**
Outgoing	11 354	13 638	15 323	20.1	12.4	7 407	7 976	7.7
Incoming	5 712	6 745	7 446	18.1	10.4	3 617	3 817	5.5
MOU per month[4]	**74**	**69**	**66**	**(6.8)**	**(4.3)**	**64**	**66**	**3.1**
Contract	206	188	172	(8.7)	(8.5)	175	161	(8.0)
Prepaid	49	47	46	(4.1)	(2.1)	43	47	9.3
Community services	2 327	1 151	883	(50.5)	(23.3)	908	741	(18.4)
ARPU (Rand per month)	**142**	**128**	**128**	**(9.9)**	**–**	**122**	**132**	**8.2**
Contract	572	517	486	(9.6)	(6.0)	487	481	(1.2)
Prepaid	69	63	62	(8.7)	(1.6)	59	66	11.9
Community services	1 796	902	689	(49.8)	(23.6)	711	584	(17.9)
Messaging (millions)[5]	**3 850**	**4 809**	**5 002**	**24.9**	**4.0**	**2 394**	**2 605**	**8.8**
Data connectivity customers[6] (thousands)	**156**	**160**	**400**	**2.4**	**150.3**	**268**	**527**	**96.9**
Number of employees	**4 148**	**4 388**	**4 504**	**5.8**	**2.6**	**4 509**	**4 740**	**5.1**
Estimated mobile market share (%)	**58**	**58**	**55**			**56**	**53**	

Vodacom Group owns 93.75% of Vodacom SA, with the remaining 6.25% held by Vodacom's BEE partners pursuant to the Vodacom BEE transaction. (See Paragraph 12 for more details on the Vodacom BEE transaction and BEE in Vodacom).

Vodacom SA was originally granted a mobile cellular telecommunications licence in September 1993 and commenced commercial service in June 1994. In addition, Vodacom SA was awarded a 1 800 MHz licence and a 3G spectrum licence during the 2005 financial year. In terms of the Electronic Communications Act, on 16 January 2009, ICASA issued Vodacom SA with an individual Electronic Communications Services licence ("ECS") and an individual Electronic Communications Network Service licence ("ECNS"), for a period of 15 years and 20 years, respectively.

Vodacom SA had 26.5 million mobile customers as at 31 December 2008. Vodacom SA contributed 87.3% to Group revenue and 94.1% to operating profit, respectively for the six month period ended 30 September 2008, as compared to contributions of 89.0% and 94.3% to Group revenue and operating profit respectively for the six month period ended 30 September 2007.

Notes:

1. Customer totals are based on the total number of customers registered on Vodacom's network, which have not been disconnected, including inactive customers, as at the end of the period indicated.
2. Churn is calculated by dividing the average monthly number of disconnections during the period by the average monthly total reported customer base during the period.
3. Traffic comprises total traffic registered on Vodacom's network, including bundled minutes, outgoing international roaming calls and calls to free services, but excluding national roaming and incoming international roaming calls.
4. 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.
5. Messaging includes SMS, MMS and premium rate SMS/MMS.
6. A customer who has either taken a data contract or has a data bundle bolted onto his contract, hybrid contract or prepaid package.

Country overview

South Africa covers an area of approximately 1.2 million square kilometres. As at 31 December 2007, the population of South Africa was approximately 47.9 million. Almost 30% of the population is under 14 years old, and the median age of the population is 24 years. South Africa recognises 11 official national languages, with English used as the primary language for business.

South Africa hosts Africa's largest economy with well developed legal, financial, communications and natural resource industries. Prior to the global economic slowdown in 2008, South Africa benefited from a period of sustained high economic growth, driven by high commodities prices and stable macroeconomic policies. Whilst growth is expected to slow, South Africa's economy is supported by an infrastructure development programme, the 2010 FIFA World Cup and a growing middle class.

The following table sets forth certain macro-economic information for South Africa:

	As at 31 December		
	2005	**2006**	**2007**
Population (thousands)	46 888	47 391	47 851
Total GDP (US$ millions)	242 311	257 369	283 369
GDP per capita (US$)	5 140	5 430	5 950
GDP per capita (US$ PPP adjusted)	8 440	9 140	9 820

Source: Economist Intelligence Unit and Statistics South Africa

Market and competition

The following table sets forth certain telecommunications market information for South Africa:

	As at 31 December		
	2005	**2006**	**2007**
Number of fixed-lines (thousands)	4 036	3 987	3 977
Fixed-line penetration (%)	9	8	8
Number of mobile customers (thousands)	30 877	37 650	43 624
Mobile penetration (%)	66	79	91
PC penetration (%)	9	11	13

Source: Economist Intelligence Unit and Vodacom estimates

South Africa's communications market is the most advanced in sub-Saharan Africa and is the largest market in terms of revenue. Relative to most of the sub-Saharan region, South Africa has extensive fixed-line network infrastructure, but declining fixed-line teledensity. The development of the mobile communications industry has transformed South Africa's communications landscape. Vodacom estimates that the number of mobile customers has grown by 16.6% over the 12 month period to 31 December 2008. Mobile penetration was estimated at 105% at 31 December 2008, as compared to 91% at 31 December 2007. Prepaid customers continue to dominate the market and comprise an estimated 85% of the customer base as at 31 December 2008.

Vodacom SA is the largest mobile communications network operator in South Africa by number of customers and revenue, with, according to Vodacom estimates, a market share of customers of 52% at 31 December 2008, as compared to 56% at 31 December 2007. There are currently two mobile communications network operators in South Africa that compete with Vodacom SA:

- MTN SA, a subsidiary of MTN Group Limited, which has been in operation in South Africa since 1994; and
- Cell C, a subsidiary of Oger Telecom Limited, which has been in operation since 2001.

Vodacom SA has been the leader in the South African market since 1994.

Network infrastructure and technology

As at 31 December 2008, Vodacom SA's GSM infrastructure covered an estimated 98% of the South African population and 72% of the geographical area of South Africa and Vodacom SA's 3G infrastructure covered an estimated 28% of the population of South Africa and 1% of the geographical area.

As at 31 December 2008, Vodacom SA's GSM network consisted of 7 397 2G base stations and 361 base station controllers. The 3G network consisted of 36 radio network controllers, 2 665 3G base stations and HSDPA functionality across the entire 3G network.

Vodacom SA embarked on a transmission self-provisioning network rollout towards the end of 2007. A point-to-point and point-to-multipoint microwave network was deployed to provide connectivity to WiMAX, 2G and 3G base stations, as well as providing connectivity for Vodacom Business customers. Vodacom SA is constructing several fibre rings in major metropolitan areas to interconnect various mobile switching centres and base station controller sites and provide connectivity to Vodacom Business customers. Vodacom SA has also constructed a satellite earth station in Midrand providing international connectivity and links to certain remote sites within South Africa. Vodacom also offers VSAT services to its business customers.

In January 2009, the Board approved Vodacom's participation in the joint construction of a national long-distance fibre network with MTN and Neotel. It is expected that the proposed first phase of the rollout will commence in 2009 and will include two rings (Northern and Southern) with a total distance of around 5 000 kilometres. The projected rollout period is estimated to be 30 months. The investment in the long-haul fibre network is expected to result in future cost savings and bandwidth growth.

A new WiMAX network was rolled out on behalf of WBS consisting of 118 sites as at 31 December 2008 mainly in urban areas of Gauteng with a smaller-scale deployment in the Durban and Western Cape areas.

Vodacom SA is currently engaged in a radio access network replacement project in some of its regions. The new equipment is expected to be more cost efficient.

Products and services

Vodacom SA provides prepaid and contract mobile telephony services over both 2G and 3G platforms, as well as a number of value added services for both retail and corporate customers. Vodacom provides a variety of packages to its customers including standard packages and bundle minute packages with a variety of potential options where the bigger the bundle the lower the in-bundle rate. Additionally, a number of hybrid packages which provide customers with greater ability to control their spend are available. These can be topped-up with additional value through the purchase of prepaid vouchers.

In addition to voice services, Vodacom SA is a pioneer of wireless data services, having been the first to offer 3G, HSDPA broadband services as well as *BlackBerry*™ and iPhone™ products in the South African market. As at 31 December 2008, Vodacom had more than 600 000 wireless broadband customers, making it the largest provider of broadband in the country. Vodacom SA has introduced a number of new products and initiatives in order to stimulate usage and drive demand. Recent key products launched in South Africa include the R5.00 prepaid voucher, reverse charge service, prepaid data bundles, instant messaging and social networking platforms, and a music application which enables a mobile phone to download music content.

In 2008 Vodacom SA introduced *Yebo4Less* in South Africa, a prepaid tariff plan offering discounts to the base call rate depending on the available spare network capacity at a specific location at different times of the day. As at 31 December 2008, there were an estimated three million *Yebo4Less* users.

Vodafone live!, which was launched in March 2005, is a significant contributor to data traffic offering browsing, Google search, full track music downloads, games and television services. Vodacom had 2.7 million *Vodafone live*! active users at 31 December 2008.

In 2008, Vodacom Business launched a dedicated fixed internet service and also a broadband internet access service. It also launched its managed MPLS VPN service together with managed enterprise voice solutions and a VoIP gateway in April and May 2008, respectively.

Tariffs and interconnection

Vodacom's tariffs are subject to regulatory scrutiny, and, in certain circumstances, approval of ICASA. The contract tariff packages are designed to appeal to both consumers and business customers. Vodacom sets its contract subscription package tariffs utilising a balanced mix of access and usage. For those tariff packages where voice usage is high, the per minute rate is lowered and the monthly subscription tariff is increased. For those packages where the voice usage is low, the per minute tariff rate is increased and the monthly subscription tariff is reduced. For those users where the monthly subscription tariff is a barrier to entry, Vodacom offers prepaid packages with no monthly subscription tariff. Vodacom, MTN, Cell C, Telkom and Neotel, amongst others, are parties to interconnection agreements with each other. Effective January 2005, the mobile-to-mobile interconnection rates for both commercial and community service telephone originated calls are R1.25 peak and R0.77 off peak for commercial calls and R0.06 peak and R0.06 off peak for community service calls, in both cases exclusive of VAT.

Sales and distribution

The sale and distribution of Vodacom's products and services and the acquisition and retention of customers are performed by Vodacom's wholly owned subsidiary, VSPC, a company incorporated in South Africa, and two other independent service providers, Autopage and Nashua. In recent years, Vodacom has purchased a number of the previously independent service providers and consolidated its sales and distribution operations into VSPC.

VSPC has relationships with leading national retailers, wholesalers, dealers and franchisees in order to acquire and retain contract and prepaid customers.

As at 31 December 2008, Vodacom SA's distribution network consisted of seven major channels:

- Dealers and franchises – approximately 1 070 Vodacom and independently owned cellular dealer and franchise outlets branded Vodashops, Vodacare, Vodacom 4U, Chatz, Cellshack, Smartcall, Smartcom and Glocell.
- National chains – Vodacom SA also has approximately 15 200 retail outlets situated in national chains.
- Wholesale – a wholesale channel supplying the informal sector, primarily composed of street vendors. Vodacom SA has more than 10 000 informal vendors distributing its products providing access to otherwise under-serviced areas.
- Independent service providers, being Autopage and Nashua – operate through direct dealers, corporate dealers and franchise stores.
- Vodaworld – a unique "one stop cellular lifestyle mall" that allows customers to buy and repair mobile devices and receive personalised service support.
- Vodacom Direct – a call centre based and online selling division.
- Vodacom Business – an extensive direct sales division within Vodacom which concentrates on the sale of contracts, data products and value added services and, more recently, converged services to businesses.

Operational performance

Vodacom SA's customer base in the six month period ended 30 September 2008 increased by 8.4% to 25.2 million, as compared to 23.3 million for the six month period ended 30 September 2007, with prepaid customers increasing by 8.1% to 21.4 million and contract customers increasing by 9.6% to 3.7 million. The growth in customers was a result of the launch of new products and services combined with a focus on reducing churn.

Vodacom SA experienced a continued low contract churn rate of 9.7% for the six month period ended 30 September 2008, as compared to 8.3% for the six month period ended 30 September 2007. The prepaid customer base, which is characterised by low acquisition costs, reported a reduction in churn to 48.1% for the six month period ended 30 September 2008. This reduction was largely on the back of the implementation of a more conservative prepaid deletion rule.

Total traffic volumes increased by 7.0% to 11.8 billion minutes in the six month period ended 30 September 2008, as compared to 11.0 billion minutes for the six month period ended 30 September 2007, primarily due to the growth in the customer base. Customer calling patterns continued the trend of the last few years where total mobile-to-mobile traffic increased by 7.9% while total mobile-to-fixed and fixed-to-mobile traffic increased by 2.3%. For the six month period ended 30 September 2008, contract average minutes of use per customer per month showed an 8% decrease to 161 minutes, as compared to 175 minutes for the six month period ended 30 September 2007, as a result of high sales of hybrid products at the low end of the market; prepaid minutes of use per customer showed a 9.3% increase to 47 minutes, as compared to 43 minutes for the six month period ended 30 September 2007.

During the six month period ended 30 September 2008, total ARPU increased by 8.2% to R132 per month, as compared to R122 for the six month period ended 30 September 2007, primarily due to the strong growth in data revenue and the implementation of the supplementary disconnection rule during September 2007. For the six month period ended 30 September 2008, contract customer ARPU decreased by 1.2% to R481 per month, as compared to R487 for the six month period ended 30 September 2007. The main contributing factor to this decrease was the change in customer mix, customers not exceeding their bundles and a decrease in incoming ARPU. The prepaid customer ARPU increased by 11.9% to R66 per month, as compared to R59 at 30 September 2007. Community services ARPU decreased by 17.9% to R584 per month, as compared to R711 per month for the six month period ended 30 September 2007, due to increased competition.

Vodacom SA continued to see strong growth in its messaging and data products. Vodacom SA transmitted 2.4 billion SMSs over its network during the period ended 30 September 2008, as compared to 2.2 billion SMSs for the six month period ended 30 September 2007. As at 30 September 2008, the number of unique packet switched data users on Vodacom South Africa's network was 4.3 million as compared to 3.5 million at 30 September 2007, whilst the number of SMS unique users was 9.6 million, as compared to 8.8 million at 30 September 2007, and the number of MMS unique users was 1.5 million, as compared to 1.3 million at 30 September 2007. The number of unique users accessing our *Vodafone Live!* portal during September 2008 was 1.9 million, as compared to 1.2 million as at 30 September 2007.

The number of active 3G/HSDPA handsets on the network as at 30 September 2008 was 2.3 million, as compared to 1.2 million as at 30 September 2007. During the six month period ended 30 September 2008 there was an increase in the usage of GPRS, 3G and HSPDA, the volume of data transferred increased to 236 million MB as compared to 120 million MB for the six month period ended 30 September 2007.

Financial performance

Vodacom SA's revenue increased by 11.9% to R22 716 million for the six month period ended 30 September 2008, as compared to R20 299 million for the six month period ended 30 September 2007, primarily due to the 8.4% increase in customers and the 43.3% increase in data revenue to R2 790 million in the six month period. Data revenue accounted for 12.3% of Vodacom SA's revenue in the period.

Vodacom SA's profit from operations was R6 048 million and EBITDA was R7 749 million for the six month period ended 30 September 2008, both increasing by 12.2% on prior year period with EBITDA margins of 34.1% compared to 34.0% in the prior comparative period.

Vodacom SA's capital expenditure for the six month period ended 30 September 2008 increased by 24.9% to R2 014 million, as compared to R1 613 million for the six month period ended 30 September 2007, representing 8.9% of revenue. The increase in capital expenditure can largely be attributed to delays due to the radio access network renewal programme in the prior year.

Tanzania

Summarised financial information

The following table sets forth summarised financial information for Vodacom Tanzania:

	Year ended 31 March			% change		Six months ended 30 September		% change
(Rm)	**2006**	**2007**	**2008**	**06/07**	**07/08**	**2007**	**2008**	**07/08**
Revenue	1 312	1 729	2 354	31.8	36.1	1 086	1 464	34.8
Data revenue	108	146	207	35.2	41.8	92	127	38.0
EBITDA	465	584	765	25.6	31.0	330	485	47.0
Profit from operations	263	346	460	31.6	32.9	180	294	63.3
Capital expenditure	318	957	713	>200	(25.5)	253	609	140.7
EBITDA margin (%)	35.4	33.8	32.5			30.4	33.1	
Operating profit margin (%)	20.0	20.0	19.5			16.6	20.1	
Capital expenditure/ revenue (%)	24.3	55.3	30.3			23.3	41.4	

Operational data

The following table sets forth key operational data for Vodacom Tanzania:

	Year ended 31 March			% change		Six months ended 30 September		% change
	2006	**2007**	**2008**	**06/07**	**07/08**	**2007**	**2008**	**07/08**
Customers (thousands)	2 091	3 247	4 207	55.3	29.6	3 678	4 931	34.1
Contract	7	14	16	100.0	14.3	13	18	38.5
Prepaid	2 081	3 223	4 181	54.9	29.7	3 654	4 905	34.2
Community services	3	10	10	>200	–	11	8	(27.3)
Gross connections (thousands)	1 353	2 092	2 645	54.6	26.4	1 242	1 723	38.7
Churn (%)	28.5	35.6	45.5			46.8	44.2	
ARPU (rand per month)	69	53	51	(23.2)	(3.8)	50	53	6.0
Estimated mobile market share (%)	58	55	52			54	46	
Employees	438	527	618	20.3	17.3	569	663	16.5

Vodacom Group owns a 65% interest in Vodacom Tanzania, while Mirambo Limited, a company incorporated in Tanzania, currently owns the remaining 35% stake.

Vodacom Tanzania was initially awarded a licence in Tanzania in December 1999 which was subsequently replaced by its current converged licences in 2006. The roll-out of Vodacom Tanzania's network commenced in March 2000 with the commercial launch in August 2000. Within 18 months of launch, Vodacom had become the market leader in Tanzania.

Vodacom Tanzania is Vodacom's largest non-South African operation, with 5.4 million customers as at 31 December 2008. Vodacom Tanzania contributed 5.6% and 4.6% to group revenue and operating profit, respectively for the six month period ended 30 September 2008, as compared to contributions of 4.8% to group revenue and 3.2% to operating profit for the six month period ended 30 September 2007.

Country overview

Tanzania covers an area of approximately 945 000 square kilometres. As at 31 December 2007, Tanzania had a population of approximately 39.4 million and Dar es Salaam is the main urban centre. Tanzania has a young demographic make-up with more than 40% of the population under 14 years old and a median age of approximately 18 years. English is the principal language of business.

Tanzania's economy is heavily dependent on agriculture despite the fact that the topography and climate of the country limit cultivated crops to approximately 4% of the country's land area. Recent GDP growth has been strong, but the deteriorating global economic outlook is likely to result in a slowdown of growth.

Tanzania is considered to be one of the most stable political environments in sub-Saharan Africa. The current President, Jakaya Kikwete, was elected in December 2005, with elections scheduled for the end of 2010.

The following table sets forth certain macro-economic information for Tanzania:

	As at and for the year ended 31 December		
	2005	**2006**	**2007**
Population (thousands)	37 771	38 569	39 384
Total GDP (US$ millions)	12 111	12 420	14 311
GDP per capita (US$)	316	318	360
GDP per capita (US$ PPP adjusted)	902	976	1 060
Exchange rate (TSH:R1)	184.24	182.08	167.44

Source: CIA World Factbook, Economist Intelligence Unit and Vodacom estimates

Market and competition

The following table sets forth certain telecommunications market information for Tanzania:

	As at 31 December		
	2005	**2006**	**2007**
Number of fixed-lines (thousands)	154	164	236
Fixed-line penetration (%)	–	–	1
Number of mobile customers (thousands)	3 320	5 405	7 306
Mobile penetration (%)	9	14	19
PC penetration (%)	1	1	1

Source: Euromonitor, Globalcomms and Vodacom estimates

Tanzania's communications market is characterised by low fixed-line teledensity and low but rapidly increasing mobile penetration. Mobile penetration has increased significantly in recent years to approximately 29% as at 31 December 2008.

Vodacom estimates that it is the largest mobile network operator in Tanzania with a market share of approximately 46% as at 31 December 2008. There are currently seven other telecommunications operators operating converged licences in Tanzania. Vodacom considers its most important competitors in Tanzania to be:

- Zain Tanzania, a subsidiary of the Zain Group, has been operational in Tanzania since 2008. The company previously operated under the Celtel brand and has been operational since 2001; and
- MIC Tanzania Limited, a subsidiary of Millicom International Cellular, relaunched services in Tanzania in 2006 under the Tigo brand. The company previously operated under the Mobitel brand and has been operational since 1995.

Other current market participants include the Tanzania Telecommunications Company Limited (TTCL), Six Telecoms Company Limited, Benson Informatics Limited and Zanzibar Telecoms Company Limited (Zantel).

In 2008, the Tanzanian regulator issued several new licences. The new entrants are ExcellentCom (branded as Hits), Dovetel Tanzania Limited, MyCell Company Limited and Epocha and Golden Ocean Tanzania Limited (branded as EGOTEL).

Recent competition in Tanzania has intensified, with some operators launching unlimited free on-net call offerings for low daily subscription amounts.

Network infrastructure and technology

As at 31 December 2008, Vodacom Tanzania had nine mobile switching centres, 36 base station controllers and 978 base stations covering approximately 42% of the land surface of Tanzania and approximately 67% of the population. In March 2007, Vodacom Tanzania commercially launched its mobile internet offering over 2.5G (GPRS and EDGE) and 3G/HSDPA networks. It also commercially launched its leased line offering utilising WiMAX in 2008. The data network covers Dar es Salaam and all other major towns while the GPRS and EDGE networks offer national coverage.

Product and services

Vodacom Tanzania offers a wide range of corporate and residential telecommunications services to prepaid and contract customers over its 2G and 3G technology platforms. In addition to voice services, Vodacom Tanzania offers a number of value added services which form an increasingly important driver of revenues. As at 31 December 2008, prepaid customers comprised 99.5% of the customer base.

In March 2007, Vodacom Tanzania launched its 3G offering and by 31 December 2008, more than 292 000 3G devices were registered on the Vodacom Tanzania network. In July 2008, data bundles for prepaid customers were introduced. In August 2008 Vodacom launched Vodazone, where a customer can obtain up to 50% call discounts depending on their location and the time of day. Vodacom Tanzania launched *BlackBerry*™ in October 2008.

In April 2008, Vodacom Tanzania launched Vodafone M-PESA, a financial payment service in partnership with Vodafone. There were 105 816 active Vodafone M-PESA customers as at 31 December 2008.

Vodacom Tanzania bills its customers in Tanzanian Shillings.

Sales and distribution

Vodacom Tanzania has 23 company-owned Vodashops that provide customer care and service related functions. The company also has superdealers and independent dealers that wholesale starter packs and vouchers to approximately 40 000 independent outlets selling cellular products and services. Vodacom Tanzania has 340 M-PESA agents that currently register customers, take deposits and execute withdrawals on behalf of the company. Vodacom Tanzania markets its products and services to large corporates and SMEs through Vodacom Corporate Solutions, its direct sales force, and through the use of corporate partners.

Operational performance

Vodacom Tanzania's customer base increased by 34.1% to 4.9 million in the six month period ended 30 September 2008, as compared to 3.7 million customers for the six month period ended 30 September 2007. The growth in the customer base was primarily driven by a combination of the launch of new products and services, aggressive sales and marketing campaigns and enhanced network coverage.

For the six month period ended 30 September 2008, churn decreased to 44.2%, as compared to 46.8% for the six month period ended 30 September 2007, as a result of a focus on loyalty and increased availability of SIM swap points. During the six month period ended 30 September 2008, total ARPU increased by 6% to R53 per month, as compared to R50 per month for the six month period ended 30 September 2007, primarily due to the strengthening of the Tanzanian Shilling to the Rand. In local currency ARPU declined by 10.3% due to the impact of macro-economic pressures on disposable income as well as competitive pressure on tariffs.

Vodacom Tanzania experienced strong growth in its messaging and data products. Data revenue growth of 38% (17.6% in local currency) was driven by an increase in 3G/HSDPA, GPRS, and WiMAX revenues and supported by continued growth in SMSs and Vodaflava, a premium rate SMS-based information, ring tone and logo download service. As at 30 September 2008, Vodacom Tanzania had 1.6 million data capable handsets, of which 292 000 were 3G/HSDPA enabled, and had 362 000 active data users at same date.

Financial performance

Vodacom Tanzania's revenue for the six month period ended 30 September 2008 increased by 34.8% to R1 464 million, as compared to R1 086 million for the six month period ended 30 September 2007. The increase in revenue was primarily due to the increase in customers, a 38% increase in data revenue to R127 million and a strengthening of the Tanzanian shilling to the Rand in the six month period. In Tanzanian Shillings, revenue increased 15.1% in the six month period. The average Tanzanian Shilling rate appreciated against the Rand in the six month period by 21.8%. Data revenue accounted for 8.7% of Vodacom Tanzania's revenue for the six month period ended 30 September 2008.

Vodacom Tanzania's profit from operations was R294 million and EBITDA was R485 million for the six month period ended 30 September 2008, increasing by 63.3% and 47.0%, respectively on prior year period with an EBITDA margin of 33.1% compared to 30.4% in the prior comparative period. In Tanzanian Shillings, profit from operations and EBITDA increased by 39.1% and 25.4%. The margin increase was as a result of cost containment measures, a reduction in management fees and lower fuel consumption compared to the prior year.

During the six month period ended 30 September 2008, capital expenditure increased to R609 million, compared to R253 million in the prior comparative period, or 41.4% of revenue, largely due to increased rollout of base stations.

The DRC

Summarised financial information

The following table sets forth summarised financial information for Vodacom DRC:

	Year ended 31 March			% change		Six months ended 30 September		% change
(Rm)	**2006**	**2007**	**2008**	**06/07**	**07/08**	**2007**	**2008**	**07/08**
Revenue	1 334	1 914	2 297	43.5	20.0	1 108	1 360	22.7
Data revenue	25	52	79	108.0	51.9	37	52	40.5
EBITDA	373	603	745	61.7	23.5	357	338	(5.3)
Profit from operations	117	277	364	136.8	31.4	172	101	(41.3)
Capital expenditure	273	506	658	85.3	30.0	259	251	(3.1)
EBITDA margin (%)	28.0	31.5	32.4			32.2	24.9	
Operating profit margin (%)	8.8	14.5	15.8			15.5	7.4	
Capital expenditure/ revenue (%)	20.5	26.4	28.7			23.4	17.9	

Operational data

The following table sets forth key operational data for Vodacom DRC:

	Year ended 31 March			% change		Six months ended 30 September		% change
	2006	**2007**	**2008**	**06/07**	**07/08**	**2007**	**2008**	**07/08**
Customers (thousands)	1 571	2 632	3 289	67.5	25.0	3 178	3 776	18.8
Contract	14	17	21	21.4	23.5	20	24	20.0
Prepaid	1 538	2 587	3 209	68.2	24.0	3 102	3 647	17.6
Community services	19	28	59	47.4	110.7	56	105	87.5
Gross connections (thousands)	892	1 688	2 141	89.2	26.8	1 182	1 425	20.6
Churn (%)	28.1	30.4	48.0			43.3	53.9	
ARPU (rand per month)	87	74	60	(14.9)	(18.9)	61	65	6.6
Estimated mobile market share (%)	48	47	41			44	39	
Employees	479	627	691	30.9	10.2	739	679	(8.1)

Vodacom, via Vodacom Mauritius, owns 51% of Vodacom DRC, while Congolese Wireless Network s.p.r.l. currently owns the remaining 49%. As at the date of this pre-listing statement, Vodacom is in discussions with its minority shareholder in the DRC that may result in changes to the corporate or financial structure of Vodacom DRC.

Vodacom DRC obtained its GSM licence in December 2001 and a commercial service was launched under the Vodacom brand in May 2002.

Vodacom DRC had 4.0 million customers as at 31 December 2008. Vodacom DRC contributed 5.2% and 1.6% to group revenue and operating profit, respectively for the six month period ended 30 September 2008, as compared to contributions of 4.9% and 3.0% to group revenue and operating profit, respectively for the six month period ended 30 September 2007.

Country overview

As of 31 December 2007, the DRC had a population of approximately 64.4 million, of whom almost 50% are below the age of 14, with a median age of 16 years. Over 10 million people live in the capital, Kinshasa. French is the official language of business and government, with many local languages and dialects also in use. The DRC covers an area of approximately 2.3 million square kilometres and is one of the largest countries in Africa.

The economy is principally focused on the mining of copper, cobalt, diamonds and other minerals and precious metals, which is mainly centred on the southern and eastern parts of the country, approximately 2 000 kilometres from Kinshasa. Since September 2008, the mining sector in the DRC has shrunk considerably with a significant number of mines closing down or downsizing in that period. This has placed the rest of the economy in the DRC under great pressure and has had and may continue to have a knock on effect on the telecommunications industry.

The DRC is a challenging environment in which to do business, due to political instability, civil unrest and logistical problems as a result of the size of the country and lack of infrastructure.

The following table sets forth certain macro-economic information for the DRC:

	As at and for the year ended		
	2005	2006	2007
Population (thousands)	60 474	62 376	64 390
Total GDP (US$ millions)	7 223	8 824	10 423
GDP per capita (US$)	126	149	171
GDP per capita (US$ PPP adjusted)	278	294	312
Exchange rate (R:1US$)	6.35	6.98	6.80

Source: CIA World factbook, IMF and Vodacom estimates

Market and competition

The following table sets forth certain telecommunications market information for the DRC:

	As at 31 December		
	2005	2006	2007
Number of fixed-lines (thousand)	11	11	10
Fixed-line penetration (%)	–	–	–
Number of mobile customers (thousand)	2 933	4 759	7 602
Mobile penetration (%)	5	8	12
PC penetration (%)	n/a	n/a	n/a

Source: Globalcomms and Vodacom estimates

The telecommunications market in the DRC is characterised by the almost total lack of fixed-line infrastructure, providing a significant opportunity for MNOs. The mobile penetration rate in the DRC has increased significantly in recent years but remains one of the lowest in Sub-Saharan Africa at approximately 16% as at 31 December 2008.

There are currently five MNOs operating in the DRC, but the majority have failed to establish any significant scale. As at 31 December 2008, Vodacom DRC is the market leader in the DRC with an estimated market share of approximately 38%. Vodacom believes its most significant competitors in the market are:

- Zain Congo, a subsidiary of the Zain Group, has been operational in the DRC since 2008. The company was previously operated under the Celtel brand, which commenced operations in 2000; and
- Tigo Congo, a subsidiary of Millicom International Cellular, launched services in the DRC in 2007. The company was previously operated under the Oasis brand, which commenced operations in 2000.

Network infrastructure and technology

As at 31 December 2008, Vodacom DRC has rolled out 514 base stations and 11 mobile switching centres across all nine provinces in the DRC covering 349 towns. The network covers approximately 15% of the geographical area of the DRC and approximately 55% of the population as at 31 December 2008.

Products and services

Vodacom DRC offers a range of telecommunications services including contract, prepaid, PABX, ISP and public pay phone services. As at 31 December 2008, prepaid customers comprised 96.4% of the customer base. Services and products are billed in US Dollars. Vodacom DRC commercially launched a prepaid per second billing package (TicTac+) in December 2007. Vodacom DRC also introduced MMS early in 2007 as well as a Missed Call Notification service to Vodacom DRC customers.

ATM recharge and GPRS terminals have been launched to the banks and other corporates, enabling real time transactions.

Sales and distribution

Vodacom DRC distributes products through a mix of direct and indirect channels designed to address the challenge caused by the lack of infrastructure within the country.

Vodacom DRC's distribution network consists of 143 exclusive super dealers and local based super dealers and 74 payphone operators. Vodacom DRC had 1 078 outlets of which 35 were Vodashops as at 31 December 2008.

Vodacom DRC introduced a bulk printing system in the DRC with great success. The system has grown to account for a significant portion of the recharge revenue in the DRC and has been well accepted by Vodacom DRC customers as an alternative prepaid distribution channel that strengthens the Vodacom DRC distribution channel. Vodacom DRC further introduced a new airtime recharge service, allowing Vodacom customers to be topped up by their relatives, friends and associates. New scratch card voucher denominations were launched and there were various promotions to increase the penetration of TicTac+.

Operational performance

Vodacom DRC's customer base in the six month period ended 30 September 2008 increased by 18.8% to 3.8 million, as compared to 3.2 million for the six month period ended 30 September 2007. The growth in the customer base is as a result of attractive connection incentives, aggressive sales and marketing campaigns, increased network roll-out and the launch of per second billing and the release of lower denomination vouchers.

For the six month period ended 30 September 2008, churn increased to 53.9%, as compared to 43.3% for the six month period ended 30 September 2007, due to strong competition in the market. During the six month period ended 30 September 2008, total ARPU increased by 6.6% to R65 per month, as compared to R61 per month for the six month period ended 30 September 2007, primarily due to currency fluctuations offset by the connection of lower ARPU customers as well as an increase in inactive customers and decreasing usage. In US Dollars, ARPU declined by 1.9% and there has been a further decrease in ARPU since September 2008, mainly due to increasing competition and the weakening economic climate resulting from the impact of the global economic crisis on the mining sector in the DRC and the weakening of local currency against the US Dollar.

Financial performance

Vodacom DRC's revenue for the six month period ended 30 September 2008 increased by 22.7% to R1 360 million as compared to R1 108 million for the six months ended 30 September 2007. The increase in revenue was primarily due to the increase in customers, increase in data revenue and the strengthening of the US Dollar to the Rand over the period, offset by a decrease in net interconnect revenue. In US Dollars, revenue increased by 12.1% in the six month period. Data revenue accounted for 3.8% of Vodacom DRC's revenue for the period ended 30 September 2008 and increased by 40.5%.

Vodacom DRC's profit from operations for the six month period ended 30 September 2008 was R101 million and EBITDA was R338 million, for the six month period ended 30 September 2008, decreasing by 41.3% and 5.3%, respectively on prior year period with an EBITDA margin of 24.9% compared to 32.2% in the prior comparative period. Profitability was negatively impacted by an increase in indirect taxes levied by government, changes in interconnection rates, increases in network maintenance and site costs due to fuel and security increases and challenging market conditions. In US Dollars, profit from operations and EBITDA decreased by 46.4% and 13.6% respectively.

During the six month period ended 30 September 2008, capital expenditure reduced slightly to R251 million, as compared to R259 million for the six month period ended 30 September 2007, or 17.9% of revenue.

Mozambique

Summarised financial information

The following table sets forth summarised financial information for Vodacom Mozambique:

	Year ended 31 March			% change		Six months ended 30 September		% change
	2006	**2007**	**2008**	**06/07**	**07/08**	**2007**	**2008**	**07/08**
Revenue	158	269	434	70.3	61.3	183	296	61.7
Data revenue	3	8	16	166.7	100.0	6	14	133.3
EBITDA	(129)	(69)	(32)	46.5	53.6	(32)	(22)	31.3
Loss from operations	(144)	(177)	(157)	(22.9)	11.3	(56)	(99)	(76.8)
Capital expenditure	121	85	111	(29.8)	30.6	20	55	175.0
EBITDA margin (%)	(81.6)	(25.7)	(7.4)			(17.5)	(7.4)	
Operating loss margin (%)	(91.1)	(65.8)	(36.2)			(30.6)	(33.4)	
Capital expenditure/ revenue (%)	76.8	31.7	25.7			10.6	17.6	

Operational data

The following table sets forth key operational data for Vodacom Mozambique:

	Year ended 31 March			% change		Six months ended 30 September		% change
	2006	**2007**	**2008**	**06/07**	**07/08**	**2007**	**2008**	**07/08**
Customers (thousands)	490	988	1 282	101.6	29.8	1 079	1 287	19.3
Contract	8	15	21	87.5	40.0	18	24	33.3
Prepaid	482	973	1 250	101.9	28.5	1 060	1 250	17.9
Community services	–	–	11	n/a	n/a	1	13	>200.0
Gross connections (thousands)	342	797	951	133.0	19.3	391	476	21.7
Churn (%)	32.2	41.7	58.7			57.3	72.7	
ARPU (rand per month)	39	30	31	(23.1)	3.3	28	38	35.7
Estimated mobile market share (%)	30	35	40			38	42	
Employees	170	129	157	(24.1)	21.7	153	188	22.9

Vodacom owns 85% of Vodacom Mozambique with the remaining 15% being held by local investors. Vodacom Mozambique was awarded its licence in August 2002, but due to the delay in an interconnection regime being established, operations only commenced in December 2003 when this was resolved. In 2008, Vodacom Mozambique was issued with a 3G licence.

As at 31 December 2008, Vodacom Mozambique had 1.4 million customers. Vodacom Mozambique contributed 1.1% to group revenue for the six month period ended 30 September 2008, as compared to 0.8% for the six month period ended 30 September 2007.

Country overview

Mozambique covers an area of approximately 802 000 square kilometres. As of 31 December 2007, Mozambique had a population of approximately 20.9 million, of whom almost 45% are below the age of 14, with a median age of 17 years. Mozambique recognises many national languages, with Portuguese used as the primary language for business.

Mozambique was one of the world's poorest countries when it gained independence, and its economy suffered from the effects of an extended civil war which ended in 1992. Since the early 1990s, a series of macroeconomic and fiscal reforms have helped to deliver strong economic growth, although the country remains highly dependent upon foreign aid for much of its annual budget. Significant natural resource potential and ongoing foreign investment are expected to help Mozambique deliver continued economic growth despite the global economic slowdown.

The following table sets forth certain macro-economic information for Mozambique:

	As at and for the year ended 31 December		
	2005	**2006**	**2007**
Population (thousands)	20 154	20 530	20 906
Total GDP (US$ millions)	6 632	6 961	7 795
GDP per capita (US$)	323	332	364
GDP per capita (PPP adjusted)	683	749	807
Exchange rate (Mozambique Metical:R1)	3.81	3.74	3.48

Source: CIA World Factbook, Economist Intelligence Unit and Vodacom estimates

Note: In 2005 and 2006, the Mozambique Metical had three additional zeros associated with the currency. Adjusted in above table

Mozambique is a challenging environment due to the logistical problems as a result of the size of the country and lack of infrastructure.

Market and competition

The following table sets forth certain telecommunications market information for Mozambique:

	As at 31 December		
	2005	**2006**	**2007**
Number of fixed-lines (thousands)	75	74	76
Fixed-line penetration (%)	–	–	–
Number of mobile customers (thousands)	1 537	2 446	3 079
Mobile penetration (%)	8	12	15
PC penetration (%)	1	1	1

Source: Globalcomms, Vodacom estimates and Euromonitor

The telecommunications market in Mozambique has undergone significant reform since the end of the civil war and has displayed strong recent growth. Fixed-line services are primarily provided by the state-owned incumbent operator, Telecommunication de Mozambique (TDM). Fixed-line teledensity remains low, and is currently estimated at 0.4%, with network quality generally insufficient to deliver sophisticated services.

The mobile penetration rate in Mozambique is approximately 16% of total population as at 31 December 2008 and, despite recent significant increases, remains below the average for the region.

There are currently two mobile network operators in Mozambique, of which Vodacom Mozambique is the second largest with a market share of approximately 43% as at 31 December 2008. Vodacom's current competitor is mCel (Mocambique Cellular), a subsidiary of the incumbent fixed-line operator TDM. The Mozambique government may award a new licence in the near future.

Network infrastructure and technology

As at 31 December 2008, Vodacom Mozambique's infrastructure consisted of three mobile switching centres, seven base station controllers and 244 base transceiver stations, covering 32% of the geographical area. Investment is still being made in expanding and upgrading the network coverage.

Products and services

Vodacom Mozambique provides a range of prepaid and contract mobile telecommunications services As at 31 December 2008, prepaid customers comprised 97.3% of the customer base.

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

A public phone service was introduced in 2007, with Vodacom Mozambique signing up an exclusive service provider. As at 31 December 2008, 13 538 public phones were active on the Vodacom network.

Vodacom Mozambique bills its customers in Mozambique Meticals.

Sales and distribution

Vodacom Mozambique operates 77 outlets nationally and distributes 70% of its recharge vouchers electronically using its own systems, as well as those of super dealers and financial institutions.

Operating performance

Vodacom Mozambique's customer base increased by 19.3% to 1.3 million in the six month period ended 30 September 2008, as compared to 1.1 million for the six month period ended 30 September 2007. The growth in customers is as a result of increased network coverage, improved products and services and an increased number of distribution partners. For the six month period ended 30 September 2008, churn increased to 72.7%, as compared to 57.3% for the six month period ended 30 September 2007, as a result of strong competition in the market and a large part of the base being seasonal holiday visitors from outside Mozambique.

During the six month period to 30 September 2008, total ARPU increased by 35.7% to R38 per month, as compared to R28 per month for the six month period ended 30 September 2007, primarily due to tariff increases and an appreciation of the local currency to the Rand. In Meticals ARPU increased by 13.5% in the six month period.

Financial performance

Vodacom Mozambique's revenue for the six month period ended 30 September 2008 increased by 61.7% to R296 million, as compared to R183 million for the six month period ended 30 September 2007. The increase in revenue was primarily due to the increase in customers, a 12% tariff increase from 1 October 2007, a 133.3%

increase in data revenue to R14 million and a strengthening of the local currency to the Rand in the six month period. In Meticals revenue increased 36.4% in the six month period, with the Metical average rate appreciating 15.6% to the Rand in the six month period. Data revenue accounted for 4.7% of Vodacom Mozambique's revenue for the six month period ended 30 September 2008, as compared to 3.3% for the six month period ended 30 September 2007.

Vodacom Mozambique's loss from operations was R99 million and EBITDA loss was R22 million for the six month period ended 30 September 2008, as compared to a loss from operations of R56 million and an EBITDA loss of R32 million for the six months ended 30 September 2007. Profitability was negatively impacted by the impairment of assets of R21.1 million.

During the period, capital expenditure increased by 175% to R55 million, as compared to R20 million for the six month period ended 30 September 2007, or 17.6% of revenue, largely driven by network expansion.

Lesotho

Summarised financial information

The following table sets forth summarised financial information for Vodacom Lesotho:

	Year ended 31 March			% change		Six months ended 30 September		% change
Rm	**2006**	**2007**	**2008**	**06/07**	**07/08**	**2007**	**2008**	**07/08**
Revenue	170	227	309	33.5	36.1	139	180	29.5
Data revenue	16	23	31	43.8	34.8	14	21	50.0
EBITDA	67	97	139	44.8	43.3	64	89	39.1
Profit from operations	51	75	123	47.1	64.0	56	79	41.1
Capital expenditure	26	25	36	(3.8)	44.0	19	45	136.8
EBITDA margin (%)	39.4	42.7	45.0			46.0	49.4	
Operating profit margin (%)	30.0	33.0	39.8			40.3	43.9	
Capital expenditure/ revenue (%)	15.2	11.0	11.6			13.6	24.5	

Operational data

The following table sets forth key operational data for Vodacom Lesotho:

	Year ended 31 March			% change		Six months ended 30 September		% change
	2006	**2007**	**2008**	**06/07**	**07/08**	**2007**	**2008**	**07/08**
Customers (thousands)	206	279	395	35.4	41.6	332	450	35.5
Contract	3	3	4	–	33.3	4	5	25.0
Prepaid	200	272	383	36.0	40.8	323	435	34.7
Community services	3	4	8	33.3	100.0	5	10	100.0
Gross connections (thousands)	98	119	176	21.4	47.9	80	97	21.3
Churn (%)	22.3	19.0	17.8			17.9	20.0	
ARPU (rand per month)	79	76	74	(3.8)	(2.6)	73	69	(5.5)
Estimated mobile market share (%)	80	80	80			80	80	
Employees	67	60	70	(10.4)	16.7	63	79	25.4

Vodacom owns 88.3% of Vodacom Lesotho, while Sekha-Metsi Enterprises (Proprietary) Limited, a company incorporated in Lesotho, owns the remaining 11.7%. Vodacom Lesotho was awarded a licence for the operation of mobile systems in June 1995 and launched commercial services in May 1996 in partnership with the Government. Lesotho was the first international expansion executed by Vodacom and whilst the operation remains small, it is strategically important to Vodacom given its geographical position and complementary nature to Vodacom's operations in South Africa.

Vodacom Lesotho has approximately 490 000 customers as at 31 December 2008. Vodacom Lesotho contributed 0.7% and 1.2% to group revenue and operating profit, respectively, for the six month period ended 30 September 2008, as compared to contributions of 0.6% and 1.0% to group revenue and operating profit, respectively, for the six month period ended 30 September 2007.

Country overview

The following table sets forth certain macro-economic information for Lesotho:

	As at and for the year ended 31 December		
	2005	**2006**	**2007**
Population (thousands)	2 118	2 122	2 125
Total GDP (US$ millions)	1 467	1 570	1 618
GDP per capita (US$)	772	835	899
GDP per capita (US$/PPP adjusted)	1 410	1 560	1 750

Source: CIA World Factbook, Economist Intelligence Unit

Lesotho is a land-locked country surrounded by South Africa, covering an area of approximately 30 thousand square kilometres. The country hosts a population of 2.1 million as at 31 December 2007, of whom 35% are below the age of 14, with a median age of 21 years. Lesotho recognises two national languages with English the primary language of business.

Lesotho's economy is fundamentally linked to the scale of remittances from South Africa and customs duties from the Southern Africa Customs Union. Water is the country's only major natural resource, with exports to South Africa a steady source of income. A small manufacturing sector has begun to develop, but the economy remains dominated by subsistence agriculture.

Market and competition

The following table sets forth certain telecommunications market information for Lesotho:

	As at 31 December		
	2005	**2006**	**2007**
Number of fixed-lines (thousands)	48	53	59
Fixed-line penetration (%)	2	2	3
Number of mobile customers (thousands)	238	326	456
Mobile penetration (%)	11	15	21
PC penetration (%)	n/a	n/a	n/a

Source: Globalcomms, ITU and Vodacom estimates

The telecommunications market in Lesotho has undergone a gradual transformation from a state controlled monopoly, but remains below the regional average in terms of development. Lesotho's fixed-line market remains dominated by Telecom Lesotho, although its period of exclusivity for fixed-line services ended in 2007. Fixed-line teledensity is currently estimated at 3%.

Since the privatisation of the mobile market in 2000, a second MNO has launched services in Lesotho. As at 31 December 2008, the mobile penetration rate stood at approximately 29%. Vodacom Lesotho is the market leader with an estimated market share of 80%, with its only current competitor, Econet Lesotho, holding the remaining 20%. Telecom Lesotho, the state-owned fixed-line operator and Econet have merged into one company.

Network infrastructure and technology

As at 31 December 2008, Vodacom Lesotho's network had 114 base transceiver stations, one mobile switching centre, four base station controllers, one short message service centre, one intelligent network platform and one voicemail platform. WiMAX base stations have been installed in various towns in the lowlands of Lesotho to facilitate fixed data connections for enterprise clients. In May 2008, Vodacom Lesotho switched on its 3G/HSDPA network for broadband services.

Products and services

Vodacom Lesotho provides a range of prepaid and contract mobile telecommunications services over a 2G and 3G platform, including a number of value added services such SMS, MMS, data bundles and voicemail. As at 31 December 2008 prepaid customers comprised 96.9% of the customer base. New products recently introduced include Vodacom Small Office Home Office (SoHo) packages (a fixed wireless home solution), WiMAX and 3G services.

Sales and distribution

Vodacom Lesotho's distribution network includes two Vodacom 3G centres, Vodacom owned cellular shopping centres that allow customers to buy cellular and internet products with a walk-in customer care service, 11 super dealers, a wholesale channel supplying the informal sector, four retailers such as Edcon and Shoprite supermarkets and 52 franchise container shops throughout the country. There are approximately 400 Vodacom-branded outlets. New strategic partners are being employed to increase distribution further.

Operating performance

Vodacom Lesotho's customer base increased by 35.5% to 450 000 in the six month period ended 30 September 2008, as compared to 332 000 for the six month period ended 30 September 2007. The growth in customers is as a result of extended distribution and aggressive marketing campaigns. Churn increased to 20% for the six month period ended 30 September 2008, as compared to 17.9% for the six month period ended 30 September 2007, as a result of increased competitive activity.

During the six month period ended 30 September 2008, total ARPU decreased by 5.5% to R69 per month, as compared to R73 per month for the six month period ended 30 September 2007, primarily due to a decrease in the average monthly minutes per prepaid customers as newer prepaid customers tend to be from lower income tiers.

Financial performance

Vodacom Lesotho's revenue for the six month period ended 30 September 2008 increased by 29.5% to R180 million, as compared to R139 million for the six month period ended 30 September 2007, primarily due to the increase in customers and a 50% increase in data revenue to R21 million, as compared to R14 million for the six month period ended 30 September 2007. Data revenue accounted for 11.7% of Vodacom Lesotho's revenue for the six month period ended 30 September 2008, as compared to 10.1% for the six month period ended 30 September 2007.

Vodacom Lesotho's profit from operations for the six month period ended 30 September 2008 was R79 million and EBITDA was R89 million, increasing by 41.1% and 39.1% respectively on prior year period with an EBITDA margin of 49.4% compared to 46.0% in the prior comparative period. The EBITDA margin increased due to effective cost management.

During the period capital expenditure increased by 136.8% to R45 million, as compared to R19 million for the comparative six month period ended 30 September 2007, or 24.5% of revenue, largely due to an expansion in coverage and investments in the 3G and WiMAX networks.

Gateway

Vodacom acquired 100% of Gateway on 30 December 2008. Gateway is one of Africa's largest providers of interconnection services via satellite and terrestrial network infrastructure for both African and international telecommunications companies. Gateway also provides an extensive range of high quality, end to end connectivity and enterprise communications solutions to large African and multinational corporations operating across the region.

Summarised financial information

The following table sets forth unaudited summarised financial information for Gateway on a standalone basis before any consolidation adjustments. The information below has been extracted without adjustment from the unaudited financial results, prepared in accordance with IFRS, provided to the high yield bond holders of the restricted companies in Gateway Telecommunications SA (Proprietary) Limited, released on 27 November 2008. The reported results for the nine months ended 30 September 2007 are pro forma the acquisitions made in 2007. Vodacom management believes the results of restricted companies in Gateway Telecommunications SA (Proprietary) Limited reflect the results of Gateway in all material respects. There are potentially some adjustments, however, Vodacom management believes that the information below reflects the historical financial results of Gateway. The information below is provided on a voluntary basis given the acquisition of Gateway is not considered a material acquisition (as defined by the Listings Requirements).

	Nine months ended 30 September		**% change**
(US$ thousands)	**2007**	**2008**	**07/08**
Carrier Services revenue	151 245	214 477	41.8
Business Services revenue	28 178	38 665	37.2
Total revenues	179 423	253 142	41.1
EBITDA	30 066	35 794	19.1
EBITDA margin (%)	16.8	14.1	

Operational data

The following table sets forth key operational data for Gateway:

	Nine months ended 30 September		% change
	2007	**2008**	**07/08**
Number of voice minutes (thousands)	812 626	1 231 804	51.6
Average voice revenue per minute (cents)	0.145	0.143	(1.4)
Average leased line and data bandwidth (Mbps)	728	747	2.6
Monthly average leased line and data revenue per average Mbps provided ($)	44 490	44 239	(0.6)
Average number of business VSAT sites	971	1 391	43.3
Business VSAT revenue per average number of VSAT sites ($)	15 494	14 023	(9.5)

Market and company overview

The sub-Saharan telecommunications market has grown rapidly in recent years as the proliferation of mobile telephony, increasing market liberalisation and more affordable pricing structures have driven demand for reliable and high quality telecommunications services. The majority of growth has been generated by demand for mobile communications services, with the number of mobile customers increasing by a CAGR of 50.7% between 2001 and 2007. This increase in customers has driven traffic volumes both domestically and for international incoming and outgoing minutes. According to a study by Balancing Act, commissioned by Gateway, international voice traffic in sub-Saharan Africa (excluding South Africa) increased by a CAGR of 26.5% between 2001 and 2006 with demand for satellite-based cellular backhaul services increasing by a CAGR of 90.1% over the same period. With continued low levels of mobile penetration and increasingly affordable services, significant growth in traffic remains available across the region.

The rapid growth in the telecommunications market has led many network operators to outsource their backhaul requirements as they focus on the development of their own network and customer bases. Gateway acts as a third party provider of connectivity to these network operators, particularly mobile network operators. The limited level of high quality, fixed-line infrastructure in Sub-Saharan Africa (excluding South Africa), the price and limited quality of access to submarine cables and a shortage of satellite bandwidth to service the region, has resulted in a relatively small number of suppliers who can provide sufficient quantity and quality of service. Due to the scale and scope of its primarily satellite-based network infrastructure, Gateway is able to offer high quality, reliable and value-for-money services to these customers across the entire region.

Gateway's Business Services division operates in the corporate market which has grown rapidly. With the expansion in Africa's commercial sector, the demand for sophisticated business-related telecommunications services has increased significantly over the last few years. The significant increase in investment in Africa over recent years, driven by the search for primary resources and an improved business environment, coupled with an increase in indigenous business development, has led to a rapid increase in demand in African centric voice and data communications.

Network infrastructure and technology

Gateway operates one of Africa's largest satellite networks, with leased capacity of 43 transponders on 14 satellites and additional circuits providing a total of 1 567 MHz of capacity. Gateway manages over 1 670 iDirect antennae and 1 307 simplex links linking 401 earth stations, and provides connectivity to, from and within 40 African countries.

The quality of Gateway's network ensures a reliable and high quality service, with Gateway outperforming the key quality indicators measured under service level agreements and, in 2007, delivering an average availability rate of 99.98%.

Products and services

Gateway's Carrier Services division provides three major connectivity services to telecommunications network operators:

- Inbound voice: the termination of international traffic originating outside of Africa on telecommunications networks in Africa. Gateway invoices telecommunications operators outside of Africa (primarily in US Dollars) based on the volume of international traffic carried and terminated on African networks. In the nine months to September 2008, inbound voice revenues accounted for 47% of Gateway total revenues

- Outbound voice: the termination of international traffic originating inside Africa in destinations either outside of Africa or in another African country. Gateway invoices telecommunications operators in Africa (primarily in US Dollars) based on the volume of international traffic carried and terminated on networks in Africa and the rest of the world. In the nine months to September 2008, outbound voice revenues accounted for 22.8% of Gateway total revenues
- Carrier data services: the in-country backhaul of voice and data services, as well as high-speed internet connectivity to GPRS support and 3G data services. Gateway invoices telecommunications operators based on the overall throughput of the connection. In the nine months to September 2008, carrier data services revenues accounted for 14.9% of Gateway total revenues.

Gateway's Business Services division provides a widerange of high quality corporate telecommunications solutions to multi-national and major African organisations. Products offered include VSAT communications services, MPLS connectivity, VPNs, and wireless broadband. Gateway enters into long term contracts with its clients and invoices primarily in US Dollars. Business Services accounted for 15.3% of Gateway total revenues in the nine months to September 2008.

Operational performance

Gateway's Carrier Services divisions increased the total voice minutes carried for the nine months ended September 2008 by 51.6% from 813 million minutes to 1 232 million minutes. Growth in inbound traffic was due to the addition of new customers and significant increases in traffic to Nigeria and Niger in particular. Outbound voice traffic increased due to the addition of new customers and general growth in the market.

The average number of VSAT sites increased by 43.3% from 971 to 1 391 at 30 September 2008, driven by the addition of new customers and the increased demand for VSAT sites from large and multinational corporations. Average revenue per VSAT site declined by 9.5% from US$15 494 to US$14 023.

Financial performance

Gateway's total revenue increased by 41.1% from US$179.4 million to US$253.1 million for the nine months ended September 2008.

EBITDA increased by 19.1% from US$30.1 million to US$35.8 million for the nine months ended September 2008. The EBITDA margin decreased from 16.8% to 14.1%, primarily due to the changing product mix, in particular the significant growth in inbound voice traffic to Nigeria.

8. KEY STRENGTHS

Vodacom believes its key strengths include the following:

8.1 Attractive existing footprint with leading market positions

As at the date of this pre-listing statement, the Group has the leading market position in all of its mobile operations except in Mozambique where it is second to the state-owned incumbent. In addition, Vodacom has expanded its presence by the recent acquisition of Gateway which has operations across the sub-Saharan African region.

Vodacom SA is South Africa's largest mobile network operator by number of customers and revenue, with a market share of mobile customers of approximately 52% as at 31 December 2008. Vodacom SA is also the leading provider of wireless broadband in South Africa with over 413 000 data contract customers. In addition, more than 197 000 customers use Vodacom's contract and prepaid data bundles. The total data customers at the end of December 2008 is, therefore, over 610 000 data customers.

The Group's operations outside South Africa represent attractive growth markets due to their relatively lower levels of mobile penetration and the less mature stage of development of the ICT sector in these regions.

Vodacom has recently expanded its presence by the acquisition of Gateway, which has operations across sub-Saharan Africa. The Group will utilise its leading market positions as a mobile operator to drive its transformation into a total communications provider. To that end, Vodacom SA has made a significant investment in Vodacom Business in South Africa, including the recent launch of its 1 000m^2 data centre facility which has the capacity to host up to 20 000 dedicated client servers or 650 000 virtual machines.

8.2 Investment in technology with high quality networks and superior coverage

Vodacom is a leader in the deployment of new technologies in the markets in which it operates and its service offering is underpinned by existing high quality networks. Vodacom SA's GSM network infrastructure covers an estimated 98% of the population and 72% of the territory with 7 397 base transceiver stations, with full GPRS functionality. Vodacom SA commenced its UMTS/3G deployment in 2004 and has the most extensive coverage in South Africa, with 2 665 base transceiver stations. Vodacom SA has recently invested in transmission infrastructure, with the deployment of microwave links and four completed and seven in-progress core fibre rings in six major regions in South Africa.

In Vodacom's countries of operation outside of South Africa, network coverage has primarily focused on major cities and towns. However, Vodacom is still expanding coverage which is driving increased penetration. Vodacom was the first operator to launch 3G/HSDPA in Tanzania in 2007 and is providing WiMAX services in Tanzania, Lesotho and the DRC.

8.3 A leading, recognisable brand

In South Africa, Vodacom is recognised as the number one telecommunications brand and the fourth most popular brand overall. It is also a leading brand in Lesotho, Tanzania, Mozambique and the DRC and has been awarded the Superbrand status for East African Companies in August 2008. Vodacom is a major sponsor of sport, tournaments and events. The Group will continue to use sponsorship as a vehicle to associate the passion of sport with its brand and to promote its corporate social responsibility initiatives.

8.4 Extensive distribution channels

Vodacom is supported by extensive distribution channels for airtime and mobile phones, including wholesale channels, direct sales forces, independent dealers, franchises, national chains, informal distribution channels and "Vodacom Direct", an on-line channel and a direct fulfilment call centre. For example, in South Africa, Vodacom has over 25 000 points of sale.

8.5 Benefits arising from being part of the Vodafone Group

Vodacom benefits from being part of the Vodafone Group. The Vodafone Group provides Vodacom with access to Vodafone's expertise, product innovation, marketing and centralised purchasing of telecommunications equipment. Vodacom is able to benchmark itself with other operating companies in the Vodafone Group, and share best practices. Furthermore, Vodacom is able to market Vodafone branded products and services, such as Vodafone 3G, *Vodafone Mobile Connect Cards, Vodafone live!, live TV channels* and *BlackBerry™ Storm* and it has access to roaming offers such as *Vodafone World* and *Vodafone Passport* which are innovative roaming offers giving customers preferential rates when roaming on Vodafone or its partner networks worldwide. After Vodacom becomes a subsidiary of Vodafone, it will continue to evaluate areas where it would benefit from increasing or extending its co-operation with Vodafone, in order to create value for Vodacom's shareholders.

8.6 Experienced management team and employee base

Vodacom has an experienced management team with an established track record in the telecommunications industry, including a number of senior executives and a CEO who have been with Vodacom since its inception. Management has extensive knowledge of local market dynamics and long-standing relationships with key industry participants. The Group's investment in people enables it to attract and retain some of the most experienced and talented individuals in the industry.

9. STRATEGY

Vodacom aims to be a leading total communications provider in sub-Saharan Africa. Its goals are to maintain its leading positions within its existing markets and to expand profitably into new products, services and geographies. The principal elements of Vodacom's strategy are:

9.1 Continue to grow core mobile business

As the Group continues to grow in South Africa, and the rest of sub-Saharan Africa, it is focused on maintaining and strengthening its leading market positions.

Vodacom aims to continue growing by expanding its customer base and launching innovative products and services to grow ARPU. In addition, Vodacom will continue to offer its customers quality customer care in order to maximise customer retention.

Vodacom will continue to invest in technology to support growth but also to ensure the Group manages its cost base through exploiting greater efficiencies and economies of scale.

9.2 Leadership in broadband and connectivity services

The telecommunications market in sub-Saharan Africa is characterised by low fixed-line teledensity and limited broadband access over fixed infrastructure. Additionally a shortage of uplink capacity and international connectivity, combined with unfavourable pricing, has limited the development of broadband services. MNOs, with their extensive network coverage, large existing customer bases and cost effective assets and usage packages are in a position to significantly increase broadband penetration.

Vodacom SA is the largest provider of broadband services in South Africa, offering a wide array of fast, high quality mobile broadband services based on 3G, 3G/HSDPA, 3G/HSUPA, GPRS, EDGE, Wi-Fi and WiMAX. The Group will continue to drive its market leading position in broadband in South Africa and will expand its service offering into the rest of sub-Saharan Africa. Vodacom has built 3G/HSDPA networks in Tanzania and Lesotho, as well as WiMAX networks in South Africa, Tanzania, the DRC and Lesotho. In addition, through Gateway, Vodacom is optimally positioned to sell wholesale broadband and VSAT-based internet services across the region.

Vodacom intends to continue to focus on offering premium interactive voice response services, premium SMS services, multimedia services, internet services, e-mail services and fixed-to-mobile products.

9.3 Develop new converged ICT solutions

Vodacom aims to become sub-Saharan Africa's leading provider of business enterprise solutions. Vodacom has established Vodacom Business and made significant investments in technology, personnel and infrastructure, including the new 1 000m^2 Tier 4 data centre launched in Johannesburg, a Cape Town data centre to be launched in 2009, the opening of a client services operation centre and the acquisition of 51% of StorTech.

Vodacom believes that its brand position, effective distribution network and significant customer base places it in a strong position to launch products and services in new media, entertainment, advertising and financial services to complement core voice and data revenue. For example, it recently launched mobile advertising, which contributed R24.1 million to Vodacom's revenue in the 2008 financial year. Vodacom also aims to seek out new growth opportunities in financial services such as M-PESA in Tanzania that enables Vodacom Tanzania's customers to use their mobile phones to transfer cash on a secure mobile payment service.

9.4 Expand in sub-Saharan Africa

The sub-Saharan Africa population of approximately 750 million people, is a market offering significant growth prospects as fixed and mobile penetration remains low compares to more developed markets.

Vodacom's customer base outside of South Africa increase significantly over the past year to approximately 11.3 million as at 31 December 2008. The recent acquisition of Gateway provides Vodacom with an established platform into Africa on which to benefit from the further growth in demand for carrier connectivity and high quality corporate telecommunications services.

Vodacom regularly reviews its existing portfolio of investments to assess whether it is appropriately positioned to maximise shareholder value. This may lead to increases and decreases in Vodacom's levels of ownership of its investments. Vodacom will also continue to selectively evaluate further licence and acquisition opportunities within sub-Saharan region. Vodafone has agreed to use Vodacom as its exclusive investment vehicle in sub-Saharan Africa.

10. INSURANCE AND RISK MANAGEMENT

10.1 Risk management

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

The Board, when setting strategies, approving budgets and monitoring progress against the budget, considers 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 Vodacom's governance, operations and information systems with regard to the:

- reliability and integrity of financial and operational information;
- effectiveness and efficiency of operations;
- safeguarding of assets; and
- compliance with laws, regulations and contracts.

Risks are periodically reviewed and updated. A filtering and reporting process ensures that strategic risks are reported to the Group's Risk Management Committee and ultimately to the Audit Committee.

10.2 **Insurance**

Vodacom believes it is adequately insured against material losses, risks to property and third party risks. To ensure improved mitigation of its critical and strategic risks, Vodacom subscribes to a comprehensive insurance portfolio for the Group. This portfolio is evaluated periodically (at least annually) to ensure that all new business ventures and strategic risks are included. The portfolio encompasses asset and business interruption, liabilities, directors and officers' liability and an anti-commercial crime policy.

11. HUMAN RESOURCES

11.1 Overview

Vodacom recognises that its employees are important assets and prides itself as being an employer of choice. Vodacom SA was voted as being among the top 10 best employers in South Africa in a survey conducted by the Corporate Research Foundation in 2007. Vodacom believes that its labour relations are sound.

As at 31 December 2008, Vodacom employed 6 695 people in total. The following table sets out the number of Vodacom's employees as at 31 March 2008, 2007 and 2006 and as at 31 December 2008:

		Year ended 31 March		As at 31 December
	2006	**2007**	**2008**	**2008**
South Africa	4 148	4 388	4 504	4 801
Tanzania	438	527	618	695
The DRC	479	627	691	679
Mozambique	170	129	157	188
Lesotho	67	60	70	84
Holding companies and other (including Vodacom Mauritius, Vodacom Ventures and Vodacom Group)	157	189	207	248
Total Employees	5 459	5 920	6 247	6 695

11.2 Transformation/employment equity

Vodacom recognises that employment equity (transformation as contemplated in applicable South African employment equity legislation) is a strategic business imperative that will ensure the Group retains its competitive edge in the markets in which it operates. As at 31 December 2008, of the 5 049 individuals permanently employed by the Group in South Africa and Mauritius, 70% were black and 44% were women. In addition, 34% of senior executives were black and 17% were women. As at that date, previously disadvantaged individuals made up 63% of management.

Under the terms of the Regulatory Agreement, Vodafone has undertaken that its policy as a shareholder in Vodacom Group will be to ensure, insofar as is permitted by law, that at least 50% of Vodacom Group's senior management and staff will be citizens of African countries. It was also agreed that no retrenchments will occur in Vodacom Group resulting from the implementation of the Transactions.

11.3 HIV/AIDS

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

11.4 Employee rewards

The Group recognises that remuneration is a business imperative it has a direct impact on operational expenditure, company culture, employee behaviour and morale and ultimately the sustainability of the organisation. The Group has a Remuneration Committee ("RemCo") that is charged with the responsibility of overseeing, on behalf of the Board, the Group's compensation policy, reward strategy and 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, the Group rewards 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, are aligned to the strategic direction and business specific value drivers of the Group. The Group seeks to create a compelling employee value proposition aimed at attracting and retaining top talent. This is achieved through participation in a range of niche salary surveys.

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

11.5 Human resources development

The Group offers an extensive range of development programmes, including training courses, to its employees. Development at Vodacom involves a blended approach which includes coaching, mentoring, e-learning, strategic projects, self-learning and instructor courses.

11.6 Employee participation

For employee-related matters, Vodacom is dependent on consultative committees of all major subsidiaries within Vodacom, which contribute to shaping employee policies within Vodacom. Consultative committees have been set up for each business area consisting of between four and eight staff members with the managing executive of the area as the chairman. These committees are represented by one member at the national consultative committee with the managing director of the subsidiary concerned as the chairman. Members are elected by the employees of the relevant company for a term of three years and may be re-elected.

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

Policies and practices have also been developed to identify issues of potential conflict and to effectively resolve them in a timely fashion.

11.7 Deferred bonus incentive scheme

Vodacom has a deferred bonus incentive scheme ("Scheme") as a long term employee retention mechanism. Allocations under the scheme are settled in cash. The objective of the Scheme is to align employee interests with those of the shareholders, create loyalty and a sense of ownership amongst employees, provide participation for employees in the growth of Vodacom and act as a retention mechanism for high performing employees.

All permanent employees of the Group are eligible to participate in the Scheme, however, participation is at management's and the Board's discretion. The Scheme allocations are based on the rules and are allocated annually in April based on the employee's position level in the business, percentage of guaranteed total cost of employment and individual performance.

The Scheme allocations (as defined in the deeds setting up the Scheme) vest after three years of allocation and can be exercisable for up to six years, after which time payout is automatic. The proceeds from the Scheme allocations that have vested will be determined by the growth between the issue value and closing value of the allocations, multiplied by the number of allocations attached to the particular employee, less tax payable. The value of the allocations is determined with reference to Vodacom Group's annual profit from operations as adjusted for abnormal items and amortisation of intangible assets.

No shares have been issued and allotted under any scheme, which are held as a pledge against an outstanding loan to an employee, which have not been fully paid for. As disclosed in paragraph 18 of this pre-listing statement, certain YeboYethu units have been allocated to Petrus Johannes Uys, Mohamed Shameel Aziz Joosub and Johan van der Watt in terms of the YeboYethu Trust rules (as defined in that paragraph).

11.8 Introduction of share based scheme

Vodacom Group is currently evaluating various share based remuneration schemes to incentivise and retain employees and align employee objectives with those of shareholders. Any new share based scheme will comply with the Listings Requirements and be subject to shareholder approval.

12. BEE

Vodacom Group, through its subsidiary Vodacom SA, recognises the necessity to participate in the meaningful and sustainable democratic transformation of South Africa, namely BBBEE. Vodacom SA views the successful implementation of BBBEE as a fundamental prerequisite for the long-term development and stability of the South African ICT sector and as such, its key focus areas with regards to its BBBEE initiatives are:

12.1 Equity ownership: the Vodacom BEE transaction

In October 2008, Vodacom Group, through Vodacom SA, concluded the Vodacom BEE transaction – a transaction that facilitated the acquisition of an effective 6.25% interest in the issued ordinary share capital of Vodacom SA by broad-based BEE groups (through a significant public offer to the broad-based black South African public, selected BEE partners and Vodacom's staff).

The Vodacom BEE transaction is one of the largest BBBEE transactions in the South African ICT sector and underscores Vodacom's commitment to achieving sustainable, broad-based objectives.

The following BEE groupings participated in the Vodacom BEE transaction and have acquired an indirect/direct interest in Vodacom SA through the following entities:

- black people (as defined in the BBBEE Codes), black controlled groups and Vodacom SA's black business partners as well as a trust established for the benefit of Vodacom staff own 3.44% of Vodacom SA through YeboYethu; and
- Royal Bafokeng Holdings (Proprietary) Limited (through the vehicle, Lisinfo 209 Investments (Proprietary) Limited) and Thebe Investment Corporation (Proprietary) Limited (through the vehicle, Main Street 661 (Proprietary) Limited) own 1.97% and 0.84% of Vodacom SA, respectively.

Based on a verification conducted by EmpowerLogic (Proprietary) Limited (an accredited verification company specialising in rating BBBEE in entities such as companies) in December 2008, following the implementation of the Vodacom BEE transaction, Vodacom's BEE status has been elevated to that of a "Level 4" empowerment company in terms of the balanced score-card system endorsed. by the South African Department of Trade and Industry.

12.2 **Management and Control**

65% of Vodacom SA's directors are black, of which 27% are black females (as defined in the BBBEE Codes).

12.3 **Skills development and employment equity**

Vodacom SA is committed to the principles embodied within applicable employment equity legislative frameworks. To this end, Vodacom SA aims to ensure that the demographics of its workforce reflect this commitment at all levels, and that all staff receive the support and training necessary to excel in their positions. Vodacom SA's commitment expands further to development of South Africa's youth through its highly effective development and training programme, with specific attention given to the development and training of young black women. During the 2008 financial year, Vodacom SA spent R52 million towards the skills development of its black staff, of which R25.4 million was directed to skills training of black women.

12.4 **Preferential procurement**

Preferential procurement is a key focus area for Vodacom SA, in that it allows Vodacom SA's philosophy and objectives with regard to BBBEE to flow to its suppliers. Where possible, preference has been and will continue to be given to empowered entities in terms of procurement. Of Vodacom's R11 billion procurement spend (as defined in the BBBEE Codes) in South Africa during the 2008 financial year, over R5 billion was spent with suppliers with BBBEE stature no lower than "Level 6".

12.5 **Enterprise development**

Since inception, Vodacom SA has considered enterprise development an important means of increasing and improving its empowerment supplier and customer base, particularly in marginalised communities in South Africa. This is demonstrated by the fact that Vodacom SA, during the 2008 financial year, invested over R500 million in the development of small micro or medium enterprises from marginalised communities.

12.6 **Social enterprise development**

Vodacom SA, through the Vodacom Foundation, is actively involved in social enterprise initiatives, which incorporate both industry specific initiatives and corporate social investment initiatives and will continue to support these worthy causes. Through its dedicated focus, Vodacom SA is able to ensure the upliftment of all communities in South Africa, especially those that have been most marginalised in the past.

For example, Vodacom SA contributes 1.3% of its annual post-tax profits to industry specific projects (e.g. broadband access to rural schools), education and health (e.g. Unite-4-Health). The Unite-4-Health initiative aims to support efforts to improve healthcare in South Africa, especially for disadvantaged South Africans.

13. CORPORATE SOCIAL INVESTMENT

Vodacom's Corporate Social Investment (CSI) is headed by an Executive Director of Vodacom SA.

The CSI programme in South Africa is coordinated through the Vodacom Foundation and is accountable to an 8-person board of trustees, incorporating three independent trustees and chaired by the Executive Director: CSI. In South Africa, the Vodacom CSI programme won second place in the 2008 Sunday Times/Markinor Top Brands survey in the category of "companies contributing most to community upliftment". CSI projects in South Africa include those focused on the development of infrastructure (fixed and mobile), cleft/cataract/cardiac operations, tertiary level bursaries in Information Technology and Electrical Engineering, HIV/AIDS awareness and prevention and nutrition schemes. In 2008. South African projects included investments of R7.5 million towards the development of two schools in the North West Province and R4.0 million was donated to enable 27 disadvantaged children to receive corrective heart surgery through the Walter Sisulu Paediatric Cardiac Centre for Africa. Additional contributions made include funding to perform cataract operations, as well as R2.0 million towards facial reconstruction surgeries. Since 2002, a total of R6.2 million was donated to the Cell Life organisation towards their SMS-based medication management system for HIV/AIDS.

Vodacom DRC, whilst still in the process of establishing a formal foundation to run their CSI programme, focuses areas of education, health and welfare, culture & arts and environment. Recent projects include donations of US$171 000 for the renovation of the Ngiri-Ngiri EPAII Elementary School, approximately US$88 000 towards the renovation of the Boma Hospital and US$28,000 for the renovation of the Kinshasa General Hospital.

Vodacom Mozambique has no registered foundation for its CSI programme. Their focus areas are determined annually by the board of Vodacom Mozambique. During the 2008 year, key projects included the development of a new secondary school in a suburb of Maputo for US$1.3 million.

Vodacom Tanzania has a budget which is allocated towards education, health, environment and social welfare. Key projects include Tsh40 million development of classrooms at the Amani Centre in the Mikese Morogoro region for children with mental disabilities, and Tsh30 million investment into the renovation of the Sekou Toure hospital in Mwanza.

Vodacom Lesotho does not have a registered Foundation for CSI but focuses on projects in the areas of health, education, sports and community development. Recent projects include the covering of school fees for the year for Lesotho's top twelve Junior Certificate students and R1.0 million towards construction of the tuberculosis and children's wards at the Mamohau Roman Catholic Church Hospital in Leribe.

14. DIRECTORS OF VODACOM GROUP AND SENIOR MANAGEMENT OF THE GROUP

14.1 Directors

Details of the directors of Vodacom Group are set out below:

(i) Directors at the date of the pre-listing statement

Name/Address	Age	Nationality	Position
Oyama Andrew Mabandla Langa Group Suite, 13th floor Sandton City Office Tower Sandton City 2196	45	South African	Chairman (non-executive director)*
Petrus (Pieter) Johannes Uys Vodacom Corporate Park 082 Vodacom Boulevard Vodavalley, Midrand 1685	46	South African	CEO of Vodacom Group (executive director)**
Johan van der Watt Vodacom Corporate Park 082 Vodacom Boulevard Vodavalley, Midrand 1685	42	South African	Acting CFO of Vodacom Group (executive director)**
Mohamed Shameel Aziz Joosub Vodacom Commercial Park 082 Vodacom Boulevard Vodavalley, Midrand 1685	37	South African	Executive director**
Ekwow Spio-Garbrah (Dr) Commonwealth Telecommunications Organisation 4th floor, 28 Hammersmith Grove London W678A, United Kingdom	55	Ghanaian	Non-executive director*
David Duncan Barber Vodacom Corporate Park 082 Vodacom Boulevard Vodavalley, Midrand 1685	56	South African	Non-executive director*
Peter Gowar Joubert Vodacom Corporate Park 082 Vodacom Boulevard Vodavalley, Midrand 1685	75	South African	Non-executive director*
Richard Charles Snow Vodafone House, The Connection Newbury, Berkshire, RG14 2FN United Kingdom	42	British	Non-executive director**▲
Morten Lundal Vodafone House, The Connection Newbury, Berkshire, RG14 2FN United Kingdom	44	Norwegian	Non-executive director**▲
Ronald Schellekens Vodafone House, The Connection Newbury, Berkshire, RG14 2FN United Kingdom	45	Dutch	Non-executive director**▲

Name/Address	Age	Nationality	Position
James Carl Grinwis Maclaurin Vodafone House, The Connection Newbury, Berkshire, RG14 2FN United Kingdom	42	British	Non-executive director**▲
Phuti Malabie Vodacom Corporate Park, 082 Vodacom Boulevard, Vodavalley, Midrand 1685	38	South African	Independent non-executive director**
Thomas Andrew Boardman Vodacom Corporate Park, 082 Vodacom Boulevard, Vodavalley, Midrand 1685	59	South African	Independent non-executive director**

* will retire as a director of Vodacom Group with effect from the date of the listing.
** will remain a director of Vodacom Group following the listing.
▲ Vodafone appointee.

(ii) Persons to be appointed as directors of Vodacom Group with effect from the date of the listing

In addition to Petrus Johannes Uys, Johan van der Watt, Mohamed Shameel Aziz Joosub, Richard Charles Snow, Morten Lundal, Ronald Schellekens, James Carl Grinwis Maclaurin, Phuti Malabie and Thomas Andrew Boardman, who are directors as at the date of this pre-listing statement and shall remain as directors of Vodacom Group following the Listing, the following additional persons have been appointed as directors of Vodacom Group with effect from the date of the listing:

Name/Address	Age	Nationality	Position
Mthandazo Peter Moyo Vodacom Corporate Park, 082 Vodacom Boulevard, Vodavalley, Midrand 1685	46	South African	Chairman (independent non-executive director)
Thoko Martha Mokgosi-Mwantembe Vodacom Corporate Park, 082 Vodacom Boulevard, Vodavalley, Midrand 1685	47	South African	Independent non-executive director
Michael Joseph Vodacom Corporate Park, 082 Vodacom Boulevard, Vodavalley, Midrand 1685	63	American	Non-executive director

Each of the abovenamed prospective directors of Vodacom Group has consented in writing to act as a director of Vodacom Group and has signed a letter of appointment to that effect.

(a) Chairman

As at the date of this pre-listing statement and up to the date of the listing:

Oyama Andrew Mabandla

Oyama holds a Bachelor of Arts degree in Political Science from the University of California at San Diego and a Juris Doctorate from Columbia University School of Law in New York City. Oyama is a representative of Telkom and joined the Board in January 2006. He is Executive Chairman of the Langa Group, a corporate investment company and also chairman of Consol Glass (Proprietary) Limited. He is the former deputy CEO of South African Airways, which he also served as general counsel and executive vice president for Strategy, Revenue Management and Network Planning. In the mid 1990s he worked as a merchant banker at Union Bank of Switzerland. He later became a member of the Johannesburg Bar.

With effect from the date of listing:

Mthandazo Peter Moyo

Peter holds a Bachelor of Science (Honours) in Accounting degree from the University of South Africa, and a Higher Diploma in Tax Law from the University of Witwatersrand. He completed an Advanced Management Program from Harvard University and is a chartered accountant in South Africa and Zimbabwe. Peter is one of the founding members of Amabubesi Investments. He was the former group chief executive of Alexander Forbes and previously held the position of deputy managing director of Old Mutual SA. While at Old Mutual he chaired various businesses including Old Mutual Properties and Old Mutual Asset Managers – all multi-billion rand businesses. He is a past director of Telkom and chairman of the Telkom audit committee. He currently serves on the Advisory Board of the Stellenbosch Business School and is Chairman of the Audit Committee of the Auditor General's Office.

(b) Executive directors

As at the date of this pre-listing statement and following the listing:

Petrus Johannes Uys (Pieter)

Pieter holds Bachelor of Science and Master of Science degrees in Engineering from the University of Stellenbosch and a Master of Business Administration degree from Stellenbosch Business School. Pieter was appointed CEO of Vodacom Group with effect from 1 October 2008. Prior to his appointment as CEO, Pieter served as the chief operating officer for Vodacom Group from April 2004 until his appointment as CEO. He also served as managing director of Vodacom SA from December 2001 until March 2005. Pieter joined Vodacom Group in 1993 as a member of the initial engineering team.

Johan van der Watt

Johan is a Chartered Accountant of South Africa and is the acting CFO of Vodacom Group. He graduated with a Bachelor of Commerce in 1988 and in 1989 he completed a Certificate in the Theory of Accounting. Johan completed his articles at PricewaterhouseCoopers in Pretoria in September 1993, following which he joined Vodacom. In 2000, Johan was appointed as Financial Director of Vodacom SA and in 2005 he was appointed as Executive Director: Finance, Vodacom SA. Johan was appointed to the Board on 24 February 2009.

Mohamed Shameel Aziz Joosub (Shameel)

Shameel holds a Bachelor of Accounting Science (Honours) from the University of South Africa and a Master of Business Administration degree from the University of Southern Queensland, Australia. He is also an Associated General Accountant and Commercial and Financial Accountant (South Africa). Shameel joined Vodacom in March 1994 after completing his articles and has held various positions within Vodacom. He was appointed as managing director of Vodacom SA in April 2005. He has served as the managing director of VSPC from 2000 to 2005. He has been a director of Vodacom Group since September 2000. Shameel was also managing director and founder of Vodacom Equipment Company (Proprietary) Limited, the former handset distribution company in Vodacom from 1998 to 2000.

(c) Non-executive Directors

As at the date of this pre-listing statement:

Directors marked with an will retire as directors of Vodacom Group with effect from the date of the listing.*

Ekwow Spio-Garbrah (Dr)*

Ekwow holds a Bachelor of Arts (Honours) degree in English, a Graduate Diploma in Journalism and Communications from the University of Ghana, a Master of Arts in International Affairs from Ohio University and a Graduate Certificate in International Banking from the New York University. He was awarded an Honorary Doctorate in Laws (LLD) by Middlebury University for achievements in the fields of diplomacy, government, education and business. Ekwow is the CEO of the Commonwealth Telecommunications Organisation based in London. His career reflects nearly 30 years of experience, at senior levels within the spheres of international organisations, including as Minister of Education of Ghana, Minister of Communications of Ghana, Ambassador to the United States of America and Senior Executive of the African Development Bank, the World Bank Group and UNESCO. He is a representative from Telkom and joined the Board in 2007.

David Duncan Barber*

David is a member of the Institute of Chartered Accountants (England & Wales). In 2007, he attended the Advanced Management Programme at Harvard Business School. David spent the majority of his career in the Anglovaal Group (prior to its unbundling) where he held the position of Group CFO. Between 2002 and 2008 he held senior financial positions in the Anglo American Plc Group as CFO of Anglo American Corporation of South Africa and Global CFO of Anglo Coal. He is currently a non-executive director and member of the audit committee of Murray & Roberts and Telkom. He has previously served as a non-executive director and member of the audit committee for several companies including Anglo Platinum, Highveld Steel and BJM Holdings. His career has also included positions within PricewaterhouseCoopers, Fedsure and the SAB Miller Group. He is a representative from Telkom and joined the Board in November 2008.

Peter Gowar Joubert*

Peter obtained his Bachelor of Arts degree and a diploma in personnel and works management from Rhodes University and the Advanced Management Programme from Harvard University. He served as CEO and chairman of Afrox and as Chairman of companies like Delta Electrical, Foodcorp, General Motors SA, Impala Platinum, Munich Re, NEI and Sandvik. He also served as a director on many boards among others Hudaco, Malbak, Murray & Roberts, Nedcor, Old Mutual, Sentrachem and SA Druggists. He currently serves as a director of the board for SAA and Transnet and external advisor to General Motors SA. Mr Joubert was named Sunday Times Businessman of the year for 1991. He was also a member of the first King Committee on Corporate Governance, vice president of the Institute of Directors, council member and director of the SA Institute of Race Relations. He is a representative from Telkom and joined the Board in November 2008.

Richard Charles Snow

Richard holds a Masters degree in Natural Sciences from Trinity College, Cambridge and is a Chartered Accountant and member of the Institute of Chartered Accountants (England & Wales). He worked in investment banking, firstly for Charterhouse Bank, then from 1996 for Merrill Lynch, latterly as managing director of investment banking. In 2004 he moved to Goldman Sachs as managing director in its financing group until he moved to Vodafone in 2006 where he currently holds the position of Group Investor Relations Director. He is a representative from Vodafone and joined the Board in 2006.

Morten Lundal

Morten holds a Master of Business Administration, IMD Master of Business & Economics from the Norwegian School of Management. He rose through senior roles at Nordic mobile operator Telenor and was CEO of Telenor's Malaysian subsidiary DiGi Telecom. At DiGi he successfully increased shareholder value and grew market share from 16% to 25%. Morten has broad experience in the telecommunications sector, including leading Telenor's internet division for four years. He has wide ranging geographical experience through Europe, US and Asia. He was previously employed at Telenor AS, Norway as well as Gemini Consulting UK. He is Vodafone's CEO of the Africa and Central Europe Region. He was appointed to the Board in November 2008.

Ronald Schellekens

Ronald is Vodafone's Group Human Resources Director. Prior to joining Vodafone, Ronald was Executive Vice President HR for Shell's global downstream business (refining, retail, commercial, lubricants, chemicals) responsible for 81 000 employees in approximately 120 countries. Prior to working for Shell, he spent nine years working for PepsiCo in various international senior HR roles, including assignments in Switzerland, Spain, South Africa, the UK and Poland. In his last role he was responsible for the Europe, Middle East & Africa region for PepsiCo Foods International. Prior to PepsiCo he worked 9 years for AT&T Network Systems in Human Resources roles in the Netherlands and Poland.

James Carl Grinwis Maclaurin

James holds a Bachelor Science in Civil Engineering from Dundee University and is a Chartered Accountant and member of the Institute of Chartered Accountants (Scotland). Prior to joining Vodafone, James held senior financial positions such as CFO of Celtel International BV and UbiNetics Holdings Limited, executive Vice President: Finance at Marconi Plc, COO and director at Marconi Finance Plc, Vice President: Corporate Finance and Finance Director GEC Singapore and GEC Bangladesh. James has a proven track record of success in mergers & acquisitions, financial and operational restructuring, line financial, commercial and general management roles in technology and telecoms businesses. James is Vodafone's CFO of the Africa and Central Europe Region. He was appointed to the Board in November 2008.

Phuti Malabie

Phuti holds a Bachelor of Arts degree in Economics from Rutgers University and an MBA from De Montfort University. Phuti is the managing director of Shanduka Energy. Prior to joining the Shanduka Group, Phuti headed the Project Finance South Africa unit at the Development Bank of Southern Africa and prior to that she spent 6 years with Fieldstone, an international firm specialising in the financing of infrastructure assets. Phuti was awarded the "Top in Project Finance, 2003" award by the Association of Black Securities & Investment Professionals. In 2007 she was nominated Global Young Leader by the World Economic Forum. She was listed as one of the "Top 50 women in the world to watch in 2008" by the Wall Street Journal. She was appointed to the Board in February 2009.

Thomas Andrew Boardman (Tom)

Tom holds a Bachelor of Commerce degree and C.T.A. from the University of the Witwatersrand and is also a CA(SA). He is the Chief Executive of Nedbank Group Limited and Nedbank Limited. He was previously the Chief Executive of BOE Limited. He was the founding shareholder and managing director of the retail household goods chain, Boardmans. Prior to this he was a director of Blaikie Johnston Limited, managing director of Sam Newman Limited and worked for the Anglo American Corporation for three years. He served his articles at Deloitte & Touche. He is a non executive director of Mutual & Federal Insurance and The Banking Association of South Africa and serves as a trustee on a number of charitable organisations. He was appointed to the Board in February 2009.

Appointed with effect from the date of listing:

Thoko Martha Mokgosi-Mwantembe

Thoko holds a Bachelor of Science from the University of Swaziland and a Master of Science in Medical Chemistry from Loughborough University of Technology (UK), completed a Senior Executive Programme at Harvard and a Managing Corporate Resources Programme from IMD (Swaziland) and holds a Diploma in Teaching from Swaziland. Thoko is the CEO of Kutana Investment Group and is a director at Knorr Bremse SA (Proprietary) Limited, Absa Group Limited, Paracon Holdings Limited and YeboYethu. Thoko has held a number of senior executive positions at Telkom, was marketing director at Lucent Technologies, a divisional managing director of Siemens Telecommunications, the CEO of Alcatel SA and until November 2008, CEO of Hewlett Packard South Africa. Thoko is the recipient of the BWA Businesswoman of the year award in the Corporate category in 2007. In 2005 she won the ICT achiever of the year award, top ICT business woman in Africa award and ICT personality of the year.

Michael Joseph

Michael holds a Bachelor of Science in Electrical Engineering from the University of Cape Town and is a member of the Institute of Electrical and Electronic Engineers and the Institute of Electronic Engineers. Michael is directly contracted by Vodafone for secondment to Safaricom as the CEO of Safaricom, a position held since Vodafone's original investment in mid-2000. He has extensive international experience in the implementation and operation of large wireless and wireline networks, including operations in Hungary, Spain, Brazil, Peru, Argentina, Korea, United States, Australia and the Middle East. Michael has specialised in license acquisition, construction of new networks, turnaround management and start-up of new operations during his career that spans over 40 years starting as a pupil telecommunications technician to his current position. He has guided Safaricom from a customer base of fewer than 20 000 to over 13 000 000 as at the end of January 2009. Michael has been the recipient of many awards, including CEO of the year awarded by the Kenya Institute of Management and the Moran of the Order of the Burning Spear (an award given by the President of Kenya to people who have made a positive impact in Kenya).

Details of the directorships held by each such person in the preceding five years are set out in Annexure 10 to the pre-listing statement.

14.2 Vodacom Group Senior Management

Name/Address	Age	Nationality	Position
Petrus Johannes Uys Vodacom Corporate Park O82 Vodacom Boulevard Vodavalley, Midrand, 1685	46	South African	CEO of Vodacom Group
Mohamed Shameel Aziz Joosub Vodacom Commercial Park 082 Vodacom Boulevard Vodavalley, Midrand, 1685	37	South African	Managing Director: Vodacom SA
Johan van der Watt Vodacom Corporate Park 082 Vodacom Boulevard Vodavalley, Midrand, 1685	42	South African	Acting CFO of Vodacom Group
Lungile Myrtle Ndlovu Vodacom Corporate Park 082 Vodacom Boulevard Vodavalley, Midrand, 1685	50	South African	Chief Officer of Human Resources
Robert William Collymore Vodacom Corporate Park 082 Vodacom Boulevard Vodavalley, Midrand, 1685	51	British	Chief Officer of Corporate Affairs
Willem Hendrik Swart Vodacom Corporate Park 082 Vodacom Boulevard Vodavalley, Midrand, 1685	47	South African	Chief Officer of International Business

Lungile Myrtle Ndlovu

Lungile is Vodacom's Chief Human Resources Officer and has been in this role since January 2000. She holds Bachelor of Arts and Master of Arts degrees and a Higher Diploma in Personnel Management. Lungile has over 20 years experience in human resources management spanning a wide range of industry sectors. She is a highly sought after speaker at conferences and has contributed to a book entitled "Building Human Capital" published by Knowledge Resources. Prior to joining Vodacom, she worked for Primedia Limited as Group General Manager: Human Resources, Otis (Proprietary) Limited as Human Resources Manager, Nedcor Bank Limited as Senior Human Resources Officer and Anglo Alpha as Group Training Officer.

Willem Hendrik Swart

Willem qualified as a Chartered Accountant at PricewaterhouseCoopers in 1991. He joined Telkom in April 1993 as a member of the team which established Vodacom as a company. In November 1993 he joined Vodacom as a Financial Manager. He rose up the ranks during his career at Vodacom to the position of Finance Director of Vodacom SA which he held for four years until July 2000. He also subsequently held the position of Finance Director for Vodacom Service Provider Company and for Vodacom International. He was appointed as Managing Director of Vodacom DRC from September 2002 until March 2004. He then resigned from Vodacom and was appointed as the CEO of VMobile in Nigeria from April 2004 and held the position until July 2006. Willem took a sabbatical from the corporate world for two years and in August 2008 joined Vodacom again as advisor to the CEO and has recently been appointed as Chief Officer International Business.

Robert William Collymore

Robert has spent most of his career in the telecommunications industry, starting with British Telecommunications Plc where he held a number of marketing, purchasing and commercial roles over a 15 year period. From 1994 to 1998 he was purchasing director for Dixons Stores Group, the largest electrical retailer in the United Kingdom, from where he joined Vodafone as the purchasing director for its United Kingdom business. In 2000, he was appointed to the role of Global Handset purchasing director responsible for Vodafone's handset business across 26 countries. In 2003 he moved to Japan as consumer marketing director (Asia). He was appointed to the Board in September 2006 from which he retired on 24 February 2009. Bob also sits on the board of Safaricom in Kenya.

All of the directors and persons who will be directors of Vodacom following the listing have submitted duly completed director's declarations in compliance with Schedule 21 of the Listings Requirements.

None of the directors or senior management have declared:

- any bankruptcies, insolvencies, or individual voluntary compromise arrangements;
- save as detailed below, any receiverships, compulsory liquidations, voluntary liquidations, administrations, company voluntary arrangements or any compromise or arrangement with creditors generally or any class of creditors of any company where the director is or was a director with an executive function of such company at the time of or within the 12 months proceeding any such events(s);
- any compulsory liquidations, administrations or partnership voluntary arrangements in respect of any partnership where the director is or was a partner at the time of or within the 12 months preceding such event(s);
- any receiverships of any asset(s) of the director or of a partnership of which the person is or was a partner at the time of or within the 12 months proceeding such event(s);
- any details of any public criticism of the director by statutory or regulatory authorities, including recognised professional bodies, and whether the director has ever been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company; and/or
- any offence involving dishonesty.

In 1990, David Duncan Barber was an Anglovaal Limited appointee on the board of directors of Crusader Life Assurance Corporation Limited ("Crusader"), a subsidiary of Anglovaal Limited. Crusader was placed under judicial management. The affairs of Crusader were reviewed and Anglovaal Limited and UAL Merchant Bank Limited injected capital into Crusader, resulting in the judicial management being lifted. Crusader was subsequently sold to the Hollard Insurance Group for value.

15. SERVICE CONTRACTS, EMOLUMENTS AND TERMS OF OFFICE OF DIRECTORS OF VODACOM GROUP

15.1 Service contracts

Executive directors' terms of employment are governed by employment contracts. The executive directors' employment contracts are broadly within market standards and do not include any unusual employment benefits.

15.2 Terms of office

Executive directors have two year employment contracts. The notice period for both the executive directors is three months and the CEO has a notice period of 12 months. Each of the executive directors has a restraint of trade agreement effective for 24 months from the date of termination of his employment contract. Executive directors are obliged to retire at the age of 60 years.

Pension and provident fund payments are based on the period of service while provision is made by Vodacom for restraint of trade payments and separation packages where there is entitlement under the law.

There are no technical or secretarial fees paid to directors of Vodacom Group. No commission, gain or profit-sharing arrangements or share options with regard to any of the directors exist, save for the interests held in the Vodacom BEE transaction as disclosed below.

15.3 Directors' emoluments

The following table sets out directors' emoluments for the year ended 31 March 2008:

	Rm
Directors' remuneration	**86.5**
Executive directors – fees as directors: salaries and restraint of trade payments	18.7
Executive directors – fees as directors: fringe benefits	0.6
Executive directors – fees as directors: bonuses and incentives	52.2
Executive directors – long-term benefits	13.6
Non-executive directors – fees as directors	1.4
Included in directors' remuneration	**7.5**
Pension fund employer contributions	2.5
Provident fund employer contributions	4.8
Medical aid employer contributions	0.2
Directors' remuneration and emoluments paid and accrued by:	**86.5**
Vodacom Group	71.2
Subsidiaries	15.3

The following table sets out directors' emoluments paid in cash for those directors who were directors of Vodacom Group during the year ended 31 March 2008 and who will be directors of Vodacom Group on listing:

Director (Rm)	Directors' fees	Basic salary*	Bonus and performance related payments	Retirement benefits	Other material benefits	Restraint of trade payments/ compensation for loss of office	Total
Petrus Johannes Uys	–	3.7	8.1	–	0.1	–	11.9
Mohamed Shameel Aziz Joosub	–	3.5	4.0	–	0.1	–	7.6
Richard Charles Snow**	0.2	–	–	–	–	–	0.2

* Basic salary refers to guaranteed total cost of employment ("GTCE"). Included in the GTCE are company contributions to provident funds, company car benefits, executive travel and travel allowances and professional membership fees.

** Fees due to this director were paid to Vodafone during April 2008.

The amounts disclosed above reflect actual payments made in cash during the year ended 31 March 2008. During the 2008 year, Vodacom provided R2.4 million for Petrus Johannes Uys and R2.7 million for Mohamed Shameel Aziz Joosub respectively in respect of the vested deferred bonus incentive scheme allotments. Vodacom also makes provision for separation packages where there is entitlement in terms of law.

Except as noted above, during the year ended 31 March 2008, no payments were made to third parties in lieu of directors' fees.

Following listing, the non-executive directors of Vodacom Group will be entitled to the following annual remuneration (annual cost to company):

Director type	Directors' fees
Chairman of the Board	750 000
Board Member	175 000
Chairman of audit committee	175 000
Chairman of remuneration committee	150 000

16. DIRECTORS' POWERS

Annexure 7 to this pre-listing statement contains a summary of the provisions of the memorandum and articles insofar as they relate to:

(i) any power enabling a director to vote on a proposal, arrangement or contract in which he is materially interested;

(ii) any power enabling the directors, in the absence of an independent quorum of the Board, to vote on remuneration, including pension or other benefits to themselves or any members of the Board;

(iii) borrowing powers exercisable by the directors and how such borrowing powers can be varied; and

(iv) retirement or non-retirement of directors under any age limit.

17. DIRECTORS' INTERESTS IN SECURITIES

Save as in their capacities as shareholders of Telkom, if applicable, none of the directors hold any direct or indirect share interests in the share capital of Vodacom Group. As at the last practicable date, following the unbundling, directors' interests in Vodacom Group shares directly or indirectly will be as follows:

Director	No. of shares as at last practicable date	% of issued share capital as at last practicable date	Direct beneficial	Indirect beneficial
Petrus Johannes Uys	–	–	300	–
Peter Gowar Joubert	–	–	–	15 000
David Duncan Barber	–	–	–	1 200
Mthandazo Peter Moyo	–	–	250	140

18. DIRECTORS' INTERESTS IN TRANSACTIONS

No director had any beneficial interest in transactions effected by the Group, either during the current or immediately preceding three financial years, or in an earlier financial year and which remain in any respect outstanding or unperformed. Other than being senior employees of Vodafone or senior employees of any company in the Vodafone Group, Vodafone's appointees to the Board do not have any beneficial interest in the Transactions.

No director has been paid any monies to induce him/her to become a director in the three years preceding the last practicable date; nor were any amounts paid or agreed to be paid within the three years preceding the date of this pre-listing statement to any director or to any company in which he/she is beneficially interested, directly or indirectly, or of which he/she is a director ("the associate company"), or to any partnership, syndicate or other association of which he/she is a member ("the associate entity"), in cash or securities or otherwise, by any person either to induce him/her to become or to qualify him/her as a director, or otherwise for services rendered by him/her or by the associate company or the associate entity in connection with the promotion or formation of Vodacom Group.

Save as in their capacity as shareholders of Telkom, if applicable, no directors will benefit, directly or indirectly, in any manner as a consequence of the implementation of the unbundling and the listing of Vodacom Group. The Transactions will not result in any changes to the remuneration of the directors of Vodacom Group.

No loans have been made by Vodacom Group or its subsidiaries to any director, manager or any associate of any director or manager of Vodacom Group or its subsidiaries.

Directors' interests in the Vodacom BEE Transaction

The structure of the Vodacom BEE transaction has made provision for employee participation in the form of an employee share ownership plan known as the YeboYethu Employee Participation Trust ("the YeboYethu Trust"). Executive directors of Vodacom Group as employees of Vodacom are eligible to participate in the YeboYethu Trust. The trust deed and rules of the YeboYethu Trust govern the operation of the YeboYethu Trust in areas of eligibility, allocation of units, duration of the scheme, vesting and exercising of units (as defined in the trust deed and rules of the YeboYethu Trust) ("YeboYethu units"). The executive directors have been allocated YeboYethu units according to the rules of the YeboYethu Trust. The unit allocation methodology has been deliberately designed to favour black employees, black females (as defined in the BBBEE Codes) and lower level employees. The YeboYethu Trust rules allows for 20% of allocated units to vest annually over a period of five years. However, YeboYethu units cannot be exercised prior to the end of the seven year (lock-in period) except on death in service. The YeboYethu Trust is managed by seven trustees of which three are employer appointed and four are elected by employees. None of the other current executive directors are trustees of YeboYethu Trust.

The following YeboYethu units have been allocated to the following directors of Vodacom Group:

Petrus Johannes Uys	1 701 701
Mohamed Shameel Aziz Joosub	2 628 498
Johan van der Watt	1 103 806

19. PROMOTERS

There were no payments made to promoters within the three years prior to the last practicable date. There are no promoters' interests in the securities of Vodacom Group.

20. CORPORATE GOVERNANCE

20.1 Corporate governance statement

Vodacom is committed to the highest standards of business integrity, ethical values and professionalism in all of its activities. As an essential part of this commitment, the Board supports the highest standards of corporate governance and in so doing, the Board recognises the need to conduct the business of the Group in accordance with the principles as espoused in the King Code. These include discipline, independence, responsibility, fairness, social responsibility, transparency and accountability of directors to all shareholders.

These principles are entrenched in the Group's internal controls and policy procedures governing corporate conduct. The Board is satisfied that every effort is being made to comply with all material aspects of the King Code.

20.2 Board

Vodacom Group currently has a unitary Board consisting of 13 directors. In terms of the shareholders' agreement, each of Vodafone and Telkom are entitled to appoint four directors to the Board, with up to four directors being appointed by the committed shareholders (as defined in the shareholders' agreement). These directors form the "directing committee" of Vodacom Group, which will fall away upon listing as the entire shareholders' agreement will terminate upon listing. Following the listing, Vodacom Group shall have a Board consisting of 13 directors, of whom four, including the chairman, shall be independent non-executive directors, one shall be nominated by the SA Government, five shall be non-executive directors appointed by Vodafone and three shall be executive directors. It is Vodafone's intention to ensure that the majority of the directors on the Board are non-executive directors with a suitable number being independent non-executive directors and to appoint an independent non-executive chairman for Vodacom, in compliance with the King Code. Vodafone has agreed with the SA Government that for so long as the SA Government holds not less than 10% of the issued Vodacom Group shares, Vodafone shall vote in favour of the appointment of one person nominated by the SA Government to the Board.

A Board charter has been adopted setting out the responsibilities of the Board, which include:

- oversight of the strategic direction of the Group;
- approving major capital projects, acquisitions or divestments;
- exercising independent objective judgment on the business affairs of the Group;
- ensuring that policies and procedures are in place in terms of appropriate governance structures;
- ensuring the effectiveness of and reporting on the Group's systems of internal controls;
- reviewing and evaluating business risks facing the Group;
- approving the annual budget and operating plan;
- approving the annual and interim financial results and shareholder communications; and
- approving the senior management structure, responsibilities and succession plans.

In line with best practice, the roles of chairman and CEO are separate. The Board is led by the chairman while operational management of the Group is the responsibility of the CEO of Vodacom Group.

Neither the business of Vodacom Group nor that of any of its subsidiaries is to be managed by a third party.

20.3 Directors

It is Vodacom's policy to ensure the Board has a wide range of expertise as well as significant experience in financial, commercial and mobile telecommunications activities. The non-executive directors have no fixed term of appointment while the executive directors are subject to the standard terms and conditions of employment for executives in the Group where notice periods are 12 months.

Under the articles, the directors are subject to retirement by rotation and re-election by shareholders at least once every three years. Any director appointed to fill a casual vacancy must retire at the first annual general meeting following his appointment and stand for re-election at that annual general meeting.

20.4 **Independent advice**

The Board recognises that there may be occasions where one or more directors feel it necessary to take independent professional advice at the company's expense. There is an agreed procedure in terms of which they can do so.

20.5 **Board meetings**

A minimum of four Board meetings are scheduled per financial year. Additional Board meetings may be convened when necessary. In addition, the Board may schedule strategy sessions as it deems necessary.

20.6 **Board committees**

The Board has established several committees in which the non-executive directors play a pivotal role, including the Audit Committee, the Remuneration Committee and the Nomination Committee. All committees operate under Board approved terms of reference, which may be updated from time to time to keep abreast with developments in corporate law and best practice in governance.

Audit Committee

Following the listing, the audit committee will be made up of not less than two non-executive directors, the composition of which shall be in accordance with the Corporate Laws Amendment Act, No 24 of 2006. The CEO and CFO attend audit committee meetings by invitation.

The primary role of the audit committee is to ensure the integrity of the financial reporting, the audit process and that a sound risk management and internal control system is maintained. In pursuing these objectives the audit committee oversees relations with the external auditors and reviews the effectiveness of the internal audit function.

The audit committee has a clearly defined mandate from the Board, and its responsibilities include the following:

- reviewing the company's preliminary results, interim results and annual financial statements;
- monitoring compliance with statutory requirements and the Listings Requirements;
- reporting to the Board on the quality and acceptability of the Group's accounting policies and practices, including, without limitation, critical accounting policies and practices;
- considering the appointment and/or termination of the external auditors, including their audit fee, independence and objectivity;
- setting the principles for recommending the use of the Group's external auditors for non audit services; and
- satisfying itself, on an annual basis, of the appropriateness of the expertise and experience of the CFO.

The committee meets at least four times annually.

The internal and external auditors have unlimited access to the chairman of the audit committee. The internal audit department reports directly to the audit committee and is also responsible to the CFO on day-to-day administrative matters.

Remuneration Committee

Following the listing, the remuneration committee will be made up of four non-executive directors, two of whom, including the chairman, are independent. The CEO and the Chief Human Resources Officer attend remuneration committee meetings by invitation.

The remuneration committee, in consultation with executive management, ensures that the Group's directors and senior executives are fairly rewarded for their individual contributions to overall performance in line with Vodacom's remuneration philosophy and strategy. The remuneration committee has a mandate and terms of reference from the Board and its responsibilities include:

- ensuring that Vodacom's remuneration strategies, including long and short-term incentive plans, are based on performance and are appropriately market competitive;
- reviewing employee benefits from time to time as to their adequacy and appropriateness with regard to developments in the industry and market benchmarks;
- ensuring appropriate human resources practices and policies; and
- reviewing and approving compensation, executive succession and development plans.

The remuneration committee shall meet at least four times annually.

Nomination Committee

Following the listing, the nomination committee will be made up of four non-executive directors, two of whom, including the chairman, are independent. The CEO attends meetings by invitation. The responsibilities in terms of its mandate from the Board include:

- identifying and evaluating suitable potential candidates for appointment to the Board. It will not have authority to appoint directors, which will remain a function of the Board;
- identifying and evaluating suitable candidates for the position of CEO and CFO; and
- making recommendations on the composition of the Board in terms of mix of skills, size and number of committees required.

The committee shall meet a minimum of once a year and shall be chaired by the chairman of the Board.

20.7 **Executive Committee**

This committee comprises the CEO and certain senior executives of the Group. It is responsible for the operational activities of the group, developing strategy and policy proposals for consideration by the Board and implementing the Board's directives. It has a properly constituted mandate and terms of reference. Other responsibilities include:

- leading the executive, management and staff of Vodacom;
- developing the annual budget and business plans for approval by the Board; and
- developing, implementing and monitoring policies and procedures, internal controls, governance, risk management, ethics and authority levels.

20.8 **Company secretary**

Sandra Felicity Linford was appointed as company secretary to Vodacom Group on 1 December 2008. The company secretary is responsible to the Board for ensuring compliance with procedures and applicable statutes and regulations. To enable the Board to function effectively, all directors have full and timely access to information that may be relevant to the proper discharge of their duties. This includes information such as corporate announcements, investor communications, and other developments which may affect Vodacom and its operations. This also includes access to management where required.

The company secretary is responsible for development of director training. All new directors, where relevant, are appropriately inducted to Vodacom by the company secretary and CEO, including on their fiduciary and statutory responsibilities as well as orientation in respect of the Group's operations.

20.9 **Relations with shareholders**

Vodacom is committed to communicating its strategy and financial performance to shareholders and, to that end, will maintain an active dialogue with investors though a planned investor relations programme. This programme is expected to include:

- formal presentations of annual and interim results;
- briefing meetings with major institutional shareholders following the release of results; and
- hosting investor and analyst sessions.

20.10 **Internal control**

Internal controls comprise methods and procedures adopted by management to provide reasonable assurance in safeguarding assets, prevention and detection of error, accuracy and completeness of accounting records and reliability of financial statements. The internal audit function serves management and the Board by performing independent evaluations of the adequacy and effectiveness of the Group's controls, financial reporting mechanisms and records, information systems and operations and provides additional assurance in safeguarding of assets and financial information.

20.11 **Code of ethics**

A detailed code of ethics forms part of the overall employee policies within Vodacom. All executives and employees are required to maintain the highest ethical standards in ensuring Vodacom's business practices are conducted in a manner which, in all reasonable circumstances, is above reproach.

20.12 **Share dealings**

On listing, Vodacom Group will adopt a share dealing policy requiring all directors, senior executives and the company secretary to obtain prior written clearance from either the chairman or CEO to deal in Vodacom Group shares. The chairman would require prior written clearance from the chairman of the audit committee. Closed periods (as defined in the Listings Requirements) shall be observed as required by the Listings Requirements. During these periods, the Group's directors, executives and employees would not be permitted to deal in Vodacom Group shares. Additional closed periods would be enforced should Vodacom Group be subject to any corporate activity where a cautionary announcement (as defined in the Listings Requirements) is published.

21. FINANCIAL INFORMATION IN SUMMARY

The historical consolidated financial information for Vodacom for the financial years ended 31 March 2006, 2007 and 2008 and the historical consolidated financial information for Vodacom for the six months ended 30 September 2007 and 2008 are set out in Annexes 1 and 3 respectively, the preparation of which is the responsibility of the Directors. The information set out below should be read in conjunction with such historical financial information in Annexes 1 and 3 and Deloitte & Touche's reports thereon set out in Annexes 2 and 4, respectively.

21.1 Summarised income statement

Set out below is an extract of the consolidated income statement of Vodacom for the financial years ended 31 March 2006, 2007 and 2008 and the six months ended 30 September 2007 and 2008:

	Year ended 31 March			6 months ended 30 September	
(Rm)	**2006**	**2007**	**2008**	**2007**	**2008**
Revenue	34 043	41 146	48 178	22 815	26 016
South Africa	31 069	37 007	42 784	20 299	22 716
Non-South African operations	2 974	4 139	5 394	2 516	3 300
EBITDA	11 809	14 227	16 463	7 600	8 654
South Africa	11 053	12 963	14 790	6 904	7 749
Non-South African operations	776	1 215	1 617	719	890
Holding companies	(20)	49	56	(23)	15
Profit from operations	8 866	10 860	12 491	5 714	6 430
Profit before taxation	8 227	10 396	12 067	5 269	5 771
Net profit	5 143	6 560	7 958	3 658	3 776
Minority interest	117	218	146	61	83
EPS (cents)	338	426	525	242	248
HEPS (cents)	331	426	528	241	250

Note: For the purposes of calculating the EPS and HEPS, it has been assumed that the weighted average number of shares in issue was 1 487 954 000 (being the number of Vodacom Group shares that will be in issue on the date of listing).

21.2 Summarised balance sheet

Set out below is a summary of the consolidated balance sheet of Vodacom as at 31 March 2006, 2007 and 2008 and 30 September 2008:

	As at 31 March			As at 30 September
(Rm)	**2006**	**2007**	**2008**	**2008**
ASSETS				
Non-current assets	16 079	20 844	24 468	25 859
Current assets	8 689	7 626	9 707	10 360
Deferred cost	452	575	706	736
Financial assets	149	208	445	173
Inventory	455	364	637	878
Trade and other receivables	4 474	5 675	6 801	7 424
Lease assets	13	33	140	144
Taxation receivable	–	–	–	183
Cash and cash equivalents	3 146	771	978	822
Total assets	**24 768**	**28 470**	**34 175**	**36 219**

(Rm)	As at 31 March 2006	2007	2008	As at 30 September 2008
EQUITY AND LIABILITIES				
Total equity	**8 672**	**9 647**	**11 805**	**12 700**
Non-current liabilities	2 237	3 812	4 788	3 266
Interest bearing debt	819	2 051	3 026	1 529
Other liabilities	1 418	1 761	1 762	1 737
Current liabilities	13 859	15 011	17 582	20 253
Interest bearing debt	3 031	1 380	3 100	5 349
Other liabilities	10 828	13 631	14 482	14 904
Total equity and liabilities	**24 768**	**28 470**	**34 175**	**36 219**
Net asset value per share (cents)	583	648	793	854
Net tangible asset value per share (cents)	451	467	510	563

Note: For the purposes of calculating net asset value per share and net tangible asset value per share, it has been assumed that the weighted average number of shares in issue was 1 487 954 000 (being the number of Vodacom Group shares that will be in issue on the date of listing).

Summarised cashflow statement

Set out below is an extract of the consolidated cashflow statement of Vodacom for the financial years ended 31 March 2006, 2007 and 2008 and the six months ended 30 September 2007 and 2008:

	Year ended 31 March			6 months ended 30 September	
(Rm)	2006	2007	2008	2007	2008
Cash generated from operations	11 090	13 866	16 334	6 879	7 952
Net cashflows from operating activities	4 501	4 858	5 125	1 069	2 056
Net cashflows (utilised) in investing activities	(4 791)	(6 584)	(7 502)	(4 641)	(3 887)
Net cashflow from/(utilised) in financing activities	(107)	(200)	3 234	4 458	1 596
Net increase/(decrease) in cash and cash equivalents	(397)	(1 926)	857	886	(235)
Cash and cash equivalents/ (Bank Borrowings) at the end of the year/period	1 760	(108)	837	763	613

Key financial indicators

Set out below are select key financial indicators of Vodacom for the financial years ended 31 March 2006, 2007 and 2008 and the six months ended 30 September 2007 and 2008:

	Year ended 31 March			6 months ended 30 September	
(%)	2006	2007	2008	2007	2008
Profit from operations margin	26.0	26.4	25.9	25.0	24.7
EBITDA margin	34.7	34.6	34.2	33.3	33.3
Net profit margin	15.1	15.9	16.5	16.0	14.5
Net debt/EBITDA	0.3	0.4	0.5	0.4	0.5
Net debt/equity	50.5	72.8	93.1	56.6	93.2
Capital expenditure additions (including software) as a % of revenue	15.1	16.4	12.3	10.0	11.4

Note: Net debt includes dividends payable and the STC on the dividend.

22. COMMENTARY ON VODACOM'S RESULTS FOR THE YEARS ENDED 31 MARCH 2008 AND 31 MARCH 2007

Revenue

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

Revenue increased by 17.1% from R41 146 million to R48 178 million for the year ended 31 March 2008, primarily as a result of strong growth in airtime, connection, access and data revenue. Vodacom's overall increase in revenue was largely supported by a 12.7% increase in the customer base, from 30.2 million customers at 31 March 2007 to 34.0 million customers as at 31 March 2008, partly offset by declining ARPUs. Prepaid customers, as a percentage of the total customer base, represented 88.8% as at 31 March 2008 and 89.4% as at 31 March 2007.

Revenue increased by 20.9% from R34 043 million to R41 146 million for the year ended 31 March 2007, primarily as a result of a strong growth in airtime, connection, access, data and interconnect revenue. The increase in revenue was primarily driven by a 28.2% increase in the customer base, from 23.5 million customers at 31 March 2006 to 30.2 million customers as at 31 March 2007, partly offset by declining ARPUs. Prepaid customers, as a percentage of the total customer base, represent 89.4% as at 31 March 2007 and 89.6% as at 31 March 2006.

Airtime, connection and access

Vodacom derives revenue from connections and monthly rental fees as well as airtime usage fees, paid by Vodacom's contract customers. Revenue also includes fees paid by Vodacom's prepaid phone customers for prepaid starter phone packages and airtime recharge vouchers utilised, which entitle customers to receive unlimited incoming calls up to 365 days. Revenue in this category is primarily a function of the total number of customers, traffic volume, mix of prepaid and contract customers and tariffs.

For the year ended 31 March 2008, Vodacom's airtime, connection and access revenue increased by 14.3% to R27 095 million as compared to R23 708 million for the year ended 31 March 2007. Revenue growth was primarily due to continued customer growth, partially offset in the 2007 financial year by a decline in ARPU resulting from the effect of growth in lower spending prepaid customers. Total outgoing traffic in South Africa increased by 12.4% to over 15 billion minutes for the year ended 31 March 2008.

For the year ended 31 March 2007, Vodacom's airtime, connection and access revenue increased 18.0% to R23 708 million as compared to R20 085 million for the year ended 31 March 2006. Growth was primarily due to the increase in the number of customers, offset by declining ARPUs in all operations. Total outgoing traffic in South Africa increased by 20.1% to over 13 billion minutes for the year ended 31 March 2007.

Customer growth increased 12.7% and 28.2% in the years to 31 March 2008 and 2007, respectively, primarily due to strong prepaid customer growth in South Africa and significant customer growth in Vodacom's operations outside of South Africa, particularly in Tanzania, the DRC and Mozambique. New products, packages and services also supported Vodacom's customer growth over 2007 and 2008.

Data

Vodacom derives data revenue from mobile data, including SMSs, MMSs, GPRS and 3G services.

For the year ended 31 March 2008, Vodacom's data revenue increased by 49.7% to R5 002 million compared to R3 342 million for the year ended 31 March 2007, mainly due to a higher number of customers and an increased take up of data services. This increased take up was partly a reflection of more affordable data product offerings. Data revenue as a percentage of service revenue was 11.9%, compared to 9.4% for the year ended 31 March 2007 (service revenue excludes equipment sales, starter pack sales and non-recurring revenue). Data revenue in all countries increased significantly over the period, reaffirming the importance to consumers of meeting their connectivity needs.

For the year ended 31 March 2007, Vodacom's data revenue increased by 64.0% to R3 342 million, compared to R2 038 million as of the 2006 financial year. This was largely due to new data initiatives. Data revenue as a percentage of service revenue for the year ended 31 March 2007 was 9.4%, as compared to 7.0% as at 31 March 2006. Data revenue in all countries increased substantially over period.

Interconnection

Vodacom generates interconnection revenue when a call originating from other operators' fixed or mobile networks terminates on Vodacom's network. Interconnection revenue also includes revenue from Cell C for national roaming services, which are generated when its mobile network carries a call made by a Cell C customer. Interconnection revenue depends on the volume of traffic terminating on Vodacom's network, the interconnection termination rates payable by Vodacom and the other mobile operators to Vodacom and national roaming rates.

Vodacom's interconnection revenue increased by 13.4% to R8 887 million for the year ended 31 March 2008 as compared to an increase of 17.0% to R7 835 million for the year ended 31 March 2007. Growth over both years was predominantly due to an increase in the number of calls terminating on Vodacom's network as a result of the increased number of Vodacom customers and South African mobile users generally. Growth was also attributable to the growth in the substitution of fixed-line calls by mobile calls and incoming traffic resulting from an overall increase in the customer base of other mobile operators.

Equipment sales

Vodacom generates revenue from equipment sales primarily from the sale of mobile phones and accessories. Vodacom purchases handsets in bulk at purchase discounts, in order to lower the cost of handsets for customers. Equipment sales revenue fluctuates based on whether external providers and Vodacom's other African operators source equipment from Vodacom in South Africa or purchase equipment from third party suppliers.

For the year ended 31 March 2008, equipment sales increased by 7.5% to R5 052 million primarily due to the growth of Vodacom's customer base, the continued uptake of new handsets in South Africa as a result of cheaper Rand prices of new handsets and the added functionality of new phones based on new technologies such as 3G enabled phones, camera phone and colour screens. The average price per handset sold in South Africa was R1 052.

For the financial year ended 31 March 2007, equipment sales increased 17.9% to R4 699 million. The growth in equipment unit sales was mainly driven by growth in customer base, cheaper Rand prices of new handsets coupled with added functionality of new phones. The average price per handset sold in South Africa was R1 067.

International airtime

International airtime revenues are predominantly from international calls by Vodacom's customers, roaming revenue from Vodacom's customers making and receiving calls while abroad and revenue from international customers roaming on Vodacom's networks.

International airtime revenue grew 40.6% to R1 836 million for the year ended 31 March 2008, compared to growth of 34.5% to R1 306 million for the year ended 31 March 2007. These increases were primarily a result of an increase in customer base resulting in increased traffic. In addition to a reclassification of revenues earned in the category.

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.

For the year ended 31 March 2008, revenue from other sales and services increased by 19.5% to R306 million.

For the year ended 31 March 2007, revenue from other sales and services decreased by 3.8% to R256 million.

Operating expenses

	Year ended 31 March			**% change**	
(Rm)	**2006**	**2007**	**2008**	**06/07**	**07/08**
Depreciation, amortisation and impairment	2 943	3 384	3 941	15.0	16.5
Payments to other network operators	4 634	5 636	6 557	21.6	16.3
Other direct network operating costs	13 663	16 804	19 743	23.0	17.5
Staff expenses	2 042	2 373	2 976	16.2	25.4
Marketing and advertising	977	1 146	1 264	17.3	10.3
Other operating expenditure	1 043	1 064	1 362	2.0	28.0
Other operating income	(125)	(120)	(156)	4.0	(30.0)
Operating expenses	**25 177**	**30 287**	**35 687**	**20.3**	**17.8**
Operating expenses as a % of revenue	**74.0**	**73.6**	**74.1**		

Total operating expenses increased by 17.8% from R30 287 million to R35 687 million for the year ended 31 March 2008. For the year ended 31 March 2007, total operating expenses increased by 20.3% from R25 177 million to R30 287 million. Increases over both years were primarily due to inflationary factors and additional operating expenses required to support the growth in the business, increased selling, general and administrative expenses to support the expansion of 3G, and increased payments to other network operators due to higher outgoing traffic and the increased percentage of outgoing traffic terminating on other mobile networks.

Depreciation, amortisation and impairment

Depreciation and amortisation increased by 16.5% to R3 941 million for the year ended 31 March 2008, compared to an increase of 15.0% to R3 384 million for the year ended 31 March 2007. The additional depreciation expense, for the years to 31 March 2008 and 2007, was largely driven by increased capital expenditure for the upgrade and expansion of Vodacom's networks. Capital expenditure on network equipment increased in recent years with the implementation and expansion of 3G/HSDPA networks, and also due to the weakening of the Rand against the other functional currencies of Vodacom.

Payments to other network operators

Payments to other network operators consist mainly of interconnection payments made by Vodacom's South African and other African operators for terminating calls on other operators' 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 have increased over the period.

For the year ended 31 March 2008, payment to other network operators increased by 16.3% to R6 557 million, compared to an increase of 21.6% to R5 636 million for the year ended 31 March 2007. The increases were primarily a result of increased outgoing traffic in line with increased customer growth and an increasing percentage of outgoing traffic terminating on other mobile networks.

Other direct network operating costs

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

For the year ended 31 March 2008, other direct network operating costs increased 17.5% to R19 743 million, compared to an increase of 23.0% to R16 804 million for the year ended 31 March 2007 and these increases have been broadly in line with revenue growth. Transmission costs have grown significantly due to uptake of 3G and higher speeds being offered on the 3G network.

Staff expenses

Staff expenses consist mainly of salaries and wages of employees as well as contributions to employee pension, medical aid funds and benefits and the deferred bonus incentive scheme.

For the year ended 31 March 2008 staff expenses increased by 25.4% to R2 976 million, compared to an increase of 16.2% to R2 373 million for the financial year ended 31 March 2007. Staff expenses increased primarily as a result of an increase in permanent headcount of 5.5% to 6 247 employees in 2008, as compared to an increase of 8.4% to 5 920 employees in 2007. These increases were mainly the result of the expansion of customer care operations and the strengthening of senior management structures to support the growth in ongoing operations as well as the launch of Vodacom Business in 2008. Additionally, annual salary increases and increased provisions for long-term incentive schemes also contributed to the increase in staff expenses over 2008 and 2007.

Marketing and advertising

For the year ended 31 March 2008 marketing and advertising expenses increased by 10.3% to R1 264 million, compared to an increase of 17.3% to R1 146 million for the financial year ended 31 March 2007. These increases were mainly driven by advertising related to new technology products and enhancing Vodacom's brand presence in all operations as well as the introduction of mobile number portability in South Africa during 2007.

Other operating expenditure

Other operating expenditure comprises expenses such as accommodation, information technology costs, office administration, consultant expenses, social economic investment and insurance.

For the year ended 31 March 2008 other operating expenditure increased by 28.0% to R1 362 million, compared to an increase of 2.0% to R1 064 million for the year ended 31 March 2007. The increases over both periods were primarily due to the growth of the business and inflationary factors.

Other operating income

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

Profit from operations

(Rm)	Year ended 31 March 2006	2007	2008	% change 06/07	07/08
Profit from operations	8 866	10 860	12 491	22.5	15.0
Profit from operations margin (%)	26.0	26.4	25.9		

For the year ended 31 March 2008, profit from operations increased by 15% to R12 491 million with a 0.5 percentage point decrease in the operating margin to 25.9%. Compared to revenue growth of 17.1%, profit from operations was more than offset by cost increases in all operations as a result of rising inflation and the start up costs of Vodacom Business.

For the year ended 31 March 2007, profit from operations increased by 22.5% to R10 860 million with a 0.4 percentage point increase in the operating margin to 26.4% as a result of strong revenue growth, relatively low inflation, as well as effective cost containment in all operations. A healthy increase in traffic also contributed favourably to the increased operating margin.

EBITDA

(Rm)	Year ended 31 March 2006	2007	2008	% change 06/07	07/08
EBITDA	11 809	14 227	16 463	20.5	15.7
EBITDA margin (%)	34.7	34.6	34.2		
EBITDA margin excluding equipment sales (%)	39.9	39.9	39.3		

Financial income, costs and related gains and losses

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

Finance costs increased by 84.6% to R681.3 million for the year ended 31 March 2008, and increased by 50.0% to R369 million for the year ended 31 March 2007, mainly due to higher bank overdraft levels utilised to fund working capital.

Remeasurement of foreign exchange contracts ("FECs"), asset and liability revaluations, interest rate swaps, cash and cash equivalents, and a gain/loss on sale of investments resulted in a net gain of R185.1 million for the year ended 31 March 2008, compared to losses of R169.1 million for the year ended 31 March 2007.

The minority shareholder in Vodacom DRC, Congolese Wireless Network s.p.r.l. ("CWN") has a put option which expires on 1 December 2009. CWN is entitled to put to Vodacom Mauritius such number of shares in and claims on loan account against Vodacom DRC as constitute 19% of the entire issued share capital of Vodacom DRC. CWN can exercise this option in a maximum of three tranches and each tranche must consist of at least 5.0% of the entire issued share capital of Vodacom DRC. The option price will be the fair market value of the related shares at the date the put option is exercised. The obligation to settle the put option in cash gives rise to an obligation which represents a financial liability, as Vodacom Mauritius does not have an unconditional right to avoid delivering cash or another financial asset to settle the contractual obligation. The option liability had a value of R397 million as at 31 March 2008, as compared to R249 million at 31 March 2007, which is included under loss/gain on revaluation of foreign denominated liabilities.

Taxation

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

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

Vodacom Group shareholder distributions

Dividends declared for the year ended 31 March 2008 totalled R5 940 million, compared to R5 400 million for the year ended 31 March 2007, an increase of 10.0%. The final dividend for the year ended 31 March 2008, of R3 190 million, was paid on 3 April 2008. Dividends declared for the year ended 31 March 2007 totalled R5 400 million, compared to R4 500 million for the year ended 31 March 2006, an increase of 20.0%. The final dividend for the year ended 31 March 2007, of R2 900 million, was paid on 4 April 2007.

Capital expenditure

Capital expenditure additions

	Year ended 31 March			% change	
(Rm)	**2006**	**2007**	**2008**	**06/07**	**07/08**
Capital expenditure for the year	5 138	6 748	5 916	31.3	(12.3)
Capital expenditure additions (including software) as a % of revenue (%)	15.1	16.4	12.3		

For the year ended 31 March 2008, Vodacom's investment in infrastructure amounted to R5 916 million of which R4 952 million related to property, plant and equipment and R964 million related to computer software. Expenditures primarily consisted of radio, switching and transmission network infrastructure and computer software.

For the year ended 31 March 2007, Vodacom's investment in infrastructure amounted to R6 748 million of which R6 137 million related to property, plant and equipment and R611 million related to computer software. Expenditures primarily consisted of radio, switching and transmission network infrastructure and computer software. The increase, compared to the year ended 31 March 2006, was primarily a result of the need to support strong growth in customers and traffic in addition to the deployment of 3G infrastructure.

Cumulative capital expenditure investment at cost

Cumulative capital expenditure at investment cost increased to R40.3 billion for the year ended 31 March 2008. Cumulative capital expenditure at investment cost increased to R34.1 billion for the year ended 31 March 2007.

Property, plant and equipment (including software) that was sold or otherwise disposed of amounted to R706 million for the year ended 31 March 2008, compared to R1 957 million for the year ended 31 March 2007. Property, plant and equipment (including software) that was sold or otherwise disposed of amounted to R1 957 million for the year ended 31 March 2007, as compared to R690 million for the year ended 31 March 2006.

Foreign currency translation differences for the year ended 31 March 2008 increased cumulative capital expenditure by R1 042 million, compared to an increase of R793 million for the year ended 31 March 2007 (see Paragraph 28 for a further discussion of risks associated with foreign currency translation).

Financial structure and funding

Vodacom's net debt position increased to R5 154 million as at 31 March 2008, compared to R2 663 million as at 31 March 2007. Net debt (for the calculation of net debt/EBITDA and net debt/equity) as at 31 March 2008 includes the final dividend of R3 190 million for the year ended 31 March 2008 that was paid to Vodacom Group's shareholders on 3 April 2008 and the STC thereon.

Summary of debt

Net debt build up as at 31 March

(Rm)	**2007**	**2008**
Cash and cash equivalents	(771)	(978)
Current interest bearing liabilities	1 380	3 100
Non-current liabilities	2 054	3 032
Net debt	**2 663**	**5 154**
Dividends and STC payable	3 364	3 509
Net debt used in net debt/EBITDA and net debt/equity	**6 027**	**8 663**

Free cashflow

Free cashflow (before shareholder distributions and financing activities) refers to the following line items on the face of the cashflow statements, namely, net cashflows from operating activities, excluding dividends paid, plus net cashflows utilised in investing activities.

For the year ended 31 March 2008, Vodacom had a positive free cashflow before shareholder distributions and financing activities of R3.4 billion, a decrease of 8.0% when compared to the previous year due to investments in Smartphone SP (Proprietary) Limited and subsidiaries amounting to R957 million. The cash generated from operations of R16.3 billion had a positive variance of R2.5 billion compared to the previous year.

For the year ended 31 March 2007, Vodacom had a positive free cashflow before shareholder distributions and financing activities of R3.7 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 compared to the previous year.

Foreign exchange rates used

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

23. COMMENTARY ON VODACOM'S RESULTS FOR SIX MONTHS ENDED 30 SEPTEMBER 2008 AND 30 SEPTEMBER 2007

Revenue

	Six months ended 30 September		**% of total**		**% change**
(Rm)	**2007**	**2008**	**2007**	**2008**	**07/08**
Airtime and access	12 947	14 608	56.7	56.2	12.8
Data revenue	2 096	3 004	9.2	11.5	43.3
Interconnect revenue	4 304	4 744	18.9	18.2	10.2
Equipment sales	2 393	2 490	10.5	9.6	4.1
International airtime	952	974	4.2	3.7	2.3
Other	123	196	0.5	0.8	59.3
Revenue	**22 815**	**26 016**	**100.0**	**100.0**	**14.0**

Revenue increased by 14.0% from R22 815 million to R26 016 million for the six months ended 30 September 2008. This was primarily driven by strong growth in airtime, connection, access and data revenue, which in turn was driven by a 13.1% increase in the customer base, from 31.6 million customers as at 30 September 2007 to 35.7 million as at 30 September 2008.

Airtime and access

Vodacom's airtime and access revenue increased by 12.8% for the six months ended 30 September 2008 to R14 608 million, compared to R12 947 million for the six months ended 30 September 2007. Growth was primarily driven by the number of customers increasing by 13.1% to 35.7 million resulting in increased traffic. Total outgoing airtime in South Africa increased by 7.7% to 8 billion minutes for the six months ended 30 September 2008.

Data

Vodacom's data revenue increased by 43.3% from R2 096 million to R3 004 million for the six months ended 30 September 2008. Growth was mainly driven by higher penetration levels and more affordable product offerings. Data constituted 13.1% of service revenue for the six months ended 30 September 2008, compared to 10.5% of service revenue for the six months ended 30 September 2007. Data revenue in all countries increased substantially over the period, as a result of higher penetration levels, more affordable product offerings and consumer demand for connectivity.

Interconnect revenue

Interconnect revenue increased by 10.2% from R4 304 million to R4 744 million for the six months ended 30 September 2008. Growth was predominantly due to the increase in the customer base and the related increase in incoming traffic. Incoming traffic in South Africa increased by 5.5% to 3.8 billion minutes for the six months ended 30 September 2008.

Equipment sales

Equipment sales revenue increased by 4.1% from R2 393 million to R2 490 million for the six months ended 30 September 2008. The growth in equipment sales was mainly driven by growth in the customer base and the continued uptake of new handsets as a result of new technology and cheaper prices on handsets.

International airtime

International airtime revenue increased by 2.3% from R952 million to R974 million for the six months ended 30 September 2008.

Other sales and services

Other sales and services revenue increased 59.3% from to R123 million to R196 million for the six months ended 30 September 2008.

Operating expenses

	Six months ended 30 September		% change
(Rm)	**2007**	**2008**	**07/08**
Depreciation, amortisation and impairment	1 886	2 217	17.6
Payments to other network operators	3 154	3 678	16.6
Other direct network operating costs	9 327	10 489	12.5
Staff expenses	1 464	1 707	16.6
Marketing and advertising	667	771	15.6
Other operating expenditure	679	798	17.5
Other operating income	(76)	(74)	(2.6)
Operating expenses	**17 101**	**19 586**	**14.5**
Operating expenses as a % of revenue	**75.0**	**75.3**	

Depreciation, amortisation and impairment

Depreciation, amortisation and impairment increased by 17.6% from R1 886 million to R2 217 million for the six months ended 30 September 2008. The increase in depreciation expense was largely driven by additional expenditure for upgrade and expansion of 3G/HDSPA networks and also due to coverage expansion in operations outside of South Africa.

Payments to other network operators

Payments to other network operators for interconnection increased 16.6% from R3 154 million to R3 678 million for the six months ended 30 September 2008. This was primarily a result of an increased amount of outgoing traffic terminating on other cellular networks, as opposed to fixed-line networks that entail lower termination rates.

Other direct network operating costs

Other direct network operating costs increased by 12.5% from R9 327 million to R10 489 million for the six months ended 30 September 2008. This increase is broadly in line with revenue growth.

Staff expenses

Staff expenses increased by 16.6% from R1 464 million to R1 707 million for the six months ended 30 September 2008, primarily as a result of an increase in permanent headcount of 5.6% to 6 588 employees as compared to 6 240 employees at 30 September 2007. The headcount increase was mainly the result of the expansion of customer care operations and the strengthening of management structures to support the growth in ongoing operations. Annual salary increases and increased provisions for long-term incentive schemes also contributed to the increase in staff expenses.

Marketing and advertising

Marketing and advertising expense increased by 15.6% from R667 million to R771 million for the six months ended 30 September 2008. Marketing and advertising expenses increases were mainly driven by advertising related to new technology products and enhancing the brand presence in all operations.

Other operating expenditure

Other operating expenditure increased by 17.5% from R679 million to R798 million for the six months ended 30 September 2008. The increase in other operating expenditure was primarily due to inflationary factors and the growth in the business.

Other operating income

Other operating income decreased by 2.6% over the period.

Profit from operations

	Six months ended 30 September		% change
(Rm)	**2007**	**2008**	**07/08**
Profit from operations	5 714	6 430	12.5
Profit from operations margin (%)	25.0	24.7	

For the six months ended 30 September 2008, profit from operations increased by 12.5% to R6 430 million, with a 0.3 percentage point decrease in the operating margin to 24.7%. Strong revenue growth was offset by cost increases in all operations in an environment of rising inflation and the start up costs of Vodacom Business.

EBITDA

	Six months ended 30 September		% change
(Rm)	**2007**	**2008**	**07/08**
EBITDA	7 600	8 654	13.9
EBITDA margin (%)	33.3	33.3	
EBITDA margin excluding equipment sales (%)	38.3	38.1	

Financial income, costs and related gains and losses

	Six months ended 30 September		% change
(Rm)	**2007**	**2008**	**07/08**
Finance income	47	34	(27.7)
Finance expenses	(289)	(734)	(154.0)
(Loss) on foreign exchange forward contract revaluation	(63)	(182)	(188.9)
(Loss)/gain on revaluation of foreign denominated liabilities	(133)	226	>200.0
(Loss) on revaluation of foreign denominated assets	(12)	(6)	50.0
(Loss) on interest rate swap revaluation	(5)	(3)	40.0
Gain on sale of investments	2	–	(100.0)
Gain on revaluation of foreign denominated cash and cash equivalents	8	6	(25.0)
Financial income, costs and related gains and losses	**(445)**	**(659)**	**(48.1)**

Increased borrowings coupled with higher interest rates contributed to an increase in finance expenses of 154.0% to R734 million.

Remeasurement of foreign exchange contracts ("FECs"), asset and liability revaluations, interest rate swaps, cash and cash equivalents, and the gain on sale of investments resulted in a net gain of R41 million for the six months ended 30 September 2008, compared to a loss of R203 million for the six months ended 30 September 2007.

The minority shareholder in Vodacom DRC, CWN has a put option which expires on 1 December 2009. CWN is entitled to put to Vodacom Mauritius such number of shares in and claims on loan account against Vodacom DRC as constitute 19.0% of the entire issued share capital of Vodacom DRC. CWN can exercise this option in a maximum of three tranches and each tranche must consist of at least 5.0% of the entire issued share capital of Vodacom DRC. The option price will be the fair market value of the related shares at the date the put option is exercised. The obligation to settle the put option in cash gives rise to an obligation which represents a financial liability, as Vodacom Mauritius does not have an unconditional right to avoid delivering cash or another financial asset to settle the contractual obligation. The option liability had a value of R328 million as at 30 September 2008, as compared to R337 million at 30 September 2007, and included under Loss/gain on revaluation of foreign denominated liabilities.

Taxation

The taxation expense increased by 23.8% to R1 995 million for the six months ended 30 September 2008, compared to a taxation expense of R1 612 million for the six months ended 30 September 2007, mainly due to an STC charge of R300 million. For the six months ended 30 September 2007, no STC was recognised as the Group interim dividend was declared in October 2007. Vodacom's effective tax rate increased by 4.0 percentage points to 34.6%, compared to 30.6% for the six months ended 30 September 2007, primarily due to the changes in the STC charge as set out above.

Vodacom Group shareholder distributions

The interim dividend declared for the six months ended 30 September 2008, amounted to R3 000 million, an increase of 9.1%, compared to the interim dividend of R2 750 million for the six months ended 30 September 2007.

Capital expenditure

Capital expenditure additions

	Six months ended 30 September		% change
(Rm)	**2007**	**2008**	**07/08**
Capital expenditure for the period	2 289	2 976	30.0
Capital expenditure additions (including software) as a % of revenue (%)	10.0	11.4	

Vodacom's investment for the six months ended 30 September 2008 amounted to R2 976 million, of which R2 506 million, relates to property, plant and equipment and R470 million to computer software. Vodacom's investment for the six months ended 30 September 2007 amounted to R2 289 million, of which R1 955 million, relates to property, plant and equipment and R334 million to computer software. The increase was mainly to support growth in customers and expand coverage.

Cumulative capital expenditure investment at cost

Cumulative capital expenditure amounted to R43.7 billion at 30 September 2008.

Property, plant and equipment (including software) sold or otherwise disposed of, amounted to R79 million, as at 30 September 2008, compared to R535 million as at 30 September 2007.

Foreign currency translation differences increased cumulative capital expenditure by R531 million, as at 30 September 2008, compared to a decrease by R321 million at 30 September 2007 (see Paragraph 8 for a further discussion of risks associated with foreign currency translation).

Financial structure and funding

Vodacom's net debt position decreased to R6 062 million as at 30 September 2008, compared to R6 149 million as at 30 September 2007.

Net debt (when calculating net debt/EBITDA and net debt/equity) as at 30 September 2008 includes the current period interim dividend of R3 000 million, paid to Vodacom Group's shareholders in October 2008, as well as the STC thereon.

Summary of debt

Net debt build up as at 30 September 2008

	(Rm)
Cash and cash equivalents	(822)
Current interest bearing liabilities	5 349
Non-current liabilities	1 535
Net debt	**6 062**
Dividends and STC payable	3 300
Net debt used in net debt/EBITDA and net debt/equity	**9 362**

Free cashflow

Vodacom had a positive free cashflow before shareholder distributions and financing activities of R1.4 billion as at 30 September 2008, as compared to negative free cashflow of R582 million at 30 September 2007. The prior year figure was impacted as a result of the investment in Smartphone SP (Proprietary) Limited of R937 million. Cash generated from operations increased by 15.6% to R8.0 billion, as compared to R6.9 billion at 30 September 2007.

Foreign exchange rates used

Six months ended 30 September	Rand exchange rate 2007	2008	% change 07/08
US Dollar			
Average	7.10	7.78	9.6
Closing	6.88	8.34	21.2
Tanzanian Shilling			
Average	179.02	152.79	(14.7)
Closing	179.41	140.37	(21.8)
Mozambique Metical			
Average	3.66	3.09	(15.6)
Closing	3.75	2.89	(22.9)

24. CAPITAL STRUCTURE, DIVIDENDS AND DIVIDEND POLICY

Vodacom Group's capital structure will not change as a result of the listing. Vodacom's management believes that Vodacom Group is well-capitalised and is conservatively geared with net debt/EBITDA of 0.5x based on net debt as at 30 September 2008 and annualised EBITDA for the period ended 30 September 2008. Vodacom has a strong track record of cash flow generation and its business model has, to date, provided for stable and predictable cash flows.

Vodacom Group has historically, as a private company, paid a dividend equal to approximately all of its free cashflow on a semi-annual basis. For the financial year ended 31 March 2008 Vodacom Group declared a dividend of R5.9 billion. Vodacom Group declared and paid an interim dividend for the 2009 financial year of R3.0 billion. For the financial year ending 31 March 2009, Vodacom Group has declared a final dividend of R2.2 billion, payable in April 2009 to Vodafone and Telkom, prior to the listing.

Following its listing, Vodacom Group is expected to amend its dividend policy, which is usual for a company moving from a private to public listed company status. Vodacom Group intends to adopt a dividend policy that is appropriate for similarly placed JSE listed companies and reflects the growth, long-term earnings and cashflows of Vodacom Group.

Vodacom Group intends to pay so much of its after tax profits as will be available after retaining such sums and repaying such debts owing to third parties as shall be necessary to meet the requirements reflected in the budget and business plan, taking into account monies required for expansion and other growth opportunities. However, there is no assurance that a dividend will be paid in respect of any financial period and any future dividends will be dependent upon the operating results, financial condition, investment strategy, capital requirements and other factors.

It is envisaged that interim dividends will be paid in December and final dividends in June of each year. There is no fixed date on which entitlement to dividends arises and the date of payment will be determined by the Board or shareholders at the time of declaration, subject to the Listings Requirements.

For the financial year ending 31 March 2010, Vodacom Group anticipates a dividend payout ratio of approximately 40% of headline earnings. The first dividend to be declared is expected to be the interim dividend for the 2010 financial year.

All unclaimed dividends may be invested or otherwise made use of by the directors for the benefit of Vodacom until claimed, provided that dividends unclaimed for a period of three years from the date they were declared may be forfeited for the benefit of Vodacom.

Relevant extracts of the articles of association of Vodacom Group relating to dividends are set out in Annexure 7 to this pre-listing statement.

25. STATEMENT OF INDEBTEDNESS

Borrowing powers

Extracts from the articles reflecting the borrowing powers of Vodacom Group exercisable by the Directors and the manner in which such borrowing powers may be varied are set out in Annexure 7 to this pre-listing statement. The borrowing powers have not been exceeded during the three years preceding this pre-listing statement. Vodacom Group has undertaken to ensure that its subsidiary articles will be compliant with the Listings Requirements.

Borrowings

Details of the debt and loan facilities of the Group at 31 December 2008 are set out in Annexure 8 to this pre-listing statement.

Loan capital

Vodacom had no loan capital as at 31 December 2008.

Material loans receivable

There are no material loans receivable by the Group and/or any of its subsidiaries at 31 December 2008.

Intercompany finance and transactions

As is usual for a group of this nature, there are a number of intragroup transactions conducted in the ordinary course of business on an arms length basis.

Details of intercompany balances at 31 December 2008 before elimination on consolidation are set out in Annexure 8 to this pre-listing statement.

Off balance sheet financing arrangements

As at 31 December 2008, Vodacom had no off-balance sheet financing arrangements in place.

26. CAPITAL COMMITMENTS, LEASE PAYMENTS AND CONTINGENT LIABILITIES

Vodacom has the following significant capital commitments and contingent liabilities:

Significant contingencies

As at the last practicable date, the Group had no material contingent liabilities as contemplated in the Listings Requirements. However, in 2004 Vodacom SA was allocated 1 800 MHz Frequency Spectrum by ICASA, and in exchange imposed Universal Services Obligations in that Vodacom SA is required to provide 2 500 000 SIM cards to be distributed and utilised in under-serviced areas as defined by ICASA and 125 000 handsets to needy people and people in under-serviced areas as defined by ICASA. These obligations are detailed in Schedule 4 to Vodacom's National Cellular Mobile Telecommunications Service Licence (Government Gazette No. 27089, Notice 2798 of 2004 ("the Cellular Licence"). In order for the obligations to be implemented, ICASA (in consultation with other relevant government agencies) needs to formulate an implementation plan setting out the criteria for identification of the beneficiaries as well as the areas to be targeted. ICASA is yet to formulate such an implementation plan and, as such, the Group has a potential liability of approximately R147.5 million in fulfilling its obligations under the cellular licence.

Significant commitments

The table below sets out the capital commitments as at 31 December 2008.

Capital expenditure contracted for at 31 December 2008 but not yet incurred is as follows:

	Rm
Vodacom SA	1 694
Vodacom DRC	257
Vodacom Tanzania	525
Vodacom Mozambique	235
	2 711

Capital expenditure commitments approved by the Board but not yet contracted for at 31 December 2008 are as follows:

Vodacom SA	2 312
Vodacom DRC	539
Vodacom Tanzania	556
Vodacom Mozambique	282
Vodacom Lesotho	58
Vodacom Group	7
	3 754

27. OPERATING LEASES

A summary of Vodacom's maximum annual commitments as at 31 December 2008 under operating leases is given below:

	Rm
Operating lease commitments as at 31 December 2008 which liability will be extinguished during the following financial years:	
Within 1 year	1 556
Between 1 and 5 years	5 368
Greater than 5 years	2 673

28. RISK MANAGEMENT

Vodacom purchases or issues financial instruments in order to finance its operations and to manage market risks that arise from its operations and sources of finances. Various financial assets and liabilities for example trade and other receivables and trade and other payables, arise directly from the Group's operations. Changing market conditions expose the Group to various financial risks and have highlighted the importance of financial risk management as an element of control for the Group. Principal financial risks faced in the normal course of the Group's business are market risks (foreign currency risk, interest rate risk and price risk), credit risk, liquidity risk and insurance risk.

A treasury function within Vodacom provides treasury and related services to the Group, including coordinating access to domestic and international financial markets, and the managing of various risks relating to the Group's operations. Treasury operations are conducted within a framework of approved policies and guidelines that are continuously monitored by management and the Board of Directors, through the audit committee, the objective being to minimise exposure to market risks (foreign currency risk, interest rate risk and price risk) and liquidity risk. These risks are managed, subject to the limitation of the local markets in which the various Group companies operate in and the South African Reserve Bank Regulations.

The Group uses a number of derivative instruments that are transacted for risk management purposes only. The Group does not trade in financial instruments for speculative purposes.

The Group finances its operations through a mixture of retained profits, bank borrowings and long-term loans. Long-term financing is arranged locally by the South African entities.

29. MATERIAL CHANGES

There has been no material change to the financial or trading position of the Group since 30 September 2008 (being the last financial period in which financial statements have been published), other than:

- the acquisition of Gateway and the funding obtained as part of the acquisition as described in Part II of this pre-listing statement;
- the Vodacom BEE transaction as described in Part II of this pre-listing statement;
- declaration of a final dividend for the financial year ending 31 March 2009 of R2.2 billion payable to Vodafone and Telkom in April 2009; and
- funding loans were obtained from various financial institutions on 3 October 2008 amounting to R6.4 billion, as detailed in Annexure 8 to this pre-listing statement.

30. WORKING CAPITAL STATEMENT

The directors of Vodacom Group are of the opinion that in the ordinary course of business, the working capital available to Vodacom is sufficient for the Group's present requirements, that is, for at least the 12 months following the date of publication of this pre-listing statement.

31. CURRENT TRADING AND PROSPECTS

Vodacom released the following trading update for the quarter ended 31 December 2008 on 27 January 2009:

"Vodacom trading update for the quarter ended 31 December 2008

Vodacom Group revenue for the nine months ended 31 December 2008 increased by 13.7% to R40.5 billion compared to the prior year period, largely driven by a 14.3% increase in Group mobile customers to 37.8 million. The Group's non-South African operations comprised 11.3 million customers, or 30% of the total customer base as at 31 December 2008.

Group mobile customers as at 31 December 2008 increased by 5.8% in comparison to the previous quarter.

South Africa

South African mobile customers increased by 4.8% to 26.5 million at 31 December 2008 from 25.2 million at 30 September 2008.

South Africa	Six months ended 30 September 2008	Nine months ended 31 December 2008	% change
Customers (thousands)	25 245	26 450	4.8
Contract	3 735	3 867	3.5
Prepaid	21 391	22 450	5.0
Community services	119	133	11.8
ARPU (ZAR)	132	135	2.3
Contract	481	479	(0.4)
Prepaid	66	69	4.5
Community services	584	556	(4.8)
Churn (%)	42.3	41.3	
Contract	9.7	9.7	
Prepaid	48.1	47.0	
Estimated market share (%)	53	52	

Non-South African operations

Mobile customers from Vodacom's non-South African operations increased by 8.4% to 11.3 million at 31 December 2008 from 10.4 million at 30 September 2008.

Non-South African operations	Six months ended 30 September 2008	Nine months ended 31 December 2008	% change
Vodacom Tanzania			
Customers (thousands)	4 931	5 355	8.6
Contract	18	19	5.6
Prepaid	4 905	5 327	8.6
Public phones	8	9	12.5
ARPU (ZAR)	53	55	3.8
Churn (%)	44.2	43.0	
Estimated market share (%)	46	46	
Vodacom DRC			
Customers (thousands)	3 776	4 042	7.0
Contract	24	26	8.3
Prepaid	3 647	3 898	6.9
Public phones	105	118	12.4
ARPU (ZAR)	65	67	3.1
Churn (%)	53.9	51.1	
Estimated market share (%)	39	38	
Vodacom Lesotho			
Customers (thousands)	450	489	8.7
Contract	5	4	(20.0)
Prepaid	435	474	9.0
Public phones	10	11	10.0
ARPU (ZAR)	69	71	2.9
Churn (%)	20.0	20.4	
Estimated market share (%)	80	80	

Non-South African operations	Six months ended 30 September 2008	Nine months ended 31 December 2008	% change
Vodacom Mozambique			
Customers (thousands)	1 287	1 435	11.5
Contract	24	26	8.3
Prepaid	1 250	1 395	11.6
Public phones	13	14	7.7
ARPU (ZAR)	38	42	10.5
Churn (%)	72.7	72.9	
Estimated market share (%)	42	43	

Outlook

Vodacom expects revenue growth for the year ending 31 March 2009 to be slightly lower than the revenue growth reported for the nine month period ended 31 December 2008. Revenue growth has been driven by continued growth in customers in all Vodacom's countries of operation and strong growth in data services. Group revenue is expected to include revenue from Gateway from the date of acquisition on 30 December 2008.

Vodacom expects the EBITDA margin for the year ending 31 March 2009 to be slightly lower than the margin for the year ended 31 March 2008. The EBITDA margin has been negatively impacted by non-recurring Vodacom BEE operational expenses estimated at R97 million and the lower profitability in Vodacom DRC. The Vodacom BEE transaction was concluded in October 2008, which resulted in a non-tax deductible charge of R1.5 billion made in accordance with IFRS 2: Share-based Payment: Vesting Conditions and Cancellations expense, which will not be included in EBITDA, but will negatively impact the Group's operating profit.

Vodacom's net debt has increased substantially as a result of increased capital expenditure and the Gateway acquisition, resulting in an increase in the interest expense in the second half of the financial year compared to the six months reported to 30 September 2008. Included in net finance charges is an amount of approximately R408 million relating to foreign exchange contract losses with respect to the acquisition of Gateway. Capital expenditure committed for the year ended 31 March 2009 is approximately R8.4 billion.

Vodacom DRC's financial performance has been adversely affected by deteriorating economic conditions in the DRC. Consequently, Vodacom's investment in Vodacom DRC may need to be impaired. However, Vodacom will only be able to assess the magnitude of such impairment, if any, following its year end results preparation.

Vodacom will continue investing to participate in the growth in the sub-Saharan African communications markets, which remain among one of the fastest growing markets in the world. However, the recent deterioration in the global macroeconomic environment coupled with weaker consumer confidence and credit tightness is expected to impact growth in the year ahead. Vodacom is taking action to contain overall costs and preserve its strong cash flow generation.

Set out in this Part V is a summary of some of the relevant sections of the ICT sector regulatory environment in the countries where Vodacom operates, insofar as they apply to companies in the Group.

32. SOUTH AFRICA

Set out below is a summary of the relevant sections of the ICT sector regulatory environment in South Africa insofar as it applies to Vodacom.

32.1 Vodacom SA licences

On 30 September 1993, a multiparty implementation agreement was concluded between Telkom, Vodacom SA, MTN, the Postmaster-General and the SA Government dealing with the licensing of Vodacom SA and MTN. Vodacom SA was issued with a mobile cellular telecommunications licence in South Africa in 1993 for a period of 15 years from 1 June 1994 (the Commencement Date). On 1 July 1997, the Telecommunications Act, which regulated telecommunications activities within South Africa, came into effect. In terms of the Telecommunications Act, Vodacom SA was deemed to be the holder of a licence to provide mobile cellular telecommunications services. The Telecommunications Act provided that Vodacom SA had to apply to the Minister of Communications, through ICASA, within six months after the date of commencement of the Telecommunications Act, for a mobile cellular telecommunications licence issued under the Telecommunications Act. This mobile cellular telecommunications service licence was confirmed and reissued on 9 December 2004. Under this licence, Vodacom SA was authorised to construct, maintain and use its public land mobile communications network for the provision of mobile cellular telecommunications services, and to interconnect with Telkom's public switched telecommunications network and the public land mobile communications networks of other licensed mobile cellular telecommunications service providers. An initial licence fee of R100 000 000 was paid by Vodacom SA and an ongoing licence fee of 5% of Vodacom's audited net operational income generated from the provision of the licensed services is payable by Vodacom quarterly in arrears. The ongoing licence fee is currently under review by ICASA.

The initial term of the mobile cellular telecommunications service licence issued to Vodacom SA in 1993 was due to expire in June 2009. However, in terms of this licence, Vodacom SA's licence was automatically renewable on the same terms and conditions should no notice of termination be received five years prior to the expiration of the initial licence term.

The conditions under which Vodacom SA's mobile cellular telecommunications service licence could be revoked by ICASA, with the approval of the Minister of Communications, included:

(i) non-payment of licence fees;

(ii) by agreement with Vodacom SA;

(iii) Vodacom SA being placed in liquidation or under judicial management;

(iv) any transfer of shares which would result in the direct or indirect ownership of 25% of the shares in Vodacom SA changing hands or a change in ownership of the issued voting share capital that results in a change to the composition of one-quarter of Vodacom SA's board of directors, without ICASA's approval; or

(v) Vodacom SA taking steps to deregister itself.

Vodacom SA's public land mobile communications network authorised it to provide a GSM based national mobile cellular telecommunications service and the connection of fixed and mobile terminal equipment using GSM cellular telephony technology. For the duration of this licence, Vodacom SA's network was required to conform to the GSM specification standards and recommendations of the International Telecommunications Union as adopted by South Africa, as well as with the GSM specifications set by the European Technical Standards Institute (ETSI).

Under the licence, Vodacom SA was required to comply with a number of obligations. In particular, the licence required Vodacom SA to provide facilities to enable a caller, free of charge, to communicate with an emergency organisation as swiftly as practicable and set out certain customer service standards with which Vodacom was required to comply. This licence also required Vodacom SA to use reasonable endeavours to ensure that certain information is kept confidential. Vodacom SA was obliged to provide directory services and to liaise with other licensees in that regard. Vodacom SA and its service providers were not entitled to show any undue preference to any person or class of person and Vodacom SA was required to develop, publish and enforce guidelines for use by its personnel when handling inquiries and complaints from customers to whom it supplies telecommunications services. These guidelines had to be included in its contracts with service providers and had to be published and made available to customers. Vodacom SA's licence prescribed that the guidelines, address the following areas of the provision of customer services:

- procedures for handling customer complaints;
- the time frame for handling customer complaints through such procedures;
- further recourse available to a customer who is dissatisfied with Vodacom SA's complaint handling procedures;

- procedures adopted by Vodacom SA to check the accuracy of a customer's telephone account;
- procedures to be adopted by Vodacom SA to assist customers in disaster situations; and
- availability to customers of quality of service information relating to Vodacom's network services.

Vodacom SA has to date been allocated a total of 46 million numbers, including the full 072, 076, 082 and 079 number ranges, along with part of the 071 number range. ICASA has started using the interleaving principle and allocated part of the 071 number ranges to MTN. Vodacom SA also has 10 000 numbers in the 087 range issued under its VANS licence.

Simultaneously with its mobile cellular telecommunications licence, Vodacom SA was also issued a radio frequency spectrum licence permitting it to use an assignment of 2x10 MHz in the GSM 900 MHz radio frequency spectrum band, for the purpose of providing mobile cellular telecommunications services. This licence is valid for the duration of Vodacom SA's mobile telecommunications licence.

Vodacom SA has also been granted the following additional licences:

- a licence, effective 1 July 1995, for the use of an additional assignment of 2x1 MHz in the GSM900 MHz radio frequency spectrum band under its mobile cellular telecommunications licence;
- a permanent 1800 MHz licence, awarded on 29 October 2004, comprising an assignment of 2x12 MHz of frequency spectrum. This licence was awarded pursuant to the Telecommunications Act, which gave the three mobile cellular licensees the right, upon application, to be granted licences to use 1800 MHz frequency spectrum on payment of fees as determined by the Minister of Communications;
- a radio frequency and station licence in the C-Band for the operation of an international fixed link via satellite, issued on 7 September 2007. Vodacom SA has also applied for KU-Band spectrum;
- a 3G spectrum licence, awarded on 30 November 2004, comprising an assignment of 2x10 MHz (FDD) and 1x5 MHz (TDD) radio frequency spectrum; and Vodacom SA received an additional 3G spectrum assignment of 2x5 MHz on 15 February 2007; and
- a number of other microwave spectrum licences in the 7, 15, 18, 26 and 38 GHz bands.

The licence fee for the 1800 MHz and 3G spectrum licences is R5 million in aggregate. The annual licence fee is R100 000. Additional obligations, for example the provision of SIM cards to specified Government departments, were also imposed.

In addition, on 20 October 1998, Vodacom SA was issued a licence to provide VANS. On 20 May 2005, ICASA published new regulations for VANS providers. This set of regulations repealed the previous set of regulations under which Vodacom SA had to re-apply for its VANS licence on 27 February 2004. In terms of the new regulations, Vodacom SA was deemed to have applied in accordance with the regulations. On 26 August 2005, ICASA re-issued Vodacom SA's VANS licence (VLS40/0034). In terms of this licence, Vodacom SA was obliged to keep and maintain statistics on complaints made to it by its customers. The statistics were to be provided to ICASA at least once every six months and ICASA could, after consultation with Vodacom, publish these statistics.

32.2 The Electronic Communications Act

The licensing and provision of telecommunications services by Vodacom SA has historically been subject to the Post Office Act of 1958 and the Telecommunications Act of 1996. A significant body of regulations issued under the repealed Telecommunications Act remain in force under the current Electronic Communications Act, which came into effect on 19 July 2006.

While the Electronic Communications Act provides for the conversion of existing licences to new licences, all existing licences remain valid until converted by ICASA to new licences in accordance with the new licensing regime. Regulations made under the Telecommunications Act also remain in force until new regulations which are required to fully implement the provisions of the Electronic Communications Act are made. As a result, the regulatory environment is evolving, lacks clarity in a number of areas and is subject to interpretation, review and amendment as the telecommunications industry is further developed and liberalised.

In order to give effect to the new licensing and regulatory regime set out in the Electronic Communications Act, ICASA is required, among other things, to convert existing licences into class and individual electronic communications service (ECS) and individual electronic communications network service and frequency spectrum licences, and to issue new class and individual electronic communications service and electronic communications network service and frequency spectrum licences. On 16 January 2009, ICASA issued Vodacom SA's converted individual ECS and individual ECNS licences. The specific terms and conditions of these licences issued to Vodacom SA must be read together with the standard terms and conditions applicable to all licences[1].

ICASA is also required to establish a pro-competitive framework consisting of the definition of markets, to determine the level of competition and the existence of significant market power in these markets, and to establish pro-competitive remedies that can be imposed on licensees found to have significant market power in a market.

1. Vodacom SA was also issued with a second set of ECNS and ECS licences in replacement for its VANS licence. Vodacom SA views the second set of licences as superfluous at this point in time.

The main areas of regulation-making, and planning, that the Electronic Communications Act contemplates are those relating to frequency spectrum, numbering and number portability, regulatory fees, type approval, universal service and access, consumer code of conduct, interconnection, facilities leasing, market definition, competition, significant market power, in relevant markets and the imposition of remedies and penalties for offences committed.

ICASA continues to conduct an extensive process of developing new regulations in several regulatory areas, the most important of which are:

- the conversion of existing licences to class and individual electronic communications services and electronic communications network services licences (complete as of January 2009);
- the establishment of the standard terms and conditions for class and individual licences (effective January 2009);
- the establishment of the special terms and conditions that may apply to each individual licensee;
- the issuing and conversion of existing spectrum rights into frequency spectrum licences;
- the determination of the definition of the various communications markets;
- the establishment of the methodologies that will be used to determine the level of competitiveness in each market and the existence of significant market power therein;
- the determination of the regulatory remedies that may be imposed on a licensee upon a finding of significant market power;
- final regulations on application fees and annual licence fees;
- final regulations on handset subsidies that have been challenged in court by Vodacom SA;
- draft regulations on carrier pre-selection;
- final End User Subscriber Charter;
- draft regulations on interconnection, facilities leasing and essential facilities; and
- digital migration processes that will result in digital dividend for other uses including mobile.

As at the date of this pre-listing statement, it is not possible to provide certainty on the outcome of these processes or the timeframe within which they will be concluded.

The conversion of any licence which was issued under the Telecommunications Act will be on no less favourable terms than the terms embodied in the licence that is to be converted.

32.3 **RICA**

RICA regulates the authorisation for and actual lawful interception of direct and indirect communications. RICA also prescribes the information that must be obtained by telecommunications service providers from their customers should such information be required for the purpose of detecting or investigating serious crimes. To give effect to this objective, section 39 of RICA obliges telecommunication service providers to obtain and store certain customer details before entering into a contract to provide a service, including names, identity numbers, addresses and requires verification of customers' details. In addition, commencing in June 2006, all licensees, including Vodacom SA, were required to install equipment and implement procedures to allow lawful interception by law enforcement agencies in South Africa, including the interception of communications and the provisioning of call-related information, including billing information.

Section 40 of RICA sets out the information that needs to be obtained and kept by persons who sell SIM cards. While RICA came into effect on 30 September 2005, section 40 was only put into effect on 9 January 2009 when the President assented to the Regulation of Interception of Communications and Provision of Communication-related Information Act 48 of 2008 ("RICA Amendment Act"). The RICA Amendment Act amends section 40 and spells out more clearly the information required to be recorded and stored by a service provider. The RICA Amendment Act provides that a service provider must store the information contemplated in section 40 of the RICA Amendment Act for a period of 5 years after the customer has cancelled his or her contract or after the service provider has ended the service to the customer. Section 62(6) of the RICA Amendment Act provides that a service provider who, prior to the commencement of the RICA Amendment Act, provides mobile service must, to the extent that such information has not already been recorded and stored, within 18 months record and store the information contemplated in the RICA Amendment Act in respect of all customers whose SIM-cards are activated on its system.

The implementation of section 40 of RICA will have significant cost implications resulting from the collection verification and storage requirements and negatively impact the ability of Vodacom SA to register customers due to its registration process, which may not be practical and may require the disconnection of those customers for whom such information is unavailable. Vodacom SA may not be able to implement these requirements within the 18 month time period prescribed in the RICA Amendment Act. The commencement date of the 18-month period still needs to be determined. As a result, Vodacom SA's business operations could be disrupted and their net profit could decline and Vodacom SA may be liable for penalties to the extent that it is not able to comply with RICA's requirements. Vodacom SA is in the process of determining an effective and efficient way to implement the requirements of RICA.

32.4 **Competition Act**

The Competition Act, together with the Electronic Communications Act, regulates anti-competitive behaviour in the communications industry in South Africa. Subject to the provisions of these two Acts, Vodacom may not act anti-competitively or unfairly discriminate against any person. Activities within the communications and broadcasting sectors are regulated primarily by ICASA, but with concurrent jurisdiction of the Competition Commission on competition-related matters. In terms of section 67 of the Electronic Communications Act, ICASA has concurrent jurisdiction with the Competition Commission on sector-specific competition matters. Although the concurrent jurisdiction of ICASA and the Competition Commission in the ICT sector is coordinated via a memorandum of understanding concluded under the Telecommunications Act, concerns remain regarding jurisdictional responsibilities. Competition litigation or investigations are separately listed in this pre-listing statement.

33. TANZANIA

Vodacom Tanzania is currently regulated by the Tanzanian Communications Regulatory Authority (TCRA) under the Tanzania Communications Act, 1993, as well as the Tanzania Regulatory Authority Act, 2003. New Telecommunications Regulations were introduced with effect from 9 September 2005. It is under the two aforementioned communications acts that the New Telecommunications Regulations were adopted and the TCRA introduced a converged licensing framework, otherwise referred to as the unified licensing framework, which is service and technology neutral. The TCRA commenced a process of reviewing the telecommunications regulatory structure, but no public policy statement has yet been issued.

Vodacom Tanzania was granted its new licences on 26 July 2006. These licences were for International & National Network Facilities, International & National Network Services, International & National Application Services and radio frequency spectrum resource usage. All licences, with the exception of the application licence, run for a fixed term of 25 years. The application services licence is for an initial term of 5 years for national and 10 years for international, which is automatically renewable with no additional obligations up to a period of 25 years. The frequency usage licence covers GSM at 900MHz and 1800MHz and broadband frequencies for WiMAX and 3G/UMTS.

The mobile termination rates and glide path determined by the TCRA were reviewed and determined effective from 1 January 2008. The determination was extended to include all incoming international calls and no differentiation exists between fixed and mobile terminating calls. Vodacom is challenging this determination before the Fair Competition Tribunal.

The Universal Telecommunication Access Act has been passed by the National Assembly and assented to by the President. The Minister for Communications, Science and Technology has not yet appointed a date for its coming operation this calendar year 2008/2009. The draft regulations have been prepared. The universal service levy in the draft regulations is 0.3% of the yearly gross operating revenue.

The Government has increased Excise Duty on air time from 7% to 10% effective 1 July 2008. The operators have passed this onto the consumers.

Competition

In terms of the Fair Competition Act of 2003, the Fair Competition Commission was appointed in 2008. Competition matters may be appealed from the TCRA to the Commission. Appeals from the Commission are heard by the Fair Competition Tribunal.

34. THE DRC

On 11 December 2001, Vodacom DRC was granted GSM licence rights in a joint venture between Vodacom International and Congolese Wireless Networks, s.p.r.l. In addition to its GSM licence rights, Vodacom DRC's licence includes international gateway, and fixed transmission rights, and was granted additional exploitation rights for PABX (including an assigned spectrum for corporate direct connection) and ISP/WiMAX.

The regulatory environment in 2008 was characterised by competing frequency spectrum issues, and access to licence fees, between the Ministry of Posts and Communications ("the Ministry") and the national regulatory authority, the Autorité de Régulation de Postes et de Télécommunications (ARPTC).

Mobile operators are subject to an excise duty of 10% with the total tax on services revenue amounting to 28%. Implementation of the excise duty enabling legislation has been delayed, but is expected to be implemented in 2009.

In 2007, the ARPTC, working with international consultants appointed by the World Bank, considered various ways of reforming the telecommunications 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 on spectrum and numbering plans were submitted to network operators for consultation purposes during the 2007 year. The ARPTC also held public hearings with regard to the introduction of 3G technology. These initiatives have not been implemented, in part due to funding constraints.

Despite objections pertaining to lack of proper identification documents issued to Congolese citizens, the lack of communications infrastructure and the negative socio-economic impact of the mandatory registration, the telecommunications industry in the DRC is subject to a recently promulgated ministerial decree requiring the registration of the entire customer base of all network operators. This decree requires prescribed particulars of all customers to be obtained and maintained by 30 June 2008. The sanction for non-compliance by any operator who has not identified its customers in accordance with the requirements of this decree within three months from 28 March 2008 could result in:

- a fine equivalent to between US$5 000 and US$10 000 per customer;
- suspension of the licence for a period not exceeding three months in the event of repetition; and
- suspension of the licence in the event of a likely disturbance of law and order/safety.

Throughout the industry, the implementation date and sanctions have been postponed due to significant progress in the registration of customers having been achieved by most operators.

Competition

There is, at the last practicable date, no competition tribunal in the DRC. Competition issues in the ICT sector are managed by the Ministry and the ARPTC in terms of the Telecommunications Act, Cahier des Charges and the terms of concessions (licences).

35. LESOTHO

The framework for liberalisation of the communications sector was implemented in February 2007 and Vodacom Lesotho was authorised to offer international gateway services. Further liberalisation proposed in the framework, to allow specified classes of ISPs to have gateway licences was not implemented.

The recommendations of a tariff rationalisation study have been partially implemented by the National Regulatory Authority, the Lesotho Telecommunications Authority (LTA). The recommendation in respect of reduced interconnection rates as recommended by the study has not been implemented, since Vodacom, and other operators, have challenged the national regulatory authority's power to control wholesale prices. The recommendation for relaxation of the regulatory regime for tariff regulation in respect of mobile operators, to allow for price reductions to stimulate competition has not been implemented. Retail tariff regulation is still strictly controlled by the tariff approval process of the regulatory authority.

A licence fee structure implemented by the regulatory authority in February 2008 provides for a 3.5% annual royalty fee based on net operating income (licensed turnover less interconnection and roaming payments) and frequency spectrum usage fees depending on the amount and type of spectrum assigned (M10 000/MHz for mobile spectrum and M1 400/MHz for fixed spectrum).

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

Competition

There is, at the last practicable date, no competition legislation of general application in Lesotho. Sector-specific telecommunications legislation and licences impose fair competition obligations, with oversight by the LTA.

36. MOZAMBIQUE

Vodacom Mozambique was awarded its licence in August of 2002, but due to the fact that the fixed-line incumbent operator and its wholly-owned mobile cellular subsidiary had no interconnection rates applicable, the licence was not accepted until August 2003 when the issues were satisfactorily resolved. The licence is a 2G GSM licence, with international gateway and fixed transmission rights, and will expire in December 2018. In 2008 Vodacom Mozambique was issued with a 3G licence.

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. The policy programme of the Instituto Naçional das Comunicaçoes de Moçambique (INCM) for 2007 (and released in December 2006) included:

- 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 service numbers;
- preparation of legislation ending TDM's exclusivity;
- preparation of convergence legislation;
- preparation of an interconnection cost model; and
- the re-issue of licences to conform to new convergence legislation.

In February 2007, the INCM appointed a consultant to facilitate the introduction of cost based interconnection. As a result of the study initiated by the INCM, asymmetrical interconnection rates have been introduced in Mozambique as of 1 January 2008, which have been agreed to by all operators for a period of two years ending 31 December 2009. The asymmetrical rates were proposed by the consultant as a result of Vodacom Mozambique's late entry into the market, and the resultant higher cost structure, and include an annual inflation adjustment. This two year period will allow operators to develop their own interconnect costing models, based on the Long-Run Incremental Cost (LRIC) methodology. If the results of such models clearly demonstrate to the remaining operators that there are substantial differences to the above-mentioned tariffs for 2009, the rates may be reviewed. mCel (Mocambique Cellular) is challenging the current interconnection regime in the Administrative Cart.

All operators have been informed by the INCM that all licences are to be re-issued in compliance with the new Telecommunications Law of 2004. Vodacom Mozambique was invited to submit suggestions to any amendments it wished to make to its existing licence. To date, no new licences have been issued. However, Vodacom Mozambique applied to expand its international gateway rights and to lease transmission capacity to entities other than licensed telecommunications network operators, such as internet service providers and satellite companies, during the end of the 2006 calendar year. The INCM agreed to expand Vodacom's transmission leasing rights to entities other than licensed telecommunications network operators. Regarding the expansion of its Gateway rights, the INCM indicated that it will be dealt with in the planned conversion legislation, but to date no formal Conversion Bill has been tabled.

It was recently announced that the Government intends, during 2009, to initiate a process for the licensing of a third mobile operator. Vodacom Group is of the view that the Mozambican market cannot accommodate a third operator at this point in time, and will submit representations to the Government in this regard.

Competition

There is, at the last practicable date, no competition legislation of general application in Mozambique. Sector-specific fair competition requirements exist in telecommunications licences and legislation.

37. GATEWAY

Gateway operates in multiple African and European jurisdictions under the authority of various types of service, equipment installation, and spectrum licences and authorisations held by Gateway or its clients. For example, the provision of carrier services is not regulated in most jurisdictions; where it is regulated, Gateway operates in terms of its clients' licences. Gateway also operates business services in unregulated spectrum bands in a number of jurisdictions; and in countries where it does not or may not hold a blanket VSAT licence, it obtains licences on its clients' behalf for each site connected.

To focus on a few key countries, in South Africa, Gateway holds an individual Electronic Communication Network Service licence and an Electronic Communication Service licence. Gateway has no spectrum licences and leases lines from other licensees. In Nigeria, Gateway holds internet service provider and private link network licences. It holds authorisations for the use of spectrum in 10.5 GHz band for fixed wireless access and shared point-to-point spectrum in the 13 GHz, 18 GHz and 23 GHz bands for fixed links. It also holds spectrum licences to provide satellite service in the C-Band. In Ghana, Gateway holds an authorisation to install and operate a public data network, for which it has the use of spread spectrum in the 2.4 GHz band. Gateway is in the process of being granted a new service licence that will authorise wider rights. It also holds authorisations to install and operate VSATs and to operate a private network.

Historically, the international and national regulatory environments in which Gateway operated its carrier and business services were somewhat less challenging than the mobile cellular environment. However, with increasing liberalisation, competition and convergence these environments are also becoming more demanding.

38. RISK FACTORS

Any investment in Vodacom Group shares is subject to a number of risks and uncertainties. Before making an investment decision, investors should carefully consider the factors and risks associated with any investment in Vodacom Group shares, Vodacom's business, the industry and markets in which it operates, together with all the information that is included in this pre-listing statement and should form their own view.

In particular, investors should evaluate the uncertainties and risks referred to or described below. If any of the events contemplated by the following risks actually materialise, Vodacom's business, financial condition, prospects and share price could be materially and adversely affected to the detriment of Vodacom and investors may lose all or part of their investment.

This Part of the document describes risks that Vodacom considers to be material. However, there may be additional risks that the Group currently considers immaterial, or of which it is currently unaware, and any of these risks could have the effects set forth above.

38.1 Risks related to Vodacom's business

The Group may be affected by global economic conditions

The Group's operating and financial performance is influenced by the economic conditions of the countries in which it operates. The current strained global economic conditions and the volatility of international markets could result in a general reduction in business activity and a consequent loss of income for the Group. The current global credit market conditions mean financial institutions are applying more stringent lending criteria and the availability of debt is low by historical comparison, which may mean that it will be more costly or difficult for the Group to raise funds to take advantage of opportunities. In addition, the Group's operating and financial performance may be impacted by increased exposure to the default of wholesale counterparties including financial institutions and customers with bad debts as global economic conditions continue to worsen. Such worsening global economic conditions may have a material adverse effect on the Group's business, results of operations and overall financial condition.

The Group competes in a highly competitive mobile telephony market

The Group faces intense competition in the mobile communications markets in South Africa and other African countries. Increased competition in the mobile communications markets in these countries may result in a reduction of the Group's average tariffs and the Group's market share and increased customer acquisition and retention costs, which could cause the Group's growth rates, revenue and net profit to decline and its churn rates to increase.

In South Africa, Vodacom SA competes for telephone customers with two other existing mobile communications network operators, MTN and Cell C.

Increasing competition, together with the further liberalisation of the South African telecommunications industry, may result in the reduction in Vodacom SA's overall average tariffs, loss of market share and increased customer acquisition and retention costs, which could cause Vodacom SA's growth rates, revenue and net profit to decline. In addition, the implementation of mobile number portability in 2007 and the implementation of the Electronic Communications Act could further increase competition and cause Vodacom SA's churn rates to increase.

Increased competition in the data communications market may adversely impact Vodacom's growth rates, operating revenue and net profit

Vodacom SA faces increased competition from other telecommunications operators, value added network operators and private network operators in South Africa as a result of determinations made by the South African Minister of Communications in September 2004 and the provisions of the Electronic Communications Act, which came into effect on 19 July 2006. The new licensing framework included in the Electronic Communications Act has resulted in the market becoming more horizontally layered with a number of separate licences being issued for electronic communications network services, electronic communications services, broadcasting services and the radio frequency spectrum and will substantially increase competition in Vodacom SA's data communications business.

In addition, following the launch of competitors' 3G networks in South Africa and other African countries, mobile customers are now able to browse the internet on a broadband platform, which provides increased competition for data services.

Significant capital investments including future acquisitions may be necessary to achieve the Group's growth plans, which carry project risk

The Group's growth plans may require significant capital investments to expand or upgrade existing facilities, develop new facilities or make major acquisitions. For example, in order to provide transmission for increased data services, the Group may need to lay or lease fibre optic lines in South Africa and other African countries. In South Africa, data centres are needed for the expansion of Vodacom Business. Projects that require significant capital expenditure carry risks. These risks include failure to complete a project within the prescribed project timetable and/or within budget; failure of the project to perform according to prescribed operating specifications following its completion; significant increases in raw material costs unforeseen in the project plan; and the inability to sell the products produced at volumes and/or price levels envisaged in the project plan. Due to the significant amount of capital required and the long lead time between planning and completion of such projects, project failure could have a material adverse effect on the Vodacom Group's business, financial condition and/or results of operations.

The Group's growth strategy depends in part on its ability to carry out successful investments, acquisitions or mergers and its failure to do so could have an adverse impact on its competitive position

As part of its strategy, the Group may seek further growth through acquisitions of, or mergers with, ICT companies in order to maintain a strong competitive position in the ICT sector in Africa and to enhance its core areas of business. This strategy entails risks that could have a material adverse effect on the Group's business, financial condition and/or results of operations.

There are a limited number of acquisition, investment or merger opportunities and there is substantial competition for the types of acquisitions, investments or mergers that would meet the rigorous financial and other investment criteria of the Group. Increased competition has driven up the prices for the types of acquisition, investment or merger opportunities the Group is likely to target, which may make the identification and consummation of acquisition, investment or merger opportunities more difficult. As a result, the Group may not be able to consummate any acquisitions that meet its investment criteria. There are also a limited number of partners that are able to arrange their own funding to invest in ventures in other African countries with the Group. Moreover, acquisitions or mergers may expose the Vodacom Group to new commercial, as well as civil and criminal, liabilities. Finally, it should also be noted that South African foreign exchange control provisions and other regulatory limitations could delay or prevent investments by Vodacom in other countries.

To the extent that the Group is not able to grow through acquisitions, investments or mergers, Vodacom Group's share price could decline. Moreover, the Group could expend a substantial amount of time and expense pursuing acquisitions and mergers it does not consummate, which could adversely affect its business, financial condition, results of operations and growth.

Expansion of the Group's operations through acquisitions and mergers may put a strain on its management, as well as its financial controls and technical systems

The expansion of the Group's operations may place a significant strain on its management, as well as its financial, technical and other resources. The Group's ability to manage future growth through acquisitions and mergers will depend on its ability to monitor operations, maintain effective quality, corporate governance and financial controls and significantly expand its internal management, technical and accounting systems, all of which will result in higher operating expenses. The integration of acquired communications and mobile businesses may involve, among other things, implementation and integration of management, financial reporting and control systems, some of which may be incompatible with the Group's existing systems and its business lines, and therefore may need to be replaced. By way of example, Gateway is a new business line for the Group and accordingly, the Group does not have any experience owning and operating such a business. The effective integration of acquisitions and mergers may be unsuccessful, which could have an adverse effect on the Group's future growth. For example, if the Group is not able to successfully implement the acquisition of Gateway, the Group's financial condition, results of operations and growth may be adversely affected.

In addition, telecommunications operators generally experience higher customer and employee turnover rates during and after an acquisition or launch of service. The Group cannot give any assurance that the Group will be able to integrate successfully and grow any businesses it may acquire or invest in.

If the Group fails to attract or retain key personnel, its business may suffer

The Group's operations are dependent on the experience, skills and knowledge of its executive directors, senior management and key employees who provide expertise and experience crucial to the Group's business and the implementation of its strategy. Accordingly, the Group's success depends in large part on its ability to hire, retain and partner with highly qualified employees and partners who possess the requisite qualifications and technical skills in the communications industry due to the continuous evolution and convergence of technologies. Also, the loss of key personnel could disrupt the Group's business operations if it is unable to replace them with similarly qualified individuals.

The Group expects that competition for employees in the South African communications industry will continue to increase as competition in the communications industry further increases. If the Group loses a number of its key employees to competitors and is not able to attract and retain highly qualified employees or partners, its business operations could be disrupted and its ability to compete could be harmed.

Also, in terms of the Regulatory Agreement, Vodafone and Vodacom have agreed that, for a period of five years from 6 November 2008, the CEO of Vodacom shall be a citizen of an African country and the CEO of Vodacom SA shall be a citizen of South Africa, subject to the Board having final say when the relevant appointments have to be made. Any restriction on nationality may restrict the size of the pool of available individuals which can be drawn on, and this may limit the Group's ability to recruit and retain the said executives with the necessary expertise and experience to lead a publicly listed company with international operations.

Failure to maintain good employee relations may affect Vodacom's operations and the success of its business

Whilst the Board believes that relations between the Group and its employees are currently satisfactory, there can be no assurance that future developments in relation to the Group's businesses will not adversely affect such relationships.

Any significant labour disputes, work stoppages, increased employee expenses as a result of collective bargaining and the cost of compliance with labour laws could limit the Group's operating flexibility and reduce its net profit. Furthermore, the enactment of highly restrictive employment laws may impose costs on the Group and limit the Group's flexibility and its ability to implement workforce reductions.

Delays in the development and supply of telecommunications equipment may hinder the deployment of new technologies and services and cause the Group's growth rates and net profit to decline

The Group's operations depend in part upon the successful and timely supply of evolving mobile telecommunications technologies. The Group uses technologies from a number of suppliers and makes significant capital investments in connection with communications technologies. If technologies are not developed or delivered by the Group's suppliers on time or do not perform according to expectations or achieve commercial acceptance, it may be required to delay service introductions and make additional capital expenditures and it could be required to write-off investments in technology, which could cause growth rates and net profit to decline.

Perceived health risks relating to mobile handsets, base stations and associated equipment and any related publicity or litigation could make it difficult to find attractive sites for base stations and reduce the Group's growth rates, customer base, average usage per customer and net profit

Concern has been expressed that the electromagnetic signals from mobile handsets, base stations and associated equipment may pose health risks. Perceived risks of mobile handsets or base stations and related publicity or litigation, could make it more difficult to find attractive sites for base stations and reduce the Group's growth rates, customer base, average usage per customers and net profit.

Following the listing, Vodacom will be controlled by Vodafone, and conflicts of interest may arise

Following the listing, Vodacom Group will be controlled by the Vodafone Group. Conflicts of interest may arise between Vodacom Group and the Vodafone Group in circumstances where the interests of the two entities are not aligned. For example, Vodacom Group may be faced with decisions that could have different implications for Vodacom Group than they do for the Vodafone Group, including decisions relating to potential acquisitions of businesses, potential competition, the issuance or disposition of securities, the payment of distributions by the Group, as well as tax, regulatory and legal matters. In such circumstances, Vodafone Group may prevent Vodacom Group from taking a course of action which would be beneficial for Vodacom. Consequently, Vodacom's ability to implement its strategy may be adversely affected.

38.2 **Risks relating to the regulatory environment**

Risks relating to evolving regulatory environment

The regulatory environment for the telecommunications industry in South Africa and other African countries is evolving and regulations addressing a number of significant matters have not yet been established. The interpretation of existing regulations, the adoption of new policies or regulations that are unfavourable to the Group, or the imposition of additional licence obligations on the Group, could disrupt its business operations and could cause its net profit and the trading price of Vodacom Group shares to decline.

In South Africa, the licensing and provision of telecommunications services is governed by the Electronic Communications Act, which repealed the Telecommunications Act, and came into effect on 19 July 2006. A new licensing regime was created by the Electronic Communications Act and existing licences were converted into new licences in accordance with the new licensing regime. Vodacom SA's new licences were issued on 16 January 2009. Some matters, such as licence fees, which were previously included in Vodacom SA's licence, will now be included in regulations. Regulations made under the Telecommunications Act are to remain in force until they are amended or replaced by new regulations made to fully implement the provisions of the Electronic Communications Act. As a result, the regulatory environment is evolving, lacks clarity in a number of areas and is subject to interpretation, review and amendment as the ICT sector is further developed and liberalised.

In addition, the regulatory process entails a public comment process, which, in light of the politicised issue of privatisation of industries such as telecommunications in South Africa, makes the outcome of the regulations uncertain and may cause delays in the regulatory process.

ICASA is the regulatory body that regulates the South African communications market pursuant to the Electronic Communications Act. It has been reported in the South African press that ICASA may lack adequate resources to effectively fulfil its regulatory and licensing functions and to deal with regulatory challenges that continue to change given the rapidly evolving telecommunications environment. ICASA's capacity may be further strained by the workload that is imposed on it by the Electronic Communications Act. This combination of factors creates further uncertainties in the regulatory arena and the ability of ICASA to effectively fulfil its functions.

The regulatory environment in the communications sector continues to evolve, *inter alia* because of technological change, government ownership of key industry operators and resources, a need for increased local ownership and control, and the industry's major contribution to state tax revenues.

The Group cannot predict the outcome or timing of the introduction or amendment of applicable regulations or the interpretation thereof. However, changes in the regulation of telecommunications services, the imposition of unfavourable terms in its licences or the loss or unfavourable amendment of any licence held by the Group could disrupt the Group's business operations and could cause its net profit and the trading prices of the Vodacom Group shares to decline.

If the Group is unable to negotiate favourable terms and conditions for the provision of interconnection services and facilities leasing services or, if ICASA finds Vodacom SA to have significant market power or otherwise imposes unfavourable terms and conditions on it, the Group's business operations could be disrupted and its net profit could decline. ICASA is entitled to issue, and has issued, draft regulations and guidelines relating to interconnection and facilities leasing. Pursuant to the Electronic Communications Act, licensees, including Vodacom SA, must, on request, interconnect with and lease electronic communications facilities to any other licensee, unless such request is unreasonable, and must enter into interconnection agreements and facilities leasing agreements for this purpose. Where the parties are unable to reach an agreement, the Electronic Communications Act confers on ICASA the power to intervene and propose, or impose, terms and conditions for the interconnection agreement, or refer the matter to the Complaints and Compliance Committee for resolution. ICASA must review any interconnection agreement to determine whether it is consistent with the regulations and, if the agreed terms are not consistent with the regulations, direct the parties to agree on new terms and conditions. The Electronic Communications Act also empowers ICASA to impose pro-competitive conditions on operators found to have significant market power in a market or market segments that have ineffective competition, which may affect the manner in which interconnection is provided and facilities are leased by such operators, and the charges thereof, including the provision of interconnection and leasing services facilities at or near the long run incremental cost of those services or facilities.

The implementation of customer registration, interception and monitoring may have a negative impact on the Group

The implementation of customer registration, interception and monitoring could be costly and may negatively impact the ability of the Group to register customers and may require it to disconnect existing customers, causing the Group's penetration rates, growth rates, revenue and net profit to decline.

Customer registration has been implemented in the DRC and Vodacom DRC is in the process of registering all its customers. As at the date of this pre-listing statement it is too early to measure the long-term impact this will have on the Group's penetration rates, growth rates, revenue and net profit. The Mobile Operators Association of Tanzania has agreed to a voluntary system of prepaid customer registration that will commence on 1 July 2009, with the goal of completing the process within a period of six months. A draft bill is being formulated in terms of which the registration of SIM card owners shall be mandatory. It is anticipated that the bill be presented to Parliament during 2010. The Governments of Tanzania, Mozambique and Lesotho are considering the implementation of customer registration and other mechanisms to collect customer information.

RICA is a South African law that regulates the authorisation for and actual lawful interception, monitoring and registration of communications by Vodacom SA's customers. RICA came into effect on 30 September 2005 and certain sections of the legislation requiring the collection of customer details and identity verification were assented to by the President of South Africa on 9 January 2009. The implementation date for the customer registration sections has not yet been determined. RICA obliges service providers to record, securely store and verify at its own cost their customer details, including names, identity numbers, addresses, and SIM card MSISDNs. Vodacom SA may not be able to implement these requirements within the time period in which it is ultimately required to implement them. Furthermore, the implementation of RICA is expected to have significant cost implications resulting from the verification and storage requirements, which may have a negative impact on Vodacom SA's ability to register customers due to various elements of the registration process that may prove to be impracticable and thus may require the disconnection of customers for whom such information is unavailable. As a result, Vodacom SA's business could be disrupted and its net profit could decline which could cause the Group's net profits to decline. In addition, Vodacom SA may be liable for penalties to the extent it is not able to comply with RICA's requirements.

In addition, commencing in June 2006, all South African licensees, including Vodacom SA, were required to install equipment and implement procedures to allow lawful interception by law enforcement agencies in South Africa, including the interception of communications and the provisioning of call-related information including billing information. Current costs are manageable, but may increase substantially as Vodacom SA moves into the converged environment. The governments of other countries are considering, but have not yet mandated, the installation of interception and monitoring equipment by Vodacom and other mobile operators. If mandated, the cost to the non-South African operating companies could be quite substantial in proportion to their revenues.

The Group may face adverse changes in legislation

Legislation which currently applies to the Group in the respective jurisdictions in which it operates may change. There can be no assurance that the laws to which the Group is subject may not change in a manner which could have a material adverse effect on the Group's business, financial condition and/or results of operations.

In addition, new laws and regulations in South Africa that may require Vodacom SA's business customers to make use of suppliers complying with BEE requirements may affect it. If Vodacom SA is not able to meet the minimum requirements of these BEE initiatives or restrictions, some of its business customers may be required or elect to obtain all or some of their telecommunications services from Vodacom SA's competitors who may fulfil such requirements.

38.3 Risks relating to emerging markets

There are significant country, and public and private sector, governance risks associated with the Group's African investments outside South Africa, which could adversely affect their business and cause their financial condition and net income to decline

The Group currently has investments in mobile communications network operators in Lesotho, Tanzania, Mozambique and the DRC. The recent acquisition of Gateway has extended these investments and business activities into other African countries such as Ghana, Nigeria, Cameroon, Angola and the Ivory Coast. A review of governance or governance risk perception indices (including the ease of doing business) published by research institutes indicates that most of these countries have political, economic, governmental, legal and regulatory systems that are not considered to be fully developed, stable or predictable. Many of these countries suffer from occasional wars, criminal activity and civil strife, including attacks motivated by religion and ethnicity. Many countries have high levels of poverty and unemployment. All of these conditions can adversely affect the Group's business operations, and cause the value of its investments in these countries and its revenue and net profit to decline.

Doing business in these countries presents significant challenges in respect of the prevention and combating of corruption, money laundering, terrorism and the financing of terrorism ("CMT"). The Group has responded to these challenges by implementing an ethics and compliance programme designed to ensure compliance with applicable anti-CMT legislation. The determined implementation of such a programme in these countries may place Group companies at a competitive disadvantage, resulting in lower revenues or higher costs in those markets. At the same time, any non-compliance with legal requirements could expose the Group to civil or criminal liability.

Furthermore, the tax environments in some of these countries are extremely challenging, both in terms of changes in taxation (e.g. rapid imposition and increases of excise tax on airtime) and tax administration (e.g. unduly long periods to finalise yearly tax assessments and incentives for public officials to inflate assessments and impose penalties). By way of example, recently, in the DRC, the government arbitrarily imposed a 10% excise tax on mobile revenue. These conditions also may harm the operations of the companies in which the Group invests and impact the value of these investments.

In addition, the Group's other African operations have local minority shareholders and accordingly, the Group is subject to risks in their dealings with these shareholders in that their interests may not always be aligned with those of the Group. This could affect the ability of the Group to implement its strategy in certain of its subsidiaries or necessitate the restructuring of some of its other African operations, including effecting acquisitions and disposals.

As mentioned below, there are foreign exchange control restrictions in South Africa which may restrict the Group's ability to fund its investments in other countries. There are also foreign exchange controls in other African countries which may restrict the Group's ability to extract value from its investments.

Finally, the private sectors in these countries also generally suffer from underdeveloped and unenforced codes of corporate governance and ethical business practices, which negatively impacts on the operating environment.

The levels of unemployment, poverty and crime in many of the countries in which Vodacom operates may cause the size of the relevant communications market and the Group's growth rates, operating revenue and net profit, as well as the trading price of Vodacom's shares to decline

In many of the countries in which the Group operates, high levels of unemployment, poverty and crime exist. These issues may hinder investment into such countries, prompt emigration of skilled workers and may have an impact on economic growth.

In addition, there have, in the recent past, been a number of reports of unrest in many of South Africa's informal settlements. These issues may hinder investment into South Africa, prompt emigration of skilled workers and may have an impact on economic growth. Although it is difficult to predict the effect of these issues on South African businesses or the SA Government, they may cause the size of the communications market and the Group's growth rates, operating revenue and net profit, as well as the trading price of Vodacom Group shares, to decline.

The requirement to comply with local procurement, employment equity, equity participation and other regulations or initiatives

In some countries in which the Group operates, the Group is required to comply with local procurement, employment equity, equity participation and other regulations or initiatives which are designed to address country-specific social and economic transformation issues. Vodacom considers these initiatives to be strategic imperatives and acknowledges the risk of not vigorously pursuing them. However, it is not currently known what additional costs or implications will arise for Vodacom to comply with these initiatives.

In South Africa, BEE is regulated largely under the BBBEE Codes. The BBEEE Codes provide a standard framework for the measurement of BEE across all sectors of the economy. While Vodacom has implemented the Vodacom BEE transaction, it is not currently known what implications will arise for Vodacom to further comply with the BBEEE Codes. The Board cannot assure, in the short-term, that these implications will not have a material adverse effect on Vodacom shareholders or Vodacom's business operating results, cash flows and financial condition. Although the Board believes that the long-term benefits to Vodacom should outweigh any possible short-term adverse effects, the Board cannot assure Vodacom shareholders that these benefits will in fact materialise.

Should the countries in which the Group operates experience high occurrences of power outages, the Group's operational capacity, expenses and revenues will be affected and its operating revenue and net profit could decline

Widespread and prolonged power outages, such as those experienced in South Africa in 2008, affect the Group's operational capacity, expenses and revenues. Should high occurrences of power outages occur, the Group's business operations could be disrupted and the Group's operating revenue and net profit could decline.

Exchange control restrictions could hinder Vodacom Group's ability to make foreign investments and procure foreign denominated financings

South Africa's exchange control regulations restrict transactions between residents of the common monetary area and non-residents of the common monetary area. In particular, South African companies are generally not permitted, without the prior approval of the Exchange Control authorities, to export capital from South Africa or to hold foreign currency in excess of certain prescribed limits. These restrictions could hinder the Group's ability to make foreign investments and obtain foreign denominated financing. While the SA Government has relaxed exchange controls in recent years, it is difficult to predict whether or how it will further relax or abolish exchange control measures in the future. See Part IX "*Exchange Controls*."

The high rates of HIV infection in the countries where the Group operates could cause the size of the communications market and our growth rates, operating revenue and net profit to decline

A number of the countries in which the Group operates have relatively high rates of HIV infection. The exact impact of increased mortality rates due to AIDS related deaths on the cost of doing business in these countries and the potential growth in the economy is unclear at this time. However, employee related costs in South Africa are expected to increase as a result of the AIDS epidemic and the size of the populations, and the communications markets could therefore decline. The Group's growth rates, operating revenue and net profit could decline if employee related expenses increase or labour supply or the size of the South African population and communications market decline.

38.4 Risks related to ownership of Vodacom Group shares

Your ability to sell a substantial number of Vodacom Group shares may be restricted by the limited liquidity of the Vodacom Group shares

Prior to the listing and unbundling, there has been no public trading market for the Vodacom Group shares. The Board does not know the extent to which investor interest in Vodacom Group will lead to the development of a trading market or how liquid that market might be, or, if a trading market does develop, whether it will be sustained. If an active and liquid trading market does not develop or is not sustained, investors may have difficulty selling their Vodacom Group shares.

Investments in listed securities are subject to changes in the broader market for such securities

Prospective investors should be aware that the value of an investment in Vodacom Group may go down as well as up. Stock markets have from time to time experienced significant price and volume fluctuations that have affected the market prices for securities and which may be unrelated to Vodacom's operating performance or prospects, or the performance of the telecommunications industry in general.

The market value of the Vodacom Group shares can fluctuate and may not always reflect Vodacom's underlying asset value. A number of factors outside the control of Vodacom may impact on its performance and the price of the Vodacom Group shares, including the operating and share price performance of other companies in the industries and markets in which the Group operates, speculation about the Group's business in the media or investment community, strategic actions by competitors, such as acquisitions and restructurings, the publication of research reports by analysts and changes in general market conditions.

Prior to the listing and unbundling, there has been no public trading market for the Vodacom shares. The Board does not know the extent to which investor interest in Vodacom Group will lead to the development of a trading market or how liquid that market might be, or, if a trading market does develop, whether it will be sustained. If an active and liquid trading market does not develop or is not sustained, investors may have difficulty selling their Vodacom shares.

Furthermore, the Group's operating results and prospects from time to time may be below the expectations of market analysts and investors. Any of these events could adversely affect the market price of the Vodacom Group shares.

The market price of the Vodacom Group shares may prove to be volatile and is subject to fluctuations, including significant decreases

The market price of the Vodacom Group shares could be volatile and subject to significant fluctuations due to a variety of factors, some of which do not relate to Vodacom's financial performance, including changes in general market conditions, the general performance of the JSE, changes in sentiment in the market regarding the Vodacom Group shares (or securities similar to them), regulatory changes affecting the Group's operations, variations in Vodacom's operating results, business developments for Vodacom or its competitors, the operating and share price performance of other companies in the industries and markets in which Vodacom operates or speculation about Vodacom Group's business in the press, media or the investment community. Furthermore, the Group's operating results and prospects from time to time may be below the expectations of market analysts and investors. Any of these events could result in a decline in the market price of the Vodacom Group shares.

Vodacom may not be able to declare and make dividend payments now and in the future

Vodacom Group's ability to pay dividends on the Vodacom Group shares is dependent upon the availability of distributable reserves and upon the receipt by Vodacom Group of dividends and other distributions from Vodacom Group's subsidiaries. Vodacom Group's subsidiaries' distributable reserves and the dividends they may declare may be restricted to protect the security of those subsidiaries, as applicable legislation may not allow for the payment of dividends unless capital adequacy requirements are met. In addition, under the terms of Vodacom Group's long-term credit facilities, if it fails to comply with certain covenants, it may be restricted, or prohibited, from declaring and paying dividends on the Vodacom Group shares.

The future sale of a substantial number of Vodacom Group shares could cause the trading price of Vodacom Group shares to decline

In connection with the unbundling, Vodacom Group shares will not be distributed to Telkom's shareholders that are located in jurisdictions (such as the US) where the receipt of such Vodacom Group shares could require registration or approval under local securities laws. The Vodacom Group shares otherwise due to shareholders of Telkom located in such jurisdictions will be disposed of for cash and the proceeds from such disposal (net of applicable fees, expenses, taxes and charges) will be distributed to such shareholders of Telkom. This disposal, or any other disposal or sale of Vodacom Group shares in the public market, or the perception that such disposals or sales might occur, could have a material adverse effect on the market price of the Vodacom Group shares.

Your rights as a Vodacom shareholder are governed by South African law, which differs in material respects from the rights of shareholders under the laws of other jurisdictions

Vodacom Group shall be a public limited liability company incorporated under the laws of South Africa. The rights of holders of Vodacom Group shares are governed by the articles and by South African law. These rights may differ in material respects from the rights of shareholders in companies incorporated elsewhere. In particular, South African law significantly limits the circumstances under which shareholders of South African companies may institute litigation on behalf of a company.

It may not be possible for you to effect service of legal process, enforce judgments of courts outside of South Africa or bring actions based on securities laws of jurisdictions other than South Africa against Vodacom Group or against members of its board

It may not be possible for you to effect service of legal process outside of South Africa upon Vodacom Group's directors or officers. Moreover, it may not be possible for you to enforce against Vodacom Group or the members of its Board and executive officers judgments obtained in courts outside South Africa, including the US, based on the civil liability provisions of the securities laws of those countries, including those of the US. A foreign judgment is not directly enforceable in South Africa, but constitutes a cause of action, which may be enforced by South African courts. In addition, awards of punitive damages will not be enforceable in South Africa.

39. INCORPORATION

Vodacom Group was incorporated and registered in South Africa on 20 September 1993 under the Companies Act as a private limited liability company with the name Vodacom (Proprietary) Limited and registration number 1993/005461/07. By a written resolution dated 8 December 1994, Vodacom Group resolved to change its name to Vodacom Group (Proprietary) Limited. As part of the capital restructure, Vodacom Group will be converted to a public limited liability company to be known as "Vodacom Group Limited". As at the date of this pre-listing statement, Vodacom Group has not changed its name in the last three years, preceding this pre-listing statement. As at the last practicable date, Vodacom Group is not a subsidiary of any other company. Following implementation of the Transactions, Vodacom Group will become an indirect subsidiary of Vodafone.

The registered address and head office of Vodacom Group is at Vodacom Corporate Park, 082 Vodacom Boulevard, Vodavalley, Midrand 1685, South Africa.

The principal legislation under which Vodacom Group operates is the Companies Act, the Electronic Communications Act and regulations made under such Acts.

As at the date of the pre-listing statement, the main business of Vodacom Group is to conduct a telecommunications service as described in the Post Office Act, 1958. As at the date of listing, and following the registration of the resolutions relating to the capital restructure, the main business of Vodacom Group, and its principal activity, shall be to act as an investment holding company. In addition, pursuant to the capital restructure, Vodacom Group will change its main object from being that of conducting a telecommunications service as described in the Post Office Act, 1958, to that of being an investment holding company. Save in respect of the changes detailed herein pursuant to the capital restructure, there has been no change in the trading objects of Vodacom Group and its subsidiaries during the previous five years.

40. SHARE CAPITAL AND PREMIUM

As at the last practicable date, the authorised and issued share capital and share premium of Vodacom Group is as follows:

	(R)
Authorised	
100 000 ordinary shares of R0.01 each	1 000
Issued	
10 000 ordinary share of R0.01 each	100
Share premium	Nil
Total issued share capital and share premium	R100

As at the date of listing, the authorised and issued share capital of Vodacom Group will be as follows:

Share Capital	
Authorised	
4 000 000 000 ordinary shares with no par value	
Stated capital	
1 487 954 000 ordinary shares with no par value	R100

The Group does not hold any of the issued share capital as treasury shares.

The directors of Vodacom Group do not currently have the authority to issue any unissued shares.

As at the date of listing, no Vodacom Group shares will be listed on any stock exchange other than the JSE. Vodacom Group has not issued any debentures.

Vodacom Group has not issued or offered any securities in the three year period preceding the listing.

There has been no consolidation or sub-division of securities during the past three years.

As at the date of this pre-listing statement, there have been no alterations to Vodacom's capital during the past three years. Please refer to paragraph 42 for alterations between the pre-listing statement and listing. Vodacom SA concluded the Vodacom BEE transaction, the full particulars of which are more fully detailed in paragraph 12 of this pre-listing statement.

41. RIGHTS ATTACHING TO VODACOM GROUP SHARES

All the authorised and issued Vodacom Group shares are of the same class and rank *pari passu* in every respect, there being no conversion or exchange rights attaching thereto. All Vodacom Group shares will be entitled to have equal rights to participate in capital, dividend and profit distributions by Vodacom Group. Any variation of rights attaching to such shares will require a special resolution of Vodacom shareholders in a general meeting in accordance with the articles and the Companies Act. In accordance with the articles, at any general meeting, every Vodacom shareholder present in person or by proxy (or if a body corporate, duly represented by an authorised representative) shall have one vote on a show of hands and on a poll every Vodacom shareholder present in person or by proxy shall have one vote for each share of the class of which the Vodacom shareholder is a holder.

Extracts from the articles relating to the rights attaching to Vodacom Group shares are set out in Annexure 7 to this pre-listing statement.

No option or preferential right of any kind has been given to any person to subscribe for any securities of Vodacom Group or any of its subsidiaries.

42. ALTERATIONS TO SHARE CAPITAL

42.1 Capital restructure

Immediately following the share sale transaction but before the listing and the unbundling, the capital restructure will be implemented. In the capital restructure, Vodacom Group will be converted from a private company to a public company to be known as "Vodacom Group Limited". The capital restructure will also involve sub-dividing and converting the existing authorised share capital of 100 000 ordinary shares of R0.01 each into 14 879 540 000 ordinary shares with no par value. Following the sub-division and conversion of the authorised share capital, 10 879 540 000 ordinary shares with no par value in the authorised but unissued share capital of Vodacom Group will be cancelled, resulting in the authorised share capital of Vodacom Group comprising 4 000 000 000 ordinary shares with no par value. The existing issued share capital of 10 000 ordinary shares of R0.01 each will be sub-divided into 1 487 954 000 ordinary shares with no par value.

Each of VHSA, VTI and Telkom have voted in favour of all resolutions, whether special or ordinary, necessary to give effect to the capital restructure, including, without limitation, resolutions necessary to:

(i) convert Vodacom Group from a private company to a public company;

(ii) adopt the articles, which are in a form appropriate for a company listed or to be listed on the JSE and embody substantially the following provisions:

- in relation to dividends, that it is the intention of Vodacom Group to: (i) maintain a dividend policy from time to time appropriate for JSE listed companies similarly placed to Vodacom Group; and (ii) subject to such declaration being made by the Board acting in accordance with their fiduciary duties, to declare and pay, on an annual basis, so much of its consolidated attributable after tax profits as shall be available after retaining such sums and repaying such debts owing to third parties as shall be necessary to meet the requirements reflected in the budget and business plan, taking into account monies required for expansion and other growth opportunities; and
- in relation to governance, that it is the intention of Vodacom Group (i) that Vodacom Group shall have an independent non-executive director as its chairperson provided that (a) Vodafone will remain entitled to appoint such number of directors as is commensurate with its shareholding in Vodacom Group; and (b) Vodacom Group shall be entitled to appoint a non-executive chairman who is not independent on a temporary basis for a period not exceeding nine months to fill an unplanned vacancy in the position if it is unable on short notice to identify a suitable independent non-executive person to fill such vacancy; and (ii) to comply with corporate governance practices from time to time appropriate for JSE listed companies similarly placed to Vodacom Group; and

(iii) increase the number of both authorised and issued Vodacom Group shares by subdividing the Vodacom Group ordinary shares or creating new Vodacom Group ordinary shares in order to ensure that (i) Telkom shall hold sufficient issued Vodacom Group shares to enable Telkom to distribute the unbundling shares to the Telkom shareholders; (ii) the capital structure of Vodacom Group shall comply with the provisions of the Listing Requirements in respect of applicant issuers seeking to list their shares on the main board of the JSE; and (iii) the percentage shareholdings of each of Vodacom Group's shareholders prior to the implementation of the share sale transaction shall be maintained immediately following the capital restructure.

All special resolutions required for the capital restructure and passed by Vodacom Group will be registered as contemplated in the Companies Act, immediately following the implementation of the share sale transaction is implemented. The Registrar of Companies has given his informal approval to the process to be followed and pre-approved all material resolutions necessary to effect the capital restructure.

Vodacom Group shall also procure the amendment of the articles of association of each of its subsidiaries in order to ensure that such articles shall comply with the requirements of Schedule 10 of the Listings Requirements (dealing with requirements for articles of association of subsidiaries of companies listed on the JSE).

Following the implementation of the share sale transaction but before the unbundling, VHSA and VTI will aggregately hold 65% of the issued share capital of Vodacom Group and Telkom will hold the remaining 35%. In the unbundling, Telkom will distribute its holding of 35% of Vodacom Group to its shareholders in proportion to such shareholders' holding of shares in Telkom as at the record date.

Accordingly, following implementation of the Transactions, VHSA and VTI will aggregately hold 65% of the issued share capital of Vodacom Group and shareholders of Telkom as at the record date for the unbundling will hold the remaining 35% of the issued share capital of Vodacom Group.

43. MAJOR SHAREHOLDERS OF VODACOM GROUP

As at the date of this pre-listing statement, Telkom, on the one hand, and VHSA and VTI, on the other hand, each own 50% of Vodacom Group and jointly control Vodacom. Immediately following implementation of the Transactions, VHSA and VTI will hold an aggregate of 65% of the issued share capital of Vodacom Group and therefore control Vodacom and the remaining 35% will be held by the shareholders of Telkom as at the record date for the unbundling. Vodacom Group has not issued or offered any securities in the three year period preceding the listing.

43.1 Shareholdings

Immediately following the unbundling, the following Vodacom shareholders will have beneficial interests of 5% or more of the ordinary issued share capital of Vodacom Group either directly or indirectly:

Shareholder	Number of ordinary shares held (direct and indirect beneficial)	Percentage holding in ordinary shares
VHSA	668 091 346	44.9
VTI	299 078 754	20.1
SA Government	207 038 059	13.9
Public Investment Corporation Limited	94 132 578	6.3

Save as indicated above and as at the last practicable date, the Vodacom directors are not aware of any shareholder who will be beneficially interested in 5% or more of the issued share capital of Vodacom Group at the date of listing.

After the implementation of the Transactions, Vodacom Group will be a subsidiary of Vodafone, which holds its interests in Vodacom Group through VHSA and VTI, Vodafone's indirect wholly-owned subsidiaries. As at the last practicable date, the directors of Vodafone are Sir John Bond (chairman), Vittorio Colao (CEO), John Buchanan (deputy chairman), Andy Halford (CFO), Alan Jebson, Nick Land, Anne Lauvergeon, Simon Murray, Luc Vandevelde, Anthony Watson and Philip Yea.

Following the listing, a register of beneficial interests in securities maintained in terms of section 140A of the Companies Act shall be available for inspection at Vodacom Group's registered office.

43.2 Shareholder lockups

The SA Government has irrevocably undertaken, in writing, to Vodafone to maintain a holding of at least 10% of the issued shares in Vodacom Group for a period of 12 months from the effective date of the Transactions.

44. POWER TO BUY BACK SHARES

Pursuant to the resolutions passed on 23 February 2009 by the shareholders of Vodacom Group entitled to vote thereon, it was resolved, subject to the listing becoming effective, that the directors be authorised, pursuant to section 85 of the Companies Act and subject to the Listings Requirements, to repurchase issued Vodacom shares subject to the following conditions: (i) the number of ordinary no par value shares which may be purchased under the authority shall not exceed, in any one financial year and in the aggregate, 20% of the total number of ordinary no par value shares in issue in the capital of Vodacom Group; (ii) the directors believe that the requirements of section 85(4) of the Companies Act have in respect of each purchase, been satisfied; and (iii) the authority to purchase shall be valid until Vodacom's next annual general meeting.

45. VODACOM SHAREHOLDERS' AGREEMENT

Pursuant to an agreement amongst the parties thereto (and set out in the TIA), the shareholders' agreement dated 29 March 1995 between the Vodafone Parties, Telkom, Vodacom Group, Vodac (Proprietary) Limited and Vodacom SA, as amended from time to time, and governing, *inter alia*, the relationship between Vodacom Group and its shareholders, will be terminated in its entirety with effect from the date of the listing and no party to that agreement shall have any further obligations or rights thereunder.

46. TAXATION

The following paragraphs set out a general summary of the tax implications for Vodacom Group shareholders resident or deemed to be resident in South Africa for tax purposes based on legislation enacted and in force at the date of the pre-listing statement. The tax analysis is therefore not comprehensive or determinative. Vodacom Group shareholders should seek advice from appropriate professional advisers if they are in any doubt whatsoever about their tax position and in particular to confirm how the general comments apply in their specific circumstances. The paragraphs summarise the position of Vodacom shareholders who (unless the position of non-resident shareholders is expressly referred to) are resident in South Africa for tax purposes, who are the absolute beneficial owners of their Vodacom Group shares and who hold their Vodacom Group shares as an investment. Certain shareholders, such as dealers in securities, collective investment schemes and employees of the Group (or a connected company), may be taxed differently and are not considered.

46.1 STC reform – conversion from STC to a dividend tax

STC is a tax that is levied with reference to the net amount of dividends declared by a company. Consequently, the liability for STC falls on the company distributing the dividend (as opposed to the shareholder receiving the dividend). STC is to be replaced with a new tax on company dividends (which will be a dividend withholding tax), to be levied at a shareholder level. The new dividend tax will be imposed on the date when the dividend is paid by the company. The dividend tax is subject to certain exemptions notably where the beneficial owner is South African resident companies, a sphere of the SA Government, an exempt South African public entity and a pension, provident or other similar benefit fund. Individuals, trusts and non residents will be liable for the new dividend withholding tax. The new dividend tax will be effective from a date to be determined by the Minister by notice in the Government Gazette. This date must be at least three months after the date of the Gazette notice.

The new withholding regime envisions two general sets of withholding obligations. The company paying the dividend is the primary party required to undertake the withholding. However, this obligation may be shifted to an intermediary (the intermediary may be in a far better position to determine the shareholder’s tax situation, especially in the case of uncertificated shares of a listed company).

The effective date of the new dividend tax is still to be finalised as tax treaty negotiations and various other processes still need to be finalised. It is believed that the effective date will be sometime in 2010. The rate of the dividend tax will be 10% subject to the tax treaty benefits.

A new dividend definition has been added to the Income Tax Act. The new definition includes as a dividend any amount transferred by a company to a shareholder in relation to a share. The new definition of dividend will contain two exclusions. Firstly dividends do not include amounts resulting in reduction in contributed tax capital (“CTC”). Secondly, dividends do not include situations where a company distributes its own shares. CTC, in its basic form is amounts received or accrued by a company as consideration for the issue of shares by the company. This would usually be share capital and share premium.

46.2 Dividends not distributed from reserves created by a reduction in Vodacom’s share capital or share premium

Dividends distributed by Vodacom Group other than out of reserves created by a reduction in Vodacom Group’s share capital and share premium are currently exempt from income tax in the shareholders hands, but will become subject to the new dividend tax referred to in 46.1 above.

46.3 Distributions from reserves created by a reduction in Vodacom’s share capital or share premium

Distributions by Vodacom Group out of reserves created by a reduction in Vodacom Group’s share capital or share premium account will not be treated as dividend income in the hands of South African resident shareholders, but in practical effect as a return of capital. The distribution would then trigger a part disposal of the Vodacom Group shares for capital gains tax (“CGT”) purposes, with the distribution being treated as proceeds received, from which must be deducted a portion of the base cost to arrive at the capital gain subject to CGT. The proportion of the base cost to be deducted is the same ratio thereof as the distribution bears to the market value of the Vodacom Group shares prior to the distribution.

46.4 Taxation of capital gains and losses

46.4.1 South African resident shareholders – individuals

A disposal of Vodacom Group shares by an individual shareholder who is resident in South Africa for tax purposes may give rise to a gain (or loss) for the purposes of taxation of capital gains. The capital gain (or loss) on disposal of the Vodacom Group shares is equal to the difference between the disposal proceeds and the base cost.

A shareholder's base cost in the Vodacom Group shares will generally be the consideration paid for those Vodacom Group shares. In the case of Vodacom Group shares acquired in terms of the distribution of those shares by Telkom, the base cost will be the market value of those Vodacom Group shares on the date of distribution.

The base cost in the Vodacom Group shares may be increased by one third of any interest incurred to finance the cost of acquiring the Vodacom Group shares or other costs incurred in the maintenance, protection, and insurance of the Vodacom Group shares, to the extent that any such amount is not otherwise allowable for deduction in the determination of taxable income.

A gain on a disposal of Vodacom Group shares, together with other capital gains, less allowable capital losses in a year of assessment, is subject to tax at the individual's marginal tax rate to the extent that it exceeds the annual exclusion (R17 500 for the year of assessment ending 28 February 2010). Only 25% of the net capital gain is included in taxable income, resulting in a maximum effective tax rate on capital gains of 10%.

On the death of a taxpayer, there is a deemed disposal of the Vodacom Group shares at market value, unless the Vodacom Group shares are bequeathed to or in favour of a surviving spouse who is a South African tax resident. Deemed disposals to a surviving spouse, who is a South African resident, are treated, in practical effect, as taking place at no gain or loss. The annual exclusion increases from R17 500 to R120 000 where death occurs during the year of assessment ending 28 February 2010.

Where a taxpayer emigrates (i.e. gives up South African tax residence) there is also a deemed disposal of the Vodacom Group shares at market value and this may trigger capital gains tax.

46.4.2 ***South African resident shareholders – corporates***

A disposal of Vodacom Group shares by a South African resident corporate shareholder may give rise to a capital gain (or loss) for the purposes of taxation of capital gains. The capital gain (or loss) on disposal of the Vodacom Group shares is equal to the difference between the disposal proceeds and the base cost.

A shareholder's base cost in the Vodacom Group shares will generally be the consideration paid for the Vodacom Group shares. In the case of Vodacom Group shares acquired in terms of the distribution of those shares by Telkom, the base cost will be the market value of those Vodacom Group shares on the date of distribution.

The base cost in the Vodacom Group shares may be increased by one third of any interest incurred to finance the cost of acquiring the Vodacom Group shares or other costs incurred in the maintenance, protection, and insurance of the Vodacom Group shares, to the extent that any such amount is not otherwise allowable for deduction in the determination of taxable income.

A capital gain on a disposal of Vodacom Group shares by a corporate shareholder, together with other capital gains, less allowable capital losses in a year of assessment, is subject to tax at the normal tax rate for companies (currently 28%). Only 50% of the net capital gain is included in taxable income, resulting in a maximum effective tax rate on capital gains of 14% (before accounting for any STC that may be triggered by a subsequent distribution of the gain by such corporate shareholder by way of dividend).

46.5 Estate duty

Where a person who is ordinarily resident in South Africa holds Vodacom Group shares at the date of his or her death, the market value of such Vodacom Group shares will be included in the estate.

Estate duty is levied at a flat rate of 20% on the dutiable amount of the deceased estate to the extent that the estate exceeds R3.5 million.

In determining the dutiable amount of an estate, deductions are, inter alia, allowed for the value of bequests and property left to a surviving spouse, and estate liabilities, including capital gains tax paid on the deemed disposal of the Vodacom Group shares on date of death.

46.6 Securities transfer tax

Securities transfer tax ("STT") of 0.25% of the applicable taxable amount is payable in respect of every "transfer" of securities issued by a company incorporated in South Africa. "Transfer" includes any cancellation or redemption of a security, but does not include the issue of a security or any event that does not result in a change in beneficial ownership of a security.

The transfer of Vodacom Group shares by Telkom to its shareholders in terms of the unbundling is exempt from STT.

A purchase of Vodacom Group shares from or through the agency of a JSE registered broker is subject to STT of 0.25% of the purchase consideration. The STT is payable by the broker which may recover it from the transferee.

Where Vodacom Group shares are not purchased from or through the agency of a broker, but the change in beneficial ownership is effected by a central securities depositary participant ("CSDP"), STT of 0.25% of the greater of the declared purchase consideration or the JSE closing price of Vodacom Group shares on the date of the transaction is payable by the CSDP which may recover it from the transferee.

In any other case of a change in beneficial ownership of Vodacom Group shares, STT of 0.25% of the greater of the declared purchase consideration or the JSE closing price of Vodacom Group shares is payable by the transferee through the broker or CSDP which holds the Vodacom Group shares in custody.

46.7 Tax consequences for Vodacom

There are no significant tax consequences for Vodacom arising out of the listing. South Africa has a residence basis of taxation. Vodacom Group is a South African tax resident company and is taxed on its worldwide income at a rate of 28%. Net dividends declared currently attract STC at a rate of 10%. A new 10% dividend withholding tax has been introduced, the effective date of which is yet to be determined. This is expected to replace STC sometime in 2010.

47. EXCHANGE CONTROL LIMITATIONS

Currency and shares are not freely transferable from South Africa to any jurisdiction falling outside the geographical borders of the common monetary area and must be dealt with in accordance with the South African exchange control regulations as described below. The South African exchange control regulations also regulate the acquisition by former South African residents and non-residents of Vodacom Group shares.

Post implementation of the Transactions, shareholders who are resident outside the common monetary area should seek advice as to whether any governmental and/or other legal consent is required and/or whether any other formality must be observed to enable an application to be made in order to buy or sell Vodacom Group shares.

The following summary is intended as a guide and is therefore not comprehensive. If shareholders are in any doubt regarding South African exchange control regulations, they should please consult their professional adviser.

47.1 Emigrants from the common monetary area

- A former resident of the common monetary area who has emigrated from South Africa may use blocked Rand accounts to acquire Vodacom Group shares.
- Share certificates issued in respect of Vodacom Group shares acquired with blocked Rand will be endorsed "emigrant" in accordance with the South African exchange control regulations. Share certificates will be placed under the control of the authorised dealer through whom the payment was made.
- Shares issued to a dematerialised shareholder whose registration as a shareholder has been marked as being an "emigrant", will be similarly marked as being held by an "emigrant".

47.2 Shareholders resident outside the common monetary area

- A person who is not resident in the common monetary area, including an immigrant not using blocked Rands, should obtain advice as to whether any governmental and/or other legal consent is required and/or whether any other formality must be observed in order to buy Vodacom Group shares.
- All share certificates issued to non-residents of South Africa will be endorsed "non-resident" in accordance with the South African exchange control regulations.
- All Vodacom Group shares issued to dematerialised shareholders, whose registration has been so endorsed will be endorsed "non-resident" in accordance with the South African exchange control regulations. The CSDP or broker through whom the shareholders have dematerialised their shares will ensure that they adhere to the South African exchange control regulations.

48. UNDERTAKINGS TO SA GOVERNMENT

In terms of the Regulatory Agreement, the following has been agreed by Vodafone, Vodacom Group and the SA Government (represented by the Minister responsible for the South African Department of Communications).

48.1 Restraint on Vodafone Group

Vodacom Group (or any entity controlled by it) shall be the exclusive vehicle through which the Vodafone Group will carry on any investments or any other equity transaction in the ICT sector (which for the purposes of the Regulatory Agreement means mobile telephony, voice, data, video and internet and includes information and communications technology both currently and in the future and includes all developments and improvements relating thereto) on the Continent of Africa (excluding Morocco, Algeria, Tunisia, Libya, Egypt, Ghana and Kenya) ("Prescribed Territory") continuing for the entire period while the Vodafone Group owns at least 15% of the issued ordinary share capital of Vodacom Group ("Prescribed Period").

Vodafone Group shall not carry on directly or indirectly (through any entity in which it has a majority interest) investments or any other equity transactions during the Prescribed Period within the Prescribed Territory, save through Vodacom Group (or any entity controlled by Vodacom Group).

48.2 Vodacom identity

It is the intention of the parties that the Vodacom identity will remain visible in the Prescribed Territory during the Prescribed Period. It was agreed that the management of Vodacom will take cognisance of this intention.

48.3 CEO of Vodacom Group and CEO of Vodacom SA

Vodacom Group will appoint as its CEO, for the period of five years after 6 November 2008, a South African citizen. After the expiration of such five year period, or if it becomes necessary to appoint a new CEO for Vodacom Group prior to that, it will be Vodafone Group's policy, as shareholder of Vodacom Group, to use its reasonable endeavours to identify a suitable candidate who will be a citizen of a country on the African continent, provided that any candidate's appointment should be in the best commercial interests of Vodacom Group and taking into account that a suitable candidate should have appropriate experience in the ICT sector in sub-Saharan Africa.

The CEO of Vodacom SA will be a South African citizen for the period of five years after 6 November 2008. After the expiration of such five year period, or if it becomes necessary to appoint a new CEO for Vodacom SA prior to that, it will be Vodafone Group's policy, as shareholder of Vodacom, to support the identification of a suitable South African candidate. If a suitable South African candidate is not found, Vodacom shall notify and consult the relevant Minister in the SA Government responsible for the ICT Sector on the appointment of a non-South African citizen as permanent CEO of Vodacom SA. (The role of CEO in Vodacom SA is being fulfilled by the managing director of Vodacom SA.)

Notwithstanding the aforementioned, Vodacom Group shall ultimately be entitled to appoint a non-African or non-South African CEO for Vodacom Group or Vodacom SA, as the case may be. The role of CEO in Vodacom SA is being fulfilled by the managing director of Vodacom SA.

48.4 Vodacom Group senior management and staff

Vodafone's policy as shareholder in Vodacom Group will be to ensure, as far as permitted by law, that at least 50% of Vodacom Group's senior management, as well as staff, will be citizens of African countries.

48.5 No retrenchments as a result of the Transaction

There will be no retrenchments in Vodacom Group resulting from the implementation of the Transaction.

48.6 Vodacom Group's primary listing on the JSE

If at any time any of the shares in Vodacom Group, or any successor company, is listed on any other exchange, Vodacom Group's primary listing will be on the main board of the JSE, as Vodacom Group Limited.

48.7 Vodacom Group's domicile and tax residence

At all times Vodacom Group shall be domiciled, and have a tax residence, in South Africa provided that the SA Government shall have no claim against Vodafone in respect of a breach of this agreement in circumstances where Vodafone is no longer the controlling shareholder of Vodacom Group and does not actively participate in such breach.

48.8 **Board representation at Vodacom Group**

Vodafone (in its capacity as shareholder in Vodacom Group) shall support the appointment of one nominee from the SA Government to the Board as long as the SA Government (which includes, for the purposes of this clause, all organs of State or entities in which the SA Government has a direct or indirect controlling interest) owns 10% or more of the issued ordinary shares of Vodacom Group.

The SA Government's right to nominate a director for appointment shall be transferable, in writing, to any organ of State or entity in which the SA Government has a direct or indirect controlling interest provided that any such organ of State or entity does not have a conflicting interest to Vodacom Group, or any entity controlled by it.

48.9 **Consideration payable by Vodafone in terms of the share sale agreement**

Vodafone has agreed that the total purchase consideration payable by Vodafone in terms of the share sale agreement shall emanate from outside of South Africa resulting in net foreign direct investment inflows into South Africa.

48.10 **Review**

After the expiration of a period of five years from the effective date of the Regulatory Agreement and on written notice from either Vodafone or Vodacom Group, the SA Government, Vodafone and Vodacom Group shall meet and, in good faith, review whether the provisions of the Regulatory Agreement remain relevant or equitable and (if required) negotiate amendments to, the provisions of the Regulatory Agreement then still in force. Unless a written agreement is duly executed pursuant to such review, all the provisions of the Regulatory Agreement shall continue to remain in force.

49. PRINCIPAL IMMOVABLE PROPERTY

Details of the principal immovable properties owned or leased by the Group are set out in Annexure 6 to this pre-listing statement.

50. MATERIAL CONTRACTS

The contracts set out in Annexure 9 to this pre-listing statement are all of the contracts (not being contracts entered into in the ordinary course of business) that have been entered into by any member of the Group (i) within the two years immediately preceding the date of this pre-listing statement and are, or may be, material to the Group; or (ii) at any time and contain obligations or entitlements which are, or may be, material to the Group as at the date of this pre-listing statement or are entered into, other than in the ordinary course.

Save for the R10 per year that Vodacom pays to Vodafone for use of certain trademarks, including the prefix "Voda", in terms of the License Agreement (as set out in Annexure 9), there are no royalties payable in respect of Vodacom Group and any of its subsidiaries. As detailed in paragraph 5 of Part II, Vodacom pays Vodafone fees based on certain revenue share arrangements. Vodacom receives royalties from its Vodashops.

51. MATERIAL DISPOSALS AND ACQUISITIONS

Vodacom has made no material acquisitions or disposals (as contemplated in the Listings Requirements) within the three years immediately preceding the date of this pre-listing statement.

52. LITIGATION STATEMENT

As at the last practicable date, other than the matters summarised in Annexure 11 to this pre-listing statement, the Group is not involved in any material litigation or arbitration proceedings, nor are the directors aware of any proceedings which are pending or threatened which may have or have had, in the 12 month period preceding the date of issue of this pre-listing statement, a material effect on the Group's financial position.

53. EXPENSES RELATING TO LISTING

The estimated costs and expenses payable by Vodacom Group in connection with the listing are set out below:

Expense	Payable to	R (including VAT)
JSE – documentation	JSE	59 690
– listing fees	JSE	1 881 000
Printing, publication, distribution and advertising	Ince (Proprietary) Limited	456 000
Legal fees	Webber Wentzel	3 420 000
	Linklaters	290 000*
Reporting Accountants and Auditors	Deloitte & Touche	2 223 000
Transfer secretaries	Computershare	57 000
Marketing and other sundry expenses	Various	2 300 000
Total		**10 686 690**

*This fee excludes VAT.

The sponsor fees and some other listing costs will be paid by the current shareholders, in cash.

No amounts were paid, or have accrued as payable, within three years preceding the last practicable date, or are proposed to be paid to any promoter.

No promoter or director has had any material beneficial interest, direct, or indirect, in the promotion of Vodacom Group or in any property acquired or proposed to be acquired by Vodacom Group during the three years proceeding the last practicable date.

There has not been any underwriting in respect of the unbundling and accordingly no commissions have been payable. There has been no commissions, discounts, brokerage or other special terms granted during the three years proceeding the last practicable date in connection with the issue or sale of any securities, stock or debenture in the capital of Vodacom Group, where this has not been disclosed in any audited annual financial statements.

54. DIRECTORS' RESPONSIBILITY STATEMENT

The Vodacom Group directors, whose names are provided in Part III of this pre-listing statement, collectively and individually accept full responsibility for the accuracy of the information given and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this pre-listing statement contains all information required by law and the Listings Requirements.

55. CONSENTS AND INTERESTS

The persons whose details appear on page 2 of this pre-listing statement, have consented in writing to act in the capacity stated, and to their names being stated in this pre-listing statement, and have not withdrawn their consents prior to the publication of this pre-listing statement.

None of the persons whose details appear on page 2 of this pre-listing statement had any interest in the issued share capital of the company at the last practicable date, nor have they agreed to hold any of the issued share capital of the company.

The reporting accountants and auditors have given, and have not withdrawn, their consent to the issue of this pre-listing statement with their reports included herein in the form and context in which they appear.

56. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours at the registered office of Vodacom Group from 2 March 2009 until 5 May 2009:

- a signed copy of this pre-listing statement (available in English only);
- a copy of the Telkom circular;
- the memorandum and articles of association of Vodacom Group;
- Vodacom Group executive directors' employment contracts;
- signed copies of each of the TIA and Regulatory Agreement;

- signed copies of the material contracts listed in Annexure 9;
- the written undertakings furnished by each of the SA Government and Public Investment Corporation Limited in respect of the Transactions;
- the written consents of the persons referred to on page 2 of this pre-listing statement for the inclusion of their names in this pre-listing statement in the context and form which they appear;
- the audited consolidated historical financial information of Vodacom Group for each of the three years ended 31 March 2006, 31 March 2007 and 31 March 2008 and reviewed consolidated historical financial information of Vodacom Group for the six months ended 30 September 2007 and 30 September 2008; and
- the signed independent reporting accountants' reports on the aforegoing audited and reviewed consolidated historical financial information.

Signed at Johannesburg on 2 March 2009 by or on behalf of the directors of Vodacom Group

Company Secretary
Sandra Felicity Linford

2 March 2009

AUDITED CONSOLIDATED HISTORICAL FINANCIAL INFORMATION OF VODACOM FOR THE YEARS ENDED 31 MARCH 2006, 31 MARCH 2007 AND 31 MARCH 2008

INDEX TO CONSOLIDATED HISTORICAL FINANCIAL INFORMATION

The consolidated historical financial information contained herein has different defined terms to those used elsewhere in this pre-listing statement. In particular, unless otherwise specified, on any given such page, the term "company", "Company", or "parent Company" means Vodacom Group and "group" or "Group" means Vodacom.

The audited consolidated historical financial information in this Annexure has been extracted, without adjustment to the numbers, from the 2008 Annual Report and the 2006, 2007 and 2008 Accounts of Vodacom and contain cross-references to other parts of such Annual Report or other sources. Such cross-referenced material is not part of, and is not incorporated by reference into, this pre-listing statement and should be disregarded for the purpose of this pre-listing statement.

As this information only represents extracts of the Annual Report which has a different pagination in this pre-listing statement, there may be references to page numbers in the Annual Report that have not been included in this pre-listing statement. In such event, such references to page numbers are not to be construed as referring to pages in this pre-listing statement and in addition, such referenced pages are not part of, and are not incorporated by reference into, this pre-listing statement and should be disregarded for the purpose of this pre-listing statement.

Shareholders are referred to Part II of the pre-listing statement and the full Annual Report for a general review of the business and operations of Vodacom.

Copies of the Annual Reports can be obtained from Vodacom's head office and Vodacom's website www.vodacom.co.za.

The Directors are responsible for the preparation, integrity and fair presentation of the consolidated historical financial information of Vodacom for the years ended 31 March 2006, 31 March 2007 and 31 March 2008. The consolidated historical financial information contained herein has been audited by the independent auditing firm Deloitte & Touche and their report is presented in Annexure 2.

CONSOLIDATED INCOME STATEMENTS
for the three years ended 31 March 2008

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

CONSOLIDATED BALANCE SHEETS
as at 31 March 2008

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

* Share capital R100

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
for the three years ended 31 March 2008

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

* Share capital R100

CONSOLIDATED CASH FLOW STATEMENTS
for the three years ended 31 March 2008

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

BASIS OF PREPARATION

These consolidated annual financial statements of Vodacom Group (Proprietary) Limited ("the Group") have been prepared in accordance with International Financial Reporting Standards ("IFRS") and have been prepared on the historical cost basis, except for financial assets and financial liabilities (including derivative instruments) recorded at fair value or at amortised cost. The consolidated annual financial statements have been presented in South African Rand, as this is the currency in which the majority of the Group's transactions are denominated.

The principal accounting policies are consistent in all material respects with those applied in the previous period, except where disclosed elsewhere.

The following are the principal accounting policies adopted by the Group in the preparation of these consolidated annual financial statements:

ACCOUNTING POLICIES

A. CONSOLIDATION

A.1 Basis of consolidation

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

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

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

A.2 Business combinations

Acquisition of a business

Business combination acquisitions are accounted for using the purchase method of accounting, whereby the acquisition is accounted for at its cost plus any costs directly attributable to the acquisition. Cost represents the cash or cash equivalents paid or the fair value or other consideration given, at the date of the acquisition, measured as the aggregate of the fair values, at the date of the exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the acquirer, in exchange for control of the acquiree. Business combinations include the acquisition of subsidiaries and joint ventures.

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

Disposals

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

A.3 Subsidiaries

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

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

A. CONSOLIDATION (CONTINUED)

A.3 Subsidiaries (continued)

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

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

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

A.4 Joint Ventures

Joint ventures, for the purpose of these consolidated annual financial statements, are those entities in which the Group has joint control through a contractual arrangement with one or more other venturers. Joint control exists when the strategic financial and operating policy decisions relating to the activities of the joint venture require the unanimous consent of the parties sharing control.

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

The Group's share of the assets, liabilities, income, expenses and cash flows of joint ventures are combined on a line by line basis with similar items in the consolidated annual financial statements.

The Group's proportionate share of inter-company balances and transactions, and resulting unrealised profit or losses, between Group companies and jointly controlled entities are eliminated on consolidation.

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

B. PROPERTY, PLANT AND EQUIPMENT

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

The cost of property, plant and equipment includes all directly attributable expenditure incurred in the acquisition, establishment and installation of such assets so as to bring them to the location and condition necessary for it to be capable of operating in the manner intended by management. Interest costs are not capitalised.

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

Depreciation commences when the asset is ready for its intended use (in the case of infrastructure assets this is deemed to be the date of acceptance). Depreciation of an asset ceases at the earlier of the date the asset is classified as held for sale in accordance with IFRS 5 or the date the asset is derecognised. Depreciation is not ceased when assets are idle.

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

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

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

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

B. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

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

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

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

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

C. INVESTMENT PROPERTIES

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

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

D. INTANGIBLE ASSETS

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses, if any.

The following are the main categories of intangible assets:

D.1 Intangible assets with an indefinite useful life

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

- **Goodwill**

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

D. INTANGIBLE ASSETS (CONTINUED)

D.2 Intangible assets with a finite useful life

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

- **Licences**

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

- **Customer bases**

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

- **Trademarks, patents and other**

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

- **Computer software**

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

D.3 Intangible assets not available for use

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

E. INVENTORY

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

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

F. FOREIGN CURRENCIES

F.1 Transactions and balances

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

Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rate ruling at settlement date or balance sheet date, whichever occurs first. Exchange differences on the settlement or translation of monetary assets or liabilities are included in gains or losses on remeasurement and disposal of financial instruments in profit or loss in the period in which they arise.

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

F. FOREIGN CURRENCIES (CONTINUED)

F.2 Foreign operations

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

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

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

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

G. TAXATION

G.1 Current taxation

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

G.2 Deferred taxation balances

Deferred taxation is provided using the balance sheet liability method for all temporary differences arising between the carrying amounts of assets and liabilities, on the consolidated balance sheet, and their respective taxation bases.

Deferred taxation is not provided on differences relating to goodwill for which amortisation is not deductible for taxation purposes or on the initial recognition of assets or liabilities, which is not a business combination and, at the time of the transaction, affects neither accounting nor taxable profit or loss.

Deferred taxation liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and joint ventures, except where the Group is able to control the timing of the reversal of the temporary differences and it is probable that it will not reverse in the foreseeable future.

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

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

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

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

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

G.3 Current and deferred taxation for the period

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

G. TAXATION (CONTINUED)

G.4 Secondary taxation on companies

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

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

H. EMPLOYEE BENEFITS

H.1 Post-employment benefits

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

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

H.2 Short-term and long-term benefits

The cost of all short-term employee benefits, such as salaries, employee entitlements to leave pay, bonuses, medical aid and other contributions, are recognised during the period in which the employee renders the related service. The Group recognises the expected cost of bonuses only when the Group has a present legal or constructive obligation to make such payment and a reliable estimate can be made.

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

H.3 Accumulative termination benefits

Accumulative termination benefits are payable whenever:

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

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

H.4 Compensation benefits

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

I. REVENUE RECOGNITION

Revenue net of discounts, which excludes Value Added Taxation and sales between Group companies, represents the invoiced value of goods and services supplied by the Group. The Group measures revenue at the fair value of the consideration received or receivable. Revenue is recognised only when it is probable that the economic benefits associated with a transaction will flow to the Group and the amount of revenue, and associated costs incurred or to be incurred, can be measured reliably. If applicable, revenue is split into separately identifiable components.

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

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

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

I. REVENUE RECOGNITION (CONTINUED)

I.1 Contract products

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

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

I.2 Prepaid products

Prepaid products that may include deliverables such as a SIM-card and airtime are defined as arrangements with multiple deliverables. The arrangement consideration is allocated to each deliverable, based on the fair value of each deliverable on a stand alone basis as a percentage of the aggregated fair value of the individual deliverables.

Revenue allocated to the identified deliverables in each revenue arrangement and the cost applicable to these identified deliverables are recognised based on the same recognition criteria of the individual deliverable at the time the product or service is delivered.

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

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

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

I.3 Data revenue

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

I.4 Equipment sales

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

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

I.5 Mobile number portability

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

I.6 Other revenue and income

- **Interconnect and international revenue**

  Interconnect and international revenue is recognised on the usage basis.

I. REVENUE RECOGNITION (CONTINUED)

I.6 Other revenue and income (continued)

- **Dividends**

  Dividends from investments or subsidiaries are recognised when the shareholder's right to receive payment has been established.

- **Interest**

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

J. LEASES

J.1 Lease classification

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

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

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

J.2 Group as lessee

- **Finance leases**

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

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

- **Operating leases**

  Lessee operating lease rental payments are expensed in profit or loss on a straight-line basis over the lease term.

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

J.3 Group as lessor

- **Finance leases**

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

- **Operating leases**

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

K. FINANCIAL INSTRUMENTS

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

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

K. FINANCIAL INSTRUMENTS (CONTINUED)

- **Fair value methods and assumptions**

The fair value of financial assets and financial liabilities are determined as follows:

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

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

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

- **Effective interest rate method**

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

- **Amortised cost**

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

K.1 Financial assets

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

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

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

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

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

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

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

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

A financial asset is classified as held for trading if:

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

K. FINANCIAL INSTRUMENTS (CONTINUED)

K.1 Financial assets (continued)

- **Financial assets as at fair value through profit or loss (continued)**

  Financial assets are designated upon initial recognition at fair value through profit or loss when:

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

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

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

- **Held-to-maturity investments**

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

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

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

  Investments in equity instruments, excluding those in subsidiaries, joint ventures and those acquired principally for the purpose of generating a profit from the short-term fluctuations in price, are classified as available-for-sale investments and are subsequently measured at fair value. Gains and losses from changes in fair value of available-for-sale investments are recognised directly in equity until the financial asset is disposed of or it is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is recognised in gains or losses on remeasurement and disposal of financial instruments in profit or loss.

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

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

- **Loans and receivables**

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

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

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

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

- **Impairment of financial assets**

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

K. FINANCIAL INSTRUMENTS (CONTINUED)

K.1 Financial assets (continued)

- **Impairment of financial assets (continued)**

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

- **Financial assets carried at amortised cost**

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

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

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

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

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

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

K.2 Financial liabilities and equity instruments

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

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

- **Equity instruments**

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

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

- **Financial liabilities**

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

K. FINANCIAL INSTRUMENTS (CONTINUED)

K.2 Financial liabilities and equity instruments (continued)

- **Financial liabilities (continued)**

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

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

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

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

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

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

A financial liability is classified as held for trading if:

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

Financial liabilities are designated upon initial recognition at fair value through profit or loss when:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the groupings is provided internally on that basis; or
- it forms part of any contract containing one or more embedded derivatives.

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

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

- **Financial liabilities held at amortised cost**

Interest bearing debt, including finance lease obligations, non-interest bearing debt, bank borrowings and other short-term debt are subsequently measured at amortised cost using the effective interest rate method. Interest expense is recognised in profit or loss by applying the effective interest rate.

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

Interest bearing debt and non-interest bearing debt are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

Trade and other payables are carried at the original invoice amount.

Dividends payable are stated at amounts declared.

Preference shares, which are mandatory redeemable on a specific date, are classified as liabilities. The dividends on these preference shares are recognised in profit or loss as interest expense.

- **Financial liabilities held at amortised cost**

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.

K. FINANCIAL INSTRUMENTS (CONTINUED)

K.2 Financial liabilities and equity instruments (continued)

- **Financial liabilities held at amortised cost (continued)**

  On initial recognition its fair value is reclassified directly from equity. Subsequent changes in the liability are included in profit and loss. On expiry or exercise of the option the carrying value of the liability is reclassified directly to equity.

  The accounting policy for bank borrowings and other short-term debt is dealt with under cash and cash equivalents set out below, while the accounting policy for finance lease obligations is dealt with under leases set out above.

- **Financial guarantee contract liabilities**

  Financial guarantee contracts represent contracts that require the issuer to make specified payments to reimburse the holder of the instrument for a loss it incurs because a specified debtor fails to make payments when they are contractually due.

  Financial guarantee contract liabilities are measured initially at fair value and subsequently at the higher of the amount determined in accordance with the Group's policy on provisions as set out below, or the amount initially recognised less, when appropriate, cumulative amortisation.

K.3 Derivative financial instruments

The Group's principal derivative financial instruments are option contracts, interest rate swaps and foreign exchange forward contracts.

The Group recognises all derivative instruments on the consolidated balance sheet at fair value, including certain derivative instruments embedded in other contracts. Derivatives are initially measured at fair value on the contract date and are subsequently remeasured to fair value at each reporting date. Changes in the fair value of derivative instruments are recorded in profit or loss as they arise.

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives unless the risks and characteristics are closely related to those host contracts and the host contracts are carried at fair value.

The Group does not use derivatives for trading or speculative purposes. Derivatives are not designated into an effective hedge relationship and are classified as current assets or a current liability.

K.4 Derecognition

Financial assets, or a portion thereof, are derecognised when the Group's rights to the cash flow expire or when the Group transfers substantially all the risks and rewards related to the financial asset or when the entity loses control of the financial asset. On derecognition, the difference between the carrying amount of the financial asset and proceeds receivable and any prior adjustment to reflect fair value that had been reported in equity are included in profit or loss.

Financial liabilities, or a portion thereof, are derecognised when the obligation specified in the contract is discharged, cancelled or expired. On derecognition, the difference between the carrying amount of the financial liability, including related unamortised costs, and settlement amounts paid are included in profit or loss.

K.5 Offset

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

L. PROVISIONS

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

The amount recognised, as a provision is the best estimate of the expenditure required to settle the present obligation at balance sheet date, taking into account risks and uncertainties surrounding the provision. Long-term provisions are discounted to net present value.

M. IMPAIRMENT OF ASSETS

Goodwill and other assets that have an indefinite useful life and intangible assets not available for use are tested annually for impairment and when events or changes in circumstances indicate that the carrying amount may not be recoverable.

M. IMPAIRMENT OF ASSETS (CONTINUED)

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised if the recoverable amount of an asset is less than its carrying amount. The impairment loss is recognised as an expense in profit or loss immediately. The recoverable amount of an asset is the higher of the asset's fair value less cost of disposal and its value in use.

The fair value represents the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties.

The value in use of an asset represents the expected future cash flows, from continuing use and disposal that are discounted to their present value using an appropriate pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. For the purpose of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the synergies of the combination. An impairment loss is recognised whenever the recoverable amount of a cash-generating unit is less than its carrying amount.

The impairment loss is allocated to reduce the carrying amount of the assets of the cash-generating unit, first to goodwill in respect of the cash generating unit, if any, and then to the other assets on a pro-rata basis based on their carrying amounts. The carrying amount of individual assets are not reduced below the higher of its value in use, zero or fair value less cost of disposal.

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

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

N. INSURANCE CONTRACTS

N.1 Premiums

Premiums written comprise the premiums on insurance contracts entered into during the year, irrespective of whether they relate in whole or in part to a later accounting period. Premiums are disclosed gross of commission to intermediaries and exclude Value Added Taxation. Premiums written include adjustments to premiums written in prior accounting periods.

Outward reinsurance premiums are accounted for in the same accounting period as the premiums for the related direct insurance business assumed.

The net earned portion of premiums received is recognised as revenue. Premiums are earned from the date of attachment of risk, over the indemnity period, based on the pattern of risks underwritten. Outward reinsurance premiums are recognised as an expense in accordance with the pattern of indemnity received.

N.2 Unearned premium income

Unearned premium income comprises the proportion of premiums written which is estimated to be earned in subsequent financial years, computed separately for each insurance contract using a time proportionate basis or another suitable basis for uneven risk contracts.

N.3 Claims incurred

Claims incurred consist of claims and claims handling expenses paid during the financial year together with the movement in the provision for outstanding claims. Claims outstanding comprise provisions for the Group's estimate of the ultimate cost of settling all claims incurred but unpaid at the balance sheet date whether reported or not, and an appropriate risk margin.

N.4 Contingency reserve

A reserve in equity is made for the full amount of the contingency reserve as required by the regulatory authorities in South Africa. Transfers to and from this reserve are treated as appropriations of retained earnings.

O. CASH AND CASH EQUIVALENTS

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

Cash on hand is initially recognised at fair value and subsequently measured at its face value.

Deposits held on call are classified as loans and receivables by the Group and carried at amortised cost. Due to the short-term nature of these, the amortised cost normally approximates its fair value.

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

P. BORROWING COSTS

Borrowing costs are expensed as they are incurred.

Q. EXPENSES

Marketing and advertising costs are expensed as they are incurred. Prepaid costs related to annual events sponsorships are expensed over the duration of the event. Restraint of trade payments are made to limit an executive's post employment activities and are expensed as incurred.

R. INCENTIVES

Incentives paid to service providers and dealers for products delivered to the customer are expensed as incurred. Incentives paid to service providers and dealers for services delivered are expensed over the period that the related revenue is recognised.

Distribution incentives paid to service providers and dealers for exclusivity are deferred and expensed over the contractual relationship period.

S. NON-CURRENT ASSETS HELD FOR SALE

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a complete sale within one year from the date of classification.

Non-current assets and disposal groups classified as held for sale are measured at the lower of the assets' previous carrying amount and fair value less cost to sell.

T. USE OF ESTIMATES

The preparation of financial statements in conformity with IFRS requires the use of certain accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in the relevant sections of the financial statements. Although these estimates are based on management's best knowledge of current events and actions they may undertake in the future, actual results ultimately may differ from those estimates.

U. COMPARATIVES

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

V. OPERATING SEGMENTS

The Group discloses its operating segments according to the entity components regularly reviewed by the chief operating decision maker. The components comprise of geographical operating segments located in South Africa and non-South African countries.

Segment information is prepared in conformity with the measure that is reported to the chief operating decision maker. These values have been reconciled to the consolidated financial statements. The measure reported by the Group is in accordance with the accounting policies adopted for preparing and presenting the consolidated financial statements.

V. OPERATING SEGMENTS (CONTINUED)

Segment revenue excludes Value Added Taxation and includes intergroup revenue. Net revenue represents segment revenue from which intergroup revenue has been eliminated. Sales between segments are made on a commercial basis. Segment profit or loss from operations represents segment revenue less segment operating expenses. Segment expenses include direct and operating expenses. Impairments, depreciation and amortisation have been allocated to the segments to which they relate.

The segment assets and liabilities comprise all assets and liabilities of the different segments that are employed by the segment and that either are directly attributable to the segment, or can be allocated to the segment on a reasonable basis.

Capital expenditure in property, plant and equipment and intangible assets has been allocated to the segments to which it relates.

	2006 Rm	2007 Rm	2008 Rm
1. REVENUE			
Airtime and access	20 085.8	23 707.5	27 095.2
Data revenue	2 037.6	3 341.7	5 002.2
Interconnect revenue	6 696.8	7 835.6	8 887.1
Equipment sales	3 985.6	4 699.1	5 051.4
International airtime	971.2	1 305.8	1 835.9
Other	265.5	256.7	306.0
	34 042.5	41 146.4	48 177.8

	2006 Rm	2007 Rm	2008 Rm
2. DIRECT NETWORK OPERATING COST			
Airtime and access	(5 596.0)	(6 929.0)	(7 838.6)
Data expenditure	(320.0)	(531.3)	(757.0)
Interconnect cost	(4 312.2)	(5 179.9)	(6 039.2)
Equipment cost	(4 173.9)	(5 022.8)	(5 519.1)
International airtime cost	(322.1)	(456.2)	(518.1)
Regulatory fees	(812.1)	(979.7)	(1 054.9)
Network operational expenses *	(1 781.0)	(2 248.1)	(2 778.7)
Other	(979.9)	(1 092.8)	(1 793.9)
	(18 297.2)	(22 439.8)	(26 299.5)

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

	2006 Rm	2007 Rm	2008 Rm
3. IMPAIRMENT OF ASSETS			
Intangible asset	(0.1)	(0.3)	–
Goodwill	–	(0.2)	–
Computer software	(0.1)	(0.1)	–
Property, plant and equipment	52.9	(22.6)	(29.9)
Infrastructure	59.9	(17.9)	(23.9)
Information services	(5.6)	(3.7)	(3.2)
Motor vehicles	(0.3)	(0.3)	(0.8)
Furniture and office equipment	(0.5)	(0.3)	(0.6)
Leasehold improvements	(0.3)	(0.1)	(0.7)
Other assets	(0.3)	(0.3)	(0.7)
(Impairment recognised)/Impairment reversed	52.8	(22.9)	(29.9)

Due to the competitive and economic environment in which VM, S.A.R.L. operates in Mozambique, the Group assessed the assets for impairment in accordance with the requirements of IAS 36: Impairment of Assets ("IAS 36"). The recoverable amount of these assets was based on the fair value less cost of disposal at 31 March 2008, 2007 and 2006. The amount with which the carrying amount exceeded the recoverable amount is recognised as an impairment loss. The reversal of the impairment loss in the 2006 financial year related to an increase in the fair value of infrastructure assets due to exchange rate fluctuations.

	2006 Rm	2007 Rm	2008 Rm
4. PROFIT FROM OPERATIONS			
The profit from operations is arrived at after taking the following income/(expenditure) into account:			
Net (loss)/profit on disposal of property, plant and equipment and intangible assets	(26.8)	26.9	(39.3)
Loss on disposal of property, plant and equipment and intangible assets	(27.5)	(30.3)	(42.2)
Profit on disposal of property, plant and equipment and intangible assets	0.7	57.2	2.9
Profit on disposal of shares in subsidiary	–	17.4	8.0
Auditor's remuneration – audit fees	(14.9)	(16.6)	(23.3)
Current year audit fees	(14.0)	(16.2)	(21.1)
Prior year under-provision of audit fees	(0.8)	(0.2)	(1.4)
Telkom costs	(4.8)	(6.1)	(5.1)
Telkom recovery	4.8	6.1	5.1
Expenses	(0.1)	(0.2)	(0.8)
Auditor's remuneration – other services	(2.1)	(0.6)	(3.0)
Professional fees for consultancy services	(112.2)	(147.1)	(203.7)
Operating lease rentals	(870.7)	(1 259.1)	(1 550.3)
GSM transmission and data lines	(787.9)	(965.8)	(1 224.7)
Office accommodation	(47.6)	(65.1)	(94.0)
Other accommodation	(33.0)	(223.4)	(225.6)
Office equipment	(1.1)	(0.2)	(0.2)
Motor vehicles	(1.1)	(4.6)	(5.8)
Staff expenses – pension and provident fund contributions	(89.3)	(97.4)	(126.9)
Pension fund contributions	(76.4)	(84.7)	(113.4)
Provident fund contributions	(12.9)	(12.7)	(13.5)
Increase in provision for obsolete inventory (Note 14)	(15.9)	(18.3)	(0.2)
(Increase)/Decrease in provision for doubtful receivables (Note 15)	8.9	9.7	(5.8)
Decrease/(Increase) in provision for doubtful receivables – South Africa (Note 15)	1.0	(6.8)	12.6
(Increase)/Decrease in provision for doubtful receivables – non-South African (Note 15)	7.9	16.5	(18.4)

Marketing and advertising expenses include broadcasting, branding, publications and sponsorship expenditure.

Other operating expenses include accommodation costs, auditor's remuneration, consultancy fees, information technology costs, insurance, office administration costs, sales and distribution costs, social economic investment costs, subsistence and travel costs and transport costs.

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 Centriq Insurance Company Limited, a South African registered short-term insurance company. The cell captive facility is further used to issue insurance contracts to Group companies to provide cover against a variety of insurable risks including assets own risk. The extended warranty provided to customers is no longer provided by the Group as the suppliers assumed responsibility for the second year warranty. Inter-company transactions are eliminated on consolidation of the cell captive.

In terms of the shareholders' agreement, the Group carries all the risks and rewards related to the business underwritten in the cell captive facility. The risks are closely monitored by the Group through the ongoing review of the performance of the underlying insurance products. Premium rate adjustments are used to mitigate the associated insurance risks.

Provided below is a summarised underwriting account giving details of the R38.7 million (2007: R28.8 million; 2006: R52.5 million) underwriting profit included in profit from operations:

	2006 Rm	**2007 Rm**	**2008 Rm**
Net earned premiums	112.7	131.6	146.6
Gross claims incurred	(51.7)	(67.4)	(76.1)
Net reinsurance (expense)/income	10.7	(11.6)	(4.9)
Net operating expenses	(19.2)	(23.8)	(26.9)
Underwriting profit	52.5	28.8	38.7

5. FINANCE INCOME

	2006 Rm	2007 Rm	2008 Rm
Interest on financial instruments not at fair value through profit or loss	93.7	52.8	54.6
Banks	89.4	30.6	33.0
Loans	–	20.7	17.7
Other interest income	4.3	1.5	3.9
Interest on financial assets at fair value through profit or loss	20.8	20.6	17.7
Interest rate swap interest	13.0	10.2	5.1
Interest on money market investments	7.8	10.4	12.6
Interest on non-financial instruments	15.4	1.1	–
Interest received from taxation authorities	15.4	1.1	–
	129.9	74.5	72.3

During the year the Group reclassified gains on remeasurement and disposal of financial instruments from finance income to gains or losses on remeasurement and disposal of financial instruments.

	2006 Rm	2007 Rm	2008 Rm
6. FINANCE COSTS			
Finance costs on financial liabilities not at fair value through profit or loss	(237.8)	(358.9)	(666.5)
Bank overdraft	(12.4)	(131.4)	(399.1)
Debt *	(92.0)	(113.9)	(168.8)
Finance leases	(121.6)	(112.3)	(98.2)
Other finance costs	(11.8)	(1.3)	(0.4)
Finance costs on non-financial instruments	(8.2)	(10.4)	(14.8)
Long-term incentive interest	(6.5)	(9.6)	(14.4)
Interest paid to taxation authorities	(1.7)	(0.8)	(0.4)
	(246.0)	(369.3)	(681.3)

*Included in debt is an amount of R11.0 million (2007: R10.0 million; 2006: R8.1 million) which relates to notional interest on the loans from Caspian Limited, Planetel Communications Limited and Mirambo Limited that was remeasured at amortised cost, at an effective interest rate of LIBOR plus 5% and the loan from Sekha-Metsi Investment Consortium Limited that was remeasured at amortised cost, at an effective interest rate of 13.7%, for which no consideration has been recorded.

During the year the Group reclassified losses on remeasurement and disposal of financial instruments from finance costs to gains or losses on remeasurement and disposal of financial instruments.

	2006 Rm	2007 Rm	2008 Rm
7. GAINS/(LOSSES) ON REMEASUREMENT AND DISPOSAL OF FINANCIAL INSTRUMENTS			
Gain/(Loss) on foreign exchange forward contract revaluation	(260.6)	467.7	345.8
Loss on interest rate swap revaluation	(6.6)	(9.9)	(10.3)
Gain on revaluation of foreign denominated cash and cash equivalents	–	6.2	24.3
(Loss)/Gain on revaluation of foreign denominated assets	(27.4)	9.7	(15.2)
Gain/(Loss) on sale of investments	(3.3)	(0.7)	2.2
Loss on revaluation of foreign denominated liabilities	(225.2)	(642.0)	(161.7)
	(523.1)	(169.0)	185.1
8. NET GAINS/(LOSSES)			
Net gains/(losses) on financial instruments analysed by category, are as follows:			
Financial assets and financial liabilities at fair value through profit or loss, classified as held for trading	(246.4)	478.4	353.2
Available-for-sale investments	(3.3)	(0.7)	2.2
Loans and receivables (including cash and bank deposits)	66.3	62.5	63.7
Financial liabilities held at amortised cost	(341.4)	(882.4)	(730.0)
Finance leases	(121.6)	(112.3)	(98.2)
Net losses attributable to financial instruments	(646.4)	(454.5)	(409.1)
Net (losses)/gains attributable to non-financial instruments	7.2	(9.3)	(14.8)
	(639.2)	(463.8)	(423.9)

9. TAXATION

	2006 Rm	2007 Rm	2008 Rm
South African normal taxation	(2 375.6)	(3 058.7)	(3 472.8)
Current year	(2 337.9)	(3 063.7)	(3 487.2)
Prior year over/(under) provision	(37.7)	5.0	14.4
Deferred taxation	(136.2)	44.0	99.5
Current year	(177.0)	45.3	94.4
Prior year (under)/over provision	40.8	(1.3)	(4.6)
Taxation rate change*	–	–	9.7
Secondary taxation on companies – current year	(562.5)	(692.7)	(594.0)
Foreign taxation	(29.8)	(34.3)	(114.3)
Current year	(29.4)	(34.0)	(113.0)
Prior year under provision	(0.4)	(0.3)	(1.3)
Foreign deferred taxation	20.4	(94.3)	(27.6)
Current year	43.5	(135.4)	(134.0)
Prior year over/(under)provision	(22.0)	41.1	106.4
Taxation rate change #	(1.1)	–	–
	(3 083.7)	(3 836.0)	(4 109.2)

* Deferred taxation was calculated at 28% for all South African entities at 31 March 2008 following a change in the corporate taxation rate. The revised taxation rate is applicable to normal taxation with effect from the 2009 financial year.

Deferred taxation was calculated at 25% for Vodacom Lesotho (Proprietary) Limited at 31 March 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.

9. TAXATION (CONTINUED)

Reconciliation of rate of taxation

	2006 Rm	2006 %	2007 Rm	2007 %	2008 Rm	2008 %
Normal taxation on profit before taxation	(2 385.7)	(29.0)	(3 014.9)	(29.0)	(3 499.4)	(29.0)
Adjusted for:						
Disallowed expenditure	(135.6)	(1.7)	(205.8)	(2.0)	(125.8)	(1.0)
Unrecognised taxation asset	(149.9)	(1.8)	(86.5)	(0.9)	(31.9)	(0.3)
Functional vs local reporting currency	(45.3)	(0.6)	226.8	2.2	23.8	0.2
Revaluation of tax base of qualifying assets	181.6	2.2	(98.6)	(0.9)	(26.6)	(0.2)
Translation of deferred taxation to US$	16.8	0.2	(95.7)	(0.9)	(6.0)	(0.1)
Secondary taxation on companies	(562.5)	(6.9)	(692.7)	(6.7)	(594.0)	(5.0)
Secondary taxation on companies credits	–		(3.8)		–	
Prior year over/(under) provision	(19.3)	(0.2)	44.5	0.4	114.8	1.0
Foreign taxation rate differences	15.6	0.2	48.6	0.5	(7.6)	(0.1)
Taxation rate change *#	(1.1)		–		9.7	0.1
Foreign taxation	(8.7)	(0.1)	(10.4)	(0.1)	(20.6)	(0.2)
Taxation not payable due to tax concession	–		81.2	0.8	67.7	0.6
Foreign controlled entity passive income imputed	(17.8)	(0.2)	(27.9)	(0.3)	(21.9)	(0.2)
Exempt income	1.1		(0.2)		–	
Other adjustments	(0.4)		(0.6)		8.0	0.1
Business combination contingent purchase consideration	20.6	0.3	–		–	
Utilisation of taxation losses	6.9	0.1	–		0.6	
	(3 083.7)	(37.5)	(3 836.0)	(36.9)	(4 109.2)	(34.1)

* Deferred taxation was calculated at 28% for all South African entities at 31 March 2008 following a change in the corporate taxation rate. The revised taxation rate is applicable to normal taxation with effect from the 2009 financial year.

\# Deferred taxation was calculated at 25% for Vodacom Lesotho (Proprietary) Limited at 31 March 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.

10. PROPERTY, PLANT AND EQUIPMENT

	Cost Rm	Accumulated depreciation and impairment Rm	Net book value Rm
2006			
Land and buildings	1 033.9	(105.0)	928.9
Infrastructure	22 556.3	(10 925.7)	11 630.6
Information services	1 623.9	(1 100.4)	523.5
Community services	107.8	(65.9)	41.9
Motor vehicles	154.4	(90.8)	63.6
Furniture and office equipment	251.3	(203.0)	48.3
Leasehold improvements	361.4	(214.9)	146.5
Other assets	33.2	(29.9)	3.3
	26 122.2	(12 735.6)	13 386.6
2007			
Land and buildings	1 277.9	(135.4)	1 142.5
Infrastructure	26 788.9	(12 084.6)	14 704.3
Information services	1 924.0	(1 248.5)	675.5
Community services	127.2	(72.3)	54.9
Motor vehicles	192.7	(103.6)	89.1
Furniture and office equipment	335.9	(233.0)	102.9
Leasehold improvements	538.2	(276.5)	261.7
Other assets	74.3	(32.0)	42.3
	31 259.1	(14 185.9)	17 073.2
2008			
Land and buildings	1 470.2	(163.5)	1 306.7
Infrastructure	31 398.2	(15 131.2)	16 267.0
Information services	2 165.0	(1 426.8)	738.2
Community services	131.6	(76.9)	54.7
Motor vehicles	252.0	(121.2)	130.8
Furniture and office equipment	327.3	(183.4)	143.9
Leasehold improvements	763.4	(320.4)	443.0
Other assets	83.3	(48.0)	35.3
	36 591.0	(17 471.4)	19 119.6

10. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Land and buildings Rm	Infra-structure Rm	Information services Rm	Community services Rm	Motor vehicles Rm	Furniture and office equipment Rm	Leasehold improve-ments Rm	Other assets Rm	Total Rm
Reconciliation 2006									
Opening balance	848.8	9 889.7	572.0	18.9	64.4	54.2	102.0	26.9	11 576.9
Reclassified to finance lease receivables	–	–	–	–	(12.0)	–	–	–	(12.0)
Additions	98.2	4 237.9	237.2	16.1	27.1	23.0	55.3	4.6	4 699.4
Disposals	–	(51.0)	(1.7)	–	(0.2)	(0.4)	(0.1)	(3.0)	(56.4)
Foreign currency translation	(0.5)	(246.0)	(3.8)	–	(1.8)	(0.9)	(0.9)	–	(253.9)
Depreciation	(17.6)	(2 530.0)	(41.9)	6.9	(13.6)	(24.9)	(22.0)	(8.5)	(2 651.6)
Business combinations (Note 32)	–	–	1.7	–	–	–	–	–	1.7
Impairments (Note 3)	–	59.9	(5.6)	–	(0.3)	(0.5)	(0.3)	(0.3)	52.9
Transfer from intangible assets/ Asset category transfer (Note 11)	–	270.1	(234.4)	–	–	(2.2)	12.5	(16.4)	29.6
Closing balance	928.9	11 630.6	523.5	41.9	63.6	48.3	146.5	3.3	13 386.6
Reconciliation 2007									
Opening balance	928.9	11 630.6	523.5	41.9	63.6	48.3	146.5	3.3	13 386.6
Additions	214.3	5 239.2	302.3	19.6	41.3	71.9	208.3	40.2	6 137.1
Disposals	(1.3)	(60.5)	(4.0)	(0.1)	(5.1)	(0.2)	–	–	(71.2)
Foreign currency translation	4.0	479.9	12.8	–	3.2	2.0	4.0	0.6	506.5
Depreciation	(21.5)	(2 580.0)	(181.2)	(6.5)	(13.6)	(29.8)	(67.6)	(1.6)	(2 901.8)
Business combinations (Note 32)	–	2.4	–	–	0.2	3.0	–	–	5.6
Impairments (Note 3)	–	(17.9)	(3.7)	–	(0.3)	(0.3)	(0.1)	(0.3)	(22.6)
Transfer from intangible assets/ Asset category transfer (Note 11)	18.1	10.6	25.8	–	(0.2)	8.0	(29.4)	0.1	33.0
Closing balance	1 142.5	14 704.3	675.5	54.9	89.1	102.9	261.7	42.3	17 073.2
Reconciliation 2008									
Opening balance	1 142.5	14 704.3	675.5	54.9	89.1	102.9	261.7	42.3	17 073.2
Additions	184.2	4 047.6	309.9	7.9	62.6	83.0	252.5	4.5	4 952.2
Disposals	(1.1)	(37.4)	(4.7)	(0.1)	(3.6)	(2.0)	(0.6)	0.9	(48.6)
Foreign currency translation	5.8	563.7	13.2	–	5.0	2.4	8.0	1.9	600.0
Depreciation	(29.3)	(2 953.0)	(220.3)	(8.0)	(21.2)	(42.0)	(79.1)	(13.1)	(3 366.0)
Disposal of subsidiaries (Note 33)	(13.8)	–	–	–	–	–	–	–	(13.8)
Impairments (Note 3)	–	(23.9)	(3.2)	–	(0.8)	(0.6)	(0.7)	(0.7)	(29.9)
Transfer between property, plant and equipment and finance lease receivables (Note 16)	–	–	–	–	2.0	–	–	–	2.0
Transfer to intangible assets/ Asset category transfer (Note 11)	18.4	(34.3)	(32.2)	–	(2.3)	0.2	1.2	(0.5)	(49.5)
Closing balance	1 306.7	16 267.0	738.2	54.7	130.8	143.9	443.0	35.3	19 119.6

10. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Debt is collateralised over leasehold land and buildings and the fair value of the lease liability is R629.0 million (2007: R786.3 million; 2006: R911.5 million) (Note 21). A register with details of the cost price, cost of improvements and date of acquisition of all land and buildings is available for inspection at the registered office.

Land and buildings in which the Group occupies more than 25% of the floor space or when the primary purpose is the service and connection of Vodacom customers are classified as property, plant and equipment.

The estimated useful lives of depreciable property, plant and equipment are as follows:

	2006 years	**2007 years**	**2008 years**
General purpose buildings	50	50	50
Special purpose buildings	15	15	15 – 17
Infrastructure			
– Radio	1 – 10	1 – 10	1 – 10
– Intelligent Networks	5 – 8	5 – 8	4 – 8
– Switching	5 – 10	5 – 10	2 – 15
– Transmission	8	8	8 – 12
– Billing	5 – 6	5 – 6	3 – 8
– Value added services equipment	3 – 8	3 – 8	3 – 8
Community services	2 – 10	2 – 10	2 – 15
Information services	3 – 5	3 – 5	3 – 6
SIM centre	3 – 8	3 – 8	6 – 8
Office automation	3 – 5	3 – 5	3 – 5
Other assets			
– Motor vehicles	4	4	3 – 5
– Furniture and fittings	5	4 – 5	4 – 5
– Office equipment	4	4	2 – 6

The Group is required to measure the residual value of every item of property, plant and equipment. Management has determined that radio, transmission, switching, sim centres and community services categories of property, plant and equipment have no active market and the value of the asset at the end of its life would therefore be nil or insignificant.

The above categories are not exhaustive and will depend on the existence of an active market for the asset. The Group ensures that proper documentation exists to support the non-existence of an active market. For assets with an active market, confirmation of the residual values is received from third parties where the residuals are more than 10%. For residuals less than 10% the Group uses historical sales and management's best estimate.

During the current financial year the Group reviewed the estimated useful lives and residual values of property, plant and equipment. The review resulted in a increase of R6.7 million (2007: R14.7 million decrease) in the current year's depreciation charge.

The Group uses the following indicators to determine useful lives:

- Expected usage of the asset
- Expected physical wear and tear
- Technical or commercial obsolescence

11. INTANGIBLE ASSETS

	Cost Rm	Accumulated amortisation and impairment Rm	Net book value Rm
2006			
Goodwill	1 002.0	(518.1)	483.9
Licences	306.3	(186.6)	119.7
Trademark and patents	390.4	(132.5)	257.9
Customer bases	863.2	(700.3)	162.9
Computer software	2 375.6	(1 445.1)	930.5
	4 937.5	(2 982.6)	1 954.9
2007			
Goodwill	1 455.8	(524.6)	931.2
Licences	439.0	(229.2)	209.8
Trademark and patents	390.4	(169.8)	220.6
Customer bases	919.3	(760.3)	159.0
Computer software	2 827.5	(1 647.8)	1 179.7
	6 032.0	(3 331.7)	2 700.3
2008			
Goodwill	2 426.0	(529.4)	1 896.6
Licences	478.9	(269.3)	209.6
Trademark patents and other*	445.3	(195.7)	249.6
Customer bases	920.4	(816.0)	104.4
Computer software	3 734.6	(1 970.7)	1 763.9
	8 005.2	(3 781.1)	4 224.1

*Other includes future benefits from provisioning of infrastructure and supply of non-mobile services.

11. INTANGIBLE ASSETS (CONTINUED)

	Goodwill Rm	Licences Rm	Trademark, patents and other* Rm	Customer bases Rm	Computer software Rm	Total Rm
Reconciliation 2006						
Opening balance	413.5	126.6	130.9	269.8	703.5	1 644.3
Contingent purchase consideration	36.2	–	–	–	–	36.2
Additions	–	3.3	–	–	438.8	442.1
Disposals	–	–	–	–	(1.6)	(1.6)
Foreign currency translation	(1.4)	(1.7)	–	–	(4.0)	(7.1)
Amortisation	–	(8.5)	(52.3)	(106.9)	(176.5)	(344.2)
Business combinations	35.6	–	179.3	–	–	214.9
Impairment of assets (Note 3)	–	–	–	–	(0.1)	(0.1)
Transfer to property, plant and equipment (Note 10)	–	–	–	–	(29.6)	(29.6)
Closing balance	483.9	119.7	257.9	162.9	930.5	1 954.9
Reconciliation 2007						
Opening balance	483.9	119.7	257.9	162.9	930.5	1 954.9
Additions	372.2	93.9	–	–	611.2	1 077.3
Disposals	–	–	–	–	(0.2)	(0.2)
Foreign currency translation	19.0	16.6	–	(0.4)	13.0	48.2
Amortisation	–	(20.4)	(37.3)	(60.0)	(341.7)	(459.4)
Business combinations	56.3	–	–	56.5	–	112.8
Impairment of assets (Note 3)	(0.2)	–	–	–	(0.1)	(0.3)
Transfer to property, plant and equipment (Note 10)	–	–	–	–	(33.0)	(33.0)
Closing balance	931.2	209.8	220.6	159.0	1 179.7	2 700.3
Reconciliation 2008						
Opening balance	931.2	209.8	220.6	159.0	1 179.7	2 700.3
Additions	949.2	3.0	54.9	–	963.9	1 971.0
Disposals	–	–	–	–	(0.9)	(0.9)
Foreign currency translation	16.2	11.1	–	1.0	21.1	49.4
Amortisation	–	(14.3)	(25.9)	(55.6)	(449.4)	(545.2)
Transfer from property, plant and equipment (Note 10)	–	–	–	–	49.5	49.5
Closing balance	1 896.6	209.6	249.6	104.4	1 763.9	4 224.1

*Other includes future benefits from provisioning of infrastructure and supply of non-mobile services.

	2006 years	2007 years	2008 years

11. INTANGIBLE ASSETS (CONTINUED)

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

	2006 years	2007 years	2008 years
– Mobile licences	5 – 30	5 – 30	8 – 30
– Trademarks, patents and other	5 – 15	10 – 15	10 – 14
– Computer software	2 – 8	2 – 8	2 – 8
– Internet service provider customers	–	3	8
	2006 months	**2007 months**	**2008 months**
– Contract and prepaid mobile customers	36 – 60	36 – 96	53 – 119

The company uses the following indicators to determine useful lives:

– Expected usage of the asset

– Expected physical wear and tear

– Technical or commercial obsolescence

The largest components of individual material intangibles relates to licences and trademarks and patents of the Group that have estimated remaining useful lives of between 11 to 16 (2007: 12 to 17) years and 8 to 10 (2007: 9 to 11) years respectively as at 31 March 2008. The licence and other intangible assets of Vodacom Tanzania Limited were pledged as security for the project finance funding obtained which expired at the end of the financial year (Note 21).

During the current financial year the Group reviewed the estimated useful lives of intangible assets. The review resulted in a decrease of R10.6 million (2007: R66.5 million decrease) in the current year's amortisation charge.

12. FINANCIAL ASSETS

	2006 Short-term portion Rm	2006 Long-term portion Rm	2006 Total Rm	2007 Short-term portion Rm	2007 Long-term portion Rm	2007 Total Rm
Loans and receivables (Note 12.1)	–	92.1	92.1	16.2	114.4	130.6
Financial assets at fair value through profit or loss (Note 12.2)	149.3	–	149.3	191.3	–	191.3
Available-for-sale investments (Note 12.3)	–	–	–	–	95.1	95.1
	149.3	92.1	241.4	207.5	209.5	417.0

	2008 Short-term portion Rm	2008 Long-term portion Rm	2008 Total Rm
Loans and receivables (Note 12.1)	29.7	134.2	163.9
Financial assets at fair value through profit or loss (Note 12.2)	415.2	–	415.2
Available-for-sale investments (Note 12.3)	–	110.0	110.0
	444.9	244.2	689.1

	2006 Rm	2007 Rm	2008 Rm
12. FINANCIAL ASSETS (CONTINUED)			
12.1 Loans and receivables			
Planetel Communications Limited	42.1	49.6	–
The loan with a nominal value of US$6.8 million issued during the 2003 year bore interest at LIBOR plus 5%. Planetel Communications Limited utilised this loan to ensure sufficient shareholder loan funding by itself as a shareholder of Vodacom Tanzania Limited. The loans and capitalised interest were collateralised by cession over all shareholder distributions and a pledge over their shares of Vodacom Tanzania Limited. All the shareholders subordinated their loans to Vodacom Tanzania Limited for the duration of the project finance funding, which expired at the end of the current financial year (Note 21). On 30 November 2007 Planetel Communications Limited sold its 16% shareholding in Vodacom Tanzania Limited to Mirambo Limited.			
Caspian Limited	50.0	58.8	–
The loan with a nominal value of US$8.1 million issued during the 2003 year bore interest at LIBOR plus 5%. Caspian Limited utilised this loan to ensure sufficient shareholder loan funding by itself as a shareholder of Vodacom Tanzania Limited. The loans and capitalised interest were collateralised by cession over all shareholder distributions and a pledge over their shares of Vodacom Tanzania Limited. All the shareholders subordinated their loans to Vodacom Tanzania Limited for the duration of the project finance funding, which expired at the end of the current financial year (Note 21). On 30 November 2007 Caspian Limited sold its 19% shareholding in Vodacom Tanzania Limited to Mirambo Limited.			
Sekha-Metsi Investment Consortium Limited	–	16.2	–
The loan was advanced to Sekha-Metsi Investment Consortium Limited and bore interest at South African overdraft interest rates plus a margin of 2%. Interest was payable monthly in arrears. The loan was repayable on demand, should Sekha-Metsi Investment Consortium be able to obtain a loan externally. Sekha-Metsi Investment Consortium Limited pledged their shares in Sekha-Metsi Enterprises (Proprietary) Limited as security for the loan. During the current financial year the loan was repaid.			
Other	–	–	3.9
Balance carried forward	92.1	124.6	3.9

	2006 Rm	2007 Rm	2008 Rm
12. FINANCIAL ASSETS (CONTINUED)			
12.1 Loans and receivables (continued)			
Balance brought forward	92.1	124.6	3.9
Number Portability Company (Proprietary) Limited	–	6.0	6.0
The shareholders loan made to Number Portability Company (Proprietary) Limited ("NPC"), during the 2007 year, for an amount of R6.0 million, is subordinated and ranks behind all the claims of all creditors of NPC for repayment until such time as the assets of NPC fairly valued exceed its liabilities. In such case, the loan shall cease to be subordinated to the extent that the assets of NPC exceed its liabilities from time to time. The shareholder loan bears no interest and has no fixed repayment terms.			
Mirambo Limited	–	–	120.9
Mirambo Limited bought the 16% and 19% equity stake of Planetel Communications Limited and Caspian Limited respectively in Vodacom Tanzania Limited on 30 November 2007. The shareholder loans with a combined nominal value of US$14.9 million, were transferred to Mirambo Limited in order to meet its obligations to Vodacom Tanzania Limited in respect of shareholder contributions. The loan bears interest at LIBOR plus 5% and shall be repaid from any cash distributions by Vodacom Tanzania Limited to Mirambo Limited. The loan and capitalised interest are collateralised by cession over all shareholder distributions and a pledge over the shares of Vodacom Tanzania Limited.			
WBS Holdings (Proprietary) Limited	–	–	25.8
The loan with a nominal value of R25.5 million issued during the 2008 financial year bears interest at RSA prime minus 0.5%. The loan with capitalised interest is repayable from pre-determined cash flows of WBS Holdings (Proprietary) Limited pro rata to the shareholder's respective claims on loan account at the relevant time. WBS Holdings (Proprietary) Limited may not declare and/or pay any dividend or make any capital distribution to shareholders without the prior written consent of the existing shareholders.			
Balance carried forward	92.1	130.6	156.6

	2006 Rm	2007 Rm	2008 Rm
12. FINANCIAL ASSETS (CONTINUED)			
12.1 Loans and receivables (continued)			
Balance brought forward	92.1	130.6	156.6
Empresa Moçambicana de Telecommunicaçòes S.A.R.L. ("Emotel")	–	–	7.3
The loan with a nominal value of US$0.9 million issued during the 2008 financial year bears interest at LIBOR plus 2%. Interest is capitalised on a monthly basis. The loan and capitalised interest are repayable upon the expiry of 5 years following the advance date, being 31 March 2012. Emotel utilised this loan to meet its obligations to V.M, S.A.R.L. in respect of its 2% shareholding in VM, S.A.R.L. The loan and capitalised interest are collateralised by cession over all cash distributions and a pledge over their shares in V.M, S.A.R.L.			
	92.1	130.6	163.9
Less: Short-term portion of loans and receivables			
Sekha-Metsi Investment Consortium Limited	–	(16.2)	–
WBS Holdings (Proprietary) Limited	–	–	(25.8)
Other	–	–	(3.9)
Short-term portion of loans and receivables	–	(16.2)	(29.7)
Long-term portion of loans and receivables	92.1	114.4	134.2

The fair value of the short-term portion of loans and receivables are R29.7 million (2007: R16.2 million; 2006: Rnil million). The fair value of the long-term portion of loans and receivables are not determinable due to the lack of repayment dates and/or market prices.

		2006 Rm	2007 Rm	2008 Rm
12.	**FINANCIAL ASSETS (CONTINUED)**			
12.2	**Financial assets at fair value through profit or loss**			
12.2.1	**Financial assets held for trading**			
12.2.1.1	**Money market investments**	111.7	135.7	107.9
	The fair value of money market investments are derived from quoted market prices of identical assets.			
12.2.1.2	**Derivative financial assets**	37.6	55.6	307.3
	Interest rate swap asset (Note 42)	37.6	27.7	17.4
	Foreign exchange forward contracts asset	–	27.9	289.9
	The fair value is determined using quoted market prices. The quoted market prices used to fair value foreign exchange forward contracts are the mid or mid forward rates at year end based on quoted market prices applicable to similar assets. Interest rate swaps are fair valued according to forward rates and discount rates determined from a yield curve derived from similar market traded instruments.			
	Total financial assets held for trading	149.3	191.3	415.2
12.3	**Available-for-sale investments**			
12.3.1	**Unlisted investments carried at fair value**			
	WBS Holdings (Proprietary) Limited			
	2 500 ordinary shares of R0.01 each	–	80.8	45.4
	The fair value was determined by applying the discounted cash flow method. The discount rates and terminal growth rates used ranged between 16.0% and 18.0% (2007: 15.0% and 17.0%) and 3.0% and 5.0% (2007: nil% and 3.0%), respectively.			
	During the current financial year, R54.9 million was reclassified to intangible assets (Note 11).			
12.3.2	**Unlisted investments carried at cost**			
	During 2007 the Group purchased a 10% equity stake in G-Mobile Holdings Limited and a 25.93% equity stake in Gogga Tracking Solutions (Proprietary) Limited. The investee companies also granted the Group an option to increase these investments (Note 42). During 2008 the Group purchased a 50% equity stake in Waterberg Lodge (Proprietary) Limited, a 35% equity stake in XLink Communications (Proprietary) Limited and increased its interest in G-Mobile Holdings Limited from 10% to 26% by exercising the call option granted in 2007 (Note 42).	–	14.3	64.6
	Total available-for-sale investments	–	95.1	110.0

The carrying value of unlisted investments carried at cost approximate their fair value.

		2006 Rm	2007 Rm	2008 Rm
13.	**DEFERRED TAXATION**			
	Deferred taxation assets	297.6	386.1	455.1
	Deferred taxation liabilities	(602.3)	(757.3)	(776.5)
		(304.7)	(371.2)	(321.4
13.1	**Components**			
	Capital allowances	(1 243.6)	(1 418.8)	(1 809.0)
	Fair value adjustment of available-for-sale investments	–	–	(2.7)
	Fair value adjustment of customer bases	(46.7)	(53.4)	(30.2)
	Fair value adjustment of trademarks and patents	(56.4)	(47.9)	(41.8)
	Fair value adjustment of properties	(2.0)	(2.0)	–
	Foreign exchange	(22.9)	180.9	296.8
	Foreign equity revaluation reserve	12.6	4.5	(12.3)
	Prepayments and other allowances	10.8	(84.9)	(137.4)
	Provisions and deferred income	797.2	1 006.0	1 194.4
	Remeasurement of shareholders loans assets	32.5	29.5	3.4
	Remeasurement of shareholders loans liabilities	(19.5)	(16.8)	(6.1)
	Secondary taxation on companies credits	3.8	–	–
	Taxation losses	223.1	25.1	223.5
	Other	6.4	6.6	–
		(304.7)	(371.2)	(321.4)
13.2	**Reconciliation**			
	Balance at the beginning of the year	(164.0)	(304.7)	(371.2)
	Deferred taxation – income statement expense (Note 9)	(115.8)	(50.3)	71.9
	Foreign equity revaluation reserve	0.7	(8.1)	(12.7)
	Business combinations			
	Acquisition of customer base	–	(17.5)	–
	Acquisition of trademark and patents	(35.8)	–	–
	Disposal of subsidiaries	–	–	1.8
	Fair value adjustment of available-for-sale investments	–	–	(2.7)
	Foreign exchange differences on consolidation of foreign subsidiaries	10.2	9.3	(8.6)
	Other	–	0.1	0.1
	Balance at the end of the year	(304.7)	(371.2)	(321.4)

Provision for taxation which could arise if undistributed retained profits of certain subsidiaries are remitted, is only made where a decision has been taken to remit such retained profits. The Group did not provide for Secondary Taxation on Companies ("STC") on its undistributed earnings which is payable when it declares dividends to its shareholders, as the taxation will only be payable once the dividends are declared.

Deferred tax is not raised at a rate other than the normal taxation rate as the intention of the Group is to hold assets for use and not for resale.

	2006 Rm	2007 Rm	2008 Rm
13. DEFERRED TAXATION (CONTINUED)			
13.3 Utilisation of taxation losses			
Opening taxation loss	1 194.8	1 538.7	1 212.7
Foreign exchange movement on opening taxation loss	(142.3)	104.5	260.0
Prior year under/(over) statement	24.3	(129.7)	693.6
Current year taxation loss created/(utilised)	461.9	(300.8)	107.8
Closing taxation loss	1 538.7	1 212.7	2 274.1
Utilised to reduce net temporary differences	(662.3)	(78.4)	(818.3)
Vodacom Congo (taxation rate of 40%)	(244.1)	–	–
Vodacom Mozambique (taxation rate of 32%)	–	(78.4)	(73.4)
Vodacom Tanzania (taxation rate of 30%)	(418.2)	–	(744.9)
Taxation losses available to reduce deferred taxation	876.4	1 134.3	1 455.8
Taxation credit	–	–	268.1

There are estimated unused taxation losses to the value of R1 455.8 million (2007: R1 134.3 million; 2006: R876.4 million) available to reduce the net deferred taxation liability. If applied, the available R465.9 million (2007: R363.0 million; 2006: R279.4 million) would result in a full reduction of the current year's R318.6 million (2007: reduced to R8.2 million; 2006: reduced to R25.3 million) net deferred taxation liability. The unused taxation losses of Vodacom Mozambique are available for utilisation for a period of five years, after which they expire.

The R268.1 million taxation credit relating to Vodacom Mozambique expires in 2014.

The growth of the Group following its geographical expansion into non-South African countries over the past few years has made the estimation and judgment required in recognising and measuring deferred taxation balances more challenging. The resolution of taxation issues is not always within the control of the Group and it is often dependant on the efficiency of the legal processes in the relevant taxation jurisdictions in which the Group operates. Issues can, and often do, take many years to resolve. Payments in respect of taxation liabilities for an accounting period result from payments on account and on the final resolution of open items. As a result there can be substantial differences between the taxation charge in the consolidated income statement and current taxation payments.

		2006 Rm	2007 Rm	2008 Rm
14.	**INVENTORY**			
	Merchandise	397.5	287.3	507.1
	Other inventory	56.8	77.0	129.8
		454.3	364.3	636.9
	Inventory carried at net realisable value	215.1	163.1	224.6
14.1	**Inventory valuation allowance included above**			
	Balance at the beginning of the year	(62.8)	(78.0)	(97.6)
	Foreign exchange movement on opening balance	0.7	(1.3)	(0.9)
	Charged to cost and expenses	(15.9)	(18.3)	(0.2)
	Balance at the end of the year	(78.0)	(97.6)	(98.7)

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

The cost of inventories recognised as an expense includes R0.3 million (2007: R35.7 million; 2006: R6.9 million) in respect of write downs of inventory to net realisable value, which has not been reduced (2007: R18.6 million; 2006: R2.3 million) in respect of the reversal of such write downs. Previous write downs have been reversed as a result of increased sale prices in certain markets.

		2006 Rm	2007 Rm	2008 Rm
15.	**TRADE AND OTHER RECEIVABLES**			
	Trade receivables	4 097.2	5 211.5	6 234.2
	Prepayments	205.2	192.3	244.1
	Value Added Taxation	88.1	147.7	200.3
	Interest income receivable	41.5	51.3	76.1
	Other	42.0	72.2	46.4
		4 474.0	5 675.0	6 801.1

The average credit period for March 2008, 2007 and 2006 on sales of goods and services is between 30 and 60 days (2007: 30 and 60 days; 2006: 30 and 60 days) from date of invoice for the South African operations and between 20 and 75 days (2007: 20 and 75 days; 2006: 20 and 75 days) from date of invoice for the non-South African operations. Generally no interest is charged on trade receivables. The Group has provided fully for all receivables over 120 days due (2007: 120 days due; 2006: 120 days due) for its South African operations and 90 days due (2007: 90 days due; 2006: 90 days due) for its non-South African operations because historical experience is such that receivables that are due beyond these days are generally not recoverable. Trade receivables of the South African operations due between 60 and 120 days (2007: 60 and 120 days; 2006: 60 and 120 days) are provided for based on estimated irrecoverable amounts, determined by reference to past default experience.

15. TRADE AND OTHER RECEIVABLES (CONTINUED)

Before accepting any new individual customer, the Group uses an internal and external credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. The Group manually assesses the credit of corporate customers, using credit bureaus, financial standing as well as an internal grading system. Before accepting any new network operator customers, the Group enters into a contractual arrangement. The contractual arrangement is determined by regulatory requirements and industry norms. Of the trade receivable balance at the end of the year R1.3 billion (2007: R0.9 billion; 2006: R0.6 billion) is due from the Group's largest customer. There is no customer who represents more than 21.2% (2007: 17.6%; 2006: 15.7%) of the total balance of trade receivables.

The Group does not have any significant exposure to any individual customer or counter- party, except commercially to Telkom SA Limited, the Group's largest shareholder, Mobile Telecommunications Networks (Proprietary) Limited, the Group's largest competitor, Cell C (Proprietary) Limited, the country's third network operator and Vo-Call Cellular (Proprietary) Limited, the Group's largest dealer.

Trade receivables are stated at their cost which normally approximate their fair value due to short-term maturity.

	2006 Rm	2007 Rm	2008 Rm
15.1 Doubtful receivable allowance			
The Group's South African trade receivables are stated after allowances for doubtful debts based on management's assessment of creditworthiness, an analysis of which is as follows:			
Balance at the beginning of the year	(44.7)	(43.7)	(50.5)
Reversed from/(Charged to) profit and loss	1.0	(6.8)	12.6
Balance at the end of the year	(43.7)	(50.5)	(37.9)
The Group's non-South African trade receivables are stated after allowances for doubtful debts based on management's assessment of creditworthiness, an analysis of which is as follows:			
Balance at the beginning of the year	(49.3)	(41.4)	(24.9)
Foreign exchange movement	2.9	(6.1)	(5.2)
(Charged to)/Reversed from profit and loss	5.0	22.6	(13.2)
Balance at the end of the year	(41.4)	(24.9)	(43.3)

In determining the recoverability of a trade receivable the Group considers any change in the credit quality of the trade receivable from the date the credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated.

16. LEASE ASSETS

	2006 Rm	2007 Rm	2008 Rm
Operating leases	30.6	35.1	20.1
Finance lease receivables	19.3	76.6	212.4
	49.9	111.7	232.5
Less: Short-term portion *			
Operating leases (Note 16.1)	–	–	(17.6)
Finance lease receivables (Note 16.2)	(13.1)	(32.9)	(122.9)
Short-term portion	(13.1)	(32.9)	(140.5)
Long-term portion	36.8	78.8	92.0

* Short-term lease assets were included under trade and other receivables in prior years.

16.1 Operating leases

Operating lease payments are expensed in profit or loss on a straight-line basis over the lease term and results in the recognition of an operating lease asset.

16.2 Finance lease receivables

	Within one year Rm	Between one and five years Rm	After five years Rm	Total Rm
Staff benefits	3.9	7.5	–	11.4
Computers	119.0	82.0	–	201.0
Present value of minimum lease payments	122.9	89.5	–	212.4

The Group provides motor vehicles to certain of its executives. These executives may retain these assets at the end of the lease period, normally between three and four years. In terms of IAS 17: Leases (“IAS 17”), these arrangements are regarded as finance leases and the cost of the assets are capitalised as finance lease receivables and amortised on a straight-line basis over the period of the agreement to employee cost. The implicit interest rate is zero.

The Group provides laptop or desktop computers to certain customers who enter into contract agreements. The customers retain these computers at the end of the contract period. In terms of IAS 17, these arrangements are regarded as finance leases and accounted for using the effective interest rate method. The interest rate inherent in these leases is currently between nil and 0.08% per annum.

The long-term portion of R89.5 million (2007: R43.7 million; 2006: R6.2 million) is reflected as part of non-current lease assets on the consolidated balance sheet.

All leases are denominated in South African Rand.

The fair value of the electronic equipment finance lease receivables approximate their carrying value.

		2006 Rm	2007 Rm	2008 Rm
17.	**ORDINARY SHARE CAPITAL**			
	Authorised			
	100 000 ordinary shares of R0.01 each	1 000	1 000	1 000
	Issued			
	10 000 ordinary shares of R0.01 each	100	100	100
	The unissued share capital is under the control of the current shareholders.			
18.	**NON-DISTRIBUTABLE RESERVES**			
	Foreign currency translations (Note 18.1)	(225.5)	(123.0)	(22.6)
	Taxation on foreign currency translation reserve (Note 18.1)	18.0	9.9	(2.8)
	Contingency reserve (Note 18.2)	13.5	15.7	17.4
	Revaluation of available-for-sale investments (Note 18.3)	–	–	16.8
		(194.0)	(97.4)	8.8
	Reconciliation			
	Balance at the beginning of the year	(299.9)	(194.0)	(97.4)
	Foreign currency translation reserve	103.9	94.4	87.7
	Foreign currency translation for the year	98.2	102.5	100.4
	Taxation for the year	5.7	(8.1)	(12.7)
	Other non-distributable reserves			
	Transferred from distributable reserves – contingency reserve	2.2	2.2	1.7
	Revaluation of available-for-sale investments	(0.2)	–	16.8
	Revaluation of available-for-sale investments for the year	(0.2)	–	19.5
	Taxation for the year	–	–	(2.7)
	Balance at the end of the year	(194.0)	(97.4)	8.8

18.1 Foreign currency translation reserve and taxation

The financial results of foreign operations are translated into South African Rand for incorporation into the consolidated results. Assets and liabilities are translated at the foreign exchange rates ruling at balance sheet date. Income, expenditure and cash flow items are translated at the actual foreign exchange rate or average foreign exchange rates for the period. All resulting unrealised foreign exchange differences are classified as equity.

This reserve also includes gains and losses on the translation of equity loans to foreign entities that are intended to be permanent.

Deferred taxation and normal taxation on the foreign currency translation reserve relates only to the translation of equity loans advanced to foreign subsidiaries.

18. NON-DISTRIBUTABLE RESERVES (CONTINUED)

18.2 Contingency reserve

In terms of the Short-term Insurance Act ("the Act") of 1998 the Group's cell captive partner, Centriq Insurance Company Limited is required to recognise a contingency reserve equal to 10% of premiums written less approved reinsurance, as defined in the Act. This reserve can be utilised only with the prior permission of the Registrar of Short-term Insurance.

18.3 Revaluation of available-for-sale investments

Gains and losses from changes in the fair value of available-for-sale investments are recognised directly in equity until the financial asset is disposed of (Note 12).

	2006 Rm	2007 Rm	2008 Rm
19. MINORITY INTERESTS			
Distributable reserves	358.1	268.5	408.5
Non-distributable reserves	(74.8)	(47.3)	(4.9)
	283.3	221.2	403.6
Reconciliation			
Balance at the beginning of the year	128.7	283.3	221.2
Profit allocated to minority interest	116.7	217.6	146.2
Foreign currency translation reserve	(15.6)	27.5	42.4
Revaluation of available-for-sale investments	(0.1)	–	–
Business combinations and other acquisitions	46.5	(136.4)	(6.1)
Minority shares of VM, S.A.R.L.	8.0	–	0.8
Disposal of subsidiaries	–	–	(0.3)
Dividend to minority shareholders	(0.9)	(170.8)	(0.6)
Balance at the end of the year	283.3	221.2	403.6
20. ANALYSIS OF RECOGNISED INCOME AND EXPENSES			
Gain/(Loss) on revaluation of available-for-sale investment	(0.3)	–	16.8
Foreign currency translation reserve	88.3	121.9	130.1
Net profit/(loss) recognised directly in equity	88.0	121.9	146.9
Net profit for the year	5 142.8	6 560.0	7 957.6
Total recognised income and expense for the year	5 230.8	6 681.9	8 104.5
Attributable to:			
Equity shareholders	5 129.8	6 436.8	7 915.9
Minority interests	101.0	245.1	188.6

21. INTEREST BEARING DEBT

	2006 Short-term portion Rm	2006 Long-term portion Rm	2006 Total Rm	2007 Short-term portion Rm	2007 Long-term portion Rm	2007 Total Rm
Finance leases (Note 21.1)	79.2	728.3	807.5	113.6	615.0	728.6
Funding loans (Note 21.2)	1 527.3	90.9	1 618.2	365.5	1 436.4	1 801.9
Other short-term loans (Note 21.3)	39.0	–	39.0	21.9	–	21.9
	1 645.5	819.2	2 464.7	501.0	2 051.4	2 552.4

	2008 Short-term portion Rm	2008 Long-term portion Rm	2008 Total Rm
Finance leases (Note 21.1)	194.3	420.7	615.0
Funding loans (Note 21.2)	300.5	2 605.1	2 905.6
Other short-term loans (Note 21.3)	8.1	–	8.1
	502.9	3 025.8	3 528.7

21.1 Finance leases

	2006 Rm	2007 Rm	2008 Rm
Vodacom (Proprietary) Limited	537.7	479.7	396.7
The finance leases are collateralised by various land and buildings with a book value of R464.2 million (2007: R477.3 million; 2006: R489.1 million), bearing interest at fixed effective interest rates of between 12.1% and 16.9% per annum and are repayable between one and five years. The residual payment on settlement date is R144.4 million.			
Vodacom Service Provider Company (Proprietary) Limited	269.8	248.9	218.3
The finance lease is collateralised by land and buildings with a book value of R245.5 million (2007: R251.1 million; 2006: R256.8 million), bearing interest at a fixed effective interest rate of 14.8% per annum. Payments are made every six months in arrears and commenced on 1 March 2002. The finance lease expires on 1 September 2011.	807.5	728.6	615.0
Less: Short-term portion of finance leases			
Vodacom (Proprietary) Limited	(58.3)	(83.0)	(151.7)
Vodacom Service Provider Company (Proprietary) Limited	(20.9)	(30.6)	(42.6)
Short-term portion of finance leases	(79.2)	(113.6)	(194.3)
Long-term portion of finance leases	728.3	615.0	420.7

21. INTEREST BEARING DEBT (CONTINUED)

21.1 Finance Leases (continued)

All leases are denominated in South African Rand and are held with Rand Merchant Bank and Standard Bank.

The fair value of the Group's finance lease liability is R629.0 million (2007: R786.3 million; 2006: R911.5 million).

The fair value of finance leases are determined as the present value of all future cash flows discounted using market related interest rates. The discount rate used varied between 13.5% and 14.9% (2007: 11.3% and 13.3%; 2006: 10.0% and 13.3%).

The Vodaworld Retail Park is sub-leased to various telecommunications retail companies. Sublease payments expected to be received under non-cancellable subleases at the balance sheet date amount to R4.0 million.

	2009	2010	2011	2012	2013	2014 onwards	Total
	Rm	Rm	Rm	Rm	Rm	Rm	Rm
Repayment of finance leases:							
Future minimum lease payments*	271.2	153.6	200.6	98.7	82.1	–	806.2
Finance costs	(76.9)	(55.1)	(39.0)	(15.2)	(5.0)	–	(191.2)
Net present value	194.3	98.5	161.6	83.5	77.1	–	615.0

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

	2006	2007	2008
	Rm	Rm	Rm
21.2 Funding Loans			
Planetel Communications Limited	41.6	53.5	–
The shareholder loan of US$8.4 million (2007: US$8.4 million; 2006: US$8.4 million) was subordinated for the duration of the project finance funding period of Vodacom Tanzania Limited, which expired at the end of the current financial year, bore no interest from 1 April 2002 and was thereafter available for repayment, by approval of at least 60% of the shareholders of Vodacom Tanzania Limited. The loan became non-interest bearing and was remeasured at amortised cost at an effective interest rate of LIBOR plus 5% (Note 12) during the 2003 financial year. The gain on remeasurement was included in equity. On 30 November 2007 Planetel Communications Limited sold its 16% shareholding in Vodacom Tanzania Limited to Mirambo Limited.			
Balance carried forward	41.6	53.5	–

		2006 Rm	2007 Rm	2008 Rm
21.	**INTEREST BEARING DEBT (CONTINUED)**			
21.2	**Funding loans (continued)**			
	Balance brought forward	41.6	53.5	–
	Caspian Limited	49.3	63.6	–
	The shareholder loan of US$10.0 million (2007: US$10.0 million; 2006: US$10.0 million) was subordinated for the duration of the project finance funding period of Vodacom Tanzania Limited, bore no interest from 1 April 2002 and was thereafter available for repayment, by approval of at least 60% of the shareholders of Vodacom Tanzania Limited. This loan became non-interest bearing and was remeasured at amortised cost at an effective interest rate of LIBOR plus 5% (Note 12) during the 2003 financial year. The gain on remeasurement was included in equity. On 30 November 2007 Caspian Limited sold its 19% shareholding in Vodacom Tanzania Limited to Mirambo Limited.			
	Project finance funding to Vodacom Tanzania Limited	184.0	94.9	–
	The funding was collateralised by a charge over 51% of the shares, the licence and Vodacom Tanzania Limited's tangible and intangible assets. The loans bore interest based upon the foreign currency denomination of the project financing between 6.0% and 14.4% per annum and was fully repaid by March 2008.			
	The drawn down portions of the project finance funding from external parties included the following:			
	(a) Netherlands Development Finance Company of US$nil (2007: US$3.8 million; 2006: US$7.6 million);			
	(b) Deutsche Investitions- und Entwicklungsgesellschaft mbH of €nil (2007: €3.9 million; 2006: €7.8 million);			
	(c) Standard Corporate and Merchant Bank of US$nil (2007: US$4.0 million; 2006: US$8.0 million);			
	(d) Barclays Bank (Local Syndicate Tanzania) TSHnil (2007: TSHnil; 2006: TSH5 703.8 million).			
	Balance carried forward	274.9	212.0	–

	2006 Rm	2007 Rm	2008 Rm
21. INTEREST BEARING DEBT (CONTINUED)			
21.2 Funding loans (continued)			
Balance brought forward	274.9	212.0	–
Term loan to Vodacom International Limited	1 114.4	1 311.9	1 462.5
The loan provided by Standard Bank Plc and RMB International (Dublin) Limited that amounts to US$180.0 million (2007: US$180.0 million; 2006: US$180.0 million) is collateralised by guarantees provided by the Group. The loan, originally repayable on 19 July 2006, was refinanced during the 2007 financial year. The loan is now repayable on 26 July 2009 and bears interest at an effective interest rate of LIBOR plus 0.35%.			
Mirambo Limited	–	–	142.6
Mirambo Limited bought the 16% and 19% equity stake of Planetel Communications Limited and Caspian Limited respectively in Vodacom Tanzania Limited on 30 November 2007. The shareholder loans with a combined nominal value of US$18.4 million, were transferred to Mirambo Limited in order to meet its obligations to Vodacom Tanzania Limited in respect of shareholder contributions. The loan bears interest at LIBOR + 5% and shall be repaid by approval of at least 60% of the shareholders of Vodacom Tanzania Limited. The loan and capitalised interest are unsecured and subordinated.			
Asset Backed Arbitraged Securities (Proprietary) Limited	–	–	1 000.0
On 5 December 2007 Vodacom (Proprietary) Limited entered into a subscription agreement with Asset Backed Arbitraged Securities (Proprietary) Limited ("ABACAS"). In terms of the agreement Vodacom (Proprietary) Limited issued debt instruments in the form of two promissory notes with a nominal value of R500.0 million each to which ABACAS subscribed. The debt instrument will bear interest based on JIBAR plus a credit margin and funding margin. The repayment term is three years with interest being paid quarterly. The credit margin is 0.4% and the funding margin is 0.18% and 0.15% respectively.			
Balance carried forward	1 389.3	1 523.9	2 605.1

	2006 Rm	2007 Rm	2008 Rm
21. INTEREST BEARING DEBT (CONTINUED)			
21.2 Funding loans (continued)			
Balance brought forward	1 389.3	1 523.9	2 605.1
Preference shares issued by Vodacom Congo (RDC) s.p.r.l.	228.9	269.5	300.5
The preference shares of US$37.0 million (2007: US$37.0 million; 2006: US$37.0 million) bear interest at a rate of 4% per annum. The preference shares are redeemable at the discretion of the shareholders and on the basis that the shareholders are repaid simultaneously and in proportion to their shareholding.			
Sekha-Metsi Investment Consortium Limited	–	2.5	–
The shareholder loan bore no interest, was repayable in ten equal six monthly instalments commencing on 30 September 2006. Effective 1 April 2007 the repayment terms changed to four equal six monthly instalments. The loan was remeasured at amortised cost at a fixed effective interest rate of 13.7% during the 2007 financial year. The gain on remeasurement was included in equity.			
Number Portability Company (Proprietary) Limited	–	6.0	–
The Group's share of the shareholders loan provided, amounted to R6.0 million at 31 March 2007. The subordinated shareholder loan bore interest at the maximum rate of the prevailing South African prime rate or a lesser rate determined by the board of Number Portability Company (Proprietary) Limited. During the current period the loan became non-interest bearing (Note 22).			
	1 618.2	1 801.9	2 905.6
Less: Short-term portion of funding loans			
Project finance funding to Vodacom Tanzania Limited	(184.0)	(94.9)	–
Term loan to Vodacom International Limited	(1 114.4)	–	–
Preference shares issued by Vodacom Congo (RDC) s.p.r.l	(228.9)	(269.5)	(300.5)
Sekha-Metsi Investment Consortium Limited	–	(1.1)	–
Short-term portion of funding loans	(1 527.3)	(365.5)	(300.5)
Long-term portion of funding loans	90.9	1 436.4	2 605.1

The fair value of funding loans are R2 933.2 million. The fair value of funding loans were determined by applying the discounted cash flow method, where applicable. A discount rate which varied between 12.2% and 12.3% were applied to ZAR denominated debt and 2.8% to US$ denominated debt.

		2006 Rm	2007 Rm	2008 Rm
21.	**INTEREST BEARING DEBT (CONTINUED)**			
21.3	**Other short-term loans**			
	Vodacom Congo (RDC) s.p.r.l.	37.1	21.9	8.1
	The short-term facilities amount to US$1 million (2007: US$3.0 million; 2006: US$6.0 million) bears interest at 18% per annum with no fixed repayment terms. US$2.0 million of these facilities was repaid on 30 June 2007 and bore interest at LIBOR plus 6% per annum.			
	Other	1.9	–	–
		39.0	21.9	8.1
	The fair value of other short-term loans approximate their carrying value.			
22.	**NON-INTEREST BEARING DEBT**			
	Sekha-Metsi Investment Consortium Limited	4.3	–	–
	The minority shareholder's loan was previously uncollateralised and no repayment terms were determined. During the 2007 financial year repayment terms were agreed and the loan was reclassified to interest bearing debt (Note 21).			
	Minority shareholders of Smartcom (Proprietary) Limited	–	3.0	–
	The minority shareholder's loan was repaid during the current financial year. The loan was unsecured and bore no interest.			
	Number Portability Company (Proprietary) Limited	–	–	6.0
	The Group's share of the shareholders loan provided, amounted to R6.0 million at 31 March 2007. The subordinated shareholder loan bore interest at the maximum rate of the prevailing South African prime rate or a lesser rate determined by the board of Number Portability Company (Proprietary) Limited and was classified as interest bearing debt (Note 21). During the current year the loan became non-interest bearing.			
		4.3	3.0	6.0
	Less: Short-term portion of non-interest bearing debt			
	Sekha-Metsi Investment Consortium Limited	(4.3)	–	–
	Long-term portion of non-interest bearing debt	–	3.0	6.0

The fair value of non-interest bearing debt is not determinable as no repayment terms are set.

	2006 Rm	2007 Rm	2008 Rm
23. PROVISIONS			
Deferred bonus incentive provision (Note 23.1)	452.4	500.7	497.4
Bonus provision (Note 23.2)	279.8	330.6	426.0
Leave pay provision (Note 23.3)	70.8	90.9	119.7
Warranty provision (Note 23.4)	32.8	–	–
Long-term incentive provision (Note 23.5)	122.1	161.2	225.2
Other (Note 23.6)	37.4	35.9	14.9
	995.3	1 119.3	1 283.2
Timing of Provisions			
Within one year	623.0	741.8	909.5
After one year	372.3	377.5	373.7
	995.3	1 119.3	1 283.2

	Deferred bonus incentive provision Rm	Bonus provision Rm	Leave pay provision Rm	Warranty provision Rm	Long-term incentive provision Rm	Other Rm
Reconciliation 2006						
Balance at the beginning of the year	423.9	203.1	58.3	28.2	–	65.9
Provision created	188.0	321.1	25.1	38.5	139.0	25.3
Provision utilised	(159.5)	(244.4)	(12.6)	(33.9)	(16.9)	(53.8)
Balance at the end of the year	452.4	279.8	70.8	32.8	122.1	37.4
Reconciliation 2007						
Balance at the beginning of the year	452.4	279.8	70.8	32.8	122.1	37.4
Provision created	191.6	380.2	24.7	–	39.1	29.2
Provision utilised	(143.3)	(329.4)	(4.6)	(32.8)	–	(30.7)
Balance at the end of the year	500.7	330.6	90.9	–	161.2	35.9
Reconciliation 2008						
Balance at the beginning of the year	500.7	330.6	90.9	–	161.2	35.9
Provision created	181.0	474.6	48.9	–	81.4	5.3
Provision utilised	(184.3)	(379.2)	(20.1)	–	(17.4)	(26.3)
Balance at the end of the year	497.4	426.0	119.7	–	225.2	14.9

23. PROVISIONS (CONTINUED)

Provisions are required to be recorded when the Group has a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefits will occur, and where a reliable estimate can be made of the amount of the obligation.

Best estimates, being the amount that the Group would rationally pay to settle the obligation, are recognised as provisions at balance sheet date. Risks, uncertainties and future events are taken into account by management in determining the best estimates. Provisions are discounted where the effect of discounting is material. The discount rate used is the rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability, all of which requires management judgement. All provisions are reviewed at each balance sheet date.

Various uncertainties can result in obligations not being considered probable or estimable for significant periods of time. As a consequence, potentially material obligations may have no provisions and a change in facts or circumstances that result in an obligation becoming probable or estimable can lead to a need for the establishment of material provisions. In addition, where estimated amounts vary from initial estimates the provisions may be revised materially, up or down.

The Group records provisions for legal contingencies when the contingency is probable of occurring and the amount of the loss can be reasonably estimated. Liabilities provided for legal matters require judgements regarding projected outcomes and ranges of losses based on historical experience and recommendations of legal counsel. Litigation is however unpredictable and actual costs incurred could differ materially from those estimated at the balance sheet date.

23.1 Deferred bonus incentive provision

The deferred bonus incentive provision represents the present value of the expected future cash outflows of the entitlement value at the balance sheet date less the value at which the entitlements were issued, multiplied by the number of entitlements allocated to a participant.

The value of the bonus entitlements are determined based upon the audited consolidated annual financial statements of the Group. Periodically, a number of entitlements are issued to employees, the value of which depends on the seniority of the employee. The participating rights of employees vest at different stages and employees are entitled to cash in their entitlements within one year after the participating rights have vested. The provision is utilised when eligible employees receive the value of vested entitlements.

23.2 Bonus provision

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

23.3 Leave pay provision

The leave pay provision relates to vested leave pay to which employees may become entitled upon leaving the employment of the Group. The provision arises as employees render a service that increases their entitlement to future compensated leave. The provision is utilised when employees who are entitled to leave pay, leave the employment of the Group or when the accrued leave due to an employee is utilised.

23.4 Warranty provision

The warranty provision covered manufacturing defects in the second year of warranty on handsets sold to customers. The estimate was based on claims notified and past experience. The suppliers of the various handsets assumed responsibility for the second year warranty subsequent to 31 March 2007 and accordingly there is no remaining provision.

23. PROVISIONS (CONTINUED)

23.5 Long-term incentive provision

The long-term incentive provision represents the present value of the expected future cash outflows to eligible employees that qualify. The amount of the liability is based on an actuarial valuation. The provision is utilised when eligible employees receive the value of vested benefits.

	2006 Rm	2007 Rm	2008 Rm
Net liability at beginning of the year	–	122.1	161.2
Interest cost	6.5	9.6	14.4
Current service cost	9.1	17.6	20.0
Recognised actuarial losses	123.4	13.3	62.3
Net cost	139.0	162.6	257.9
Total benefit payments	(16.9)	(1.4)	(32.7)
Net liability at end of the year	122.1	161.2	225.2
Key assumptions:			
General inflation rate (%)	4.7	5.1	6.6
Discount rate (%)	7.4	8.0	9.5
Salary inflation (%)	5.7	6.1	7.6
Valuation date	31 March 2006	31 March 2007	31 March 2008

23.6 Other

Other provisions for the Group include provisions for advertising support payments received from suppliers of handsets and various other smaller provisions. The advertising provision represents the advertising expenditure not yet incurred or claimed by the Group or external service providers.

24. OTHER NON-CURRENT LIABILITIES

	2006 Rm	2007 Rm	2008 Rm
Operating lease liability (Note 24.1)	122.5	150.4	165.0
Licence obligation (Note 24.2)	–	90.7	96.2
	122.5	241.1	261.2

24.1 Operating lease liability

	2006 Rm	2007 Rm	2008 Rm
Operating lease liability	122.5	150.4	165.0
The value of the Group's operating lease liability is R165.0 million (2007: R150.4 million; 2006: R122.5 million). The liability is due to the recognition of the operating lease expense on a straight-line basis over the lease term (Note 37).			
Balance carried forward	122.5	150.4	165.0

		2006 Rm	2007 Rm	2008 Rm
24.	**OTHER NON-CURRENT LIABILITIES (CONTINUED)**			
	Balance brought forward	122.5	150.4	165.0
24.2	**Licence obligation**	–	90.7	96.2
	On 9 December 2004, ICASA amended the Vodacom South Africa licence to allow for access to the 1800 Megahertz frequency spectrum band and the 3G radio spectrum band.			
	The costs to the Group for the 1800 Megahertz frequency spectrum band obligations is estimated at R68.8 million. The net present value, at a discount rate of 8%, over three years, amounts to R64.0 million (2007: R59.1 million; 2006: Rnil).			
	The cost to the Group for the 3G radio spectrum band obligations is estimated at R36.8 million. The net present value, at a discount rate of 8%, over three years amounts to R32.2 million. (2007: R31.6 million; 2006: Rnil).			
		122.5	241.1	261.2
	Less: Short-term portion of other non-current liabilities			
	Operating lease liability	–	(0.3)	(7.1)
	Licence obligation	–	(30.2)	(6.7)
	Short-term portion of other non-current liabilities*	–	(30.5)	(13.8)
	Long-term portion of other non-current liabilities	122.5	210.6	247.4

* The short-term portion of other non-current liabilities is included in trade payables (Note 25).

25. TRADE AND OTHER PAYABLES

	2006 Rm	2007 Rm	2008 Rm
Trade payables*	3 315.4	4 021.3	4 876.5
Capital expenditure creditors	1 478.7	2 274.9	1 718.9
Value Added Taxation	100.3	121.9	82.7
Sundry accruals	89.4	110.8	359.9
Revenue charged in advance	64.2	34.2	28.6
Interest accrual	56.7	62.0	98.2
Put option liability #	–	249.3	396.5
	5 104.7	6 874.4	7 561.3

Trade payables are stated at their cost which normally approximate their fair value due to their short-term maturity.

The average credit period is between 30 and 60 days for the South African operations and between 45 and 105 days for the non-South African operations. No interest is charged on trade payables for the first 30 to 60 days from the date of invoice. The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

* Trade payables include the short-term portion of other non-current liabilities of R13.8 million (2007: R30.5 million) (Note 24).

The obligation to settle the Congolese Wireless Networks s.p.r.l. put option (Note 42) in cash gives rise to an obligation which represents a financial liability. The value of the liability amounted to Rnil as at 31 March 2006. During the current and previous financial years the liability was remeasured through the consolidated income statement.

		2006 Rm	2007 Rm	2008 Rm
26.	**CASH GENERATED FROM OPERATIONS**			
	Profit from operations	8 865.7	10 859.8	12 490.7
	Adjusted for:			
	Depreciation of property, plant and equipment and amortisation of intangible assets (Note 10 and Note 11)	2 995.8	3 361.2	3 911.2
	Net loss/(profit) on disposal of property, plant and equipment and intangible assets	26.8	(26.9)	39.3
	Net impairment recognised/(reversed) (Note 3)	(52.8)	22.9	29.9
	Net profit on disposal of subsidiary	–	(17.4)	(8.0)
	Other non-cash flow items	42.3	97.0	49.1
	Cash flow from operations before working capital changes	11 877.8	14 296.6	16 512.2
	Increase in trade and other receivables	(1 035.0)	(838.8)	(915.5)
	(Increase)/Decrease in inventory	16.8	84.8	(259.3)
	Increase in trade and other payables and provisions	230.7	323.5	996.1
	Cash generated from operations	11 090.3	13 866.1	16 333.5
27.	**FINANCE COSTS PAID**			
	Finance costs as per the income statement	(246.0)	(369.3)	(681.3)
	Interest accrual at the beginning of the year	(39.9)	(56.7)	(62.0)
	Interest accrual at the end of the year	56.7	62.0	98.2
	Other non-cash flow items	14.9	37.4	(24.5)
		(214.3)	(326.6)	(669.6)
28.	**FINANCE INCOME RECEIVED**			
	Finance income per the income statement	129.9	74.5	72.3
	Interest income receivable at the beginning of the year	35.7	41.5	51.3
	Interest income receivable at the end of the year	(41.5)	(51.3)	(76.1)
	Other non-cash flow items	–	(23.0)	26.8
		124.1	41.7	74.3
29.	**REALISED NET LOSSES ON REMEASUREMENT AND DISPOSAL OF FINANCIAL INSTRUMENTS**			
	Gains/(Losses) on remeasurement and disposal of financial instruments as per the income statement	(523.1)	(169.0)	185.1
	Unrealised (losses)/gains on foreign exchange forward contracts	294.6	(20.6)	(258.4)
	Unrealised (losses)/gains on foreign liability and asset revaluation	204.3	(108.4)	(191.9)
	Unrealised gains on interest rate swap revaluation	6.6	9.9	10.3
	Unrealised put option liability revaluation	–	249.3	103.9
		(17.6)	(38.8)	(151.0)

	2006 Rm	2007 Rm	2008 Rm
30. TAXATION PAID			
Taxation per the income statement	(3 083.7)	(3 836.0)	(4 109.2)
Taxation payable at the beginning of the year	(632.6)	(630.2)	(1 112.7)
Taxation payable at the end of the year	630.2	1 112.7	580.5
Deferred taxation at the beginning of the year	(164.0)	(304.7)	(371.2)
Deferred taxation at the end of the year	304.7	371.2	321.4
Disposal of subsidiary – deferred taxation	–	–	1.8
Disposal of subsidiary – taxation payable	–	–	0.1
Business combination – deferred taxation	(35.8)	(17.5)	–
Business combination – taxation payable	(15.2)	–	–
Exchange difference on consolidation of foreign subsidiary	10.4	9.3	(17.1)
Movement due to foreign equity revaluation reserve	5.7	(8.1)	(12.9)
Fair value adjustment for available-for-sale investments	–	–	(2.7)
Remeasurement of shareholders loans	–	–	0.5
	(2 980.3)	(3 303.3)	(4 721.5)
31. ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS			
Additions to property, plant and equipment and intangible assets (Note 10 and Note 11)	(5 141.5)	(7 214.4)	(6 923.2)
(Decrease)/Increase in capital expenditure related creditors (Note 25)	353.1	796.2	(591.5)
Licence obligation	–	90.7	5.5
Licence reallocation	–	–	46.9
Other non-cash flow items	–	–	(27.5)
Less: Goodwill acquired through increase in shareholding of existing subsidiaries			
Smartphone SP (Proprietary) Limited (Note 32.2.1)	–	313.2	931.2
Smartcom (Proprietary) Limited (Note 32.2.2)	–	8.2	18.0
Cointel V.A.S. (Proprietary) Limited (Note 32.2.3)	–	90.9	–
Goodwill allocated to Smartphone SP (Proprietary) Limited's minority shareholders	–	(40.1)	–
	(4 788.4)	(5 955.3)	(6 540.6)
32. BUSINESS COMBINATIONS AND OTHER ACQUISITIONS			
Business combinations (Note 32.1)	(0.1)	(101.2)	–
Other acquisitions (Note 32.2)	–	(490.0)	(956.5)
	(0.1)	(591.2)	(956.5)
32.1 Business combinations			
InterConnect s.p.r.l. (Note 32.1.1)	–	(21.2)	–
Africell Cellular Services (Proprietary) Limited (Note 32.1.2)	–	(80.0)	–
Tiscali (Proprietary) Limited (Note 32.1.3)	0.3	–	–
Cointel V.A.S. (Proprietary) Limited (Note 32.1.4)	(0.4)	–	–
	(0.1)	(101.2)	–

32. BUSINESS COMBINATIONS AND OTHER ACQUISITIONS (CONTINUED)

32.1 Business combinations (continued)

32.1.1 InterConnect s.p.r.l.

Effective 1 November 2006 the Group acquired the internet service provider business of InterConnect s.p.r.l. The fair values of the assets and liabilities acquired were determined as follows:

	2006 Rm	2007 Rm	2008 Rm
Fair value of net assets acquired	–	(8.6)	–
Property, plant and equipment	–	2.5	–
Intangible assets	–	9.7	–
Inventory	–	0.3	–
Deferred taxation liability	–	(3.9)	–
Goodwill	–	(12.6)	–
Purchase price	–	(21.2)	–

The purchase price of R21.2 million (US$2.8 million) (excluding capitalised costs) was paid on 1 November 2006.

Revenue amounting to R8.2 million (US$1.2 million) and net profit of R2.8 million (US$0.4 million) are included in the prior year results. It was impracticable to disclose the impact of the consolidated revenue and consolidated net profit for the full year ended 31 March 2007.

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

32.1.2 Africell Cellular Services (Proprietary) Limited

Effective 1 October 2006 the Group acquired the cellular business of Africell Cellular Services (Proprietary) Limited. The fair value of the assets and liabilities acquired were preliminary determined as follows:

	2006 Rm	2007 Rm	2008 Rm
Fair value of net assets acquired	–	(36.3)	–
Property, plant and equipment	–	3.1	–
Intangible assets	–	46.8	–
Deferred taxation liability (including taxation effect on intangible assets)	–	(13.6)	–
Goodwill	–	(43.7)	–
Purchase price	–	(80.0)	–

The customer base was not previously recorded in the accounting records of Africell Cellular Services (Proprietary) Limited as it was an internally generated intangible asset. The goodwill related to the acquisition represents future synergies and the ability to directly control the Group's customers in South Africa. It is impracticable to disclose the revenue and profit of the business that is included in the prior year's results as the customer base was integrated into Vodacom Service Provider Company (Proprietary) Limited. The profit and revenue related to these customers were not separately recorded. For this reason it would not be practicable to determine the impact on revenue and profits of the Group for a full year.

32. BUSINESS COMBINATIONS AND OTHER ACQUISITIONS (CONTINUED)

32.1 Business combinations (continued)

32.1.3 Tiscali (Proprietary) Limited

Effective 1 February 2005 the Group acquired the cellular business of Tiscali (Proprietary) Limited. The fair value of the assets and liabilities acquired were determined as follows:

	2006 Rm	2007 Rm	2008 Rm
Fair value of net assets acquired	–	–	–
Contract customer base	–	–	–
Deferred taxation liability	–	–	–
Goodwill	0.3	–	–
Purchase price	0.3	–	–

The customer base was not previously recorded in the accounting records of Tiscali (Proprietary) Limited as it was an internally generated intangible asset. The goodwill related to the acquisition represents future synergies and the ability to directly control the Group's customers in South Africa. It is impracticable to disclose the revenue and profit of the business that is included in the prior years results as the customer base was integrated into Vodacom Service Provider Company (Proprietary) Limited. The profit and revenue related to these customers were not separately recorded. For this reason it would not be practicable to determine the impact on revenue and profits of the Group for a full year.

	2006 Rm	2007 Rm	2008 Rm

32. BUSINESS COMBINATIONS AND OTHER ACQUISITIONS (CONTINUED)

32.1 Business combinations (continued)

32.1.4 Cointel V.A.S. (Proprietary) Limited

On 1 August 2005, the Group acquired a 51% interest in the equity of Cointel V.A.S. (Proprietary) Limited. The fair value of the assets and liabilities acquired were determined by the Group as follows:

	2006 Rm	2007 Rm	2008 Rm
Fair value of net assets acquired	(94.9)	–	–
Property, plant and equipment	1.7	–	–
Intangible assets	179.3	–	–
Trade and other receivables	7.4	–	–
Cash and cash equivalents	83.9	–	–
Deferred taxation liability (including taxation effect on intangible assets)	(35.8)	–	–
Trade and other payables	(114.2)	–	–
Taxation payable	(15.2)	–	–
Provisions	(1.2)	–	–
Dividends payable	(11.0)	–	–
Minority interest	46.5	–	–
Goodwill	(35.9)	–	–
Purchase price (including capitalised costs)	(84.3)	–	–
Cash and cash equivalents	83.9	–	–
Cash consideration	(0.4)	–	–
The carrying value of the assets and liabilities at acquisition was as follows:	6.3	–	–
Non-current assets	56.7	–	–
Current assets	91.3	–	–
Non-current liabilities	(1.2)	–	–
Current liabilities	(140.5)	–	–

The purchase price of R83.6 million (excluding capitalised costs) was paid on 23 August 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 31 March 2006.

The goodwill related to the acquisition represents future synergies and is allocated to the South African cash-generating unit.

	2006 Rm	2007 Rm	2008 Rm
32. BUSINESS COMBINATIONS AND OTHER ACQUISITIONS (CONTINUED)			
32.2 Other acquisitions			
Smartphone SP (Proprietary) Limited and subsidiaries (Note 32.2.1)	–	(333.9)	(938.1)
Smartcom (Proprietary) Limited (Note 32.2.2)	–	(9.1)	(18.0)
Cointel V.A.S. (Proprietary) Limited (Note 32.2.3)	–	(147.0)	(0.4)
	–	(490.0)	(956.5)

32.2.1 Smartphone SP (Proprietary) Limited and subsidiaries

On 31 August 2007 the Group increased its interest in the equity of Smartphone SP (Proprietary) Limited from 70% to 100%, which at that time had a 88% shareholding in Smartcom (Proprietary) Limited, a 100% shareholding in Stand 13 Eastwood Road Dunkeld (Proprietary) Limited, a 52% shareholding in Ithuba Smartcall (Proprietary) Limited, a 100% shareholding in Cointel V.A.S. (Proprietary) Limited and a 90% shareholding in Smartcall Smartlife (Proprietary) Limited. The acquisition was accounted for using the parent entity extension method.

	2006 Rm	2007 Rm	2008 Rm
Minority interest	–	–	(6.1)
Goodwill	–	–	(931.2)
Purchase price (including capitalised cost)	–	–	(937.3)

The purchase price of R935.0 million was paid on 3 September 2007 and the capitalised costs of R2.3 million was paid on 26 March 2008.

On 30 August 2006, the Group acquired a further 19% interest in the equity of Smartphone SP (Proprietary) Limited, which had a 85.75% shareholding in Smartcom (Proprietary) Limited at the time, 100% shareholding in Stand 13 Eastwood Road Dunkeld (Proprietary) Limited and 52% shareholding in Ithuba Smartcall (Proprietary) Limited. The acquisition was accounted for using the parent entity extension method.

	2006 Rm	2007 Rm	2008 Rm
32. BUSINESS COMBINATIONS AND OTHER ACQUISITIONS (CONTINUED)			
32.2 Other acquisitions (continued)			
32.2.1 Smartphone SP (Proprietary) Limited and subsidiaries (continued)			
Minority interest acquired	–	(21.5)	–
Goodwill	–	(313.2)	–
Purchase price (including capitalised costs)	–	(334.7)	–
Capitalised cost (paid)/payable	–	0.8	(0.8)
Cash consideration	–	(333.9)	(0.8)

The purchase price of R333.9 million was paid in three tranches on 3 October 2006, 16 January 2007 and 26 March 2007. Capitalised costs of R0.8 million was paid on 2 November 2007. The outstanding amount accrued interest at 7.6% per annum from 21 September 2006 up to the date of payment.

	2006 Rm	2007 Rm	2008 Rm
32.2.2 Smartcom (Proprietary) Limited			
On 1 September 2007 the Group increased its interest in the equity of Smartcom (Proprietary) Limited from 88% to 100%. The acquisition was accounted for using the parent entity extension method.			
Minority interest	–	–	–
Goodwill	–	–	(18.0)
Purchase price	–	–	(18.0)

The purchase price of R18.0 million was paid on 6 September 2007.

On 13 September 2006, the Group increased its interest in Smartcom (Proprietary) Limited to 88% by acquiring an additional 2.25% interest through its 70% owned subsidiary, Smartphone SP (Proprietary) Limited. The acquisition was accounted for using the parent entity extension method.

	2006 Rm	2007 Rm	2008 Rm
Minority interest	–	(0.9)	–
Goodwill	–	(8.2)	–
Purchase price	–	(9.1)	–

The purchase price of R9.1 million was paid in two instalments on 21 February 2007 and 26 March 2007.

	2006 Rm	2007 Rm	2008 Rm
32. BUSINESS COMBINATIONS AND OTHER ACQUISITIONS (CONTINUED)			
32.2 Other acquisitions (continued)			
32.2.3 Cointel V.A.S. (Proprietary) Limited			
On 4 October 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 18 October 2006 while the capitalised cost was paid on 2 November 2007. 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 (paid)/payable	–	0.4	(0.4)
Cash consideration	–	(147.0)	(0.4)

On 9 October 2006, Smartphone SP (Proprietary) Limited, acquired 100% shareholding of Cointel V.A.S. (Proprietary) Limited from Vodacom Group (Proprietary) Limited for R300.0 million.

As a result of the sale of Cointel V.A.S. (Proprietary) Limited from Vodacom Group (Proprietary) Limited to Smartphone SP (Proprietary) Limited, R38.0 million goodwill was realised, which resulted in the realisation of R17.4 million profit on consolidation.

	2006 Rm	2007 Rm	2008 Rm
33. DISPOSAL OF SUBSIDIARIES			
Ithuba Smartcall (Proprietary) Limited (Note 33.1)	–	–	–
Stand 13 Eastwood Road Dunkeld (Proprietary) Limited (Note 33.2)	–	–	15.7
Smartcall Smartlife (Proprietary) Limited *	–	–	–
	–	–	15.7

* On 1 October 2007, the Group disposed of its 90% interest in Smartcall Smartlife (Proprietary) Limited for R90. The carrying value of the assets and liabilities disposed amounted to R1 000.

33. DISPOSAL OF SUBSIDIARIES (CONTINUED)

33.1 Ithuba Smartcall (Proprietary) Limited

On 3 September 2007, the Group disposed of its 52% interest in Ithuba Smartcall (Proprietary) Limited. The carrying value of the assets and liabilities disposed of were as follows:

	2006 Rm	2007 Rm	2008 Rm
Carrying amount of net assets disposed of	–	–	0.1
Trade and other receivables	–	–	–
Cash and cash equivalents	–	–	0.1
Minority interest	–	–	(0.3)
Capital gain on disposal	–	–	0.3
Selling price	–	–	0.1
Cash and cash equivalents	–	–	(0.1)
Cash consideration	–	–	–
Selling price satisfied by:			
Cash	–	–	0.1

The consideration was received on 6 September 2007.

33.2 Stand 13 Eastwood Road Dunkeld (Proprietary) Limited

On 3 September 2007, the Group disposed of its 100% interest in Stand 13 Eastwood Road Dunkeld (Proprietary) Limited. The carrying value of the assets and liabilities disposed of were as follows:

	2006 Rm	2007 Rm	2008 Rm
Carrying amount of net assets disposed of	–	–	8.4
Property, plant and equipment	–	–	13.8
Deferred taxation	–	–	(1.8)
Cash and cash equivalents	–	–	0.4
Interest bearing debt	–	–	(3.9)
Taxation payable	–	–	(0.1)
Minority interest	–	–	–
Capital gain on disposal	–	–	7.7
Selling price	–	–	16.1
Cash and cash equivalents	–	–	(0.4)
Cash consideration	–	–	15.7
Selling price satisfied by:			
Cash	–	–	16.1

The consideration was received on 6 September 2007.

	2006 Rm	2007 Rm	2008 Rm
34. CASH AND CASH EQUIVALENTS AT END OF THE YEAR			
Bank and cash balances	3 146.1	771.4	977.6
Bank borrowings *	(1 385.8)	(879.2)	(2 596.8)
Bank borrowings classified as financing activities	–	–	2 456.0
	1 760.3	(107.8)	836.8

* Bank borrowings, excluding those used for financing activities, are regarded as part of the Group's integral cash management system.

The fair value of cash and cash equivalents normally approximate their carrying amount due to short-term maturity.

	2006 R	2007 R	2008 R
35. EARNINGS AND DIVIDEND PER SHARE			
35.1 Basic and diluted earnings per share			
The calculation of basic earnings per ordinary share is based on earnings of R7 811.4 million (2007: R6 342.4 million; 2006: R5 026.1 million) and 10 000 issued ordinary shares (2007: 10 000; 2006: 10 000).	502 610	634 240	781 140
Due to no dilution factors being present, basic earnings per share equals diluted earnings per share.			
35.2 Dividend per share			
The calculation of the dividend per ordinary share is based on a declared ordinary dividend of R5 940.0 million (2007: R5 400.0 million; 2006: R4 500.0 million) and 10 000 issued ordinary shares (2007: 10 000; 2006: 10 000).			
The dividends were declared as follows:			
Declared 6 March 2008 to shareholders registered on 1 April 2008 and paid on 3 April 2008 (Final)	–	–	319 000
Declared 1 October 2007 to shareholders registered on 1 October 2007 and paid on 4 October 2008 (Interim)	–	–	275 000
Declared 14 March 2007 to shareholders registered on 2 April 2007 and paid on 4 April 2007 (Final)	–	290 000	–
Declared 7 September 2006 to shareholders registered on 2 October 2006 and paid on 4 October 2006 (Interim)	–	250 000	–
Declared 9 March 2006 to shareholders registered on 3 April 2006 and paid on 5 April 2006 (Final)	280 000	–	–
Declared 9 September 2005 to all shareholders registered on 1 October 2005 and paid on 3 October 2005 (Interim)	170 000	–	–
	450 000	540 000	594 000

	2006 Rm	2007 Rm	2008 Rm
36. CAPITAL COMMITMENTS			
Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:			
Vodacom (Proprietary) Limited	709.1	747.6	997.4
Vodacom Congo (RDC) s.p.r.l.	99.5	209.7	251.1
Vodacom Tanzania Limited	201.2	56.7	212.9
VM, S.A.R.L.	34.2	32.0	66.3
Vodacom Service Provider Company (Proprietary) Limited	16.9	14.8	48.4
Vodacom Group (Proprietary) Limited	222.9	120.7	23.4
	1 283.8	1 181.5	1 599.5
Capital expenditure commitments approved by the Board of Directors but not yet contracted for at the balance sheet date are as follows:			
Vodacom (Proprietary) Limited	4 872.3	4 916.7	5 509.7
Vodacom Tanzania Limited	650.6	889.3	1 743.6
Vodacom Congo (RDC) s.p.r.l.	293.4	660.0	876.4
Vodacom Service Provider Company (Proprietary) Limited	164.7	277.7	254.0
Vodacom Lesotho (Proprietary) Limited	24.9	48.5	129.3
Vodacom Group (Proprietary) Limited	111.7	50.7	10.2
VM, S.A.R.L.	71.7	259.4	299.0
Vodacom International Limited (Mauritius)	–	–	0.2
Smartphone SP (Proprietary) Limited	15.2	12.2	–
Cointel V.A.S. (Proprietary) Limited	2.2	4.1	–
Skyprops 134 (Proprietary) Limited	–	16.6	–
	6 206.7	7 135.2	8 822.4

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

	2006 Rm	2007 Rm	2008 Rm
37. OTHER COMMITMENTS			
Operating leases (Note 37.1)	6 845.6	2 765.2	4 570.9
Sport and marketing contracts (Note 37.2)	1 133.7	881.7	1 359.5
Other (Note 37.10)	–	–	94.0
	7 979.3	3 646.9	6 024.4

	Within one year Rm	Between one and five years Rm	After five years Rm	Total Rm
37.1 Operating leases				
Transmission and data lines GSM	385.0	1 055.1	172.8	1 612.9
Accommodation	149.6	620.3	903.0	1 672.9
Site rentals	186.0	560.0	510.0	1 256.0
Other operating leases	14.9	14.1	0.1	29.1
	735.5	2 249.5	1 585.9	4 570.9

37. OTHER COMMITMENTS (CONTINUED)

37.1 Operating leases (continued)

The remaining lease term for transmission and data lines is between 1 and 5 years with a fixed price escalation clause per annum and various options to renew. The remaining lease term and escalation rate for office accommodation is between 1 and 15 years and between 3% and 13% per annum respectively with an option to renew for a further period. The remaining lease term and escalation rate for other accommodation is between 1 month and 18 years and between 6% and 12% per annum respectively with a option to renew. The remaining average lease term for site rentals is 5 years and the lease escalates annually on the anniversary date using fixed or consumer price index rates with an option to renew on the same terms and conditions.

	Within one year Rm	Between one and five years Rm	After five years Rm	Total Rm
37.2 Sport and marketing contracts	563.6	789.4	6.5	1 359.5

37.3 Service providers

Service provider agreements with the Group's independent service providers were extended for a further period of five years during the 2006 financial year.

37.4 Cellular licence fees

Network operators in the Group pay monthly licence fees based on their net operational income as defined in the licence agreement. Net operational income is defined as the total invoiced revenue of the licensee excluding discounts, Value Added Taxation and other direct taxes derived from customers of the licensee for the provision to them of the service, less net interconnect fees and bad debts actually incurred.

37.5 Global Alliance fees

The Group pays annual fees from 18 February 2005 for services provided to the Group by Vodafone Group Plc. The fee is calculated as a percentage of revenue and amounted to R303.9 million (2007: R249.8 million; 2006: R175.2 million).

37.6 Retention incentives

The Group has committed a maximum of R1 316.6 million (2007: R651.9 million; 2006: R456.0 million) in respect of customers already beyond their normal 24 month contract period, but who have not yet upgraded into new contracts, and therefore have not utilised the incentives available for such upgrades. The Group has not recognised the liability, as no legal obligation exists, since the customers have not yet entered into new contracts.

37.7 Activation bonuses

The Group has a potential liability in respect of activation bonuses payable related to starter packs sold which have not yet been validated. The exposure is estimated at approximately R14.4 million (2007: R7.8 million; 2006: R8.9 million).

37.8 Activation commissions

The Group has a commitment to a maximum of R119.3 million (2007: R115.6 million; 2006: R141.7 million) in terms of activation commissions on gross prepaid connections in excess of the legal liability recorded in the financial statements.

37. OTHER COMMITMENTS (CONTINUED)

37.9 Transmission and data lines

Effective 1 April 2006 most transmission and data line links were migrated to new BTS and Broadband agreements. The Group's commitment to Telkom SA Limited in respect of transmission line rentals of R914.9 million per annum may be adjusted downwards in the future depending on the Group's self-provisioning capabilities and the availability of alternative transmission players in the market place from whom the Group may source transmission on a competitive basis and as a result no future commitments are disclosed in Note 37.1.

	Within one year Rm	Between one and five years Rm	After five years Rm	Total Rm
37.10 Other				
	14.9	79.1	–	94.0

Included above are various other accommodation commitments.

	2006 Rm	2007 Rm	2008 Rm
38. CONTINGENCIES			
Various other legal matters	5.0	7.6	7.0

38.1 Negative working capital ratio

For the financial years ended 31 March 2008, 2007 and 2006 the Group had a negative working capital ratio. A negative working capital ratio arises when the Group's current liabilities are greater than the current assets. The Group's management believes that based on its operating cash flow, it will be able to meet liabilities as they arise and that it is in compliance with all covenants contained in the borrowing agreements.

38.2 Universal Service Obligation

The Group has a potential liability in respect of the 1800 MHz Universal Service Obligation in terms of the distribution costs relating to 2.5 million SIM cards.

38.3 Unresolved taxation matters

The Group is regularly subject to an evaluation, by the taxation authorities, of its direct and indirect taxation filings. The consequence of such reviews is that disputes can arise with the taxation authorities over the interpretation or application of certain taxation rules applicable to the Group's business. These disputes may not necessarily be resolved in a manner that is favourable for the Group. Additionally the resolution of the disputes could result in an obligation for the Group.

The Group has discussions with relevant taxation authorities on specific matters regarding the application and interpretation of taxation legislation affecting the Group and the industry in which it operates. No reliable assessment can be made at this time of any exposure, if any, that the Group may incur.

The Group has considered all matters in dispute with the taxation authorities and has assessed the deductibility of expenses initially disallowed for taxation purposes. Deferred taxation assets have only been recognised in this regard if it is probable that the Group will succeed in its disagreements with the taxation authorities.

38.4 Various legal contingencies

The Group is currently involved in various legal proceedings against it. Certain of these proceedings are long outstanding and many of these are employee related matters. The Group in consultation with its legal counsel has assessed the outcome of these proceedings and the likelihood that certain of these cases are not likely to be in the Group's favour. Following this assessment, the Group's management has determined that no provision is required in respect of these legal proceedings as at 31 March 2008.

38. CONTINGENCIES (CONTINUED)

38.4 Various legal contingencies

The Group is currently involved in various legal proceedings against it. Certain of these proceedings are long outstanding and many of these are employee related matters. The Group in consultation with its legal counsel has assessed the outcome of these proceedings and the likelihood that certain of these cases are not likely to be in the Group's favour. Following this assessment, the Group's management has determined that no provision is required in respect of these legal proceedings as at 31 March 2008.

38.5 Contingent asset

Litigation is being instituted for the recovery of certain fees paid by the Group. The information usually required by IAS 37: Provisions, Contingent Liabilities and Contingent Assets, is not disclosed on the grounds that it can be expected to prejudice seriously the outcome of the litigation. The directors are of the opinion that a claim may be successful and that the amount recovered could be significant.

38.6 Customer registration

The telecommunications industry in the Democratic Republic of the Congo is subject to a recently promulgated ministerial decree requiring the registration of the entire customer base of all network operators. This decree requires prescribed particulars of all customers to be obtained and maintained by 30 June 2008. The sanction for non-compliance by any operator who has not identified its customers in accordance with the requirements of this decree within three months from 28 March 2008 could result in:

- a fine equivalent to between US$5 thousand and US$10 thousand per customer; and
- suspension of the licence for a period not exceeding three months in the event of repetition; and
- suspension of the licence in the event of a likely disturbance of law and order/safety.

The Group is making every effort to obtain the required information but management believes it is unlikely that the Group will meet all the requirements as prescribed in this decree by 30 June 2008. Management is engaging with the relevant ministries on this matter and is presently unable to reliably assess the potential impact on the Group in the event of non-compliance with this decree.

39. RETIREMENT BENEFITS

All eligible employees of the Group are members of the Vodacom Group Pension Fund, a defined contribution pension scheme. Certain executive employees of the Group are also members of the Vodacom Executive Provident Fund, a defined contribution provident scheme. Both schemes are administered by ABSA Consultants and Actuaries (Proprietary) Limited. Current contributions to the pension fund amounted to R113.4 million (2007: R84.7 million; 2006: R76.4 million). Current contributions to the provident fund amounted to R13.5 million (2007: R12.7 million; 2006: R12.9 million). South African funds are governed in terms of the Pension Funds Act of 1956.

40. EVENTS SUBSEQUENT TO YEAR END

The Directors are not aware of any matter or circumstance arising since the end of the financial year, not otherwise dealt with in the consolidated annual financial statements, which significantly affects the financial position of the company as at 31 March 2008 or the results of its operations or cash flows for the year ended, other than the following:

40.1 Broad Based Black Economic Empowerment ("BBBEE")

The Group is in the process of finalising a R7.5 billion BBBEE equity deal whereby strategic business partners, employees and the black public will have the opportunity to share in the success of Vodacom South Africa going forward.

40. EVENTS SUBSEQUENT TO YEAR END (CONTINUED)

40.2 Global Telematics SA (Proprietary) Limited

On 26 October 2007 Vodacom Service Provider Company (Proprietary) Limited ("VSPC"), entered into an agreement with Global Telematics SA (Proprietary) Limited ("Global Telematics"). In terms of the agreement Glocell Service Provider Company (Proprietary) Limited ("GSPC"), will cede, transfer and assign its agreements together with all of its obligations and its rights attaching to its customers connected to the Vodacom Network to Global Telematics. GSPC connects all voice contract customers and sells prepaid starter packs on behalf of Global Telematics. VSPC will acquire the consolidated customer base from Global Telematics which will consist of active prepaid customers, active contract customers and active telemetry customers, subject to certain suspensive conditions. Once these suspensive conditions are met the transaction would be effective.

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

On 12 May 2008 Vodacom International Limited entered into an agreement to sell 5% of its 90% owned equity investment in Vodacom Mozambique, leaving Vodacom International Limited with an 85% equity investment in Vodacom Mozambique. Certain suspensive conditions are to be met before the transaction will be effective.

41. RELATED PARTY TRANSACTIONS

41.1 Balances with related parties

	2006 Rm	2007 Rm	2008 Rm
Related party transactions occur within the Group. Details of transactions entered into are as follows:			
Included in accounts receivable			
Telkom SA Limited – Interconnect	509.7	699.3	761.7
Telkom SA Limited – Other	6.3	6.9	16.2
Vodafone Group Plc and subsidiaries	12.7	20.9	13.4
Transactions with entities in which related parties have an interest	–	–	37.1
Included in accounts payable			
Telkom SA Limited – Interconnect	(85.3)	(80.1)	(83.9)
Telkom SA Limited – Other	(16.5)	(41.3)	(23.2)
Vodafone Group Plc and subsidiaries	(4.7)	(6.4)	(328.1)
Transactions with entities in which related parties have an interest	–	(8.0)	(3.4)
Dividends payable			
Telkom SA Limited	(1 400.0)	(1 450.0)	(1 595.0)
Vodafone Holdings (SA) (Proprietary) Limited	(980.0)	(867.1)	(641.2)
Vodafone Telecommunications Investments (SA) (Proprietary) Limited	(420.0)	(582.9)	(953.8)

These outstanding balances are unsecured and will be settled in cash in the ordinary course of business. No guarantees or provision for doubtful debts have been recognised.

41. RELATED PARTY TRANSACTIONS (CONTINUED)

41.2 Transactions with related parties

	2006 Rm	2007 Rm	2008 Rm
Telkom SA Limited and subsidiaries (Entity with joint control over the Group)	(798.5)	(1 221.3)	(1 436.1)
Audit fees recovered	4.8	6.1	5.9
Cellular usage	37.0	45.6	54.0
Installation of transmission lines	(93.4)	(67.6)	(100.2)
Interconnect expense	(464.3)	(468.2)	(468.1)
Interconnect income	2 817.8	2 908.4	2 963.4
Interest paid – commercial	(0.1)	(0.1)	(0.2)
Lease of transmission lines	(752.1)	(839.0)	(928.2)
Other	4.8	(75.4)	41.1
Site costs	(26.3)	(30.9)	(40.0)
Telephone landline usage	(26.7)	(14.9)	(10.7)
Site rental income	10.8	14.7	16.9
Telkom prepaid vouchers	(60.8)	–	–
Dividend payable	(1 400.0)	(1 450.0)	(1 595.0)
Dividend paid	(850.0)	(1 250.0)	(1 375.0)
Vodafone Group Plc and subsidiaries	(192.0)	(338.2)	(417.9)
Roaming income	73.6	108.4	141.0
Roaming expense	(90.6)	(188.9)	(256.9)
Global alliance agreement	(175.2)	(249.8)	(303.9)
Other	0.2	(7.9)	1.9
Vodafone Holdings (SA) (Proprietary) Limited (Entity with joint control over the Group)	(1 575.0)	(1 614.6)	(1 194.0)
Dividend payable	(980.0)	(867.1)	(641.2)
Dividend paid	(595.0)	(747.5)	(552.8)
Vodafone Telecommunications Investments (SA) (Proprietary) Limited	(679.8)	(1 085.4)	(1 776.1)
Dividend payable	(420.0)	(582.9)	(953.8)
Dividend paid	(255.0)	(502.5)	(822.3)
Interest payments	(1.9)	–	–
Facility fees	(0.9)	–	–
Aircraft charter fees	(2.0)	–	–
Gogga Tracking Solutions (Proprietary) Limited	–	–	(4.8)
Prepaid contracts activations and upgrades	–	–	(4.8)
XLink Communications (Proprietary) Limited	–	–	(5.9)
Prepaid contracts activations and upgrades	–	–	(5.9)
Transactions with entities in which related parties have an interest.	(20.3)	(40.6)	53.0

During the previous year the Group acquired a 10% shareholding in WBS Holdings (Proprietary) Limited for R80.8 million, a company in which a family member of a Group director has significant influence.

		2006 Rm	2007 Rm	2008 Rm
41.	**RELATED PARTY TRANSACTIONS (CONTINUED)**			
41.3	**Key management personnel compensation (excluding directors' emoluments)**			
	Key management personnel remuneration	(56.0)	(83.1)	(112.7)
	Salaries and restraint of trade payments	(17.1)	(32.7)	(32.0)
	Fringe benefits	(0.6)	(0.8)	(1.2)
	Bonuses and incentives	(30.6)	(37.6)	(61.1)
	Long-term benefits	(7.6)	(12.0)	(18.4)
	Other	(0.1)	–	–
	Included in key management personnel's remuneration	(2.2)	(3.8)	(8.6)
	Pension fund employer contributions	(1.2)	(1.7)	(4.3)
	Provident fund employer contributions	(0.6)	(1.7)	(3.5)
	Medical aid employer contributions	(0.4)	(0.4)	(0.8)
	Key management include Chief Officers and Group Executives.			
41.4	**Directors' emoluments**			
	Directors' remuneration	(96.7)	(76.7)	(86.5)
	Executive directors – fees as directors: salaries and restraint of trade payments	(35.6)	(16.3)	(18.7)
	Executive directors – fees as directors: fringe benefits	(0.7)	(1.2)	(0.6)
	Executive directors – fees as directors: bonuses and incentives	(46.2)	(48.5)	(52.2)
	Executive directors – long-term benefits	(13.6)	(8.5)	(13.6)
	Non-executive directors – fees as directors	(0.6)	(2.2)	(1.4)
	Included in directors' remuneration	(4.2)	(15.8)	(7.5)
	Pension fund employer contributions	(0.5)	(8.3)	(2.5)
	Provident fund employer contributions	(3.5)	(7.3)	(4.8)
	Medical aid employer contributions	(0.2)	(0.2)	(0.2)
	Directors' remuneration and emoluments paid and accrued by:	(96.7)	(76.7)	(86.5)
	Vodacom Group (Proprietary) Limited	(77.1)	(64.8)	(71.2)
	Subsidiaries	(19.6)	(11.9)	(15.3)

42. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

42.1 Categories of financial instruments (continued)

2006	Notes	Total Rm	At fair value through profit or loss: Held for trading Rm	Loans and receivables Rm	Available-for-sale financial assets Rm	Financial liabilities at amortised cost Rm	Finance lease receivables and payables Rm	Equity and non-financial assets and liabilities Rm
Assets								
Non-current assets								
Property, plant and equipment	10	13 386.6	–	–	–	–	–	13 386.6
Intangible assets	11	1 954.9	–	–	–	–	–	1 954.9
Financial assets	12	92.1	–	92.1	–	–	–	–
Deferred taxation	13	297.6	–	–	–	–	–	297.6
Deferred cost		311.2	–	–	–	–	–	311.2
Lease assets	16	36.8	–	–	–	–	6.2	30.6
Current assets								
Deferred cost		451.8	–	–	–	–	–	451.8
Financial assets	12	149.3	149.3	–	–	–	–	–
Inventory	14	454.3	–	–	–	–	–	454.3
Trade and other receivables	15	4 474.0	–	4 180.7	–	–	–	293.3
Lease assets	16	13.1	–	–	–	–	13.1	–
Cash and cash equivalents	34	3 146.1	–	3 146.1	–	–	–	–
Total assets		24 767.8	149.3	7 418.9	–	–	19.3	17 180.3
Equity								
Ordinary share capital	17	*	–	–	–	–	–	*
Retained earnings		8 583.0	–	–	–	–	–	8 583.0
Non-distributable reserves	18	(194.0)	–	–	–	–	–	(194.0)
Equity attributable to equity holders of the parent		8 389.0	–	–	–	–	–	8 389.0
Minority interests	19	283.3	–	–	–	–	–	283.3
Total equity		8 672.3	–	–	–	–	–	8 672.3
Non-current liabilities								
Interest bearing debt	21	819.2	–	–	–	90.9	728.3	–
Deferred taxation	13	602.3	–	–	–	–	–	602.3
Deferred revenue		320.3	–	–	–	–	–	320.3
Provisions	23	372.3	–	–	–	–	–	372.3
Other non-current liabilities	24	122.5	–	–	–	–	–	122.5
Current liabilities								
Trade and other payables	25	5 104.7	–	–	–	4 940.2	–	164.5
Deferred revenue		1 604.5	–	–	–	–	–	1 604.5
Taxation payable		630.2	–	–	–	–	–	630.2
Non-interest bearing debt	22	4.3	–	–	–	4.3	–	–
Interest bearing debt	21	1 645.5	–	–	–	1 566.3	79.2	–
Provisions	23	623.0	–	–	–	–	–	623.0
Dividends payable		2 800.0	–	–	–	2 800.0	–	–
Derivative financial liabilities	42	60.9	60.9	–	–	–	–	–
Bank borrowings	34	1 385.8	–	–	–	1 385.8	–	–
Total liabilities		16 095.5	60.9	–	–	10 787.5	807.5	4 439.6
Total equity and liabilities		24 767.8	60.9	–	–	10 787.5	807.5	13 111.9

42. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

42.1 Categories of financial instruments (continued)

2007	Notes	Total Rm	At fair value through profit or loss: Held for trading Rm	Loans and receivables Rm	Available-for-sale financial assets Rm	Financial liabilities at amortised cost Rm	Finance lease receivables and payables Rm	Equity and non-financial assets and liabilities Rm
Assets								
Non-current assets								
Property, plant and equipment	10	17 073.2	–	–	–	–	–	17 073.2
Intangible assets	11	2 700.3	–	–	–	–	–	2 700.3
Financial assets	12	209.5	–	114.4	95.1	–	–	–
Deferred taxation	13	386.1	–	–	–	–	–	386.1
Deferred cost		396.4	–	–	–	–	–	396.4
Lease assets	16	78.8	–	–	–	–	43.7	35.1
Current assets								
Deferred cost		574.8	–	–	–	–	–	574.8
Financial assets	12	207.5	191.3	16.2	–	–	–	–
Inventory	14	364.3	–	–	–	–	–	364.3
Trade and other receivables	15	5 675.0	–	5 334.9	–	–	–	340.1
Lease assets	16	32.9	–	–	–	–	32.9	–
Cash and cash equivalents	34	771.4	–	771.4	–	–	–	–
Total assets		28 470.2	191.3	6 236.9	95.1	–	76.6	21 870.3
Equity								
Ordinary share capital	17	*	–	–	–	–	–	–
Retained earnings		9 523.2	–	–	–	–	–	9 523.2
Non-distributable reserves	18	(97.4)	–	–	–	–	–	(97.4)
Equity attributable to equity holders of the parent		9 425.8	–	–	–	–	–	9 425.8
Minority interests	19	221.2	–	–	–	–	–	221.2
Total equity		9 647.0	–	–	–	–	–	9 647.0
Non-current liabilities								
Interest bearing debt	21	2 051.4	–	–	–	1 436.4	615.0	–
Non-interest bearing debt	22	3.0	–	–	–	3.0	–	–
Deferred taxation	13	757.3	–	–	–	–	–	757.3
Deferred revenue		412.3	–	–	–	–	–	412.3
Provisions	23	377.5	–	–	–	–	–	377.5
Other non-current liabilities	24	210.6	–	–	–	–	–	210.6
Current liabilities								
Trade and other payables	25	6 874.4	–	–	–	6 688.0	–	186.4
Deferred revenue		1 904.8	–	–	–	–	–	1 904.8
Taxation payable		1 112.7	–	–	–	–	–	1 112.7
Interest bearing debt	21	501.0	–	–	–	387.4	113.6	–
Provisions	23	741.8	–	–	–	–	–	741.8
Dividends payable		2 990.0	–	–	–	2 990.0	–	–
Derivative financial liabilities	42	7.2	7.2	–	–	–	–	–
Bank borrowings	34	879.2	–	–	–	879.2	–	–
Total liabilities		18 823.2	7.2	–	–	12 384.0	728.6	5 703.4
Total equity and liabilities		28 470.2	7.2	–	–	12 384.0	728.6	15 350.4

42. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

42.1 Categories of financial instruments (continued)

2008	Notes	Total Rm	At fair value through profit or loss: Held for trading Rm	Loans and receivables Rm	Available-for-sale financial assets Rm	Financial liabilities at amortised cost Rm	Finance lease receivables and payables Rm	Equity and non-financial assets and liabilities Rm
Assets								
Non-current assets								
Property, plant and equipment	10	19 119.6	–	–	–	–	–	19 119.6
Intangible assets	11	4 224.1	–	–	–	–	–	4 224.1
Financial assets	12	244.2	–	134.2	110.0	–	–	–
Deferred taxation	13	455.1	–	–	–	–	–	455.1
Deferred cost		333.3	–	–	–	–	–	333.3
Lease assets	16	92.0	–	–	–	–	89.5	2.5
Current assets								
Deferred cost		705.9	–	–	–	–	–	705.9
Financial assets	12	444.9	415.2	29.7	–	–	–	–
Inventory	14	636.9	–	–	–	–	–	636.9
Trade and other receivables	15	6 801.1	–	6 356.7	–	–	–	444.4
Lease assets	16	140.5	–	–	–	–	122.9	17.6
Cash and cash equivalents	34	977.6	–	977.6	–	–	–	–
Total assets		34 175.2	415.2	7 498.2	110.0	–	212.4	25 939.4
Equity								
Ordinary share capital	17	*	–	–	–	–	–	*
Retained earnings		11 392.9	–	–	–	–	–	11 392.9
Non-distributable reserves	18	8.8	–	–	–	–	–	8.8
Equity attributable to equity holders of the parent		11 401.7	–	–	–	–	–	11 401.7
Minority interests	19	403.6	–	–	–	–	–	403.6
Total equity		11 805.3	–	–	–	–	–	11 805.3
Non-current liabilities								
Interest bearing debt	21	3 025.8	–	–	–	2 605.1	420.7	–
Non-interest bearing debt	22	6.0	–	–	–	6.0	–	–
Deferred taxation	13	776.5	–	–	–	–	–	776.5
Deferred revenue		358.8	–	–	–	–	–	358.8
Provisions	23	373.7	–	–	–	–	–	373.7
Other non-current liabilities	24	247.4	–	–	–	–	–	247.4
Current liabilities								
Trade and other payables	25	7 561.3	–	–	–	7 443.3	–	118.0
Deferred revenue		2 229.9	–	–	–	–	–	2 229.9
Taxation payable		580.5	–	–	–	–	–	580.5
Interest bearing debt	21	502.9	–	–	–	308.6	194.3	–
Provisions	23	909.5	–	–	–	–	–	909.5
Dividends payable		3 190.0	–	–	–	3 190.0	–	–
Derivative financial liabilities	42	10.8	10.8	–	–	–	–	–
Bank borrowings	34	2 596.8	–	–	–	2 596.8	–	–
Total liabilities		22 369.9	10.8	–	–	16 149.8	615.0	5 594.3
Total equity and liabilities		34 175.2	10.8	–	–	16 149.8	615.0	17 399.6

42. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

42.2 Risk management

The Group purchases or issues financial instruments in order to finance its operations and to manage market risks (foreign currency risk, interest rate risk and price risk) that arise from its operations and sources of finances. Various financial assets and liabilities for example trade and other receivables and trade and other payables, arise directly from the Group's operations. Changing market conditions expose the Group to various financial risks and have highlighted the importance of financial risk management as an element of control for the Group. Principal financial risk faced in the normal course of the Group's business are market risks (foreign currency risk, interest rate risk and price risk), credit risk, liquidity risk and insurance risk.

A treasury function within Vodacom Group (Proprietary) Limited provides treasury and related services to the Group, including co-ordinating access to domestic and international financial markets, and the managing of various risks relating to the Group's operations.

Treasury operations are conducted within a framework of approved policies and guidelines that are continuously monitored by management and the Board of Directors, through the audit committee, the objective being to minimise exposure to market risks (foreign currency risk, interest rate risk and price risk) and liquidity risk. These risks are managed, subject to the limitation of the local markets in which the various Group companies operate in and the South African Reserve Bank Regulations.

The Group uses a number of derivative instruments that are transacted for risk management purposes only. The Group does not trade in financial instruments for speculative purposes.

The Group finances its operations through a mixture of retained profits, bank borrowings and long-term loans. Long-term financing is arranged locally by the South African entities.

There has been no significant change during the financial year, or since the end of the financial year, to the types of financial risks faced by the Group, the approach to the measurement of these financial risks or the objectives, policies and processes for managing these financial risks.

42.2.1 Market risk management

The Group's activities expose it primarily to the risks of fluctuations in foreign currency exchange rates (Note 42.2.1.1), interest rates (Note 42.2.1.2) and equity prices (Note 42.2.1.3).

Foreign currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Interest rate risk refers to the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Price risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices other than those arising from interest rate risk or currency risk.

The Group enters into various derivative financial instruments to manage its exposure to interest rate risk and foreign currency risk, including:

- foreign exchange forward contracts to manage the exchange rate risk arising on foreign denominated transactions; and
- interest rate swaps to manage the risk of rising interest rates on borrowings.

Market risk exposures are measured using sensitivity analysis. A sensitivity analysis shows how profit before taxation and equity would have been affected by changes in the relevant risk variable that were reasonably possible at the reporting date.

42. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

42.2 Risk management (continued)

42.2.1 Market risk management (continued)

42.2.1.1 Foreign currency risk management

The Group undertakes certain transactions denominated in foreign currencies. Hence the Group has a policy to hedge foreign exchange risks on transactions denominated in other currencies above certain de minimis levels.

It is the Group's policy to enter into foreign exchange forward contracts to buy and/or sell specified amounts of foreign currencies in the future at a predetermined exchange rate. The contracts are entered into to manage the Group's exposure to fluctuations in foreign currency exchange rates on specific transactions. The contracts are matched with anticipated future cash flows in foreign currencies primarily from purchase of capital equipment and to a lesser extent operating expenditure.

The Group has entered into numerous foreign exchange forward contracts to cover foreign capital commitments in respect of future imports of infrastructure.

The total fair value for foreign exchange forward contracts at year end was:

	2006 Rm	2007 Rm	2008 Rm
Foreign currency asset			
To buy	–	27.8	289.9
To sell	–	0.1	–
	–	27.9	289.9
Foreign currency liability			
To buy	(60.9)	(6.9)	–
To sell	–	(0.3)	(10.8)
	(60.9)	(7.2)	(10.8)

The following table details the foreign exchange forward contracts outstanding at year end:

	Foreign contract value Mil	Forward value Rm	Fair value Rm
Forward contracts to buy foreign currency			
2006			
United States Dollars	7.1	45.0	(0.7)
Euro	154.8	1 208.6	(34.5)
Pound Sterling	41.7	477.8	(25.7)
Swiss Franc	*	0.1	*
		1 731.5	(60.9)
2007			
United States Dollars	32.0	240.5	(6.9)
Euro	187.2	1 815.0	21.2
Pound Sterling	32.3	457.3	6.6
Swiss Franc	0.2	1.3	*
Australian Dollar	*	0.3	*
		2 514.4	20.9

Forward value represents the foreign contract value multiplied by the contract forward exchange rate.
* Amount less than 50 000 of the currency.

42. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

42.2 Risk management (continued)

42.2.1 Market risk management (continued)

42.2.1.1 Foreign currency risk management (continued)

	Foreign contract value Mil	Forward value Rm	Fair value Rm
Forward contracts to buy foreign currency (continued)			
2008			
United States Dollars	31.3	253.0	2.9
Euro	157.1	1 806.4	249.5
Pound Sterling	19.9	288.0	37.5
Swiss Franc	0.2	1.4	*
Australian Dollar	0.6	4.5	*
		2 353.3	289.9
Forward contracts to sell foreign currency			
2006			
United States Dollars	0.1	0.8	*
Euro	4.0	30.3	*
Pound Sterling	0.3	3.2	*
Swiss Franc	*	0.1	*
		34.4	*
2007			
United States Dollars	*	0.2	*
Euro	4.4	43.2	0.1
Pound Sterling	3.9	55.7	(0.3)
		99.1	(0.2)
2008			
United States Dollars	0.6	5.0	*
Euro	7.7	89.3	(10.6)
Pound Sterling	0.7	10.7	(0.2)
Australian Dollar	0.3	2.1	*
		107.1	(10.8)

Forward value represents the foreign contract value multiplied by the contract forward exchange rate.

* Amount less than 50 000 of the currency.

42. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

42.2 Risk management (continued)

42.2.1 Market risk management (continued)

42.2.1.1 Foreign currency risk management (continued)

The Group has various monetary assets and liabilities in currencies other than the Group's functional currency. The following table represents the net currency exposure (net carrying amount of foreign denominated monetary assets and liabilities) of the Group according to the different functional currencies of each entity within the Group:

	South African Rand	Euro	Pound Sterling	United States Dollar	Congolese Franc	Swiss Franc	Other
2006	**Rm**	**Rm**	**Rm**	**Rm**	**Rm**	**Rm**	**Rm**
Net foreign currency monetary assets/(liabilities)							
Functional currency of company operation							
South African Rand	–	(850.5)	(330.4)	45.0	–	(0.2)	(0.8)
United States Dollar	(55.9)	(26.2)	–	–	(11.4)	(0.1)	38.0
Tanzanian Shilling	4.7	(13.6)	–	106.9	–	–	–
Mozambican Meticals	(0.2)	–	–	–	–	–	–
	(51.4)	(890.3)	(330.4)	151.9	(11.4)	(0.3)	37.2
2007							
Net foreign currency monetary assets/(liabilities)							
Functional currency of company operation							
South African Rand	–	(1 387.0)	(331.4)	(102.2)	–	(0.3)	2.4
United States Dollar	51.5	(49.9)	0.1	–	(3.2)	(0.4)	(30.8)
Tanzanian Shilling	3.4	10.9	–	21.0	–	–	–
Mozambican Meticals	(33.7)	(0.3)	–	2.2	–	–	–
	21.2	(1 426.3)	(331.3)	(79.0)	(3.2)	(0.7)	(28.4)
2008							
Net foreign currency monetary assets/(liabilities)							
Functional currency of company operation							
South African Rand	–	(1 191.5)	(265.2)	(205.9)	–	(3.5)	(3.4)
United States Dollar	–	15.2	–	–	(34.1)	(0.3)	(0.1)
Tanzanian Shilling	7.1	38.3	–	67.4	–	–	–
Mozambican Meticals	(27.2)	(0.1)	–	(14.5)	–	–	–
	(20.1)	(1 138.1)	(265.2)	(153.0)	(34.1)	(3.8)	(3.5)

In terms of the Group's policy the net currency exposure is managed in terms of foreign exchange forward contracts to buy and sell specified amounts of various foreign currencies in the future at pre-determined exchange rates.

Foreign currency sensitivity analysis:

The Group is mainly exposed to the currencies mentioned below and to a lesser extent exposed to the following currencies: Australian Dollar, Tanzanian Shilling, Mozambican Meticals, Mauritian Rupee and Lesotho Maloti which have been combined as "Other" in the table below.

42. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

42.2 Risk management (continued)

42.2.1 Market risk management (continued)

42.2.1.1 Foreign currency risk management (continued)

The following tables detail the Group's sensitivity to the below-mentioned percentage strengthening and weakening in the functional currency against the relevant foreign currencies. This percentage is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. A reasonable possible change in prevailing African and non-African foreign currency exchange rates are based upon 12 month forward mid rates as published by Reuters and 12 month forward mid rates as published by Standard Bank respectively.

The sensitivity analysis includes only outstanding foreign-denominated monetary items and adjusts their translations at the period end for the specified percentage change in foreign currency rates.

A positive number below indicates an increase in profit before taxation where the functional currency is expected to strengthen against the relevant currency in a net financial liability position.

A negative number below indicates a decrease in profit before taxation where the functional currency is expected to strengthen against the relevant currency in a net financial asset position.

For the same percentage weakening of the functional currency against the relevant currency, there would be an equal and opposite impact on the profit before taxation.

There were no changes in the methods and assumptions used in preparing the foreign currency sensitivity analysis.

2006	South African Rand %	Euro %	Pound Sterling %	United States Dollar %	Congolese Franc %	Swiss Franc %	Other %
Functional currency							
South African Rand	–	29.3	32.5	17.7	11.8	20.4	13.7 – 24.6
United States Dollar	17.7	9.8	12.5	–	31.6	6.3	1.5 – 11.3
Tanzanian Shilling	13.7	11.5	14.3	1.5	22.8	8.4	3.9
Mozambican Meticals	17.0	7.4	10.0	2.2	34.6	4.4	3.9
Profit before taxation (Rm)	3.2	(16.9)	(38.3)	4.1	(2.8)	(0.2)	(1.0)
2007							
Functional currency							
South African Rand	–	31.9	13.1	11.5	12.8	26.6	11.0 – 21.0
United States Dollar	11.5	18.3	1.4	–	2.7	18.1	0.8 – 19.8
Tanzanian Shilling	11.0	17.4	0.6	0.8	2.0	21.2	8.1
Mozambican Meticals	17.7	8.6	6.9	8.2	6.0	12.1	8.1
Profit before taxation (Rm)	6.3	(36.8)	(2.6)	2.1	0.1	–	0.2
2008							
Functional currency							
South African Rand	–	7.6	6.5	9.5	–	8.3	0.1 – 11.0
United States Dollar	9.5	5.1	2.6	–	10.0	5.5	5.0 – 10.0
Tanzanian Shilling	11.0	7.5	5.0	2.5	–	–	–
Mozambican Meticals	0.1	3.8	6.5	9.4	–	–	–
Profit before taxation (Rm)	0.2	(54.4)	(1.0)	(7.7)	2.7	–	(0.6)

42. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

42.2 Risk management (continued)

42.2.1 Market risk management (continued)

42.2.1.1 Foreign currency risk management (continued)

The closing exchange rates against the South African Rand in the current and prior years are as follows:

	2006	2007	2008
United States Dollar	6.2	7.3	8.1
Tanzanian Shilling	198.0	170.8	152.0
Mozambican Meticals	4.4	3.6	3.0

42.2.1.2 Interest Rate Risk Management

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

	2006 Rm	2007 Rm	2008 Rm
Financial liabilities			
Loans received and bank borrowings at fixed rates of interest	(1 134.5)	(1 184.5)	(934.8)
Loans received and bank borrowings linked to South African prime rates	(1 361.8)	(823.5)	(40.1)
Loans received and bank borrowings linked to Lesotho prime rates	(7.5)	(3.0)	(24.4)
Loans received and bank borrowings linked to LIBOR	(1 286.2)	(1 382.8)	(1 670.2)
Loans received and bank borrowings linked to EURIBOR	(58.6)	(37.9)	–
Loans received and bank borrowings linked to RSA money market rates	–	–	(2 456.0)
Loans received and bank borrowings linked to JIBAR	–	–	(1 000.0)
Finance leases linked to fixed rates	(807.5)	(728.6)	(615.0)
	(4 656.1)	(4 160.3)	(6 740.5)
Financial assets			
Loans granted and bank deposits at fixed rates of interest	168.1	194.2	496.1
Loans granted and bank deposits linked to money market rates	471.0	537.0	421.5
Loans granted and bank deposits linked to South African prime rates	2 603.1	180.5	74.1
Interest rate swaps linked to RSA BA rate	37.6	27.7	17.4
Loans granted and bank deposits linked to LIBOR	94.2	126.0	128.2
Loans granted and bank deposits linked to Lesotho prime rates	13.5	–	116.3
Loans granted and bank deposits linked to RSA BA rate	–	–	18.4
Finance leases linked to fixed rates	19.3	76.6	212.4
	3 406.8	1 142.0	1 484.4

The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings and by the use of interest rate swap contracts.

42. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

42.2 Risk management (continued)

42.2.1 Market risk management (continued)

42.2.1.2 Interest Rate Risk Management (continued)

Interest rate swap contracts

The Group has entered into interest rate swap contracts that entitle, or oblige it to receive interest at a fixed rate on notional principal amounts and entitle, or oblige it to pay interest at floating rates on the same notional principal amounts. The interest rate swaps allow the Group to swap long-term debt from fixed rates into floating rates that are lower, or higher, than those available if it had borrowed at floating rates directly. Under the interest rate swaps, the Group agrees with other parties to exchange, at specified quarterly intervals, the difference between fixed rates and floating rate interest amounts calculated by reference to the agreed notional principal amounts.

At 31 March 2008 the Group had three interest rate swaps:

Vodacom Group (Proprietary) Limited – the Company swapped its fixed interest rate of 14.9% Nominal Annual Compounded Quarterly ("NACQ") for a floating rate, linked to the Bankers Acceptance ("BA") rate plus margin of 2.0%. The termination date of the agreement is 30 January 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 24 August 2012.

Vodacom (Proprietary) Limited – the Company swapped its fixed interest rate of 13.3% NACS (Nominal Annual Compounded Semi-annually) for a floating rate linked to the BA rate plus margin 2.0%. The termination date of the agreement is 1 December 2012.

	2006	**2007**	**2008**
	Rm	**Rm**	**Rm**
Fair value of interest rate swap asset	37.6	27.7	17.4

The fair value of the interest rate swap assets is represented by a notional principal amount of R170.5 million (2007: R198.5 million; 2006: R217.7 million) at a weighted average floating interest rate of 13.4% NACM (2007: 11.45% NACM; 2006: 9.3% NACM) and a weigthed average fixed interest rate of 15.1% NACM.

Interest rate sensitivity analysis:

The sensitivity analysis below has been determined based on the exposure to interest rates for both derivative and non-derivative instruments at the balance sheet date. For floating rate instruments, the analysis is prepared assuming the amount of the instrument outstanding at the balance sheet date was outstanding for the whole year.

The basis points increases or decreases, as detailed in the table below, are used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. Changes in prevailing market interest rates are based on economic forecasts as published by Reuters.

A positive number below indicates an increase in profit before taxation if interest rates were higher by the basis points indicated below in a net financial asset position.

A negative number below indicates a decrease in profit before taxation if interest rates were higher by the basis points indicated below in a net financial liability position.

If interest rates were lower by the basis points indicated above, there would be an equal and opposite impact on the profit before taxation.

42. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

42.2 Risk management (continued)

42.2.1 Market risk management (continued)

42.2.1.2 Interest Rate Risk Management (continued)

Interest rate sensitivity analysis (continued)

The sensitivity analysis is representative of the Group's exposure to interest rate risk with exception of dividends and taxation that are payable at the end of the financial year and other interest bearing debt acquired 5 December 2007. There were no changes in the methods and assumptions used in preparing the sensitivity analysis.

	2006 Rm	2007 Rm	2008 Rm
RSA prime rates, JIBAR rates, money market rates and RSA BA rates			
Basis point increase	200	200	100
Profit before taxation	147.8	94.5	(24.7)
LIBOR			
Basis point increase	50	260	20
Profit before taxation	(0.3)	(1.6)	(1.8)
EURIBOR			
Basis point increase	120	50	35
Profit before taxation	1.0	0.2	–
Lesotho prime rates			
Basis point increase	200	200	100
Profit before taxation	0.4	0.7	1.3

42.2.1.3 Price risk

The Group is exposed to equity price risk arising from equity investments. Equity investments are held for strategic rather than trading purposes. The Group does not actively trade these investments.

Equity price risk sensitivity analysis:

The sensitivity analysis below has been determined based on the exposure to equity price risks at the reporting date.

The Group's available-for-sale financial assets are valued using the discounted cash flow method. Assuming a constant growth rate, a 1.0% increase in the discount rate would decrease the valuation of the investment by R6.6 million (2007: R7.0 million) and a 1.0% decrease in the discount rate would increase the valuation by R7.7 million (2007: R8.6 million).

There were no changes in the methods and assumptions used in preparing the equity price sensitivity analysis.

42. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

42.2 Risk management (continued)

42.2.2 Credit risk management

42.2.2 Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as means of mitigating the risk of financial loss from defaults. The Group only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available, if not available, the Group uses other publicly available financial information and its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate values of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the credit risk department.

Financial assets which potentially subject the Group to concentrations of credit risk, consists principally of cash and cash equivalents, short-term deposits, derivative contracts including foreign exchange forward contracts and interest rate swaps, loans and receivables, investments and trade and other receivables, including finance lease receivables. Financial guarantees granted also subject the Group to credit risk.

The Group's cash and cash equivalents and short-term deposits are placed with high credit quality financial institutions. Credit risk with respect to trade and finance lease receivables is limited due to large number of customers comprising the Group's customer base and stringent credit approval processes for contracted customers.

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

The Group's exposure to credit risk with regards to loans and receivables are limited due to collateral held (Note 12).

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

The maximum credit exposure of forward exchange contracts and interest rate swaps is represented by the fair value of these contracts.

The maximum credit exposure of financial guarantee contracts granted is the maximum amount the Group could be required to pay, or fund, without consideration of the probability of the actual outcome.

The Group holds collateral over certain trade and other receivables. The collateral is made up of demand guarantees from financial institutions and can be exercised on overdue invoices. The collateral held amounted to R1 086.1 million(2007: R795.8 million; 2006: R432.9 million).

There has been no significant change during the financial year, or since the end of the financial year, to the Group's exposure to credit risk, the approach to the measurement or the objectives, policies and processes for managing this risk.

Except as detailed in the following table, the carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the Group's maximum exposure to credit risk without taking into account the value of any collateral obtained:

42. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

42.2 Risk management (continued)

42.2.2 Credit risk management (continued)

	2006 Rm	2007 Rm	2008 Rm
Loans and receivables – South Africa	–	22.2	31.8
Loans and receivables – non-South African	92.1	108.4	132.1
Trade and other receivables – South Africa	3 823.2	4 546.0	5 576.6
Trade and other receivables – non-South African	376.8	865.4	992.5
Financial guarantee contracts granted *	1 152.0	1 311.9	1 484.5
	5 444.1	6 853.9	8 217.5

* Financial guarantees issued in support of Vodacom Congo (RDC) s.p.r.l are included as liabilities in the consolidated balance sheet.

No terms of financial assets were renegotiated.

The following represents information on the credit quality of South African trade receivables that are neither past due nor impaired:

	2006 %	2007 %	2008 %
High	–	–	–
Medium	1	1	1
Low	99	99	99
	100	100	100

Definitions:

High: the probability exists that the debtor has defaulted in payments and entered into a delinquency scenario.

Medium: the probability exists that the debtor is experiencing financial difficulties and is in arrears. The debtor is being managed closely to collect all overdue accounts.

Low: no default in payment has occurred or is anticipated by the debtor.

42. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

42.2 Risk management (continued)

42.2.2 Credit risk management (continued)

The following represents an analysis of the age of financial assets that are past due but not impaired:

	1 – 30 days past due	31 – 60 days past due	61 – 90 days past due	91 – 120 days past due	Total
	Rm	Rm	Rm	Rm	Rm
2006					
Trade and other receivables – South Africa	7.6	4.4	12.1	10.3	34.4
Trade and other receivables – non-South African	7.7	11.0	–	–	18.7
	15.3	15.4	12.1	10.3	53.1
2007					
Trade and other receivables – South Africa	13.0	6.6	6.3	28.9	54.8
Trade and other receivables – non-South African	19.6	27.6	–	–	47.2
	32.6	34.2	6.3	28.9	102.0
2008					
Trade and other receivables – South Africa	22.0	12.4	12.7	13.9	61.0
Trade and other receivables – non-South African	8.4	19.4	–	–	27.8
	30.4	31.8	12.7	13.9	88.8

42.2.3 Liquidity risk management

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

In terms of its borrowing requirements, the Group ensures that adequate funds are available to meet its expected and unexpected financial commitments through undrawn borrowing facilities. In terms of its long-term liquidity risk, a reasonable balance is maintained between the period over which assets generate funds and the period over which the respective assets are funded.

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both estimated interest and principal cash flows. Estimated interest of floating interest rate financial liabilities is calculated using the applicable yield curves at 31 March 2008, 2007 and 2006.

42. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

42.2 Risk management (continued)

42.2.3 Liquidity risk management (continued)

	0 – 1 year Rm	2 years Rm	3 years Rm	4 years Rm	5 years Rm	5+ years Rm	Not determined Rm	Total Rm
2006								
Finance leases	190.7	211.7	269.2	153.6	200.6	180.4	–	1 206.2
Funding loans	1 527.3	–	–	–	–	–	90.9	1 618.2
Other short-term loans	39.0	–	–	–	–	–	–	39.0
Non-interest bearing debt	–	–	–	–	–	–	4.3	4.3
Trade and other payables	7 804.4	–	–	–	–	–	–	7 804.4
Bank borrowings	1 385.8	–	–	–	–	–	–	1 385.8
	10 947.2	211.7	269.2	153.6	200.6	180.4	95.2	12 057.9
2007								
Finance leases	211.7	271.2	153.6	200.6	98.7	82.1	–	1 017.9
Funding loans	365.5	1.4	1 489.7	–	–	–	123.1	1 979.7
Other short-term loans	21.9	–	–	–	–	–	–	21.9
Non-interest bearing debt	–	–	–	–	–	–	3.0	3.0
Trade and other payables	9 742.5	–	–	–	–	–	–	9 742.5
Bank borrowings	879.2	–	–	–	–	–	–	879.2
	11 220.8	272.6	1 643.3	200.6	98.7	82.1	126.1	13 644.2
2008								
Finance leases	271.2	153.6	200.6	98.7	82.1	–	–	806.2
Funding loans	421.1	1 665.3	1 089.0	–	–	–	142.6	3 318.0
Other short-term loans	8.1	–	–	–	–	–	–	8.1
Non-interest bearing debt	–	–	–	–	–	–	6.0	6.0
Trade and other payables	10 634.0	–	–	–	–	–	–	10 634.0
Bank borrowings	2 596.8	–	–	–	–	–	–	2 596.8
	13 931.2	1 818.9	1 289.6	98.7	82.1	–	148.6	17 369.1

42. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

42.2 Risk management (continued)

42.2.3 Liquidity risk management (continued)

The following tables detail the Group's liquidity analysis for its derivative financial instruments. The tables have been drawn up based on the undiscounted net cash inflows/outflows on the derivative instruments that settle on a net basis and the undiscounted gross outflows on those derivatives that requires gross settlement. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to projected interest rates as illustrated by the yield curves existing at the reporting date.

	0 – 1 year Rm	2 years Rm	3 years Rm	4 years Rm	5 years Rm	5+ years Rm	Not deter-mined Rm	Total Rm
2006								
Net settled:								
Interest rate swaps	7.3	–	–	–	–	–	–	7.3
Foreign exchange forward contracts	3.0	–	–	–	–	–	–	3.0
Gross settled:								
Foreign exchange forward contracts	1 650.6	–	–	–	–	–	–	1 650.6
	1 660.9	–	–	–	–	–	–	1 660.9
2007								
Net settled:								
Interest rate swaps	6.2	–	–	–	–	–	–	6.2
Foreign exchange forward contracts	0.3	–	–	–	–	–	–	0.3
Gross settled:								
Foreign exchange forward contracts	2 322.5	–	–	–	–	–	–	2 322.5
	2 329.0	–	–	–	–	–	–	2 329.0
2008								
Net settled:								
Interest rate swaps	3.4	–	–	–	–	–	–	3.4
Foreign exchange forward contracts	11.0	–	–	–	–	–	–	11.0
Gross settled:								
Foreign exchange forward contracts	2 134.8	100.4	–	–	–	–	–	2 235.2
	2 149.2	100.4	–	–	–	–	–	2 249.6

42.2.4 Insurance risk management

The Group is exposed to insurance risk as a result of its asset base as well as its customer commitments. In terms of its insurance risk profile the company ensures that there is adequate insurance cover through the utilisation of a special purpose insurance vehicle (Note 4).

42.2.5 Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising return to shareholders.

The capital structure of the Group consists of debt, cash and cash equivalents and adjusted equity.

The Group monitors capital on the basis of debt to equity. The ratio is calculated as net debt (as defined below) to adjusted equity (as defined below).

42. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

42.2 Risk management (continued)

42.2.3 Capital risk management (continued)

Net debt comprises interest bearing debt, shareholder's loans, outside shareholder's loans, any other long-term liabilities, shareholder for dividends, secondary taxation payable on shareholders for dividends and cash and cash equivalents.

Adjusted equity comprises share capital, distributable reserves, non-distributable reserves less minority interest, trademarks and goodwill.

The Group's strategy is to maintain a net debt to adjusted equity ratio of below 150%. The Group reviews its objectives on a semi-annual basis to ensure objectives are being met.

The net debt to equity ratio at year end was as follows:

	2006 Rm	2007 Rm	2008 Rm
Debt	(5 619.0)	(5 919.1)	(7 043.6)
Cash and cash equivalents	1 760.3	(107.8)	(1 619.2)
Net debt	(3 858.7)	(6 026.9)	(8 662.8)
Adjusted equity	(7 647.2)	(8 274.0)	(9 308.0)
Net debt to adjusted equity ratio	50%	73%	93%

There were no changes in the Group's objective, policies or processes for managing capital from the previous financial year.

The Group is not subject to externally imposed capital requirements.

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

In terms of the new shareholders' agreement, effective 1 April 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, 1 April 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 1 April 2007, 10% of the issued share capital, after the exercise of the option. The option can only be exercised in a single transaction and after all obligations to Vodacom International Limited have been fully discharged. The method of determining the option price is specified in the shareholders' agreement. The call option had a nil value at 31 March 2008.

42.4 Smartphone SP (Proprietary) Limited put option

In terms of the shareholders' agreement amended during the previous financial year, the then minority shareholders of Smartphone SP (Proprietary) Limited had a put option against Vodacom Group (Proprietary) Limited, should the Group or the company have terminated or failed to renew the Service Provider Agreement for any reason other than the expiry or cancellation of the Group's South African licence. The previous put options had a nil value at 31 March 2007 and 2006 as the conditions set out in the agreement were not met. This put option was cancelled during the current year with the acquisition of the minority shareholders of Smartphone SP (Proprietary) Limited (Note 32).

42. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

42.5 Smartcom (Proprietary) Limited put option

In terms of the amended agreement between Vodacom Group (Proprietary) Limited ("the Group"), Smartphone SP (Proprietary) Limited ("Smartphone") and the minority shareholders of Smartcom (Proprietary) Limited ("Smartcom"), the then minority shareholders of Smartcom had a put option against the Group, should the Group have reduced the standard service provider discount below the average service provider discount provided by Vodacom (Proprietary) Limited to its other service providers. The previous put options had a nil value at 31 March 2007 and 2006 as the conditions set out in the agreement were not met. This put option was cancelled with the acquisition of the minority shareholders of Smartcom (Proprietary) Limited (Note 32).

42.6 Congolese Wireless Network s.p.r.l. ("CWN") put option

In terms of a shareholders agreement, the minority shareholder in Vodacom Congo (RDC) s.p.r.l., Congolese Wireless Network s.p.r.l. ("CWN") has a put option which comes into effect three years after the commencement date, 1 December 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 31 March 2008, 2007 and 2006. The option liability had a value of R396.5 million (2007: R249.3 million; 2006: Rnil) as at 31 March 2008 (Note 25).

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

The Somnium Family Trust ("the Trust") granted Vodacom Ventures (Proprietary) Limited a call option to purchase such number of shares in Gogga Tracking Solutions (Proprietary) Limited from the Trust totalling 23% of the issued share capital of the company on the date upon which the option is exercised. The option will lapse after 36 months following the month in which the triggering events, as stipulated in the option agreement, occurs. The option price is specified in the option agreement. The call option had a nil value at 31 March 2008 and 2007.

42.8 WBS Holdings (Proprietary) Limited call option

The Group has purchased a 10% equity stake in WBS Holdings (Proprietary) Limited effective 31 January 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 27 February 2009, subject to the fulfilment of the conditions precedent as set out in the sales of shares and option agreement. The call option had a nil value at 31 March 2008 and 2007.

42.9 G-Mobile Holdings Limited call option

G-Mobile Holdings Limited granted to Vodacom Ventures (Proprietary) Limited an irrevocable call option to subscribe for such number of further shares as would result in Vodacom Ventures (Proprietary) Limited holding and beneficially owning, in aggregate together with the subscription shares 26% of the total issued share capital of G-Mobile Holdings Limited after the exercise of the option at a specified price. The option had a nil value at 31 March 2007. This call option was exercised during the current year.

43. GOODWILL IMPAIRMENT TEST

The Group periodically evaluates its non-current assets for impairment, whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. The Group's judgements regarding the existence of impairment indicators are based on market conditions and operational performance of the business. Future events could cause management to conclude that impairment indicators exist.

43. GOODWILL IMPAIRMENT TEST (CONTINUED)

Goodwill impairment tests are performed annually in terms of IFRS 3: Business Combinations ("IFRS 3") to compare the fair value of each of the cash-generating units to its carrying amount. Goodwill impairment testing is conducted at cash-generating unit levels of the business and is based on a cash flow-based valuation model to determine the fair value of the cash-generating unit. The assumptions used in estimating future cash flows were based upon the business forecasts and incorporated external information from industry sources, where applicable. Changes in certain of these estimates could have an effect on the estimated fair value of the cash-generating unit. Judgements in estimating discounted cash flows also include the selection of the pre-tax discount rate (weighted average cost of capital) to be used in the valuation model. The discount rate used in the valuation model considered a targeted debt and equity mix, a market risk premium, and other factors considered with valuation methodologies.

Based on the results of the impairment evaluation described above, the recorded goodwill was not impaired as the fair value of each reporting unit exceeded the carrying value. Minor changes to the valuation model would not significantly impact the results of the valuation; however, if future cash flows were materially different to the forecasts, then the assessment of the potential impairment of the carrying value may be impacted.

Goodwill has been allocated for impairment testing purposes to six cash-generating units of which four are in South Africa, one in the Democratic Republic of the Congo and one in Tanzania.

South Africa

The recoverable amounts of goodwill relating to Vodacom (Proprietary) Limited and Vodacom Service Provider Company (Proprietary) Limited, which now includes the operations of Smartphone SP (Proprietary) Limited, Smartcom (Proprietary) Limited and Cointel V.A.S. (Proprietary) Limited, has been determined on the basis of value in use calculations. These companies operate in the same economic environment for which the same key assumptions were used. These values in use calculations use cash flow projections based on financial budgets approved by management covering a ten year period and discount rates of between 12.0% and 15.0% in Rand terms. Ten year management accounts were used as expectations of strong revenue growth throughout the ten year period exists. The implied terminal growth rate is between 4.0% and 6.0%. Management believes that any reasonable change in any of these key assumptions would not cause the aggregate carrying amount of these companies to exceed the aggregate recoverable amount of these units.

Democratic Republic of Congo

The recoverable amount of this cash-generating unit was based on a value in use calculation for Vodacom Congo (RDC) s.p.r.l. The calculation uses cash flow projections based on financial budgets approved by management covering a ten year period and a discount rate which ranged between 16.0% and 19.0% in US Dollar terms. Ten year management accounts were used as expectations of strong revenue growth throughout the ten year period exists. Cash flows beyond this period have been extrapolated using annual nominal growth rates which ranged between 2.0% and 5.0%. Management believes that these growth rates do not exceed the long-term average growth rate for the market in which this company operates. Management believes that any reasonable possible change in the key assumptions on which the recoverable amount is based would not cause the carrying amount to exceed its recoverable amount.

Tanzania

The recoverable amount of this cash-generating unit was based on a value in use calculation for Vodacom Tanzania Limited. The calculation uses cash flow projections based on financial budgets approved by management covering a ten year period and a discount rate which ranged between 16.0% and 19.0% in Tanzanian Shilling terms. Ten year management accounts were used as expectations of strong revenue growth throughout the ten year period exists. The terminal growth rate applicable ranged between 7.0% and 11.0%, relative to a long-term inflation target of 7.0%. Management believes that any reasonable possible change in the key assumptions on which the recoverable amount is based would not cause the carrying amount to exceed its recoverable amount.

43. GOODWILL IMPAIRMENT TEST (CONTINUED)

31 March 2008	**South Africa**	**Democratic Republic of Congo**	**Tanzania**
	Rm	**Rm**	**Rm**
Carrying amount of goodwill	1 739.3	148.1	9.2
Key assumption base	***Expected customer base***	***Expected customer base***	***Expected customer***
Basis for determining value(s) assigned to key assumptions	Closing customer base in the period immediately preceding the budget period increased for expected growth.	Closing customer base in the period immediately preceding the budget period increased for expected growth.	Closing customer base in the period immediately preceding the budget period increased for expected growth.
	Value assigned to key assumption reflects past experience, except for potential growth. Growth is based on market expectation.	Value assigned to key assumption reflects past experience, except for potential growth. Growth is based on market expectation.	Value assigned to key assumption reflects past experience, except for potential growth. Growth is based on market expectation.
Basis for determining value(s) assigned to key assumptions	Closing customer base in the period immediately preceding the budget period increased for expected growth.	Closing customer base in the period immediately preceding the budget period increased for expected growth.	Closing customer base in the period immediately preceding the budget period increased for expected growth.
Key assumption	***ARPU***	***ARPU***	***ARPU***
	Value assigned to key assumption reflects past experience. Growth is based on expected market forces and external sources of information.	Value assigned to key assumption reflects past experience. Growth is based on expected market forces and external sources of information.	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.	Average gross margin achieved in period immediately before the budget period, increased for expected 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.	Value assigned to key assumption reflects past experience, except for efficiency improvements.	Value assigned to key assumption reflects past experience, except for efficiency improvements.

43. GOODWILL IMPAIRMENT TEST (CONTINUED)

31 March 2008	South Africa	Democratic Republic of Congo	Tanzania
	Rm	Rm	Rm
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.	Total capital expenditure achieved in period immediately before the budget period, adjusted for expected network coverage roll out.	Total capital expenditure achieved in period immediately before the budget period, adjusted for expected network coverage roll out.
	Value assigned based on management's expected network coverage roll out.	Value assigned based on management's expected network coverage roll out.	Value assigned based on management's expected network coverage roll out.
Key assumption		***ZAR/US$ exchange rate during the period***	***ZAR/TZS and US$/TZS budget exchange rates during the budget period***
Basis for determining value(s) assigned to key assumptions		Average market forward exchange rate over the budget period. Value assigned to key assumption is consistent with external sources of information.	Average market forward exchange rate over the budget period. Value assigned to key assumption is consistent with external sources of information.

44. UNDRAWN BORROWING FACILITIES AND GUARANTEES

44.1 Rand denominated facilities and guarantees

The Group has Rand denominated credit facilities totalling R5 788 million (2007: R4 989.0 million; 2006: R7 083.0 million) with R2 456 million (2007: R816.0 million; 2006: R1 114.0 million) utilised at 31 March 2008. The facilities that are uncommitted, can also be utilised for loans to foreign entities and are subject to review at various dates (usually on an annual basis). Certain of the facilities are still subject to the Group's final acceptance.

Guarantor	Details	Beneficiary	2006 Rm	2007 Rm	2008 Rm
Vodacom (Proprietary) Limited	All guarantees less than R2.0 million.	Various	2.6	2.7	2.4
Vodacom Service Provider Company (Proprietary) Limited	All guarantees less than R2.0 million.	Various	2.8	2.6	2.9
Vodacom Service Provider Company (Proprietary) Limited	Guarantee in respect of receipt by independent intermediaries of premiums on behalf of short-term insurers and Lloyd's underwriters, and relating to short-term insurance business carried on in South Africa. Renewable annually.	SA Insurance Association for benefit of insurers	21.1	27.0	32.0
Vodacom (Proprietary) Limited	Letter of undertaking in respect of land.	Attorneys	–	6.8	16.9
Smartcom (Proprietary) Limited	Guarantees for salary bank account and debit orders.	Various	2.9	3.2	–
Cointel V.A.S. (Proprietary) Limited	Guarantees for operating lease and debit orders.	Various	–	1.5	–
			29.4	43.8	54.2

44. UNDRAWN BORROWING FACILITIES AND GUARANTEES (CONTINUED)

44.2 Foreign denominated facilities and guarantees

The following foreign denominated facilities are in place:

Company	Details	As at 31 March 2008 Million Total facility	As at 31 March 2008 Million Utilised
Vodacom International Limited	Revolving term loan	US$180.0	US$180.0
Vodacom Congo (RDC) s.p.r.l.	Various	US$18.5	US$9.4
Vodacom Lesotho (Proprietary) Limited	Overdraft facilities with various banks	M40.0	M0.0
VM, S.A.R.L.	Overdraft facility	US$0.5	US$0.0

The following foreign denominated guarantees have been issued:

Guarantor/ Issuer	Details	Beneficiary	Currency	2006 Rm	2007 Rm	2008 Rm
Vodacom Group (Proprietary) Limited	Guarantees issued for the obligations of Vodacom International Limited's term loan facility*#	Standard Bank Plc and RMB International (Dublin) Limited	US$180.0 million (2007: US$180.0 million; 2006: US$180.0 million)	1 114.4	1 311.9	1 462.6
Nedbank Limited on behalf of Vodacom (Proprietary) Limited	Unsecured standby letters of credit	Alcatel CIT	€nil (2007: €nil; 2006: €11.4 million)	85.7	–	–
Vodacom International Limited	Guarantees issued for the obligations of Vodacom Congo (RDC) s.p.r.l. *	Alcatel CIT	€nil (2007: €nil; 2006: €5.0 million)	37.6	–	–
				1 237.7	1 311.9	1 462.6

* Foreign denominated guarantees amounting to R1 462.6 million (2007: R1 311.9 million; 2006: R1 152.0 million issued in support of Vodacom Congo (RDC) s.p.r.l. are included as liabilities in the consolidated balance sheets.

\# The Group is in compliance with the covenants attached to the term loan facility.

Vodacom (Proprietary) Limited provides an unlimited guarantee for borrowings entered into by Vodacom Group (Proprietary) Limited.

45. SEGMENTAL INFORMATION

Vodacom's reportable segments are geographical business units that offer comparable business products and services however they are separately managed because the mobile telecommunications and data communications businesses are located in South Africa and non-South African countries.

Vodacom has six reportable segments: South Africa, Tanzania, Mozambique, Lesotho, Democratic Republic of the Congo, and Other. The segments offer a variety of telecommunication and data communication services as well as equipment sales.

"Other" comprises of the holding companies of the Group.

"South Africa", which is also the home country of the parent, comprises the segment information relating to the South African based cellular network as well as all the segment information of the service providers and other business segments.

"Tanzania", "Mozambique", "Lesotho", and "DRC" comprise the segment information relating to the non-South African based cellular networks.

	2006 Rm	2007 Rm	2008 Rm
Reconciliations of reportable segments			
Segment results			
Management operating profit for reportable segments	8 980.6	11 000.4*	12 616.4
Amortisation of licences, trademarks and patents and customer bases	(167.7)	(117.7)	(95.8)
Impairment of assets	52.8	(22.9)	(29.9)
Profit from operations	8 865.7	10 859.8	12 490.7
Net finance cost	(639.2)	(463.8)	(423.9)
Finance income	129.9	74.5	72.3
Finance costs	(246.0)	(369.3)	(681.3)
Gains/(Losses) on remeasurement and disposal of financial instruments	(523.1)	(169.0)	185.1
Profit before taxation	8 226.5	10 396.0	12 066.8
Taxation	(3 083.7)	(3 836.0)	(4 109.2)
Net profit	5 142.8	6 560.0	7 957.6

* Management operating profit for reportable segments includes profit on sale of shares in subsidiary.

45. SEGMENTAL INFORMATION (CONTINUED)

	Other Rm	South Africa Rm	Tanzania Rm	Mozambique Rm	Lesotho Rm	DRC Rm	Eliminations Rm	Total Rm
2006								
Segment revenue	274.2	31 089.8	1 311.8	158.3	170.1	1 334.2	–	34 338.4
Inter-segment revenue	(274.2)	(8.5)	(5.2)	(5.3)	(1.6)	(1.1)	–	(295.9)
External customers segment revenue	–	31 081.3	1 306.6	153.0	168.5	1 333.1	–	34 042.5
Airtime and access	–	18 169.2	988.9	71.8	120.9	735.0	–	20 085.8
Data revenue	–	1 884.8	108.0	3.5	15.8	25.5	–	2 037.6
Interconnect revenue	–	6 141.6	188.0	57.5	26.5	283.2	–	6 696.8
Equipment sales	–	3 902.4	5.4	0.4	4.2	73.2	–	3 985.6
International airtime	–	720.8	14.3	19.5	0.7	215.9	–	971.2
Other	–	262.5	2.0	0.3	0.4	0.3	–	265.5
Management operating profit/(loss)	(23.3)	8 762.9	263.6	(196.8)	50.9	123.3	–	8 980.6
Net finance income/(cost)	8 306.0	(357.7)	(86.1)	(364.4)	(0.1)	(237.4)	(7 899.5)	(639.2)
Taxation	(679.8)	(2 403.4)	(31.5)	–	(18.3)	49.3	–	(3 083.7)
Net profit/(loss)	7 226.3	5 842.0	140.6	(508.5)	32.4	(71.4)	(7 518.6)	5 142.8
Other material non-cash items included in segment profit/(loss):								
Depreciation and amortisation	(2.8)	(2 451.5)	(201.5)	(68.2)	(16.0)	(255.8)	–	(2 995.8)
Impairments of assets reversed	–	–	–	52.8	–	–	–	52.8
Assets								
Reportable segment assets	14 391.1	20 642.0	1 348.6	527.2	136.8	1 992.9	(14 270.8)	24 767.8
Included in reportable segment assets:								
Additions to property, plant and equipment and intangible assets	16.5	4 383.0	321.5	121.4	25.9	273.2	–	5 141.5
Non-current assets other than financial instruments and deferred taxation	55.7	11 902.1	950.1	396.4	101.4	1 563.4	720.4	15 689.5
Liabilities								
Reportable segment liabilities	(6 108.1)	(17 292.4)	(613.1)	(1 030.3)	(52.1)	(2 527.9)	11 528.4	(16 095.5)

45. SEGMENTAL INFORMATION (CONTINUED)

	Other Rm	South Africa Rm	Tanzania Rm	Mozambique Rm	Lesotho Rm	DRC Rm	Eliminations Rm	Total Rm
2007								
Segment revenue	388.4	37 050.2	1 729.3	269.0	227.5	1 914.4	–	41 578.8
Inter-segment revenue	(388.4)	(11.6)	(7.4)	(10.0)	(2.1)	(12.9)	–	(432.4)
External customers segment revenue	–	37 038.6	1 721.9	259.0	225.4	1 901.5	–	41 146.4
Airtime and access	–	21 045.3	1 282.4	131.6	165.3	1 082.9	–	23 707.5
Data revenue	–	3 112.9	146.5	8.1	22.5	51.7	–	3 341.7
Interconnect revenue	–	7 058.0	257.8	80.1	31.7	408.0	–	7 835.6
Equipment sales	–	4 604.9	19.4	4.4	4.2	66.2	–	4 699.1
International airtime	–	961.8	15.4	34.6	1.3	292.7	–	1 305.8
Other	–	255.7	0.4	0.2	0.4	–	–	256.7
Management operating profit/(loss)	64.2	10 383.6	347.0	(154.1)	74.9	284.8	–	11 000.4
Net finance income/(cost)	3 346.4	(475.3)	(43.6)	34.5	(0.8)	(287.8)	(3 037.2)	(463.8)
Taxation	(799.2)	(2 922.0)	(112.1)	(42.0)	(18.9)	58.2	–	(3 836.0)
Net profit/(loss)	2 102.9	6 870.4	190.7	(184.4)	55.2	47.4	(2 522.2)	6 560.0
Other material non-cash items included in segment profit/(loss):								
Depreciation and amortisation	(2.2)	(2 688.6)	(237.8)	(84.8)	(22.1)	(325.7)	–	(3 361.2)
Impairments of assets	–	–	–	(22.9)	–	–	–	(22.9)
Assets								
Reportable segment assets	13 183.2	23 207.0	2 424.4	690.9	169.5	2 692.0	(13 896.8)	28 470.2
Included in reportable segment assets:								
Additions to property, plant and equipment and intangible assets	182.3	5 458.3	957.6	85.2	25.0	506.0	–	7 214.4
Non-current assets other than financial instruments and deferred taxation	230.1	14 949.8	1 864.9	459.4	104.3	2 036.1	604.1	20 248.7
Liabilities								
Reportable segment liabilities	(7 693.4)	(16 746.1)	(1 123.0)	(1 261.2)	(66.2)	(3 272.7)	11 339.4	(18 823.2)

45. SEGMENTAL INFORMATION (CONTINUED)

	Other Rm	South Africa Rm	Tanzania Rm	Mozambique Rm	Lesotho Rm	DRC Rm	Eliminations Rm	Total Rm
2008								
Segment revenue	–	43 180.3	2 354.5	433.9	308.9	2 296.6	–	48 574.2
Inter-segment revenue	–	(355.4)	(9.7)	(26.0)	(2.6)	(2.7)	–	(396.4)
External customers segment revenue	–	42 824.9	2 344.8	407.9	306.3	2 293.9	–	48 177.8
Airtime and access	–	23 596.4	1 704.7	220.5	186.6	1 387.0	–	27 095.2
Data revenue	–	4 669.8	206.8	15.7	31.3	78.6	–	5 002.2
Interconnect revenue	–	7 938.3	360.4	110.8	40.7	436.9	–	8 887.1
Equipment sales	–	4 931.0	45.6	8.2	8.9	57.7	–	5 051.4
International airtime	–	1 386.7	26.7	52.6	38.2	331.7	–	1 835.9
Other	–	302.7	0.6	0.1	0.6	2.0	–	306.0
Management operating profit/(loss)	34.0	11 754.3	460.0	(127.0)	122.8	372.3	–	12 616.4
Net finance income/(cost)	7 885.4	(537.7)	(24.4)	56.2	2.5	(274.9)	(7 531.0)	(423.9)
Taxation	(739.6)	(3 250.9)	(121.2)	43.9	(32.5)	(8.9)	–	(4 109.2)
Net profit/(loss)	6 675.9	7 916.3	314.5	(56.5)	94.0	80.2	(7 066.8)	7 957.6
Other material non-cash items included in segment profit/(loss):								
Depreciation and amortisation	(56.7)	(3 056.5)	(305.5)	(94.6)	(16.1)	(381.7)	–	(3 911.1)
Impairments of assets	–	–	–	(29.9)	–	–	–	(29.9)
Assets								
Reportable segment assets	16 015.4	24 597.8	3 430.7	892.0	277.5	3 431.3	(14 469.5)	34 175.2
Included in reportable segment assets:								
Additions to property, plant and equipment and intangible assets	1 132.0	4 270.0	712.6	111.3	38.7	658.6	–	6 923.2
Non-current assets other than financial instruments and deferred taxation	421.1	16 046.6	2 546.3	546.8	129.1	2 590.3	1 488.7	23 768.9
Liabilities								
Reportable segment liabilities	(9 489.4)	(17 776.7)	(2 335.7)	(1 924.6)	(104.8)	(3 987.2)	13 248.5	(22 369.9)

46. INTEREST IN SUBSIDIARIES

The information discloses interests in subsidiaries material to the financial position of the Group. The interest in the ordinary share capital is representative of the voting power.

RSA – Republic of South Africa; LES – Lesotho; TZN – Tanzania; MZ – Mozambique; DRC – Democratic Republic of the Congo; MAU – Mauritius; C – Cellular; MSC – Management services company; PROP – Property company; OTH – Other.

	Country of incorp-oration	Issued share capital			Interest in issued ordinary share capital		
		2006	2007	2008	2006 %	2007 %	2008 %
Cellular network operators							
Vodacom (Proprietary) Limited (C)	RSA	R100	R100	R100	100	100	100
Vodacom Lesotho (Proprietary) Limited (C)	LES	M4 180	M4 180	M4 180	88.3	88.3	88.3
Vodacom Tanzania Limited (C)	TZN	TZS10 000	TZS10 000	TZS10 000	65	65	65
VM S.A.R.L. (C)	MZ	US$60 000 000	US$60 000 000	US$60 000 000	98	98	90
Vodacom Congo (RDC) s.p.r.l. (C)	DRC	US$1 000 000	US$1 000 000	US$1 000 000	51	51	51
Service providers							
Vodacom Service Provider Company (Proprietary) Limited (C)	RSA	R20	R20	R20	100	100	100
Smartphone SP (Proprietary) Limited (C) *	RSA	R20 000	R20 000	R20 000	51	70	100
Smartcom (Proprietary) Limited (C)*	RSA	R1 000	R1 000	R1 000	43.7	61.7	100
Cointel V.A.S. (Proprietary) Limited (C) *	RSA	–	R10 204	R10 204	51	70	100
Other							
VSP Holdings (Proprietary) Limited (MSC) *	RSA	R1 023	R1 023	R1 023	100	100	100
Vodacom Satellite Services (Proprietary) Limited (OTH) *	RSA	R100	R100	R100	100	100	100
GSM Cellular (Proprietary) Limited (OTH) *	RSA	R1 200	R1 200	R1 200	100	100	100
Vodacom Venture No. 1 (Proprietary) Limited (OTH) *	RSA	R810	R810	R810	100	100	100
Vodacom Equipment Company (Proprietary) Limited (OTH) *	RSA	R100	R100	R100	100	100	100
Vodacare (Proprietary) Limited (OTH) *	RSA	R100	R100	R100	100	100	100
Vodacom International Holdings (Proprietary) Limited (MSC)	RSA	R100	R100	R100	100	100	100
Vodacom International Limited (MSC)	MAU	US$100	US$100	US$100	100	100	100
Vodacom Properties No.1 (Proprietary) Limited (PROP)	RSA	R100	R100	R100	100	100	100
Vodacom Properties No.2 (Proprietary) Limited (PROP)	RSA	R1 000	R1 000	R1 000	100	100	100
Stand 13 Eastwood Road Dunkeld West (Proprietary) Limited (PROP)	RSA	R100	R100	–	51	70	–
Ithuba Smartcall (Proprietary) Limited (OTH)	RSA	R100	R100	–	26.5	36.4	–
Smartcall Smartlife (Proprietary) Limited (OTH)	RSA	–	R100	–	–	63	–
Vodacom Tanzania Limited (Zanzibar) (OTH) *	TZN	TZS10 000	TZS10 000	TZS10 000	99	99	99
Joycell Shops (Proprietary) Limited (OTH) *	RSA	R100	R100	R100	100	100	100
Marble Gold Investments (Proprietary) Limited (OTH) *	RSA	R100	R100	R100	100	100	100
Vodacom Ventures (Proprietary) Limited (OTH)	RSA	R120	R120	R120	100	100	100
Skyprops 134 (Proprietary) Limited (PROP)	RSA	–	R100	R100	–	100	100

* Dormant as at 31 March 2008.

47. INTERESTS IN JOINT VENTURES

47.1 Number Portability Company (Proprietary) Limited

In response to the introduction of Mobile Number Portability ("MNP") it was necessary for the formation of a company to provide all the services necessary to allow the existing three incumbent mobile operators to offer MNP.

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

Number Portability Company (Proprietary) Limited is owned equally by all three operators and they contributed the required necessary financial resources directly proportional to their shareholding. MNP was officially launched on 10 November 2006.

Effective 20 September 2006, Vodacom (Proprietary) Limited acquired a 33.3% stake in Number Portability Company (Proprietary) Limited by acquiring 100 shares for R1. Each shareholder advanced to Number Portability Company (Proprietary) Limited funding by way of shareholders loans. As at 31 March 2008 the shareholder loan balance was R6.0 million (2007: R6.0 million) (Note 21).

	2007 Rm	**2008 Rm**
Interest held	33.3%	33.3%
The Group's proportionate share of assets and liabilities:		
Property, plant and equipment	*	*
Intangible assets	6.3	6.3
Current assets	2.2	3.0
Total assets	8.5	9.3
Long-term liabilities	(6.0)	(6.0)
Inter company creditors	(3.0)	(3.0)
Current liabilities	(0.6)	(0.4)
Net liabilities	(1.1)	(0.1)
The Group's proportionate share of revenue and expenditure:		
Revenue	0.4	5.7
Profit/(Loss) before taxation	(1.1)	1.1
Taxation	–	(0.1)
Net profit/(loss)	(1.1)	1.0
The Group's proportionate share of cash flows:		
Net cash flows from operating activities	(1.0)	0.2
Net cash flows utilised in investing activities	(7.0)	(1.8)
Net cash flows from financing activities	9.0	3.0
Net cash flow	1.0	1.4

NPC had no contingent liabilities or capital commitments at 31 March 2007 and 2008.

*Amounts less than R50 000

48. NEW INTERNATIONAL FINANCIAL REPORTING STANDARDS ACCOUNTING PRONOUNCEMENTS

Accounting pronouncements adopted at 31 March 2008

The Group adopted the following revised and new International Financial Reporting Standards in accordance with their effective dates during the current financial year:

IAS 1 (revised August 2005)	Presentation of Financial Statements (capital disclosures)
IFRS 7	Financial Instruments: Disclosures
IFRIC 9	Reassessment of Embedded Derivatives
IFRIC 10	Interim Financial Reporting and Impairment
IFRIC 11	IFRS 2 Group and Treasury Share Transactions
AC 503	Accounting for BEE transactions

The adoption of the above mentioned accounting pronouncements had no impact on the Group's results or cash flow information for the year ended 31 March 2008.

Accounting pronouncements not adopted at 31 March 2008

In November 2006 the IASB issued IFRIC 12: Service Concession Arrangements ("IFRIC 12") effective for annual periods beginning on or after 1 January 2008. The interpretation addresses the accounting by private sector operators involved in the provision of public sector infrastructure assets and services, such as schools and roads. The interpretation states that for arrangements falling within its scope (essentially those where the infrastructure assets are not controlled by the operator), the infrastructure assets are not recognised as property, plant and equipment of the operator. Rather, depending on the terms of the arrangement, the operator will recognise:

- a financial asset where the operator has an unconditional right to receive a specified amount of cash or other financial asset over the life of the arrangement; or
- an intangible asset where the operator's future cash flows are not specified – e.g. where they will vary according to usage of the infrastructure asset; or
- both a financial asset and an intangible asset where the operator's return is provided partially by a financial asset and partially by an intangible asset.

The Group will adopt IFRIC 12 during the 2009 financial year and is currently evaluating the effects of the interpretation.

In March 2007 the IASB issued a revision to IAS 23: Borrowing Costs ("IAS 23") effective for annual periods beginning on or after 1 January 2009. The revised standard removes the option of recognising immediately as an expense those borrowing costs that relate to assets that take a substantial period of time to get ready for use or sale. The revised standard does not apply to borrowing costs directly attributable to the acquisition, construction or production of qualifying assets measured at fair value or inventories that are manufactured, or otherwise produced, in large quantities on a repetitive basis.

The Group will adopt the revised IAS 23 during the 2010 financial year and is currently evaluating the effects of the standard.

In June 2007 the IASB issued IFRIC 13: Customer Loyalty Programmes ("IFRIC 13") effective for annual periods beginning on or after 1 July 2008. The interpretation addresses accounting by entities that grant loyalty award credits (such as points or travel miles) to customers who buy other goods or services. Specifically, it explains how such entities should account for their obligations to provide free or discounted goods or services (awards) to customers who redeem award credits. IFRIC 13 states that an entity that grants loyalty award credits shall allocate some of the proceeds of the initial sale to the award credits as a liability (its obligation to provide the awards). The entity shall recognise the deferred portion of the proceeds as revenue only when it has fulfilled its obligations.

The Group will adopt IFRIC 13 during the 2010 financial year and is currently evaluating the effect of the interpretation and based on current indications do not believe that it will have a material impact on the Group's numbers.

48. NEW INTERNATIONAL FINANCIAL REPORTING STANDARDS ACCOUNTING PRONOUNCEMENTS (CONTINUED)

Accounting pronouncements not adopted at 31 March 2008 (continued)

In July 2007 the IASB issued IFRIC 14: IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction ("IFRIC 14") effective for annual periods beginning on or after 1 January 2008. The interpretation addresses the interaction between a minimum funding requirement and the limit placed by paragraph 58 of IAS 19 on the measurement of the defined benefit asset or liability. When determining the limit on a defined benefit asset in accordance with IAS 19.58 entities are required, under IFRIC 14, to measure any economic benefits available to them in the form of refunds or reductions in future contributions at the maximum amount that is consistent with the terms and conditions of the plan and any statutory requirements in the jurisdiction of the plan.

The Group will adopt IFRIC 14 during the 2009 financial year and is currently evaluating the effects of the interpretation.

In September 2007 the IASB issued a revision to IAS 1: Presentation of Financial Statements ("IAS 1") effective for annual periods beginning on or after 1 January 2009. The revised standard requires an entity to:

- present all non-owner changes in equity either in one statement of comprehensive income or in two statements, a separate income statement and a statement of comprehensive income;
- present a statement of financial position as at the beginning of the earliest comparative period in a complete set of financial statements when the entity applies an accounting policy retrospectively or makes a retrospective adjustment; and
- disclose income tax relating to each component of other comprehensive income and to disclose reclassification adjustments relating to components of other comprehensive income.

In addition the revision includes changes in the titles of some of the financial statements. The new titles will be used in International Financial Reporting Standards, but are not mandatory for use in financial statements.

The Group will adopt the revised IAS 1 during the 2010 financial year and is currently evaluating the effect of the revised standard.

In January 2008 the IASB issued a revision to IFRS 2: Share-based Payment ("IFRS 2") effective for annual periods beginning on or after 1 January 2009. The revised standard clarifies:

- vesting and non-vesting conditions;
- the estimation of the fair value of equity instruments granted;
- the accounting treatment of cancellations by counterparties to a share-based arrangement; and
- the definition of performance conditions.

The Group will adopt the revised IFRS 2 during the 2010 financial year and is currently evaluating the effect of the revised standard.

In February 2008 the IASB issued a revision to IAS 32: Financial instruments: Presentation ("IAS 32") effective for annual periods beginning on or after 1 January 2009. The revision requires:

- puttable instruments and instruments or components of instruments that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation to be classified as equity if all the conditions specified in the standard are met;
- reclassification from or to equity when the specified criteria are no longer met or are subsequently met; and
- that derivatives over the aforementioned instruments may not be classified as equity.

The Group will adopt the revised IAS 32 during the 2010 financial year and is currently evaluating the effect of the revised standard.

In January 2008 the IASB issued a revision to IFRS 3: Business Combinations ("IFRS 3") effective for business combinations in annual periods beginning on or after 1 July 2009, which consequentially amended IAS 27: Consolidated and Separate Financial Statements ("IAS 27"), IAS 28: Investments in Associates ("IAS 28") and IAS 31: Interest in Joint Ventures ("IAS 31") effective for annual periods beginning on or after 1 July 2009.

48. NEW INTERNATIONAL FINANCIAL REPORTING STANDARDS ACCOUNTING PRONOUNCEMENTS (CONTINUED)

Accounting pronouncements not adopted at 31 March 2008 (continued)

Revisions to IFRS 3:

- require all acquisition costs to be expensed;
- require acquirers, with step acquisitions achieving control, to remeasure its previously held equity interest to fair value at the acquisition date and recognise any gain or loss in profit or loss;
- require non-controlling interests to be measured at either fair value or at the non-controlling interest's proportionate share of net identifiable assets of the entity acquired;
- require considerations for acquisitions to be measured at fair value at the acquisition date including the fair value of any contingent consideration payable. Subsequent changes are only allowed as a result of additional information on facts and circumstances that existed at the acquisition date, all other changes are recognised in profit or loss;
- require goodwill to be measured as the difference between the aggregate of the acquisition date fair value of the consideration transferred; the amount of any non-controlling interest acquired and in a business combination achieved in stages, the acquisition date fair value of the acquirers' previously held equity interest and the net of the acquisition date amounts of identifiable assets acquired and liabilities assumed; and
- clarifies that all contractual arrangements at the acquisition date must be classified and designated with the exception of leases and insurance contracts. Thus the acquirer applies its accounting policies as if it has acquired those contractual relationships outside of the business combination.

Revisions to IAS 27:

- require that changes in a parent's ownership interest in a subsidiary that do no result in a loss of control are equity transactions, no gain or loss is recognised and goodwill is not remeasured. The difference between the change in the non-controlling interest and the fair value of the consideration paid or received is recognised in equity;
- require that with the loss of control all assets, liabilities and non-controlling interest should be derecognised at carrying amount and any retained non-controlling interest should be remeasured to fair value on the date control is lost. The difference between the sum of the proceeds received and any retained interest and the carrying amount of assets, liabilities and non-controlling interests at the date control is lost, should be recognised in profit or loss; and
- require losses to be allocated to non-controlling interests even if they exceed the non-controlling interest's share of equity in the subsidiary.

Revisions to IAS 28:

- require derecognition of an associate with the loss of significant influence; and
- recognition in profit or loss of the difference between the sum of the proceeds received and any retained interest, and the carrying amount of the investment in the associate at the date significant influence is lost.

Revisions to IAS 31:

- similar treatment as for associate investments is required when an investor loses joint control over a jointly controlled entity.

The Group will adopt the revised IFRS 3, IAS 27, IAS 28 and IAS 31 during the 2011 financial year and is currently evaluating the effect of the revised standards.

In February 2008 the IASB issued a revision to IAS 1: Presentation of financial statements ("IAS 1") effective for annual periods beginning on or after 1 January 2009. The revision requires disclosures for puttable instruments classified as equity which include quantative data about the amount classified as equity; the entity's objectives, policies and processes for managing its obligation to repurchase or redeem the instruments including any changes from the previous period; the expected cash outflow on redemption or repurchase of that class of financial instruments, how the expected cash outflow was determined and if an instrument is reclassified into and out of financial liabilities and equity the amount, timing and reason for reclassification.

The Group will adopt the revised IAS 1 during the 2010 financial year and is currently evaluating the effect of the revised standard.

	2006 cents	2007 cents	2008 cents
1. PER SHARE CALCULATIONS			
Historical*			
Basic and diluted earnings per share	50 260 537.7	63 424 298.5	78 113 969.4
Headline and diluted headline earnings per share	49 214 291.7	63 288 749.5	78 616 219.2
Dividends per share	45 000 000.0	54 000 000.0	59 400 000.0
Net asset value per share	86 722 668.0	96 470 293.4	118 053 151.2
Tangible net asset value per share	67 173 848.4	69 467 133.5	75 812 505.6
Pro forma**			
Basic and diluted earnings per share	337.8	426.3	525.0
Headline and diluted headline earnings per share	331.3	426.3	528.4
Dividends per share	302.4	362.9	399.2
Net asset value per share	582.8	648.3	793.4
Tangible net asset value per share	451.5	466.9	509.5

* Historical calculations are based on 10 000 actual shares in issue.
** Pro forma calculations are based on 1 487 954 000 shares in issue at listing date.

The calculation of basic earnings per ordinary share is based on earnings of R7 811.4 million (2007: R6 342.4 million; 2006: R5 026.1 million). Due to no dilution factors being present, basic earnings per share equals diluted earnings per share.

The calculation of headline earnings per ordinary share is based on headline earnings of R7 861.6 million (2007: R6 328.9 million; 2006: R4.921.4 million). Due to no dilution factors being present, headline earnings per share equals diluted headline earnings per share.

The calculation of the dividend per ordinary share is based on a declared dividend of R5 940.0 million (2007: R5 400.0 million; 2006: R4 500.0 million).

	2006 Rm	2007 Rm	2008 Rm
2. HEADLINE EARNINGS RECONCILIATION			
Basic earnings per the income statement	5 026.1	6 342.4	7 811.4
Profit on disposal of shares in subsidiary	–	(17.4)	(8.0)
Loss/(Profit) on disposal of property, plant and equipment and intangible assets	26.8	(26.9)	39.3
(Profit)/Loss on impairment of property, plant and equipment	(52.8)	22.9	31.7
Reversal of impairment of property, plant and equipment	–	–	(1.8)
Profit on Smartphone SP (Proprietary) Limited acquisition	(70.9)	–	–
	4 929.2	6 321.0	7 872.6
Taxation impact	(7.8)	7.9	(11.0)
Headline earnings	4 921.4	6 328.9	7 861.6

3. MATERIAL SUBSIDIARIES

The table below discloses the following information for subsidiaries material to the financial position of the Group:

- Issued share capital, indicating the percentage held by the Group. There were no changes in holding. The interest in the ordinary share capital is representative of the voting power.
- The Group's share of the net profits and/or losses.
- The amount of the Group's interest, distinguishing between shares and indebtedness and any change therein during the period.

TZS – Tanzanian Shilling; R – South African Rand.

	Service Providers	Cellular network operators	
	Vodacom Service Provider Company (Proprietary) Limited	Vodacom (Proprietary) Limited	Vodacom Tanzania Limited
	2008	2008	2008
Issued ordinary share capital	R20	R100	TZS10 000
Interest in issued ordinary share capital	100%	100%	65%
Group attributable net profit/(loss) before tax (Rm)	2 174.8	10 661.0	436.1
Group attributable net profit/(loss) after tax (Rm)	1 558.1	8 088.5	314.5
Group interest amount:			
• Shares at cost (Rm)	*	2 385.1	201.3
Increase in shares at cost (Rm)	–	1 541.5	–
• Indebtedness (Rm)	–	–	895.1
Increase in indebtedness (Rm)	–	–	349.0

*R20.

No person holds any rights enabling such person to vary the voting rights held in any subsidiary.

4. OTHER FINANCIAL INFORMATION

There has been no major change in the nature of property, plant and equipment or in the policy regarding the use thereof, nor has their been any material change to the nature of the business that the Group undertakes.

The Group does not have any material loans receivable, and has not made any loans or furnished any security, whether directly or through subsidiary entities, for the benefit of any director or manager, or any associate of any director or manager.

There have been no share issues or issues of convertible securities to external parties outside the Group.

For details of share schemes involving the staff of Vodacom Group, please refer to note 24.4 of Annexure 3, and paragraph 12 on page 52 of this pre-listing statement.

	2008 R
5. DIRECTORS' REMUNERATION	
Executive directors	**85 019 434.00**
For services as directors of Vodacom Group (Proprietary) Limited	69 728 222.0
For services as directors of subsidiaries	15 291 212.0
Non-executive directors	**1 427 918.00**
For services as directors of Vodacom Group (Proprietary) Limited	1 427 918.0
Directors' remuneration	**86 447 352.00**
Directors' remuneration paid and accrued by:	**86 447 352.00**
Vodacom Group (Proprietary) Limited	71 156 140.0
Subsidiaries/fellow subsidiaries	15 291 212.0

* Except where indicated otherwise.

Included in the aggregate directors remuneration above are emoluments of the following individual non-executive directors that will remain in office post the listing:

Directors' fees

R Snow*	175 000.0

* Amounts paid to company by which the director is employed.

Directors' emoluments received, during the year ended 31 March 2008, by the following individual directors that will remain in office post the listing:

Executive directors

	Basic salary* R	Bonuses and performance related payments R	Sums paid by way of expense allowance R	Monetary value of any other material benefits R	Total R
P J Uys	3 700 000.0	8 111 493.0	7 776.4	65 992.0	11 886 261.4
M S Aziz Joosub	3 500 000.0	4 050 000	9 883.8	120 569.0	7 680 452.8
	7 200 000.0	**12 161 493.0**	**17 660.2**	**186 516.0**	**19 565 714.2**

* Basic salary refers to guaranteed total cost of employment ("GTCE"). Included in GTCE are company contributions to provident funds, company car benefits, executive travel and travel allowances and professional memberships fees. Included in basic salary is pension contributions for P J Uys of R373 131 and for M S Aziz Joosub of R302 205.

The amounts disclosed above reflect actual payments made during the year ended 31 March 2008. During the 2008 year Vodacom Group provided R2.4 million for P J Uys and R2.7 million for M S Aziz Joosub in respect of vested deferred bonus incentive scheme allotments. Vodacom also makes provision for separation packages where there is entitlement in terms of law.

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE AUDITED CONSOLIDATED HISTORICAL FINANCIAL INFORMATION OF VODACOM FOR THE YEARS ENDED 31 MARCH 2006, 31 MARCH 2007 AND 31 MARCH 2008

The definitions and interpretations commencing on page 9 of this document shall not apply to this Annexure 2

"The Directors
Vodacom Group (Proprietary) Limited
Vodacom Corporate Park
082 Vodacom Boulevard
Vodavalley
Midrand
1685

24 February 2009

Dear Sirs

REPORT OF THE INDEPENDENT REPORTING ACCOUNTANTS ON THE CONSOLIDATED HISTORICAL FINANCIAL INFORMATION OF VODACOM GROUP (PROPRIETARY) LIMITED ("VODACOM GROUP") FOR THE YEARS ENDED 31 MARCH 2006, 31 MARCH 2007 AND 31 MARCH 2008

Introduction

At your request and for the purposes of the pre-listing statement to the Vodacom Group shareholders, to be dated on or about 2 March 2009, we present our report on the consolidated historical financial information in respect of Vodacom Group for the years ended 31 March 2006, 31 March 2007 and 31 March 2008, as set out in Annexure 1 of this pre-listing statement, in compliance with the Listings Requirements of the JSE Limited ("JSE").

Directors' Responsibility

The directors of Vodacom Group are responsible for the preparation and fair presentation of the consolidated historical financial information in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated historical financial information 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.

Reporting Accountants' Responsibility

Our responsibility is to express an opinion on the consolidated historical financial information based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated historical financial information relating to the years ended 31 March 2006, 31 March 2007 and 31 March 2008 is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated historical financial information. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated historical financial information, 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 consolidated historical financial information in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated historical financial information.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Audit opinion

In our opinion, the consolidated historical financial information of Vodacom Group for the years ended 31 March 2006, 31 March 2007 and 31 March 2008 fairly presents, in all material respects, the financial position at those dates, and the results of the operations and cashflows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, the Companies Act in South Africa and the JSE Listings Requirements.

Consent

We consent to the inclusion of this report, which will form part of the pre-listing statement to the shareholders of Vodacom Group, to be issued on or about 2 March 2009, in the form and context in which it appears.

Yours faithfully

Deloitte & Touche

Registered Auditors

Per P J Smit
Partner

Deloitte &Touche
The Woodlands
Woodlands Drive
Woodmead
Sandton
2196
South Africa

National Executive: G G Gelink (Chief Executive), A E Swiegers (Chief Operating Officer), G M Pinnock (Audit), D L Kennedy (Tax, Legal and Financial Advisory), L Geeringh (Consulting), L Bam (Corporate Finance and Strategy), C R Beukman (Finance), T J Brown (Clients & Markets), N T Mtoba (Chairman of the Board), C R Qually (Deputy Chairman of the Board).

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

REVIEWED CONSOLIDATED HISTORICAL FINANCIAL INFORMATION OF VODACOM FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2007 AND 30 SEPTEMBER 2008

INDEX TO CONSOLIDATED HISTORICAL FINANCIAL INFORMATION

The consolidated historical financial information contained herein has different defined terms to those used elsewhere in this pre-listing statement. In particular, unless otherwise specified, on any given such page, the term "company", "Company", or "parent Company" means Vodacom Group and "group" or "Group" means Vodacom.

The reviewed consolidated historical financial information in this Annexure has been extracted, without adjustment to the numbers, from the 2008 Interim Report and 2007 and 2008 accounts of Vodacom and contain cross-references to other parts of such Interim Report or other sources. Such cross-referenced material is not part of, and is not incorporated by reference into, this pre-listing statement and should be disregarded for the purpose of this pre-listing statement.

As this information only represents extracts of the Interim Report which has a different pagination in this pre-listing statement, there may be references to page numbers in the Interim Report that have not been included in this pre-listing statement. In such event, such references to page numbers are not to be construed as referring to pages in this pre-listing statement and in addition, such referenced pages are not part of, and are not incorporated by reference into, this pre-listing statement and should be disregarded for the purpose of this pre-listing statement.

The Directors are responsible for the preparation, integrity and fair presentation of the historical consolidated financial information of Vodacom for the six months ended 30 September 2007 and 30 September 2008. The consolidated historical financial information contained herein has been reviewed by the independent auditing firm Deloitte & Touche and their report is presented in Annexure 4.

CONDENSED CONSOLIDATED INCOME STATEMENTS

For the six months ended 30 September 2007 and 2008

		For the six months ended 30 September	
		2007	**2008**
		Rm	**Rm**
	Notes	**(reviewed)**	**(reviewed)**
Revenue	4	22 814.9	26 016.2
Other operating income		76.4	73.8
Direct network operating cost	5	(12 481.3)	(14 167.5)
Depreciation		(1 639.9)	(1 879.4)
Staff expenses		(1 464.0)	(1 706.5)
Marketing and advertising expenses		(666.9)	(771.3)
Other operating expenses		(678.9)	(798.2)
Amortisation of intangible assets		(264.4)	(316.0)
Impairment of assets	6	18.4	(21.1)
Profit from operations		5 714.3	6 430.0
Finance income		46.6	33.5
Finance costs		(288.1)	(733.6)
Gains/(Losses) on remeasurement and disposal of financial instruments		(203.7)	41.3
Profit before taxation		5 269.1	5 771.2
Taxation		(1 611.6)	(1 994.8)
Net profit		3 657.5	3 776.4
Attributable to:			
Equity shareholders		3 596.4	3 693.6
Minority interests		61.1	82.8

CONDENSED CONSOLIDATED BALANCE SHEETS
As at 31 March 2008 and 30 September 2008

	Notes	As at 31 March 2008 Rm (audited)	As at 30 September 2008 Rm (reviewed)
ASSETS			
Non-current assets		24 468.3	25 859.3
Property, plant and equipment	11	19 119.6	20 228.9
Intangible assets		4 224.1	4 328.0
Financial assets	12	244.2	262.2
Deferred taxation		455.1	550.1
Deferred cost		333.3	283.9
Lease assets		92.0	206.2
Current assets		9 706.9	10 359.9
Deferred cost		705.9	735.7
Short-term financial assets		444.9	172.6
Inventory	13	636.9	878.3
Trade and other receivables		6 801.1	7 423.8
Lease assets		140.5	143.9
Taxation receivable		–	183.2
Cash and cash equivalents		977.6	822.4
Total assets		34 175.2	36 219.2
EQUITY AND LIABILITIES			
Ordinary share capital	9	*	*
Retained earnings		11 392.9	12 086.3
Non-distributable reserves		8.8	89.4
Equity attributable to equity holders of the parent		11 401.7	12 175.7
Minority interests		403.6	524.7
Total equity		11 805.3	12 700.4
Non-current liabilities		4 788.2	3 265.5
Interest bearing debt	14	3 025.8	1 528.7
Non-interest bearing debt	15	6.0	6.0
Deferred taxation		776.5	891.2
Deferred revenue		358.8	319.6
Provisions		373.7	364.7
Other non-current liabilities		247.4	155.3
Current liabilities		17 581.7	20 253.3
Trade and other payables		7 561.3	8 492.0
Deferred revenue		2 229.9	2 284.2
Taxation payable		580.5	522.5
Short-term interest bearing debt	14	502.9	1 984.8
Short-term provisions		909.5	567.7
Dividends payable		3 190.0	3 000.0
Derivative financial liabilities		10.8	38.1
Bank borrowings		2 596.8	3 364.0
Total equity and liabilities		34 175.2	36 219.2

* Share capital R100

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the six months ended 30 September 2007 and 2008

		Attributable to equity shareholders					
		Share capital	**Retained earnings**	**Non-distributable reserves**	**Total**	**Minority interests**	**Total equity**
	Notes	**Rm**	**Rm**	**Rm**	**Rm**	**Rm**	**Rm**
Balance at 31 March 2007		*	9 523.2	(97.4)	9 425.8	221.2	9 647.0
Net profit for the period		–	3 596.4	–	3 596.4	61.1	3 657.5
Contingency reserve		–	(0.9)	0.9	–	–	–
Disposal of subsidiaries	17	–	–	–	–	(0.3)	(0.3)
Other acquisitions	18	–	–	–	–	(6.1)	(6.1)
Minority shares of VM, S.A.R.L.		–	–	–	–	0.8	0.8
Net gains and losses not recognised in the income statement							
Foreign currency translation reserve		–	–	(66.1)	(66.1)	(11.1)	(77.2)
Capital contribution on remeasurement of shareholders loan to fair value		–	–	0.5	0.5	(0.5)	–
Balance at 30 September 2007 – Reviewed		*	13 118.7	(162.1)	12 956.6	265.1	13 221.7
Balance at 31 March 2008		*	11 392.9	8.8	11 401.7	403.6	11 805.3
Net profit for the period		–	3 693.6	–	3 693.6	82.8	3 776.4
Dividends declared		–	(3 000.0)	–	(3 000.0)	–	(3 000.0)
Contingency reserve		–	(0.2)	0.2	–	–	–
Net gains and losses not recognised in the income statement							
Foreign currency translation reserve		–	–	81.4	81.4	38.3	119.7
Revaluation of available-for- sale investment		–	–	(1.0)	(1.0)	–	(1.0)
Balance at 30 September 2008 – Reviewed		*	12 086.3	89.4	12 175.7	524.7	12 700.4

* Share capital R100

CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
For the six months ended 30 September 2007 and 2008

	Notes	For the six months ended 30 September 2007 Rm (reviewed)	2008 Rm (reviewed)
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from customers		22 417.6	25 733.4
Cash paid to suppliers and employees		(15 538.2)	(17 781.5)
Cash generated from operations		6 879.4	7 951.9
Finance costs paid		(219.2)	(463.1)
Finance income received		0.3	27.4
Realised net losses on remeasurement and disposal of financial instruments		(95.2)	(21.1)
Taxation paid		(2 506.1)	(2 249.5)
Dividends paid – equity shareholders	16	(2 900.0)	(3 190.0)
Dividends paid – minority shareholders		(90.0)	–
Net cash flows from operating activities		1 069.2	2 055.6
CASH FLOW FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment and intangible assets		(3 678.1)	(3 883.2)
Proceeds on disposal of property, plant and equipment and intangible assets		4.1	34.8
Disposal of subsidiaries	17	15.7	–
Business combinations and other acquisitions	18	(953.0)	–
Other investing activities		(30.2)	(38.8)
Net cash flows utilised in investing activities		(4 641.5)	(3 887.2)
CASH FLOW FROM FINANCING ACTIVITIES			
Interest bearing debt repaid		(49.4)	–
Finance lease capital repaid		(50.7)	(66.1)
Bank borrowings		4 551.0	698.5
Broad Based Black Economic Empowerment public offer	24	–	964.2
Other financing activities		7.1	–
Net cash flows generated from financing activities		4 458.0	1 596.6
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		885.7	(235.0)
Cash and cash equivalents/(Bank borrowings) at the beginning of the period		(107.9)	836.8
Effect of foreign exchange rate changes		(14.9)	11.2
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	19	762.9	613.0

1. NATURE OF OPERATIONS

Vodacom Group (Proprietary) Limited ("the Group") is primarily an integrated mobile telecommunication and data communication business located in South Africa and also has businesses in other African countries.

2. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared using accounting policies and methods of computation consistent with those applied in the most recent annual financial statements. These reviewed financial statements should be read in conjunction with the audited consolidated financial statements for the three years ended 31 March 2008. The results of interim periods are not necessarily indicative of the results for the entire year.

The condensed consolidated financial statements have been prepared in accordance with IAS 34: Interim Financial Reporting as issued by the International Accounting Standards Board on the historic cost basis, except for financial assets and financial liabilities (including derivative instruments) recorded at fair value.

3. ACCOUNTING POLICIES

The accounting policies applied are consistent within the periods presented, and with those of the previous year. The preparation of the condensed consolidated financial statements requires the Group's management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the condensed consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

	For the six months ended 30 September	
	2007 Rm (reviewed)	**2008 Rm (reviewed)**
4. REVENUE		
Airtime and access	12 947.1	14 607.5
Data revenue	2 096.4	3 004.3
Interconnect revenue	4 303.9	4 744.3
Equipment sales	2 393.2	2 490.4
International airtime	951.6	974.0
Other	122.7	195.7
	22 814.9	26 016.2
5. DIRECT NETWORK OPERATING COST		
Airtime and access	(3 882.8)	(4 118.2)
Data expenditure	(266.9)	(356.1)
Interconnect cost	(2 866.5)	(3 327.7)
Equipment cost	(2 606.6)	(2 802.2)
International airtime cost	(287.1)	(350.1)
Regulatory fees	(496.7)	(583.6)
Network operational expenses *	(1 344.3)	(1 577.7)
Other	(730.4)	(1 051.9)
	(12 481.3)	(14 167.5)

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

	For the six months ended 30 September 2007 Rm (reviewed)	2008 Rm (reviewed)
6. IMPAIRMENT OF ASSETS		
Intangible assets	–	(0.2)
Computer software	–	(0.2)
Property, plant and equipment	18.4	(20.9)
Infrastructure	21.2	(14.1)
Information services	(1.5)	(1.7)
Motor vehicles	(0.1)	(3.9)
Furniture and office equipment	(0.6)	(0.4)
Leasehold improvements	(0.3)	(0.2)
Other assets	(0.3)	(0.6)
(Impairment recognised)/Impairment reversed	18.4	(21.1)

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 30 September 2007 and 30 September 2008. The amount with which the carrying amount exceeded the recoverable amount is recognised as an impairment loss. The prior year reversal of earlier impairment losses related to an increase in the fair value of infrastructure assets due to exchange rate fluctuations.

	2007	2008
7. BASIC AND DILUTED EARNINGS PER SHARE		
The calculation of earnings per ordinary share is based on earnings of R3 693.6 million (30 September 2007: R3 596.4 million) and 10 000 issued ordinary shares (30 September 2007: 10 000).	359 645	369 355
8. DIVIDEND PER SHARE		
The calculation of dividend per ordinary share is based on a declared ordinary dividend of R3 000.0 million (30 September 2007: Rnil) and 10 000 issued ordinary shares (30 September 2007: 10 000).	–	300 000

	As at 31 March 2008 (audited)	As at 30 September 2008 (reviewed)
9. ORDINARY SHARE CAPITAL		
10 000 ordinary shares of R0.01 each.	100	100
10. NET ASSET VALUE PER SHARE		
The calculation of net asset value per ordinary share is based on net assets of R12 700.4 million (31 March 2008: R11 805.3 million) and 10 000 issued ordinary shares (31 March 2008: 10 000).	1 180 532	1 270 037

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 September 2008

	As at 31 March 2008 Rm (audited)	As at 30 September 2008 Rm (reviewed)
11. PROPERTY, PLANT AND EQUIPMENT		
The following additions were made during the period/year		
Land and buildings	184.2	92.8
Infrastructure	4 047.6	1 977.0
Information services	309.9	215.2
Community services	7.9	4.7
Motor vehicles	62.6	29.8
Furniture and office equipment	83.0	43.2
Leasehold improvements	252.5	132.9
Other assets	4.5	10.8
	4 952.2	2 506.4
The following disposals were made during the period/year		
Land and buildings	(1.1)	–
Infrastructure	(37.4)	(13.7)
Information services	(4.7)	(23.3)
Community services	(0.1)	(0.1)
Motor vehicles	(3.6)	(4.1)
Furniture and office equipment	(2.0)	–
Leasehold improvements	(0.6)	(0.5)
Other assets	0.9	–
	(48.6)	(41.7)
12. FINANCIAL ASSETS		
Included in financial assets are the following:		
Increase in other investments during the period year	50.3	11.0

During the twelve months ended 31 March 2008 the Group purchased a 50% equity stake in Waterberg Lodge (Proprietary) Limited, a 35% equity stake in XLink Communications (Proprietary) Limited and increased its interest in G-Mobile Holdings Limited from 10% to 26% by exercising a call option granted in 2007. During the six months ended 30 September 2008 the Group purchased a 26% equity stake in Zoopy (Proprietary) Limited and a 75% equity stake in Westside Trading 163 (Proprietary) Limited ("Vodacom Gated Services").

Other investments are carried at cost which approximates their fair value.

13. INVENTORY

	As at 31 March 2008 Rm (audited)	As at 30 September 2008 Rm (reviewed)
Merchandise	507.1	736.1
Other inventory	129.8	142.2
	636.9	878.3
Inventory carried at net realisable value	224.6	255.6

	As at 31 March 2008 Rm (audited)	As at 30 September 2008 Rm (reviewed)
13. INVENTORY (CONTINUED)		
13.1 Inventory valuation allowance included above (continued)		
Balance at the beginning of the period/year	(97.6)	(98.7)
Foreign exchange movement on opening balance	(0.9)	(0.2)
Reversed from/(Charged to) profit and loss	(0.2)	58.1
Balance at the end of the period/year	(98.7)	(40.8)

	As at 31 March 2008			As at 30 September 2008		
	Short-term portion Rm (audited)	Long-term portion Rm (audited)	Total Rm (audited)	Short-term portion Rm (reviewed)	Long-term portion Rm (reviewed)	Total Rm (reviewed)
14. INTEREST BEARING DEBT						
Asset backed financing (Note 14.1)	194.3	420.7	615.0	168.0	375.6	543.6
Funding loans (Note 14.2)	300.5	2,605.1	2 905.6	1 808.5	1 153.1	2 961.6
Other short-term loans (Note 14.3)	8.1	–	8.1	8.3	–	8.3
	502.9	3 025.8	3 528.7	1 984.8	1 528.7	3 513.5

14.1 Asset backed financing

	As at 31 March 2008 Rm (audited)	As at 30 September 2008 Rm (reviewed)
Vodacom (Proprietary) Limited	396.7	343.9
The loans are collateralised by land and buildings with a book value of R495.3 million (31 March 2008: R464.2 million), bearing interest at fixed effective interest rates of between 12.1% and 16.9% p.a. and repayable between 1 and 5 years. The final settlement payment is R144.4 million (31 March 2008: R144.4 million).		
Vodacom Service Provider Company (Proprietary) Limited	218.3	199.7
The loans are collateralised by land and buildings with a book value of R242.7 million (31 March 2008: R245.5 million), and bears interest at a fixed effective interest rate of 14.8% p.a. Payments are made every six months in arrears and commenced on 1 March 2002. The loan is repayable on 1 September 2011.	615.0	543.6
Less: Short-term portion of asset backed financing		
Vodacom (Proprietary) Limited	(151.7)	(118.5)
Vodacom Service Provider Company (Proprietary) Limited	(42.6)	(49.5)
Short-term portion of asset backed financing	(194.3)	(168.0)
Long-term portion of asset backed financing	420.7	375.6

	As at 31 March 2008 Rm (audited)	As at 30 September 2008 Rm (reviewed)
14. INTEREST BEARING DEBT (CONTINUED)		
14.2 Funding loans		
Term loan to Vodacom International Limited	1 462.5	1 500.3
The loan provided by Standard Bank Plc and RMB International (Dublin) Limited that amounts to US$180.0 million (31 March 2008: US$180.0 million) is collateralised by guarantees provided by the Group. The loan is repayable on 26 July 2009 and bears interest at an effective interest rate of LIBOR plus 0.35%.		
Mirambo Limited	142.6	153.0
Mirambo Limited bought the 16% and 19% equity stake of Planetel Communications Limited and Caspian Limited respectively in Vodacom Tanzania Limited on 30 November 2007. The shareholder loans with a combined nominal value of US$18.4 million, were transferred to Mirambo Limited in order to meet its obligations to Vodacom Tanzania Limited in respect of shareholder contributions. The loan bears interest at LIBOR + 5% and shall be repaid by approval of at least 60% of the shareholders of Vodacom Tanzania Limited. The loan and capitalised interest are unsecured and subordinated.		
Asset Backed Arbitraged Securities (Proprietary) Limited	1 000.0	1 000.0
On 5 December 2007, Vodacom (Proprietary) Limited entered into a subscription agreement with Asset Backed Arbitraged Securities (Proprietary) Limited ("ABACAS"). In terms of the agreement Vodacom (Proprietary) Limited issued debt instruments in the form of two promissory notes with a nominal value of R500.0 million each to which ABACAS subscribed. The debt instrument bears interest based on JIBAR plus a fixed credit margin of 0.4% and a floating funding margin of between 0.15% and 0.42%. The repayment term is three years with interest being paid quarterly.		
Preference shares issued by Vodacom Congo (RDC) s.p.r.l.	300.5	308.3
The preference shares of US$37.0 million (31 March 2008: US$37.0 million) bear interest at a rate of 4% per annum. The preference shares are redeemable at the discretion of the shareholders and on the basis that the shareholders are repaid simultaneously and in proportion to their shareholding.		
	2,905.6	2,961.6
Less: Short-term portion of funding loans		
Term loan to Vodacom International Limited	–	(1 500.3)
Preference shares issued by Vodacom Congo (RDC) s.p.r.l.	(300.5)	(308.2)
Short-term portion of funding loans	(300.5)	(1 808.5)
Long-term portion of funding loans	2,605.1	1 153.1

	As at 31 March 2008 Rm (audited)	As at 30 September 2008 Rm (reviewed)
14. INTEREST BEARING DEBT (CONTINUED)		
14.3 Other short-term loans		
Vodacom Congo (RDC) s.p.r.l.	8.1	8.3

The short-term facilities amount to US$1.0 million (31 March 2008: US$1.0 million). These facilities bear interest at 18% per annum with no fixed repayment terms.

	As at 31 March 2008 Rm (audited)	As at 30 September 2008 Rm (reviewed)
15. NON-INTEREST BEARING DEBT		
Number Portability Company (Proprietary) Limited	6.0	6.0

The Group's share of the shareholders loan provided, amounted to R6.0 million at 30 September 2008. The subordinated shareholder loan bears interest at the maximum rate of the prevailing South African prime rate or a lesser rate determined by the board of Number Portability Company (Proprietary) Limited.

	For the six months ended 30 September	
	2007 Rm (reviewed)	2008 Rm (reviewed)
16. DIVIDENDS PAID		
Declared 6 March 2008 to shareholders registered on 1 April 2008 and paid on 3 April 2008 (Final)	–	(3,190.0)
Declared 14 March 2007 to shareholders registered on 2 April 2007 and paid on 4 April 2007 (Final)	(2,900.0)	–
	(2,900.0)	(3,190.0)

	For the six months ended 30 September	
	2007	**2008**
	Rm	**Rm**
	(reviewed)	**(reviewed)**
17. DISPOSAL OF SUBSIDIARIES		
Ithuba Smartcall (Proprietary) Limited (Note 17.1)	–	–
Stand 13 Eastwood Road Dunkeld (Proprietary) Limited (Note 17.2)	15.7	–
Net cash inflow from disposal of subsidiaries	15.7	–

17.1 Ithuba Smartcall (Proprietary) Limited

On 3 September 2007, the Group disposed of its 52% interest in Ithuba Smartcall (Proprietary) Limited. The carrying value of the assets and liabilities disposed of were as follows:

	2007 Rm	2008 Rm
Carrying amount of net assets disposed of	0.1	–
Cash and cash equivalents	0.1	–
Minority interest	(0.3)	–
Capital gain on disposal	0.3	–
Selling price	0.1	–
Cash and cash equivalents	(0.1)	–
Net cash inflow	–	–
Selling price satisfied by:		
Cash	0.1	–

The consideration was received on 6 September 2007.

17.2 Stand 13 Eastwood Road Dunkeld (Proprietary) Limited

On 3 September 2007, the Group disposed of its 100% interest in Stand 13 Eastwood Road Dunkeld (Proprietary) Limited. The carrying value of the assets and liabilities disposed of were as follows:

	2007 Rm	2008 Rm
Carrying amount of net assets disposed of	8.4	–
Property, plant and equipment	13.8	–
Deferred taxation	(1.8)	–
Cash and cash equivalents	0.4	–
Interest bearing debt	(3.9)	–
Taxation payable	(0.1)	–
Capital gain on disposal	7.7	–
Selling price	16.1	–
Cash and cash equivalents	(0.4)	–
Net cash inflow	15.7	–
Selling price satisfied by:		
Cash	16.1	–

The consideration was received on 6 September 2007.

	For the six months ended 30 September 2007 Rm (reviewed)	2008 Rm (reviewed)
18. OTHER ACQUISITIONS		
Smartphone SP (Proprietary) Limited and subsidiaries (Note 18.1)	(935.0)	–
Smartcom (Proprietary) Limited (Note 18.2)	(18.0)	–
Cash outflow from other acquisitions	(953.0)	–

18.1 Smartphone SP (Proprietary) Limited and subsidiaries

On 31 August 2007 the Group increased its interest in the equity of Smartphone SP (Proprietary) Limited from 70% to 100%, which at that time had a 88% shareholding in Smartcom (Proprietary) Limited, a 100% shareholding in Stand 13 Eastwood Road Dunkeld (Proprietary) Limited, a 52% shareholding in Ithuba Smartcall (Proprietary) Limited, a 100% shareholding in Cointel V.A.S. (Proprietary) Limited and a 90% shareholding in Smartcall Smartlife (Proprietary) Limited. The acquisition was accounted for using the parent entity extension method.

	2007	2008
Minority interest	(6.1)	–
Goodwill	(931.2)	–
Purchase price (including capitalised cost)	(937.3)	–
Capitalised cost payable	2.3	–
Net cash outflow	(935.0)	–

The purchase price of R935.0 million (excluding capitalised cost) was paid on 3 September 2007 and the capitalised cost of R2.3 million was paid on 26 March 2008.

Subsequent to the above the group disposed of its investments in Stand 13 Eastwood Road Dunkeld (Proprietary) Limited and Ithuba Smartcall (Proprietary) Limited (Note 17).

18.2 Smartcom (Proprietary) Limited

On 1 September 2007 the Group increased its interest in the equity of Smartcom (Proprietary) Limited from 88% to 100%. The acquisition was accounted for using the parent entity extension method.

	2007	2008
Goodwill	(18.0)	-
Net cash outflow	(18.0)	-

The purchase price of R18.0 million was paid on 6 September 2007.

	For the six months ended 30 September 2007 Rm (reviewed)	2008 Rm (reviewed)
19. CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		
Bank and cash balances	798.8	822.4
Bank borrowings *	(4 586.9)	(3 364.0)
Bank borrowings classified as financing activities	4 551.0	3 154.6
	762.9	613.0

* Bank borrowings (excluding those used for financing activities) are regarded as part of the Group's integral cash management system.

20. CONTINGENCIES

20.1 Outstanding matters

	2007 Rm	2008 Rm
Various legal matters	7.0	5.1

20.2 Negative working capital ratio

For the interim period ended 30 September 2008 and the financial year ended 31 March 2008, 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. Subsequent to 30 September 2008, the Group obtained funding which will be utilised to refinance existing short-term debt and will improve the negative working capital ratio (Note 24.5).

20.3 Universal Service Obligation

The Group has a potential liability of R147.5 million in South Africa in respect of the 1 800 MHz Universal Service Obligation for the distribution costs relating to 2.5 million SIM cards.

20.4 Various legal contingencies

The Group is currently involved in various legal proceedings against it. The Group in consultation with its legal counsel has assessed the outcome of these proceedings and the likelihood that certain of these cases are not likely to be in the Group's favour. Following this assessment, the Group's management has determined that no provision is required in respect of these legal proceedings as at 30 September 2008.

20.5 Unresolved taxation matters

The Group is regularly subject to an evaluation by the taxation authorities of its direct and indirect taxation filings. The consequence of such reviews is that disputes can arise with the taxation authorities over the interpretation or application of certain taxation rules applicable to the Group's business. These disputes may not necessarily be resolved in a manner that is favourable to the Group. Additionally the resolution of the disputes could result in an obligation for the Group.

20. CONTINGENCIES (CONTINUED)

20.5 Unresolved taxation matters (continued)

The Group has discussions with relevant taxation authorities on specific matters regarding the application and interpretation of taxation legislation affecting the Group and the industry in which it operates. No reliable assessment can be made at this time of any exposure, if any, that the Group may incur.

The Group has considered all matters in dispute with the taxation authorities and has assessed the deductibility of expenses initially disallowed for taxation purposes. Deferred taxation assets have only been recognised in this regard if it is probable that the Group will succeed in its disagreements with the taxation authorities.

20.6 Customer registration

The telecommunications industry in the Democratic Republic of the Congo is subject to a ministerial decree requiring the registration of the entire customer base of all network operators. This decree required prescribed particulars of all customers to be obtained and maintained by 30 June 2008. Verbal extension up to 31 December 2008 has been obtained and the Group is making every effort to obtain the required information within the allowed timeframe.

20.7 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 seriously prejudice the outcome of the litigation. The Directors are of the opinion that a claim may be successful and that the amount recovered could be significant.

21. UNDRAWN BORROWING FACILITIES AND GUARANTEES

21.1 Rand denominated facilities and guarantees

The Group has Rand denominated credit facilities totalling R5 550 million (31 March 2008: R5 788 million) with R3 155 million utilised at 30 September 2008 (31 March 2008: R2 456 million). The facilities can also be utilised for loans to foreign entities and are subject to review at various dates (usually on an annual basis).

The following guarantees have been provided:

Guarantor	Details	Beneficiary	As at 31 March 2008 Rm (audited)	As at 30 September 2008 Rm (reviewed)
Vodacom (Proprietary) Limited	All guarantees less than R2.0 million.	Various	2.4	2.5
Vodacom Service Provider Company (Proprietary) Limited	All guarantees less than R2.0 million.	Various	2.9	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. Renewable annually.	SA Insurance Association for benefit of insurers	32.0	34.6
Vodacom Properties No 2 (Proprietary) Limited	All guarantees less than R2.0 million.	Various	–	1.0
Vodacom (Proprietary) Limited	Letter of undertaking in respect of land.	Attorneys	16.9	–
			54.2	40.7

21. UNDRAWN BORROWING FACILITIES AND GUARANTEES (CONTINUED)

21.2 Foreign denominated facilities and guarantees

The following foreign currency denominated facilities are in place:

Company	Details	As at 30 September 2008 Million (reviewed) Total facility	As at 30 September 2008 Million (reviewed) Utilised
Vodacom Tanzania Limited	Overdraft facilities	US$20.0	US$7.8
Vodacom International Limited	Revolving term loan	US$180.0	US$180.0
Vodacom Congo (RDC) s.p.r.l.	Various	US$30.5	US$15.1
Vodacom Lesotho (Proprietary) Limited	Overdraft facilities	M32.0	M13.3

The following foreign currency denominated guarantees have been issued:

Guarantor/ Issuer	Details	Beneficiary	Currency	As at 31 March 2008 Rm (audited)	As at 30 September 2008 Rm (reviewed)
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 (31 March 2008: US$180.0 million)	1 462.6	1 500.3
				1 462.6	1 500.3

* Foreign currency denominated guarantees amounting to R1 500.3 million (31 March 2008: R1 462.6 million) issued in support of Vodacom Congo (RDC) s.p.r.l. are included as liabilities in the condensed 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.

	As at 31 March 2008 Rm (audited)	As at 30 September 2008 Rm (reviewed)
22. CAPITAL COMMITMENTS		
Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:		
Vodacom (Proprietary) Limited	997.4	1 379.3
Vodacom Congo (RDC) s.p.r.l.	251.1	327.2
Vodacom Tanzania Limited	212.9	726.8
VM, S.A.R.L.	66.3	198.8
Vodacom Service Provider Company (Proprietary) Limited	48.4	22.2
Vodacom Group (Proprietary) Limited	23.4	0.9
	1 599.5	2 655.2
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	5 509.7	3 429.1
Vodacom Congo (RDC) s.p.r.l.	876.4	592.4
Vodacom Tanzania Limited	1 743.6	729.2
VM, S.A.R.L.	299.0	329.1
Vodacom Lesotho (Proprietary) Limited	129.3	84.9
Vodacom Service Provider Company (Proprietary) Limited	254.0	148.1
Vodacom Group (Proprietary) Limited	10.2	6.6
Vodacom International Limited (Mauritius)	0.2	0.2
	8 822.4	5 319.6

The capital expenditure of the Group will be financed through internal cash generation, extended supplier credit, bank credit and the financing obtained subsequent to the reporting period (Note 24.4).

23. OTHER MATTERS

23.1 VM, S.A.R.L.

In terms of the shareholders' agreement, effective 1 April 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 an option to acquire additional shares for a period of five years following the commencement date, 1 April 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 1 April 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 (Mauritius) have been fully discharged.

The method of determining the option price is specified in the shareholders' agreement.

The call option had a nil value at 30 September 2008 (31 March 2008: Rnil).

23. OTHER MATTERS (CONTINUED)

23.2 WBS Holdings (Proprietary) Limited ("WBS")

The Group purchased a 10% equity stake in WBS effective 31 January 2007. WBS 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 sale of shares and call option agreement and the shareholders' agreement were subsequently amended to adjust the percentage interest acquirable under the option from 15.5% to 14.9%, bringing the aggregate of the total issued ordinary share capital to be held by Group after the exercise of the option to 24.9%. The call option had a nil value at 30 September 2008 (31 March 2008: Rnil). The option was exercised on 1 October 2008.

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

In terms of a shareholders' agreement, the minority shareholder in Vodacom Congo (RDC) s.p.r.l, Congolese Wireless Network s.p.r.l. ("CWN") has a put option which comes into effect three years after the commencement date, 1 December 2001, and for a maximum of five years thereafter. In terms of the option, CWN shall be entitled to put to Vodacom International Limited (Mauritius) 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 had a nil value as at 30 September 2008 (31 March 2008: Rnil). The obligation to settle the put option in cash gives rise to an obligation which represents a financial liability. The option liability had a value of R328.1 million at 30 September 2008 (31 March 2008: R396.5 million).

23.4 Gogga Tracking Solutions (Proprietary) Limited ("Gogga")

The Somnium Family Trust ("the Trust") granted Vodacom Ventures (Proprietary) Limited a call option to purchase such number of shares in Gogga from the Trust totalling 23% of the issued share capital of the company on the date upon which the option is exercised. The option will lapse after 36 months following the month in which the triggering events as stipulated in the option agreement occur. The option price is specified in the option agreement. The option had a nil value at 30 September 2008 (31 March 2008: Rnil).

23.5 G-Mobile Holdings Limited ("G-Mobile")

G-Mobile granted 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 after the exercise of the option at a specified price. The option was exercised on 20 September 2007.

23.6 RZT Zelpy 4287 (Proprietary) Limited ("Zoopy")

The Group purchased a 26% equity stake in Zoopy effective 1 July 2008 (Note 12). The Group also contracted to purchase a further 14% in two tranches of 9% and 5% respectively over the next two years, bringing their total holding up to 40%. In addition, Zoopy and its shareholders granted the Group an irrevocable call option to subscribe for such number of further shares in Zoopy as will result in the Group holding and beneficially owning, in aggregate 90% of the total issued share capital of Zoopy. The option had a nil value at 30 September 2008.

23.7 Westside Trading 163 (Proprietary) Limited ("Vodacom Gated Services")

The Group purchased a 75% equity stake in Vodacom Gated Services effective 1 July 2008 (Note 12). In accordance with the shareholders' agreement, there shall be a deemed offer of the minority shareholders' shares after the expiry period of 24 months following the effective date, or if the minority shareholders cease to be directors of Vodacom Gated Services. The option had a nil value at 30 September 2008.

24. EVENTS SUBSEQUENT TO PERIOD END

The Directors are not aware of any matter or circumstance arising since the end of the financial period, not otherwise dealt with in the condensed consolidated financial statements, which significantly affects the financial position of the Group as at 30 September 2008 or the results of its operations or cash flows for the six months then ended, other than the following:

24.1 Increase in shareholding by the Vodafone Group ("Vodafone")

Vodafone is acquiring a larger stake in Vodacom Group (Proprietary) Limited ("Vodacom") by buying an additional 15% from Telkom SA Limited ("Telkom") and therefore will become the major shareholder with a shareholding of 65%. Telkom will be unbundling their remaining 35% stake to its shareholders and Vodacom expects to list on the Johannesburg Stock Exchange in 2009. The transaction still requires the approval of Telkom's shareholders and is subject to the necessary regulatory approvals.

24.2 Business combinations initiated after the balance sheet date

Gateway Telecommunications SA (Proprietary) Limited ("Gateway")

The Group has agreed to acquire the carrier services and business network solutions business of Gateway for approximately US$675 million, adjustable based on certain factors as stipulated in the share purchase agreement. The purchase agreement is subject to certain conditions precedent including approval from the relevant competition authorities. Once these conditions are met the transaction will be effective.

Storage Technology Services (Proprietary) Limited ("StorTech")

The Group has agreed to acquire a controlling interest of 51% in StorTech, a managed services company for approximately R140.3 million, which could be reduced should certain targets not be met. StorTech's portfolio complements the Group's enterprise solutions-focused division and expands upon the Group's data centre services capabilities. The transaction remains subject to certain conditions precedent, including approval from the relevant competition authorities in South Africa. Once these conditions are met the transaction will be effective.

24.3 Other acquisitions effected after the balance sheet date

WBS Holdings (Proprietary) Limited ("WBS")

On 1 October 2008 the Group exercised its call option to acquire an additional 14.9% in WBS for R119.2 million (Note 23.4).

24.4 Broad Based Black Economic Empowerment ("BBBEE")

Subsequent to the reporting date, the Group finalised a R7.5 billion BBBEE equity deal whereby strategic business partners, the black public, business partners and employees will have the opportunity to participate in the ownership of Vodacom (Proprietary) Limited ("Vodacom SA") going forward. The black public and business partners obtained ownership in Vodacom SA via a public offer. The prospectus relating to the public offer was issued on 30 July 2008 and applications for shares closed on 11 September 2008 ("closing date"). The public offer was approximately three times oversubscribed and the share allotment was therefore pro-rated according to the rules stated in the prospectus. The final share issue took place on 8 October 2008. Proceeds from the public offer are included under financing activities as disclosed in the cash flow statement. R607.0 million of this amount relates to the oversubscription and will be repaid to the customers with interest calculated from the closing date until the date of the refund in terms of the rules of the prospectus.

24. EVENTS SUBSEQUENT TO PERIOD END (CONTINUED)

24.5 Indebtedness incurred subsequent to period end

Subsequent to 30 September 2008, the Group obtained funding loans from a consortium of lenders in the amount of R6.5 billion. The funding will be utilised to refinance existing short-term debt as well as for capital expenditure and working capital requirements. The facility is linked to JIBAR and is repayable between 3 and 7 years.

24.6 VM, S.A.R.L.

On 12 May 2008 the Group entered into an agreement to sell 5% of its 90% holding in VM, S.A.R.L, leaving the Group with an 85% equity investment in VM, S.A.R.L. The transaction was effective on 2 October 2008 since all suspensive conditions were met on this date.

24.7 Devaluation of currency

The Group is mainly exposed to exchange rate movements in the United States Dollar, Euro and Pound Sterling. The Group is also exposed to translation differences on consolidation of foreign operations for which the functional currencies are the United States Dollar, Tanzanian Shilling and Mozambican Metical. Subsequent to 30 September 2008 the South African Rand has devalued notably and remains volatile against the currencies listed in the table below, due to the global financial crisis and global market volatility.

For the South African operations, it is the Group's policy to enter into foreign exchange forward contracts for the purchase of capital equipment and to a lesser extent operating expenditure. The remainder of the Group's operations do not specifically hedge against exposures to foreign currency movements. Refer to notes 14 and 21.2 for disclosure of certain of the Group's foreign currency denominated obligations.

The closing rates against the South African Rand are as follows:

	30 September 2007	**31 March 2008**	**30 September 2008**
United States Dollar	6.88	8.13	8.34
Euro	9.75	12.83	11.97
Tanzanian Shilling	179.41	151.99	140.37
Mozambican Meticals	3.75	2.99	2.89

	As at 31 March 2008 Rm (audited)	As at 30 September 2008 Rm (reviewed)
25. RELATED PARTY TRANSACTIONS		
Related party transactions occur within the Group. Details of transactions entered into are as follows:		
25.1 Balances with related parties		
Included in accounts receivable		
Telkom SA Limited – Interconnect	761.7	735.4
Telkom SA Limited – Other	16.2	6.3
Vodafone Group Plc and subsidiaries	13.4	9.4
Transactions with entities in which related parties have an interest	37.1	29.7
Included in accounts payable		
Telkom SA Limited – Interconnect	(83.9)	(81.0)
Telkom SA Limited – Other	(23.2)	(28.3)
Vodafone Group Plc and subsidiaries	(328.1)	(56.3)
Transactions with entities in which related parties have an interest	(3.4)	(3.8)
Dividends payable		
Telkom SA Limited	(1,595.0)	(1,500.0)
Vodafone Holdings (SA) (Proprietary) Limited	(641.2)	(603.0)
Vodafone Telecommunications Investments (SA) (Proprietary) Limited	(953.8)	(897.0)
These outstanding balances are unsecured and will be settled in cash in the ordinary course of business. No guarantees or provisions for doubtful debts have been recognised.		
25.2 Transactions with related parties		
Telkom SA Limited (Entity with joint control over the Group)	738.2	(725.0)
Audit fees recovered	3.0	0.6
Cellular usage	24.8	28.4
Installation of transmission lines	(38.3)	(43.8)
Interconnect expense	(232.3)	(220.3)
Interconnect income	1 475.1	1 508.9
Interest paid – commercial	(0.1)	–
Lease of transmission lines	(472.9)	(416.6)
Other	(0.8)	(56.7)
Site costs	(19.2)	(23.1)
Telephone landline usage	(6.5)	(6.6)
Site rental income	8.4	7.1
Telkom prepaid vouchers	(3.0)	(2.9)
Dividend paid	–	(1 500.0)

	For the six months ended 30 September	
	2007	**2008**
	Rm	**Rm**
	(reviewed)	**(reviewed)**
25. RELATED PARTY TRANSACTIONS (CONTINUED)		
25.2 Transactions with related parties (continued)		
Vodafone Group Plc and subsidiaries	(229.5)	(279.2)
Roaming income	54.0	61.9
Roaming expense	(132.6)	(167.2)
Global alliance agreement	(145.0)	(175.5)
Secondee cost recovery	0.7	0.6
Other	(6.6)	1.0
Vodafone Holdings (SA) (Proprietary) Limited (Entity with joint control over the Group)	–	(897.0)
Dividend paid	–	(897.0)
Vodafone Telecommunications Investments SA Limited	–	(603.0)
Dividend paid	–	(603.0)

During the financial year ended 31 March 2007 the Group acquired a 10% shareholding in WBS Holdings (Proprietary) Limited, a company in which a family member of a Group director has significant influence, for R80.8 million.

25.3 Key management personnel compensation (excluding directors' emoluments)

	2007 Rm (reviewed)	2008 Rm (reviewed)
Key management personnel remuneration	(48.2)	(42.9)
Salaries and restraint of trade payments	(15.2)	(17.4)
Fringe benefits	(0.6)	(0.9)
Bonuses and incentives	(25.5)	(16.0)
Long-term benefits	(6.9)	(8.6)
Included in key management personnel's remuneration	(2.5)	(2.9)
Pension fund employer contributions	(2.0)	(2.3)
Provident fund employer contributions	(0.2)	(0.2)
Medical aid employer contributions	(0.3)	(0.4)

Key management include Chief Officers and Group Executives.

	For the six months ended 30 September 2007 Rm (reviewed)	2008 Rm (reviewed)
25. RELATED PARTY TRANSACTIONS (CONTINUED)		
25.4 Directors' emoluments		
Directors' remuneration	(41.7)	(26.4)
Executive directors – fees as directors: salaries and restraint of trade payments	(9.0)	(8.3)
Executive directors – fees as directors: fringe benefits	(0.3)	(0.2)
Executive directors – fees as directors: bonuses and incentives	(25.3)	(11.3)
Executive directors – long-term benefits	(6.5)	(4.8)
Non-executive directors – fees as directors	(0.6)	(0.8)
Executive directors – restraint of trade payments	–	(1.0)
Included in directors' remuneration	(1.6)	(1.5)
Pension fund employer contributions	(1.2)	(1.1)
Provident fund employer contributions	(0.1)	(0.3)
Medical aid employer contributions	(0.3)	(0.1)
Directors' remuneration and emoluments paid and accrued by:	(41.7)	(26.4)
Vodacom Group (Proprietary) Limited	(34.0)	(18.9)
Subsidiaries	(7.7)	(7.5)

26. NEW INTERNATIONAL FINANCIAL REPORTING STANDARDS ACCOUNTING PRONOUNCEMENTS ADOPTED AT 30 SEPTEMBER 2008.

The Group adopted the following new International Financial Reporting Standards as issued by the International Accounting Standards Board ("IASB") in accordance with their effective dates during the current financial period:

IFRIC 12 Service Concession Arrangements
IFRIC 14 IAS 19: The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The adoption of IFRIC 12 and IFRIC 14 had no impact on the Group's results and cash flow information for the six months ended 30 September 2008.

27. SEGMENTAL INFORMATION
30 September 2008

	Other Rm	South Africa Rm	Tanzania Rm	Mozambique Rm	Lesotho Rm	DRC Rm	Eliminations Rm	Total Rm
Segment revenue	–	22 807.5	1 470.9	311.1	182.0	1 403.1	–	26 174.6
Inter-segment revenue	–	(92.4)	(7.1)	(14.6)	(1.6)	(42.7)	–	(158.4)
External customers segment revenue	**–**	**22 715.1**	**1 463.8**	**296.5**	**180.5**	**1 360.4**	**–**	**26 016.2**
Airtime and access	–	12 394.6	1 078.8	155.1	106.1	872.9	–	14 607.4
Data revenue	–	2 790.6	126.9	14.4	20.6	51.8	–	3 004.3
Interconnect revenue	–	4 193.4	195.9	79.4	24.9	250.7	–	4 744.3
Equipment sales	–	2 429.3	13.5	9.6	5.3	32.7	–	2 490.5
International airtime	–	713.6	48.3	37.9	23.2	150.9	–	974.0
Other	–	193.5	0.4	–	0.4	1.3	–	195.7
Management operating profit/(loss)	**9.5**	**6 087.2**	**294.6**	**(78.0)**	**79.3**	**105.5**	**–**	**6 498.1**
Net finance income/(cost)	4 529.8	(545.2)	14.3	(61.5)	5.6	(133.9)	(4 468.0)	(658.9)
Taxation	(383.1)	(1 582.1)	(88.7)	–	(21.6)	80.5	–	(1 994.8)
Net profit/(loss) after taxation	**3 768.8**	**3 923.4**	**211.0**	**(160.6)**	**63.1**	**95.3**	**(4 124.8)**	**3 776.4**
Other material non-cash items included in segment profit/(loss):								
Depreciation and amortisation	(7.5)	(1 694.4)	(190.6)	(55.6)	(10.0)	(237.3)	–	(2 195.3)
Net impairments of assets	–	–	–	(21.1)	–	–	–	(21.1)
Assets								
Reportable segment assets	18 259.2	25 916.0	4 106.5	979.9	329.2	3 688.7	(17 060.1)	36 219.3
Included in reportable segment assets:								
Additions to property, plant and equipment and intangible assets	1.4	2 195.8	608.9	54.7	44.6	250.8	–	3 156.3
Non-current assets other than financial instruments and deferred taxation	414.8	16 579.6	3 215.1	545.6	163.8	2 642.2	1 485.8	25 047.0
Liabilities								
Reportable segment liabilities	(10 793.4)	(19 501.5)	(2 691.1)	(2 222.0)	(93.3)	(4 161.4)	15 943.9	(23 518.9)

ADDITIONAL FINANCIAL INFORMATION
30 September 2008

	For the six months ended 30 September	
	2007 (reviewed) cents	**2008 (reviewed) cents**

1. PER SHARE CALCULATIONS

Historical*		
Basic and diluted earnings per share	35 964 473.6	36 935 502.8
Headline and diluted headline earnings per share	35 907 692.2	37 197 932.9
Dividends per share	–	30 000 000.0

	As at 30 September 2007 (reviewed) cents	**As at 30 September 2008 (reviewed) cents**
Historical*		
Net asset value per share	132 217 538.8	127 003 723.7
Tangible net asset value per share	94 670 316.6	83 723 935.5

	For the six months ended 30 September	
	2007 (reviewed) cents	**2008 (reviewed) cents**
Pro Forma**		
Basic and diluted earnings per share	241.7	248.2
Headline and diluted headline earnings per share	241.3	250.0
Dividends per share	–	201.6

	As at 30 September 2007 (reviewed) cents	**As at 30 September 2008 (reviewed) cents**
Pro Forma**		
Net asset value per share	888.6	853.5
Tangible net asset value per share	636.2	562.7

* Historical calculations are based on 10 000 actual shares in issue for the periods ended 30 September 2007 and 2008.

** Pro forma calculations are based on 1 487 954 000 shares in issue at listing date.

The calculation of basic earnings per ordinary share is based on earnings of R3 693.6 million for the six months ended 30 September 2008 (30 September 2007: R3 596.4 million).

Due to no dilutive factors being present basic earnings per share equals diluted earnings per share.

The calculation of headline earnings per ordinary share is based on headline earnings of R3 719.8 million for the six months ended 30 September 2008 (30 September 2007: 3 590.8).

Due to no dilutive factors being present headline earnings per share equals diluted headline earnings per share.

The calculation of the dividend per ordinary share is based on a declared dividend of R3 000.0 million for the six months ended 30 September 2008 (30 September 2007: Nil).

	For the six months ended 30 September	
	2007 (reviewed) Rm	**2008 (reviewed) Rm**
2. HEADLINE EARNINGS RECONCILIATION		
Basic earnings per the income statement	3 596.4	3 693.6
Profit on the sale or termination of a discontinued operation	(8.0)	–
Loss on disposal of property, plant and equipment and intangible assets	29.3	7.1
Loss on impairment of property, plant and equipment and intangible assets	3.3	21.1
Reversal of impairment of property, plant and equipment	(21.7)	–
	3 599.3	3 721.8
Taxation impact	(8.5)	(2.0)
Headline earnings	3 590.8	3 719.8

3. MATERIAL SUBSIDIARIES

The table below discloses the following information for subsidiaries material to the financial position of the Group:

– Issued share capital, indicating the percentage held by the Group. There were no changes in holding. The interest in the ordinary share capital is representative of the voting power.

– The Group's share of the net profits and/or losses

– The amount of the Group's interest, distinguishing between shares and indebtedness and any change therein during the periods specified.

TZS – Tanzanian Shilling; R – South African Rand;

	Service Providers	Cellular network operators	
	Vodacom Service Provider Company (Proprietary) Limited	**Vodacom (Proprietary) Limited**	**Vodacom Tanzania Limited**
	For the six months ended 30 September 2008		
	(reviewed)	**(reviewed)**	**(reviewed)**
Issued ordinary share capital	R20	R100	TZS10 000
Interest in issued ordinary share capital	100%	100%	65%
Group attributable net profit/(loss) before tax (Rm)	1 021.8	4 467.9	308.4
Group attributable net profit/(loss) after tax (Rm)	729.1	3 177.8	211.0
Group interest amount:			
• Shares at cost (Rm)	*	2 255.1	201.3
Decrease in shares at cost (Rm)	–	(1 300)	–
• Indebtedness (Rm)	–	–	1 006.5
Increase in indebtedness (Rm)	–	–	111.4

* R20.

No person holds any rights enabling such person to vary the voting rights held in any subsidiary.

4. OTHER FINANCIAL INFORMATION

There has been no major change in the nature of property, plant and equipment or in the policy regarding the use thereof, nor has their been any material change to the nature of the business that the Group undertakes.

The Group does not have any material loans receivable, and has not made any loans or furnished any security, whether directly or through subsidiary entities, for the benefit of any director or manager, or any associate of any director or manager.

There have been no share issues or issues of convertible securities to external parties outside the Group.

For details of share schemes involving the staff of Vodacom Group, please refer to note 24.4 of this Annexure 3, and paragraph 12 on page 52 of this pre-listing statement.

The Directors are not aware of any material fact or circumstance that has occurred between the end of the last financial year and the date of this pre-listing statement, in so far as not already dealt with in note 24 of this Annex.

5. DIRECTORS' REMUNERATION

	For the six months ended 30 September 2008 R
Executive directors	**25 560 631.0**
For services as directors of Vodacom Group (Proprietary) Limited	18 080 376.0
For services as directors of subsidiaries	7 480 255.0
Non-executive directors	**800 000.0**
For services as directors of Vodacom Group (Proprietary) Limited	800 000.0
Directors' remuneration	**26 360 631.0**
Directors' remuneration paid and accrued by:	**26 360 631.0**
Vodacom Group (Proprietary) Limited	18 880 376.0
Subsidiaries/fellow subsidiaries	7 480 255.0

Included in the aggregate directors' remuneration above are emoluments of the following individual non-executive directors that will remain in office post the listing:

Directors' fees	
R Snow*	87 500.0

* Amounts paid to company by which the director is employed

Directors emoluments received, during the period ended 30 September 2008, by the following individual directors that will remain in office post the listing:

	Basic salary* R	Bonuses and performance related payments R	Sums paid by way of expense allowance R	Monetary value of any other material benefits R	Restraint of trade payments R	Total R
For the six months ended 30 September 2008						
P J Uys	2 035 000.0	5 550 000.0	3 145.7	2 400.0	–	7 590 545.7
M S Aziz Joosub	1 925 000.0	8 286 735.0	5 369.5	129 746.0	10 000 000.0	20 346 850.5
	3 960 000.0	**13 836 735.0**	**8 515.2**	**132 146.0**	**10 000 000.0**	**27 937 396.2**

* Basic salary refers to guaranteed total cost of employment ("GTCE"). Included in GTCE are company contributions to provident funds, company car benefits, executive travel and travel allowances and professional memberships fees. Included in basic salary is pension contributions for P J Uys of R201 681, for M S Aziz Joosub of R165 401.

The amounts disclosed above reflect actual payments made during the year ended 31 September 2008. During the period Vodacom Group provided R1.1 million for P J Uys and R0.9 million for M S Aziz Joosub in respect of vested deferred bonus incentive scheme allotments. Vodacom also makes provision for separation packages where there is entitlement in terms of law.

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE REVIEWED CONSOLIDATED HISTORICAL FINANCIAL INFORMATION OF VODACOM FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2007 AND 30 SEPTEMBER 2008

The definitions and interpretations commencing on page 9 of this document shall not apply to this Annexure 4.

"The Directors
Vodacom Group (Proprietary) Limited
Vodacom Corporate Park
082 Vodacom Boulevard
Vodavalley
Midrand
1685

24 February 2009

Dear Sirs

REPORT OF THE INDEPENDENT REPORTING ACCOUNTANTS ON THE CONSOLIDATED HISTORICAL FINANCIAL INFORMATION OF VODACOM GROUP (PROPRIETARY) LIMITED ("VODACOM GROUP") FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2007 AND 30 SEPTEMBER 2008

Introduction

At your request and for the purposes of the pre-listing statement to the Vodacom Group shareholders, to be dated on or about 2 March 2009, we present our report on the consolidated historical financial information in respect of Vodacom Group for the six months ended 30 September 2007 and 30 September 2008, as set out in Annexure 3 of this pre-listing statement, in compliance with the Listings Requirements of the JSE Limited ("JSE").

Directors' Responsibility

The directors of Vodacom Group are responsible for the preparation and fair presentation of the consolidated historical financial information in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated historical financial information 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.

Scope

We have reviewed the consolidated historical financial information of Vodacom Group for the six months ended 30 September 2007 and 30 September 2008.

Basis of review

We conducted our review in accordance with the International Standard on Review Engagements 2410 applicable to the review of Financial Information. This standard requires that we plan and perform the review to obtain moderate assurance that the consolidated historical financial information for the six months ended 30 September 2007 and 30 September 2008, presented in terms of International Financial Reporting Standard 34: Interim Financial Reporting, is free of material misstatement. A review is limited primarily to enquiries of company personnel and analytical procedures applied to financial data and this provides less assurance than an audit. We have not performed an audit of the abovementioned consolidated historical financial information and, accordingly, we do not express an audit opinion thereon.

Review opinion

Based on our review, nothing has come to our attention that causes us to believe that the consolidated historical financial information of Vodacom Group for the six months ended 30 September 2007 and 30 September 2008, is not fairly presented, in all material respects, in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, the Companies Act in South Africa, IAS 34 and the JSE Listings Requirements.

Consent

We consent to the inclusion of this report, which will form part of the pre-listing statement to shareholders of Vodacom Group, to be issued on or about 2 March 2009, in the form and context in which it appears.

Yours faithfully

Deloitte & Touche
Registered Auditors

Per P J Smit
Partner

Deloitte &Touche
The Woodlands
Woodlands Drive
Woodmead
Sandton
2196
South Africa

National Executive: G G Gelink (Chief Executive), A E Swiegers (Chief Operating Officer), G M Pinnock (Audit), D L Kennedy (Tax, Legal and Financial Advisory), L Geeringh (Consulting), L Bam (Corporate Finance and Strategy), C R Beukman (Finance), T J Brown (Clients & Markets), N T Mtoba (Chairman of the Board), C R Qually (Deputy Chairman of the Board).

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

DETAILS OF VODACOM GROUP'S SUBSIDIARIES AND THEIR DIRECTORS

Name	**Vodacom SA**
Date of becoming a subsidiary	23 February 1995
Percentage holding	93.75% owned by Vodacom Group
Country of incorporation	South Africa
Registration number	1993/003367/07
Issued share capital	4 800 000 000
Main activity	Conducting a Telecommunications Service as described in the Post Office Act of 1958
Directors	Petrus Johannes Uys Johan van der Watt Hedley Keith Lamarque Andries Daniel Jan Delport Mohamed Shameel Aziz Joosub Khumo Portia Seopela Carel van Rensburg Mthobi Tyamzashe Romeo Kumalo Christopher Tlhabeli Ralebitso Perumal Rajoo Vuyani Jarana Leigh-Ann Orffer Wallace Beelders Nkateko Cornelius Nyoka Zarina Bibi Mahomed Bassa Vusumuzi Phillip Khanyile Thoko Martha Mokgosi-Mwantembe alternate to Bassa Wilfred Sicelo Mluleki Majola alternate to Seopela

Name	**Skyprops 134 (Proprietary) Limited**
Date of becoming a subsidiary	1 March 2006
Percentage holding	100% owned by Vodacom Group
Country of incorporation	South Africa
Registration number	1998/012004/07
Issued share capital	100 ordinary shares of R1.00 each
Main activity	Act as principal for investment in movable and immovable property
Directors	Maria Salome du Preez Petrus Johannes Uys

Name	**Vodacom International**
Date of becoming a subsidiary	1 April 2001
Percentage holding	100% owned by Vodacom Group
Country of incorporation	South Africa
Registration number	2001/007051/07
Issued share capital	100 ordinary shares of R1.00 each
Main activity	International and national holding company and related activities
Directors	Maria Salome du Preez Petrus Johannes Uys Lungile Myrtle Ndlovu alternate to Uys

Name	Vodacom Tanzania
Date of becoming a subsidiary	15 December 1999
Percentage holding	65% owned by Vodacom Group
Country of incorporation	Tanzania
Registration number	38501
Issued share capital	100 ordinary shares par value shares of TSH 100 each
Main activity	Operation of a cellular telephone network
Directors	Petrus Johannes Uys Francois Marius Swart Christopher Mark Fawcett Willem Hendrik Swart Peter Correira Rostem Aziz Adbulrasool Richard Evans Reynolds Dietlof Ziegfried Mare Sir Robert Killgrew Sabine Pasley Habib Mahlouji Douglas Gordon Lubbe Akram Aziz alternate to Abdulrasool and Reynolds Johan van der Watt alternate to Uys, Lubbe and Swart

Name	Vodacom Mauritius
Date of becoming a subsidiary	1 April 2001
Percentage holding	100% owned by Vodacom International
Country of incorporation	Mauritius
Registration number	20849/4653
Issued share capital	370 883 271 preference shares of US$1.00 each 100 ordinary shares of US$1.00 each
Main activity	Offshore investment company
Directors	Gerhardus Adriaan van Niekerk Douglas Gordon Lubbe Jimmy Michael Wong Yeun Tien Subhash Chandra Lallah Johan van der Watt Maria Salome du Preez alternate to van Niekerk Petrus Johannes Uys alternate to van der Watt M Lallah alternate to Lallah

Name	Vodacom Lesotho
Date of becoming a subsidiary	30 September 2001
Percentage holding	88.30% owned by Vodacom International
Country of incorporation	Lesotho
Registration number	1995/236
Issued share capital	41795 ordinary shares of M0.10 each
Main activity	Cellular network operator
Directors	Godfrey Nkosingiphile Mbingo Petrus Johannes Uys Johan van der Watt Charl Slabbert Douglas Gordon Lubbe Matjato Neo Moteane Dr Lebohang Khomari alternate to Moteane Seitebatso Seeiso Palo Kotelo alternate to Seeiso

Name	**Vodacom DRC**
Date of becoming a subsidiary	8 September 2003
Percentage holding	51% owned by Vodacom Mauritius
Country of incorporation	Democratic Republic of Congo
Registration number	NRC 52424
Issued share capital	1 000 000 ordinary shares of US$1.00 75 470 588 redeemable cumulative preference shares of US$1.00
Main activity	Telecommunications network and service provider
Directors	Alieu Badara Mohamed Conteh Petrus Johannes Uys Heinrich Hough Wessels Douglas Gordon Lubbe Henri Chaintreuil Papa Madiaw Ndiaye Lungile Myrtle Ndlovu Willem Hendrik Swart alternate to Uys and Lubbe
Name	**Vodacom Mozambique**
Date of becoming a subsidiary	14 August 2002
Percentage holding	85% owned by Vodacom Mauritius
Country of incorporation	Mozambique
Registration number	14.497
Issued share capital	60 000 000 ordinary shares of 23 000 meticals each
Main activity	Install, operate and maintain GSM system and provide cellular telecommunications services
Directors	Hermenegildo Maria Cepada Gamito Apolinário José Pateguana alternate to Hermenegildo Maria Cepada Gamito Salimo Amade Abdula Abdul Carimo Mahomed Issá alternate to Abdula Malengani Dumizile Machel Nuno Pedro Silveira Quelhas alternate to Machel Jose Guilherme Vieira dos Santos Douglas James Craigie-Stevenson Joaquim Jorge Cerqueira Mendes Nicolaas Stefanus Fourie Petrus Johannes Uys Robert William Collymore Douglas Gordon Lubbe Willem Hendrik Swart Johan van der Watt alternate to Uys, Collymore, Lubbe and Swart
Name	**Vodacom Ventures**
Date of becoming a subsidiary	10 February 2006
Percentage holding	100% owned by Vodacom SA
Country of incorporation	South Africa
Registration number	2005/029857/07
Issued share capital	120 ordinary shares of R1.00 each
Main activity	Generate Innovative Telecoms Products and services for the Vodacom Group
Directors	Mohamed Shameel Aziz Joosub Christopher Tlhabeli Ralebitso Petrus Johannes Uys Johan van der Watt Hedley Keith Lamarque alternate director to all of the above directors

Name	Vodacom Properties No 1 (Proprietary) Limited
Date of becoming a subsidiary	4 June 2003
Percentage holding	100% owned by Vodacom SA
Country of incorporation	South Africa
Registration number	1998/012005/07
Issued share capital	100 ordinary shares of R1.00 each
Main activity	To act as principal for investment in movable and immovable property
Directors	Petrus Johannes Uys Mohamed Shameel Aziz Joosub

Name	Vodacom Properties No 2 (Proprietary) Limited
Date of becoming a subsidiary	7 July 2005
Percentage holding	100% owned by Vodacom SA
Country of incorporation	South Africa
Registration number	2004/011135/07
Issued share capital	1000 ordinary shares of R1.00 each
Main activity	To act as principal for property lease agreements for retail distribution outlets
Directors	Petrus Johannes Uys Mohamed Shameel Aziz Joosub

Name	VSP Holdings (Proprietary) Limited
Date of becoming a subsidiary	1 July 2000
Percentage holding	100% owned by Vodacom Group
Country of incorporation	South Africa
Registration number	1990/006170/07
Issued share capital	102 306 ordinary shares of R0.01 each
Main activity	Investment holding company
Directors	Mohamed Shameel Aziz Joosub Hedley Keith Lamarque Petrus Johannes Uys

Name	Vodacom Holdings SA (Proprietary) Limited (to be known as Gateway Group (Proprietary) Limited
Date of becoming a subsidiary	23 May 2008
Percentage holding	100%
Country of incorporation	South Africa
Registration number	2007/015109/07
Issued share capital	120 ordinary shares of R1.00 each
Main activity	Investment and management holding company
Directors	Johan van der Watt Petrus Johannes Uys Lungile Myrtle Ndlovu Wallace Beelders Thomas Jason Beale Willem Hendrik Swart Peter Emmanuel Gbedemah Michael John van den Bergh Mark Richard Chetwynd Christopher Paul Young Paul Alois Ziegler Steven Douglas Chapman

Name	**Gateway Communications (Proprietary) Limited**
Date of becoming a subsidiary	30 December 2008
Percentage holding	100% owned by Vodacom Holdings SA (Proprietary) Limited
Country of incorporation	South Africa
Registration number	1983/002245/07
Issued share capital	1000 ordinary shares of R1.00 each
Main activity	To offer networking services and electronic data interchange facilities.
Directors	Michael John van den Bergh Peter Emmanuel Gbedemah Douglas Gordon Lubbe Nkateko Cornelius Nyoka Wallace Beelders Alan Geoffrey Hardwick Mark Richard Chetwynd Lungile Myrtle Ndlovu Willem Hendrik Swart

Name	**GS Telecom (Proprietary) Limited**
Date of becoming a subsidiary	30 December 2008
Percentage holding	100% owned by Vodacom Holdings SA (Proprietary) Limited
Country of incorporation	South Africa
Registration number	1997/08776/07
Issued share capital	10 ordinary shares of R1.00 each.
Main activity	Telecommunication in all aspects.
Directors	Michael John van den Bergh Peter Emmanuel Gbedemah Mark Richard Chetwynd Willem Hendrik Swart Lungile Myrtle Ndlovu Nkateko Cornelius Nyoka Wallace Beelders Douglas Gordon Lubbe Alan Geoffrey Hardwick

Name	**Kalum Investments Limited**
Date of becoming a subsidiary	30 December 2008
Percentage holding	100% owned by Vodacom Holdings SA (Proprietary) Limited
Country of incorporation	Mauritius
Registration number	084892 C2/GBL
Issued share capital	1000 ordinary shares of US$1.00
Main activity	Offshore investment company
Directors	Johan van der Watt Willem Hendrik Swart Douglas Gordon Lubbe Gerhardus Adriaan van Niekerk Peter Emmanuel Gbedemah Michael John van den Bergh Jimmy Michael Wong Yeun Tien Subhash Chandra Lallah Mark Richard Chetwynd

Name	Vodacom UK Limited
Date of becoming a subsidiary	30 December 2008
Percentage holding	100% owned by Kalum Investments Limited
Country of incorporation	United Kingdom
Registration number	6740768
Issued share capital	510 999 999 irredeemable preference shares; 100 "A" ordinary shares; 100 "B" ordinary shares
Main activity	To subscribe for, purchase or otherwise acquire, take, hold or sell any shares or stock, bonds, debentures or debenture stock, or other securities or obligations of any person, firm, government or other authority or issuer (including any subsidiary of the Company) and to invest, deal with or lend any of the moneys of the Company in such manner, with or without security an on such terms as the company may think fit
Directors	Johan van der Watt Willem Hendrik Swart Douglas Gordon Lubbe Peter Emmanuel Gbedemah Michael John van den Bergh Mark Richard Chetwynd

Name	VSPC
Date of becoming a subsidiary	7 July 2005
Percentage holding	100% owned by Vodacom SA
Country of incorporation	South Africa
Registration number	1991/001471/07
Issued share capital	2000 ordinary shares of R0.01 each
Main activity	Sale of cellular phones, accessories and the provision of voice and data communications
Directors	Mohamed Shameel Aziz Joosub Johan van der Watt Hedley Keith Lamarque Petrus Johannes Uys Andries Daniel Jan Delport Carel van Rensburg Perumal Rajoo Mthobi Tyamzashe Christopher Tlhabeli Ralebitso Romeo Kumalo Wallace Beelders Vuyani Jarana Leigh-Ann Orffer Nkateko Cornelius Nyoka Khumo Portia Seopela Zarina Bibi Mahomed Bassa Vusumuzi Phillip Khanyile Thoko Martha Mokgosi-Mwantembe alternate to Bassa Wilfred Sicelo Mluleki Majola alternate to Seopela

Name	Vodacom Converged Solutions (Proprietary) Limited
Date of becoming a subsidiary	10 April 2007
Percentage holding	100% owned by Vodacom SA
Country of incorporation	South Africa
Registration number	2007/010688/07
Issued share capital	120 ordinary shares of R1.00 each
Main activity	Value Added Services
Directors	Wallace Beelders Petrus Johannes Uys Christian Wilhelm Jacobus Volschenk

Name	Number Portability Company (Proprietary) Limited
Date of becoming a subsidiary	11 November 2005
Percentage holding	33.30% owned by Vodacom SA
Country of incorporation	South Africa
Registration number	2005/040348/07
Issued share capital	100 ordinary shares of R1.00 each
Main activity	That of number portability, which is the ability of a mobile customer to transfer their MSISDN mobile number from one telecommunications network operator and/or service provider to another
Directors	Hedley Keith Lamarque Graham Neil Mackinnon Louisa van Beek Stephen Graham Bailey Mandlesilo Msimang Ashratt Paruk

SCHEDULE OF PRINCIPAL IMMOVABLE PROPERTIES OWNED AND/OR LEASED BY VODACOM

Owned

Property description	Area (m^2)
Erand Gardens extension 31 (previously known as Portion 769 of the farm Randjesfontein No 405, Midrand, Gauteng Province, RSA) (Corporate Park)	
Consisting of:	
Erven 50 & 51	
Erand Gardens Extension 31, which erven were consolidated to form Erf 134 Erand Gardens Extension 31	32 034
Erand Gardens extension 52 (previously known as Portion 839 of the farm Randjesfontein No 405, Midrand, Gauteng Province, RSA) (Commercial Park)	
Consisting of:	
Erf 386 Erand Gardens Extension 52	17 703
Erf 387 Erand Gardens Extension 52	12 694
Erand Gardens extension 59 (previously known as Portion 828 (a portion of Portion 9) of the farm Randjesfontein No 405, Midrand, Gauteng Province, RSA) (Commercial Park)	
Consisting of:	
Erven 132 & 133 which erven were consolidated to form Erf 374	30 742
Erand Gardens extension 28 (previously known as Portion 748 of the farm Randjesfontein No 405, Midrand, Gauteng Province, RSA) (Renaissance Park)	
Consisting of:	
Erf 142 Erand Gardens Extension 28	12 976
Erf 143 Erand Gardens Extension 28	12 976
Erand Gardens extension 45 (previously known as Portion 807 of the farm Randjesfontein No 405, Midrand, Gauteng Province, RSA) (Amphitheatre in front of Renaissance Park and Soccerfield)	
Consisting of:	
Erf 403 Erand Gardens Extension 45	5 217
Erf 404 Erand Gardens Extension 45	5 218
Erf 405 Erand Gardens Extension 45	5 215
Erf 406 Erand Gardens Extension 45	4 492
Erf 407 Erand Gardens Extension 45	4 520
Erand Gardens extension 79 (previously known as Portion 879 (a portion of Portion 858) of the farm Randjesfontein No 405, Midrand, Gauteng Province, RSA) (Smart Park)	
Consisting of:	
Erf 395 Erand Gardens Extension 79	4 419
Erf 396 Erand Gardens Extension 79	4 751
Erand Gardens extension 39 (previously known as Portion 878 (a portion of Portion 858) of the farm Randjesfontein No 405, Midrand, Gauteng Province, RSA) (Smart Park)	
Consisting of:	
Erf 129 Erand Gardens Extension 39	2 861
Erf 130 Erand Gardens Extension 39	3 016
Erand Gardens extension 11 (previously known as Portion 791 of the farm Randjesfontein No 405, Midrand, Gauteng Province, RSA) (Vodaworld Retail Park)	
Consisting of:	
Erven 64, 65 & 66 which erven were consolidated to form Erf 69 Erand Gardens Extension 11	30 793

Owned

Property description	Area (m^2)
Erand Gardens extension 62 (previously known as Portion 859 (a portion of Portion 9) of farm Randjesfontein No 405, Midrand, Gauteng Province, RSA) (Service Park and adjacent parking lot) Consisting of:	
Erf 388 Erand Gardens Extension 62	12 124
Erf 389 Erand Gardens Extension 62	12 902
Erf 390 Erand Gardens Extension 62	111
Erand Gardens extension 66 (previously known as Portion 847 (a portion of Portion 9) of the farm Randjesfontein No 405, Midrand, Gauteng Province, RSA) (Service Park and adjacent parking lot) Consisting of:	
Erf 375 Erand Gardens Extension 66	609
Erf 376 Erand Gardens Extension 66	10 196
Erf 377 Erand Gardens Extension 66	1 602
Erf 378 Erand Gardens Extension 66	3 750
Erand Gardens extension 27 (previously known as Portion 751 of the farm Randjesfontein No 405, Midrand, Gauteng Province, RSA) (Engineering building – Phase VI) (Techno Park) Consisting of:	
Erven 140 & 141 which erven were consolidated to form Erf 795 Erand Gardens Extension 27	26 347
Erf 5259 Montague Gardens, Century City, Cape Town, Western Cape, RSA (Century City)	4 535
Erf 5260 Montague Gardens, Century City, Cape Town, Western Cape, RSA (Century City)	4 860
Erf 39270 Bellville, Cape Town, Western Cape, RSA (Techno Centre)	7 052
Portion 8 of Erf 1606 New Germany, Pietermaritzburg, KwaZulu Natal, RSA (MSC)	1 800
Erf 2102 Silverton, Pretoria, Gauteng Province, RSA (MSC)	8 759
Erf 231 Rosslyn East, Pretoria, Gauteng, RSA (MSC)	11 452
Portion 1 of Plot 37 Estoire Settlement, Bloemfontein, Free State, RSA (MSC)	20 498
Erf 835, Framesby, Port Elizabeth, Eastern Cape, RSA (MSC)	1 674
Kinshasa Building Justice 292, Justice Avenue Gombe, Kinshasa, the DRC (Vodacom House)	3 062
194 Kilomoto Street, Kinshasa, the DRC (Vodacom House 2)	867
6195 Boulevard du 30 Juin Gombe, Kinshasa, the DRC (Vodacom Place)	3 346
MSC Building, Maseru West, Lesotho	1 317

Leased

Lessor	Property Description	Termination Date	Area (m^2)	Monthly rental
The Johannesburg Land Company	45 Commissioner Street Life Centre, Johannesburg (Call Centre)	30/06/2011	8 781	R570 765
Spearhead Property Holdings Limited	Pier Place, Heerengracht Cape Town (Call Centre)	31/03/2012	11 656	R1 245 458
Hyprop Investments Limited	Portion 6 of 7, Wierda Valley Vodacom Park, Sandton (Gauteng North and South Regional Office)	31/05/2010	5 101	R447 358
Menlyn Motor Plaza (Proprietary) Limited	Hillcrest Remaining Extent of Erf 162, Pretoria (Northern Borders Regional Office)	31/03/2019	3 147	R280 083
Growthpoint Properties Limited	Remainder of sub-division A of Cablestation 12 745 Victoria Maine, Durban (Durban Regional Office)	31/03/2010	2 878	R172 680
Collcourt Investments (Proprietary) Limited	Collage Court, Portion of Erf 26665, Nelson Mandela Drive, Bloemfontein (Central Regional Head Office)	30/08/2011	1 720	R79 409
Stand 312 Nelspruit Ext 1(Proprietary) Limited	16 Jones Street, Stand 312 Nelspruit (Mpumalanga Regional Office)	28/02/2015	1 906	R213 472
T Alas Properties Pietersburg (Proprietary) Limited	Erf No 11958 93 Biccard Street, Polokwane (Limpopo Regional Office)	31/05/2013	1 996	R209 580
Parastatal Provident Fund	Corner Ohio and Garden Ave, Dar es Salaam, Tanzania (Head Office)	Month to month subject to 3 months termination notice	4 115	US$87 000
Business Machines Tanzania Limited	Plot 39, Ali Hassan Mwinyi Rd, Dar es Salaam (Billing and IT and Customer Care)	31/12/2013	3 393	US$57 906
Government of Tanzania	43 Kwale Road, Dar es Salaam, Tanzania (MSC)	01/04/2069	3 315	TSH 186 668
Government of Tanzania	Plot 49-53 Block M Mbezi Juu Dar es Salaam, Tanzania (MSC)	5/11/2098	20 179	TSH 59 712
Lesotho National Development Corporation	Level 6 and 7 Block B LNDC Kingsway Road, Lesotho (Head Office)	30/11/2009	1 152	Maloti 112 047
Lesotho National Development Corporation	Shop No 2 Kingsway Mall Lesotho (Commercial Office)	31/03/2009	244	Maloti 37 445
EMOSE, SARL	Av. 25 de Setembro Time Square Building Block 4, 2nd and 3rd Floor, Maputo Mozambique (Head Office)	29/02/2011	458	US$5 490
EMOSE, SARL	Av. 25 de Setembro Time Square Building Block 3, Maputo Mozambique (Head Office)	01/12/2013	4 152	US$56 671

EXTRACTS FROM THE MEMORANDUM AND ARTICLES OF ASSOCIATION OF VODACOM GROUP

POWERS ENABLING A DIRECTOR TO VOTE ON A PROPOSAL, ARRANGEMENT OR CONTRACT IN WHICH HE IS MATERIALLY INTERESTED

"23.1 No director or intending director shall be disqualified by his office from contracting with the company, whether with regard to such office or as vendor or purchaser or otherwise, nor shall any such contract, or any contract or arrangement entered into by or on behalf of the company, in which any director shall in any way be interested, be or be liable to be avoided; nor shall any director so contracting or being so interested be liable to account to the company for any profit realised by any such contract or arrangement by reason of such director holding that office, or of the fiduciary relationship thereby established, but the nature of his interest shall be declared by him in accordance with the provisions of the Act.

23.2 Notwithstanding anything herein contained, the company shall not make any loan to a director or enter into any guarantee or provide any security in connection with a loan made to a director by any other person if and so far as any such loan, guarantee or provision of security is at any time prohibited by the Act.

23.3 No director shall vote as a director in respect of any contract or arrangement in which he is so interested as aforesaid, and if he does so vote, his vote shall not be counted, provided that these prohibitions shall not apply to:

23.3.1 any contract or dealing with a company of which the directors of the company or any of them may be directors, members, managers, officials or employees or otherwise interested;

23.3.2 the giving of any security or indemnity to a director in respect of money lent or obligations or other liabilities incurred by him at the request of or for the benefit of the company or any of its subsidiaries;

23.3.3 any contract to underwrite or sub-underwrite any shares or obligations of the company or any shares in or debentures or obligations of any company in which the company may be in any way interested;

23.3.4 any proposal concerning an offer of shares or debentures or other securities of or by the company or any of its subsidiaries for subscription or purchase in which offer a director is or is to be interested directly or indirectly in the underwriting or sub-underwriting thereof, or any allotment or issue complying with the provisions of Section 222 of the Act;

23.3.5 any resolution determining the remuneration of the directors in terms of articles 21.5 or 21.6;

23.3.6 any contract for the payment of commission in respect of the subscription for shares or obligations of the company;

23.3.7 the giving of any security or indemnity to a third party in respect of a debt or obligation of the company or any of its subsidiaries for which the director himself has assumed responsibility in whole or in part under a guarantee of indemnity or by the giving of security;

23.3.8 any proposal concerning the adoption, modification or operation of a superannuation fund or retirement benefits scheme under which a director may benefit and which has been approved by or is subject to and conditional upon approval by the relevant revenue authorities for taxation purposes.

The above prohibitions may at any time be suspended or relaxed to any extent by the company in general meeting.

23.4 Any notice given to the directors by a director to the effect that he is a member of a specified company or firm shall comply with the provisions of the Act.

23.5 For the purpose of this article, an alternate director shall not be deemed to be interested in any contract or arrangement merely because the director for whom he is an alternate is so interested.

23.6 Nothing in this article contained shall be construed so as to prevent any director as a member from taking part in and voting upon all questions submitted to a general meeting whether such director shall be personally interested or concerned in such question or not."

REMUNERATION OF DIRECTORS

"21.5 Fees paid to directors shall from time to time be determined by the company in general meeting.

21.6 The directors shall be paid all their travelling and other expenses properly and necessarily incurred by them in and about the business of the company, and in attending meetings of the directors or of committees thereof from any place in the Republic. If any director shall be required to perform extra service or to go or to reside abroad, or if any director shall be specially occupied about the company's business or perform services which, in the opinion of the directors, are outside the scope of the ordinary duties of a director, he may receive such extra remuneration as determined by a disinterested quorum of the directors and such extra remuneration may be either in addition to or in substitution for the remuneration provided for in the last preceding article."

"24.1 A director may be employed by or hold any office of profit under the company or under any subsidiary of or holding company of the company in conjunction with the office of director, other than that of auditor of the company or of any subsidiary company, provided that the terms as to appointment, remuneration and otherwise are fully disclosed to the board and are determined by a disinterested quorum of the directors. Any remuneration so paid may be in addition to the remuneration payable in terms of article 21.5."

"26.1 The directors may from time to time appoint managing and other executive directors (with or without specific designation) of the company, which conditions of employment shall be subject to the usual standard terms of employment for Vodacom employees which notice period shall not exceed 12 months and whose remuneration may be determined from time to time by a disinterested quorum of the directors."

"26.3 A director in terms of the provisions of article 26 to the office of executive director of the company, or to any other executive office in the company, may be paid in addition to the fees or remuneration payable in terms of article 21.5 or 21.6 such remuneration – not exceeding a reasonable maximum in each year – in respect of such office as may be determined by a disinterested quorum of the directors."

"28.2 Alternate directors shall be paid attendance fees and all their travelling and other expenses properly and necessarily incurred by them in and about the business of the company, and in attending meetings of the directors or of committees thereof from any place in the Republic. If any alternate director shall be required to perform extra service (such as serving as a chairperson for one of the committees referred to in clause 27.5) or to go or to reside abroad, or if any alternate director shall be specially occupied about the company's business or perform services which, in the opinion of the directors, are outside the scope of the ordinary duties of an alternate director, he may receive such extra remuneration as determined by a disinterested quorum of the directors."

"31.2 Any director who serves on an executive or other committee, or who devotes special attention to the business of the company, or who otherwise performs services which, in the opinion of the directors, are outside the scope of the ordinary duties of a director, may be paid such extra remuneration (in addition to the remuneration he may be entitled to as a director) as determined by the board of directors."

BORROWING POWERS

"14. The directors may exercise all the powers of the company to borrow money and to mortgage or encumber its undertaking and property or any part thereof and to issue debentures or debenture stock (whether secured or unsecured) and other securities (with such special privileges, if any, as to allotment of share or stock, attending and voting at general meetings, appointment of directors or otherwise as may be sanctioned by a general meeting) whether outright or as a security for any debt, liability or obligation of the company of any third party."

RETIREMENT OF DIRECTORS

"25.1. At the annual general meeting held in each year, one-third of the directors, or if their number is not a multiple of three then the number nearest to, but not less than one-third, shall retire from office, provided that in determining the number of directors to retire no account shall be taken of any director who by reason of the provisions of article 21.3 is not subject to retirement. The directors so to retire at each annual general meeting shall be those who have been longest in office since their last election or appointment. As between directors of equal seniority, the directors to retire shall, in the absence of agreement, be selected from among them by lot; provided that notwithstanding anything herein contained, if, at the date of any annual general meeting any director will have held office for a period of 3 years since his last election or appointment, he shall retire at such meeting, either as one of the directors to retire in pursuance of the foregoing or additionally thereto. A retiring director shall act as a director throughout the meeting at which he retires. The length of time a director has been in office shall, save in respect of directors appointed or elected in terms of the provisions of articles 21 and 25.2 be computed from the date of his last election or appointment.

25.2 Retiring directors shall be eligible for re-election. No person other than a director retiring at the meeting shall, unless recommended by the directors for election, be eligible for election to the office of director at any general meeting unless, there shall have been given to the secretary notice in writing:

25.2.1 in respect of the annual general meeting, within the first 2 months after the year end of the company; and

25.2.2 in respect of any other meeting, not less than 6 days nor more than 14 days before the day appointed for the meeting,

by one member holding not less than 10% of the issued capital of the company of the intention of such member to propose such person for election and also notice in writing signed by the person to be proposed of his willingness to be elected, it being recorded that it is the intention that the period to be allowed before the date of the general meeting for the nomination of a new director must be such to give sufficient time, after the receipt of the notice, for nominations to reach the office from any part of the Republic.

25.3 Subject to the preceding article, the company in general meeting may fill the vacated offices by electing a like number of persons to be directors, and may fill any other vacancies. In electing directors, the provisions of the Act shall be complied with.

25.4 If at any annual general meeting at which an election of directors ought to take place, the place of any retiring director is not filled, he shall, if willing, continue in office until the dissolution of the annual general meeting in the next year, and so on from year to year until his place is filled, unless it shall be determined at such meeting not to fill such vacancy."

DIVIDENDS

"43.1 Subject to the requirements of the JSE, the company may make payments to its members from time to time.

43.2 The company in general meeting (subject to obtaining the declaration of the directors referred to in article 43.4) or the directors may from time to time determine a dividend or other payment to be made to the members in such manner as the company in general meeting or the directors, as the case may be, may determine and direct at the time of declaration, including, without limiting the aforegoing, that a payment shall be made by distribution of specific assets or in a specific currency (and if the latter, the date of conversion of the currency in which the dividend or other payment is approved, into such other currencies). It is recorded that it is the intention of the company to maintain a dividend policy from time to time appropriate for JSE listed companies similarly placed to the company. The directors, however, acting in accordance with their fiduciary duties will declare and procure that the company pays on an annual basis, so much of the company's consolidated attributable after tax profits as shall be available after retaining such sums and repaying such debts owing to third parties as shall be necessary to meet the requirements reflected in the budget and business plan of the company, taking into account monies required for expansion and other growth opportunities.

43.3 The company in general meeting may not declare a dividend that is greater than recommended by the directors. If any difficulty arises in regard to any payment, the directors may settle same as they consider appropriate. A period of 14 days at least shall be allowed between the date of declaration or confirmation of any dividend, whichever is the later, and the date of closing of the registers in respect of such dividend.

43.4 The declaration of the directors as to whether –

43.4.1 the company is, or would be, after the payment able to pay its debts as they become due in the ordinary course of business;

43.4.2 the consolidated assets of the company, fairly valued, would after the dividend or other payment not be less than the consolidated liabilities of the company,

shall be conclusive as regards the company in general meeting declaring a dividend or making any other payment to members.

43.5 All unclaimed dividends or other payments to members as contemplated in this article may be invested or otherwise be made use of by the directors for the benefit of the company until claimed; provided that any dividend remaining unclaimed for a period of not less than 5 years from the date on which it became payable may be forfeited by resolution of the directors for the benefit of the company and payments other than dividends due to members shall be held in trust indefinitely until lawfully claimed by the member.

43.6 The company shall be entitled at any time to delegate its obligations to any member in respect of unclaimed dividends or other unclaimed payments to any one of the company's bankers from time to time or to any trust or other entity created by the directors for this purpose.

43.7 The company shall only have the power to reduce its share capital if authorised by the company in general meeting; provided that, unless these articles and/or the requirements of the Statutes require a resolution to be passed by the company in general meeting to authorise the reduction by the company of any capital redemption reserve fund or any share premium account, the directors shall have the power to determine that the company reduce any capital redemption reserve fund or any share premium account, whether accompanied by a payment to members as contemplated in this article 43 or without any payment to members.

43.8 The company may from time to time also write off such amounts from the share premium account as the board may deem fit; provided that the company in general meeting will confirm such write off by the passing of an ordinary resolution."

RIGHTS ATTACHING TO SHARES

"6.1 Subject to any contrary provisions in the memorandum of association, shares, whether in the initial or in any increased capital, shall be issued to such person or persons and on such terms and conditions and with such rights and privileges and conditions attached thereto as the company in a general meeting may determine; provided that the company may by resolution passed at a general meeting direct that the shares shall, subject to the provisions of the Act, be issued by the directors to such person or persons on such terms and conditions and with such rights and privileges attached thereto as the directors may determine."

"6.5 Before the issue of any new shares, the company may determine that the same or any of them shall be offered in the first instance either at par or at a premium or, in the case of no par value shares, at the issue price determined by the company, to all the members in proportion to the amount of the capital held by them, unless such shares are issued for the acquisition of assets. However, subject to the provisions of section 221 of the Act, the shareholders in general meeting may authorise the directors to issue unissued shares and/or grant options to subscribe for unissued shares as the directors in their discretion think fit, provided that such transaction(s) has/have been approved by the relevant regulatory authorities."

"11.2 Subject to any directions to the contrary that may be given by the resolution increasing the capital, any original shares unissued from time to time and any new shares from time to time created shall, before issue, be offered in the first instance, and either at par or at a premium, to all the members, as nearly as the circumstances permit, in proportion to the amount of capital held by each such member. The offer shall be made by notice specifying the number of shares offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares offered, the directors may, subject to the articles, dispose of such shares in such manner as they think beneficial to the company. The directors may in like manner dispose of any such new original shares as aforesaid which, by reason of the ratio which such shares bear to capital held by persons entitled to such offer as aforesaid or by reason of any other difficulty in apportioning such shares, cannot, in the opinion of the directors, be conveniently offered in the manner hereinbefore provided. Notwithstanding the foregoing, subject to compliance with the Act and the JSE Listing Requirements, the members in general meeting may authorise the directors to issue new shares as the directors in their discretion think fit."

"12.1. If at any time the capital, by reason of the issue of preference shares or otherwise, is divided into different classes of shares, all or any of the rights, privileges or conditions attached to any class of shares may, subject to the provisions of the Act or unless otherwise provided by the terms of issue of that class, be varied or modified in any way or abrogated:

12.1.1 either with the prior consent in writing of the holders of at least $^{3}/_{4}$ (three-fourths) of the issued shares of that class; or

12.1.2 with the sanction of a resolution passed in the manner prescribed by the Act for the passing of special resolutions at a separate general meeting of the holders of the shares of that class. To every such separate general meeting all the provisions of the articles relating to general meetings of the company shall *mutatis mutandis* apply except that the quorum shall not be less than three persons holding or representing by proxy not less than 51% of the issued shares of that class, provided that at any adjourned meeting such quorum is not present the members present shall form a quorum and that any holder of shares of the class present in person or by proxy may demand a poll and, on a poll, shall have one vote for each share of the class of which he is a holder."

"19.1 Subject to any rights or restrictions attaching to any class or classes of share and to the provisions of article 9.2, on a poll, a member who is present in person or by proxy shall be entitled to that portion of the total votes in the company which the aggregate amount of the nominal value of the shares held by him bears to the aggregate amount of the nominal value of all the shares issued by the company, or if the share capital is divided into shares of no par value, shall be entitled to 1 vote in respect of each share held. No objection shall be raised to the admissibility of any vote, except at the meeting or adjourned meeting at which the vote objected to is or may be given or tendered and every vote not disallowed at such meeting shall be valid for all purposes. Any objection shall be referred to the chairman of the meeting, whose decision shall be final and conclusive."

BORROWINGS AND INTERCOMPANY FINANCING

EXTERNAL BORROWINGS AS AT 31 DECEMBER 2008

	Rm
1. Asset backed financing	
Vodacom SA	332.2
The loans were used to purchase, and are collateralised, by land and buildings with a book value of R462.9 million, bearing interest at fixed effective interest rates of between 12.1% and 16.9% p.a. and repayable within one to five years from 31 December 2008. The final settlement payment is R144.4 million.	
VSPC	206.6
The loans were used to purchase, and are collateralised, by land and buildings with a book value of R241.3 million bearing interest at a fixed effective interest rate of 14.8% p.a. Payments are made every six months in arrears and commenced on 1 March 2002. The loans are repayable on 1 September 2011.	
	538.8
2. Long-term funding loans	
Mirambo Limited	172.2
Mirambo Limited bought the 16% and 19% equity stake of Planetel Communications Limited and Caspian Limited respectively in Vodacom Tanzania on 30 November 2007. The shareholder loans with a combined nominal value of US$18.4 million, were transferred to Mirambo Limited in order to meet its obligations to Vodacom Tanzania in respect of shareholder contributions. The loan bears interest at LIBOR plus 5% and shall be repaid by approval of at least 60% of the shareholders of Vodacom Tanzania. The loan and capitalised interest are unsecured and subordinated.	
Asset Backed Arbitraged Securities (Proprietary) Limited	1 000.0
On 5 December 2007, Vodacom SA entered into a subscription agreement with Asset Backed Arbitraged Securities (Proprietary) Limited ("ABACAS"). Under the terms of the agreement, Vodacom SA issued debt instruments in the form of two promissory notes with a nominal value of R500 million each to which ABACAS subscribed. The promissory notes bear interest based on JIBAR plus a fixed credit margin of 0.4% and a floating funding margin of between 0.15% and 0.42%. The repayment term is three years with interest being paid quarterly. This loan was utilised for capital expenditure.	
Preference shares issued by Vodacom DRC	346.5
During December 2001, Vodacom DRC issued US$37.0 million of cumulative redeemable preference shares which pay a fixed dividend of 4% per annum. The preference shares are redeemable at the discretion of the shareholders and on the basis that the shareholders are repaid simultaneously and in proportion to their shareholding. These preference shares form part of the capital structure of Vodacom DRC.	

	Rm
2. Long-term funding loans (continue)	
ABSA Capital Facility A to Vodacom SA	1 250.0
On 3 October 2008 Vodacom SA entered into a facility agreement with ABSA Capital, a division of ABSA Bank Limited and obtained a rand denominated revolving loan facility in the amount of R1 250 million. The loan facility is for a term of three years with the repayment date being the last day of the loan term, 30 September 2011. The rate of interest is determined as being the aggregate of the margin, 1.25% per annum and JIBAR. The interest is payable quarterly. The funding will be utilised to refinance existing short-term debt, as well as for capital expenditure and working capital requirements.	
Nedbank Facility B to Vodacom SA	3 750.0
On 3 October 2008 Vodacom SA entered into a facility agreement with Nedbank and obtained a rand denominated term loan facility in the amount of R3 750 million. The loan is for a term of five years with the repayment date being the last day of the loan term, 30 September 2013. The rate of interest is determined as being the aggregate of the margin, 1.50% per annum and JIBAR. The interest is payable quarterly. The funding will be utilised to refinance existing short-term debt, as well as for capital expenditure and working capital requirements.	
Momentum and Futuregrowth Facility C to Vodacom SA	450.0
On 3 October 2008 Vodacom SA entered into a facility agreement with Momentum and Futuregrowth, and obtained a rand denominated term loan facility in the amount of R450 million. The loan facility is for a term of five years with the repayment date being the last day of the loan term, 30 September 2013. The rate of interest is determined as being the aggregate of the margin, 1.50% per annum and JIBAR. The interest is payable on the last day of each interest period being, quarterly. The funding will be utilised to refinance existing short-term debt, as well as for capital expenditure and working capital requirements.	
OMSFIN and Minervois Facility D to Vodacom SA	991.8
On 3 October 2008, Vodacom SA entered into a facility agreement with OMSFIN and Minervois, and obtained a rand denominated term loan facility in the amount of R1 000 million. The loan facility is for a term of seven years with the repayment date being the last day of the loan term, 30 September 2015. The rate of interest is determined as being the aggregate of the margin, 1.80% per annum and JIBAR. The interest is payable quarterly. The funding will be utilised to refinance existing short-term debt, as well as for capital expenditure and working capital requirements.	
	7 960.5
3. Short-term funding loans	
Term loan to Vodacom Mauritius	1 686.8
The loan provided by Standard Bank Plc and RMB International (Dublin) Limited that amounts to US$180 million is collateralised by guarantees provided by the Vodacom Group. The loan is repayable on 26 July 2009 and bears interest at an effective interest rate of LIBOR plus 0.35%. This loan was utilised for capital expenditure and will be refinanced in the bank and debt capital markets.	
ABSA Capital Facility to Vodacom Group	2 987.7
On 10 December 2008 Vodacom Group entered into a facility agreement with ABSA Capital, a division of ABSA Bank Limited and obtained a rand term loan facility to the amount of R3 000 million. The loan facility is for a term of one year with the repayment date being the last day of the loan term, 10 December 2009. The rate of interest is determined as being the aggregate of the margin, 1.50% per annum (first 6 months), 1.75% (month 7 – 9), 2% (month 10 – 12) and JIBAR. This loan was used as bridge funding for the Gateway acquisition and will be refinanced in the bank and debt capital markets.	
	4 674.5

		Rm
4.	**Other short-term loans**	
	Vodacom DRC	9.4
	Vodacom DRC has short-term facilities amounting to US$1.0 million. These facilities bear interest at 18% per annum with no fixed repayment terms.	
5.	**Non-interest bearing debt**	
	Number Portability Company (Proprietary) Limited	6.0
	The Vodacom Group's share of the shareholders loan provided, amounted to R6.0 million at 31 December 2008.	

UNDRAWN BORROWING FACILITIES AND GUARANTEES

1. Rand denominated facilities and guarantees

Vodacom has Rand denominated facilities totalling R16.175 billion as at 31 December 2008 with R13.151 billion utilised at 31 December 2008.

The following rand denominated facilities are in place:

Company	**Details**	**31 December 2008 Rm Total Facility**	**31 December 2008 Rm Utilised**
Vodacom Group	Overnight borrowings	5 725	2 701
Vodacom Group	Short term bridge loan	3 000	3 000
Vodacom SA	Long term borrowings	7 450	7 450

The following guarantees have been provided:

			31 December Guarantor
Details	**Beneficiary Rm**	**2008**	
Vodacom SA	All guarantees less than R1 million	Various	2.5
VSPC	All guarantees less than R1.5 million	Various	2.6
VSPC	Guarantee in respect of receipt by independent intermediaries of premiums on behalf of short-term insurers and Lloyds' underwriters, and relating to short-term insurance business carried on in South Africa. Renewable annually	SA Insurance Association for benefit of insurers	34.6
Vodacom Properties No 2 (Proprietary) Limited	All guarantees less than R2.0 million	Various	1.3
			41.0

2. Foreign denominated facilities and guarantees

The following foreign currency denominated facilities are in place:

Company	**Details**	**31 December 2008 Million Total facility**	**31 December 2008 Million Utilised**
Vodacom Tanzania	Overdraft facilities	US$20.0	US$18.2
Vodacom Mauritius	Revolving term loan	US$180.0	US$180.0
Vodacom DRC	Various	US$32.5	US$24.6
Vodacom Lesotho	Overdraft facilities	M25	M5.7

The following foreign currency denominated guarantees have been issued:

Guarantor/Issuer	Details	Beneficiary	Currency	31 December 2008 Rm
Vodacom Group	Guarantees issued for the obligations of Vodacom Mauritius' term loan facility *#	Standard Bank Plc and RMB International (Dublin) Limited	US$180 million	1 686.8
				1 686.8

* Foreign currency denominated guarantees amounting to R1.7 billion issued in support of Vodacom DRC are included as liabilities in the consolidated balance sheet.

The Group is in compliance with the covenants attached to the term loan facility.

Vodacom SA provides an unlimited guarantee for borrowings entered into by Vodacom Group.

INTER-COMPANY BALANCES AS AT 31 DECEMBER 2008

The table below sets out the intercompany balances as at 31 December 2008:

Company	Long-term loans payables Rm	Long-term loans receivables Rm	Short-term payables Rm	Short-term receivables Rm	Money Market payables R	Money Market receivables Rm
Centrique Insurance Company (Proprietary) Limited	–	–	16	15	–	–
National Porting Company (Proprietary) Limited	3	–	–	–	–	–
Skyprops 134 (Proprietary) Limited	77	–	–	–	–	–
Vodacom Mozambique	–	–	154	14	–	–
Vodacom SA	–	93	1 114	4 857	1 396	3 239
Vodacom DRC	3 405	–	161	1	–	–
Vodacom Group	–	1 232	44	41	3 961	2 123
Vodacom International	40	–	22	–	–	–
Vodacom Mauritius	–	3 405	30	399	–	–
Vodacom Lesotho	–	–	4	1	–	–
Vodacom Properties No 1 (Proprietary) Limited	45	–	–	–	–	–
Vodacom Properties No 2 (Proprietary) Limited	3	–	–	–	–	–
VSPC	–	3	4 795	1 079	726	713
Vodacom Tanzania	1 086	–	93	27	–	–
Vodacom Ventures	74	–	1	–	–	1
Yebo Yethu	–	–	–	–	–	7

MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by any member of the Group (i) within the two years immediately preceding the date of this pre-listing statement and are, or may be, material to the Group; or (ii) at any time and contain obligations or entitlements which are, or may be, material to the Group as at the date of this pre-listing statement or are entered into with related parties.

1. Regulatory Agreement dated 6 November 2008 between the SA Government, Vodafone and Vodacom Group in terms of which Vodafone provided various undertakings to the parties on condition that the SA Government supported the proposed sale by Telkom of a 15% stake in Vodacom Group to a subsidiary of Vodafone, and the subsequent listing of Vodacom on the JSE.

2 Transaction Implementation Agreement dated 6 November 2008 between Telkom, Vodafone, Vodafone Investments, VTI, Vodacom SA, VSPC, VHSA and Vodacom Group. The agreement sets out the terms upon which the proposed transaction will be implemented, including the basis upon which:

   2.1 the share sale transaction is to be implemented;

   2.2 the parties to the agreement will vote in favour of all resolutions necessary:

   – for the capital restructure;

   – to amend Vodacom Group's articles of association, and include therein certain articles;

   – to increase Vodacom Group's authorised ordinary share capital by subdividing the Vodacom ordinary shares;

   2.3 Vodacom Group will be listed on the JSE pursuant to the listing;

   2.4 Telkom will unbundle its remaining 35% shareholding in Vodacom Group by distributing the unbundling shares, in compliance with section 46 of the Income Tax Act as a dividend or payment to shareholders in compliance with section 90 of the Companies Act, to the Telkom Shareholders in proportion to their shareholding in Telkom; and

   2.5 the Vodacom shareholders' agreement will be terminated in its entirety with effect from the date of the listing.

3. License Agreement dated 15 March 1996 (as amended on 1 April 2004) entered into between Vodacom SA and Vodafone providing for the use by Vodacom, in South Africa, as well as in other African territories, of certain listed Vodafone trademarks, including, amongst others, the prefix "Voda" and the "Vodacom" name, for which Vodacom SA is liable to pay Vodafone a nominal royalty fee of R10.00 per annum.

4. The shareholders' agreement between Vodacom Group, Lisinfo 2009 Investments (Proprietary) Limited ("Lisinfo"), Main Street 661 (Proprietary) Limited ("Main Street"), YeboYethu and Vodacom SA, dated 20 June 2008, which regulates, *inter alia*, the relationship and pre-emptive rights between the shareholders. The shareholders' agreement also governs the applicable terms and conditions and instances in which Lisinfo, Main Street and YeboYethu, as the BEE shareholders, are deemed to have made offers in respect of all of their shares in Vodacom SA only in favour of Vodacom Group.

5. The relationship agreement dated 20 June 2008, entered into between Vodacom Group, Vodacom SA, Royal Bafokeng, Lisinfo, RBH Telecom Holdings (Proprietary) Limited; Thebe Investment Corporation (Proprietary) Limited, Main Street, the Trustees for the time being of the YeboYethu Employee Participation Trust and YeboYethu, *inter alia*, sets out an overview of the Vodacom BEE transaction and governs the framework within which it will be implemented. The relationship agreement also governs certain material aspects relating to the structure of the Vodacom BEE transaction and the continued black economic empowerment status of Vodacom SA and its subsidiaries.

OTHER DIRECTORSHIPS HELD BY DIRECTORS OF VODACOM GROUP

Set out below are the names of all the companies and partnerships of which the directors of Vodacom Group have been a director or partner at any time during the previous five years, indicating whether or not the individual is still a director or partner:

Director	Directorships/Partnerships
Ekwow Spio-Garbrah	African Cancer Organisation Telkom SA Limited Commonwealth Telecom organisation
David Duncan Barber	Murray and Roberts Holdings Limited Telkom SA Limited Anglo American Corporation of South Africa (Proprietary) Limited* Anglo American Group Employee Shareholder Nominees Limited* Anglo American SA Finance Limited* Anglo Corporate Enterprises (Proprietary) Limited* Anglo Operations Limited* Anglo Platinum Limited* Anglo South Africa (Proprietary) Limited* Anglo South Africa Capital (Proprietary) Limited* Anglogold Ashanti Limited* Epoch Investment Holdings Limited* Highveld Steel and Vanadium Corporation Limited* Lansan Investment Holdings Limited* Longmeadow Home Farm Limited* Main Place Holdings Limited* Momentum International Multimanagers (Proprietary) Limited* Mondi Limited* Premsab Holdings Limited* Scaw South Africa (Proprietary) Limited* Steppe Eagle Limited* Stimela Mining Holdings (Proprietary) Limited* Tarl Investment Holdings Limited* Tenon Investment Holdings (Proprietary) Limited* Tongaat Hulett Limited*
Oyama Andrew Mabandla	Consol Glass (Proprietary) Limited Consol Holdings Limited Langa Lokulunga Investment Holdings (Proprietary) Limited Mamawood (Proprietary) Limited Mvelaphanda Group Limited Obama Consulting CC Salamax 1660 Yonga Investment Consortium (Proprietary) Limited Ikhwezi Lomso INV (Proprietary) Limited Linrent Services (Proprietary) Limited*

Director	Directorships/Partnerships
Petrus (Pieter) Johannes Uys	Cointel V A S (Proprietary) Limited Skyprops 134 (Proprietary) Limited Smartphone S P (Proprietary) Limited Vodacom (Proprietary) Limited Vodacom Converged Solutions (Proprietary) Limited Vodacom Group (Proprietary) Limited Vodacom Holdings SA (Proprietary) Limited Vodacom International Holdings (Proprietary) Limited Vodacom Properties No 1 (Proprietary) Limited Vodacom Satellite Services (Proprietary) Limited Vodacom Service Provider Company (Proprietary) Limited Vodacom Ventures (Proprietary) Limited VSP Holdings (Proprietary) Limited WBS Holdings (Proprietary) Limited* Vodacom Tanzania Limited Vodacom Lesotho (Proprietary) Limited Vodacom Congo (RDC) VM S.A.R.L Vodacom Properties No 2 (Proprietary) Limited
Mohammed Shameel Aziz Joosub	S S S Cluster Investments (Proprietary) Limited S S S Investments Corporation CC (Property Close Corporation) Rasprops (Proprietary) Limited Magnolia Ridge Properties 277 (Proprietary) Limited Aquarella Investments 56 (Proprietary) Limited Cheseho Investments 20 (Proprietary) Limited Blue Age Properties 25 (Proprietary) Limited Cointel VAS (Proprietary) Limited Vodacom Properties No. 1 (Proprietary) Limited Vodacom Properties No. 2 (Proprietary) Limited Vodacom (Proprietary) Limited Vodacom Holdings SA (Proprietary) Limited* VSP Holdings (Proprietary) Limited Vodacom Service Provider Company (Proprietary) Limited Vodacom Ventures (Proprietary) Limited Storage Technology Services (Proprietary) Limited YeboYethu Limited
Johan van der Watt	Smartcom (Proprietary) Limited Vodacom Ventures (Proprietary) Limited Smartphone SP (Proprietary) Limited Cointel VAS (Proprietary) Limited Vodacom Holdings (SA) (Proprietary) Limited Vodacom (Proprietary) Limited Vodacom Service Provider Company (Proprietary) Limited Vodacom Lesotho (Proprietary) Limited Kalum Investments Limited Vodacom UK Limited
Peter Gowar Joubert	IMS Holdings (Proprietary) Limited BDFM Publishers (Proprietary) Limited Cycad Financial Holdings Limited Protekon (Proprietary) Limited Sandvik (Proprietary) Limited Sandvik Mining and Construction RSA (Proprietary) Limited South African Airways (Proprietary) Limited South African Brain Research Institute (Proprietary) Limited The South African Institute of Race Relations (Proprietary) Limited Transnet Limited Sandvik Mining and Construction Delmas (Proprietary) Limited Telkom
Richard Charles Snow	None

Director	Directorships/Partnerships
Morten Lundal	Ghana Telecommunications Company Limited Vodafone Telekomunikasyon A.S Safaricom Limited
James Carl Grinwis Maclaurin	Vodafone Investments (S.A.) (Proprietary) Limited Vodafone Telecommunications Investments (S.A.) (Proprietary) Limited Ghana Telecommunications Company Limited Safaricom Limited
Mthandazo Peter Moyo	Amabubesi Capital (Proprietary) Limited Amabubesi Capital Technologies Group (Proprietary) Limited Amabubesi Financial Services Group (Proprietary) Limited Amabubesi Health Care (Proprietary) Limited Amabubesi Health Services (Proprietary) Limited Amabubesi Investments (Proprietary) Limited Amabubesi Property Holdings (Proprietary) Limited Bulawayo Electrical Supplies (Proprietary) Limited Clorpique 145 (Proprietary) Limited Clorpique 149 (Proprietary) Limited Dartingo Trading 161 (Proprietary) Limited Lexshell 713 Investments (Proprietary) Limited Liberty Group Limited Liberty Holdings Limited Pinnacle Technology Holdings (Proprietary) Limited RZT Zelpy 4972 (Proprietary) Limited STS Trust Tiespro 136 (Proprietary) Limited Transnet Limited Utafutaji Trading 36 (Proprietary) Limited Worldwide Capital Limited
Michael Joseph	Safaricom Limited Lewa Wildlife Conservancy
Ronald Schellekens	None
Thoko Martha Mokgosi-Mwantembe	Techink International (Proprietary) Limited* Knorr-Bremse (South Africa) (Proprietary) Limited Imvuno Holdings (Proprietary) Limited Intekom (Proprietary) Limited* KGN Projects CC Kutana Investment Group Limited R W And T M Mokgosi Property Investments CC* Stone and Thoko Business Enterprises CC Thora Trading CC BFL Property Investments CC Absa Bank Limited Absa Group Limited Hewlett-Packard South Africa (Proprietary) Limited* Paracon Holdings Limited Suid-Afrikaanse Poskantoor Limited* Techink Manufacturing (Proprietary) Limited* YeboYethu Limited

Director	Directorships/Partnerships
Phuti Malabie	Black Management Forum Lilitha Strategic Investments (Proprietary) Limited UC Securities (Proprietary) Limited Fevertreeconsulting (Proprietary) Limited Gigajoule Africa (Proprietary) Limited Main Street 343 (Proprietary) Limited Mondi Shanduka Newsprint (Proprietary) Limited Netgroup International (Proprietary) Limited Netgroup Solutions Holdings (Proprietary) Limited Netgroup South Africa (Proprietary) Limited Shanduka Energy (Proprietary) Limited Shanduka Group (Proprietary) Limited Shanduka Newsprint (Proprietary) Limited Shanduka Resources (Proprietary) Limited UC AS'Investe (Proprietary) Limited*
Thomas Andrew Boardman	Mutual and Federal Insurance Company Limited Nedbank Limited Nedbank Group Limited The Banking Association South Africa University of the Witwatersrand – WBS Advisory Board The Boardman Family Trust The Hawthornden Museum Trust The Bairnsfather Cloete Family Trust

*resigned.

SUMMARY OF MATERIAL LITIGATION

- *Vodacom SA v ICASA and others*

  Vodacom SA launched an application in the High Court seeking interim relief against ICASA on an urgent basis. The matter was initially set down for 15 August 2008. The relief sought was two fold, to stay a regulation restricting handset subsidies and to review the process or lack thereof by ICASA. ICASA consented to the interim relief and the regulation was postponed *sine die*. However, after reviewing the matter ICASA decided to withdraw the Regulations as published and restart the consultative process with a view to formulating new regulations in this regard. This was communicated by ICASA in terms of the media release dated 6 February 2009.

- *Kenneth Makate v VSPC*

  Plaintiff was previously employed by Vodacom. He claims to have invented the "Please Call Me" application and has sued Vodacom for a royalty. Vodacom is opposing the matter on the following grounds namely (i) his action has prescribed; and (ii) he did not invent the application and even if he did his contract of employment states that any invention whilst employed by Vodacom belongs to Vodacom.

- *Zietsman & Others vs Vodacom SA & Others*

  The Plaintiffs rely on a non-disclosure agreement and a breach of a patent in their claim, alleging that their interactive device which interacts with the television covers cellular phones as used to vote in the Big Brother television show. The Defendants deny the validity of the patent in this regard and deny any breach of agreement.

- *Zietsman vs Vodacom SA & Others*

  The Plaintiff is one of the Plaintiffs in Zietsman & Others vs Vodacom SA & Others referred to above. In this matter he relies on a patent referred to in the aforesaid matter and which he has brought in the patent court. The Defendants deny the validity of the patent. There are three interlocutory applications brought by Vodacom; an application for security of costs, an application to set aside an amendment to the original patent and an application to extend the time period for filing its plea pending the outcome of the other applications. Vodacom succeeded in the three interlocutory applications which were heard on 22 September 2005 before De Vos J. The plaintiff has appealed the application for security of costs.

- *Vodacom SA vs ICASA and Minister of Communications and Another*

  Vodacom applied to the High Court to set aside the Interconnection Guidelines made by the First Respondent and promulgated by the Second Respondent. The order sought is one declaring that the First Respondent lacks the power to declare Vodacom SA to be a major operator. All pleadings have closed and a court date is awaited.

- *Competition Commission vs Vodacom SA*

  During 2005 the Competition Commission received a complaint about excessively high mobile phone rates stemming from the Interconnect Agreement between Vodacom SA and MTN. The matter was addressed by Vodacom SA, however, it has re-surfaced, with the Competition Commission deciding to investigate the matter further. Vodacom SA requested a postponement to gather documentation and information. Vodacom SA submitted the documentation and information and is awaiting the Competition Commission's decision whether or not to refer the matter to the Competition Tribunal. If Vodacom SA is found to have committed prohibited practices as contained in the Competition Act, Vodacom SA could be required to cease these practices and be fined a penalty of up to 10% of Vodacom's annual turnover, excluding the turnover of subsidiaries and joint ventures, for the financial year prior to the dates of the complaints. The Competition Commission has to date not imposed the maximum penalty on any offender.

"2G"	Second-generation wireless telephone technology.
"3G"	the generic term, 3G, is used to denote the next generation of mobile systems designed to support high-speed data transmission (144 Kbps and higher) and Internet Protocol (IP)-based services in fixed, portable and mobile environments. As envisaged by the ITU, the 3G system will integrate different service coverage zones and be a global platform and the necessary infrastructure for the distribution of converged service, whether mobile or fixed, voice or data, telecommunications, content or computing.
"ADSL"	is a broadband access standard which uses existing copper lines to offer high-speed digital connections over the local loop. ADSL transmits data asymmetrically, meaning that the bandwidth usage is much higher in one direction than the other. ADSL provides greater bandwidth from the exchange to the customer (ie downloading) than from the customer to the exchange (ie sending).
"ARPU"	is calculated by dividing the average monthly revenue (recurring mobile) by the average monthly total reported customer base during the period. ARPU excludes revenues from equipment sales and other sales and services. With effect from 1 April 2008, ARPU calculations include revenues from national roamers and international visitors roaming on Vodacom's network. Historical ARPU numbers have been restated in line with this new methodology
"ATM"	is a high-speed Wide Area Network (WAN), connection-oriented, packet-switching data communications protocol that allows voice, data and video to be delivered across existing local and Wide Area Networks. ATM divides data into cells and can handle data traffic in bursts. It is asynchronous, in that the stream of cells from one particular user is not necessarily continuous.
"Bandwidth"	is a measure of the quantity of signals that can travel over a transmission medium such as copper or a glass fibre strand. It is the space available to carry a signal. The greater the bandwidth, the greater the information carrying capacity. Bandwidth is measured in bits per second.
"Broadband"	is a method of measuring the capacity of different types of transmission. Digital bandwidth is measured in the rate of bits transmitted per second (bps). For example, an individual ISDN channel has a bandwidth of 64 kilobits per second (Kbps), meaning that it transmits 64 000 bits (digital signals) every second.
"CDMA (Code Division Multiple Access)"	is one of many technologies for digital transmission of radio signals between, for example, mobile telephones and radio base stations. In CDMA, which is a spread-spectrum modulation technology, each call is assigned a unique "pseudorandom" sequence of frequency shifts that serve as a code to distinguish it. The mobile phone is then instructed to decipher only a particular code to pluck, as it were, the right conversation off the air. CDMA is the technology of choice for 3G mobile systems. CDMA, however, also refers to a particular air-interface standard (a fact that is often a source of confusion).
"DCS"	Data Coding Scheme/Digital Cellular System.
"EDGE (Enhanced Data for GSM evolution)"	is a technology designed to enhance GSM and TDMA systems with respect to data rates and is widely considered to be the GSM evolution beyond GPRS. It enhances the data capabilities of GSM and TDMA systems by altering the RF modulation scheme to allow greater data rates per time slot. Because it uses a different modulation technique across the air-interface, EDGE requires different mobile terminals/ handsets than those designed for the GSM air-interface.
"Ethernet"	is a protocol that defines how data is transmitted to and received from LANs. It is the most prevalent LAN protocol, with speeds of up to 10 Mbps.

"Fibre optics"	is where messages or signals are sent via light rather than electrical signals down a very thin strand of glass. Light transmission enables much higher data rates than conventional wire, coaxial cable and many forms of radio. Signals travel at the speed of light and do not generate nor are subject to interference.
"Fibre rings"	have come to be used in many fibre networks as they provide more network resiliency: if there is a failure along a route and a ring is broken, the direction of the traffic can be reversed and the traffic will still reach its final destination.
"GPRS (General Packet Radio Service)"	is a packet data rather than a circuit-based data technology. GPRS allows for faster data transmission speed to both GSM networks. GPRS is a packet-switched technology that overlays the circuit-switched GSM network.
"GSM (Global System for Mobile)"	is a second generation digital mobile cellular technology using a combination of frequency division multiple access (FDMA) and time division multiple access (TDMA). GSM operates in several frequency bands: 900 MHz and 1800 MHz. On the TDMA side, there are eight timeslots or channels carrying calls, which operate on the same frequency. GSM provides a high degree of security by using customer identity module (SIM) cards and GSM encryption.
"HSDPA"	High Speed Downlink Packet Access.
"HSPA"	High Speed Packet Access.
"HSUPA"	High-Speed Uplink Packet Access.
"iBurst"	Wireless internet service available in South Africa.
"Interconnection"	refers to the joining of two or more telecommunications networks. Networks need to interconnect to enable traffic to be transmitted to and from destinations. The amounts paid and received by the operators vary according to distance, time, the direction of traffic, and the type of networks involved.
"IP"	internet protocol.
"ISDN (Integrated Services Digital Network)"	is a data communications standard used to transmit digital signals over ordinary copper telephone cables. This is one technology for improving the "last mile" of copper cables from the local exchange to the customer's premises, which has proved a bottleneck for Internet access, for example. ISDN allows carrying voice and data simultaneously, in each of at least two channels capable of carrying 64 Kbps. It provides up to 128 Kbps and a total capacity of 144 Kbps exist.
"LAN (Local Area Network)"	is a group of devices that communicate with each other within a limited geographic area, such as an office.
"Leased line"	is a telecommunications transmission circuit that is reserved by a communications provider for the private use of a customer.
"Local loop"	is the final connection between the exchange and the home or office. It is also known as the last mile.
"Mbps"	Megabits per second.
"Microwave"	is radio transmission using very short wavelengths.
"MMS (Multimedia Messaging Services)"	allows users to combine sounds with images and text when sending messages, much like the text-only SMS.
"MNO"	mobile network operator.
"Mobile churn"	Vodacom's 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.
"Mobile penetration"	Vodacom calculates penetration, or teledensity, based on the total number of customers at the end of the period per 100 persons in the population of each country. Population is the estimated population at the mid-year in the periods indicated.
"Mobile traffic"	Vodacom's traffic comprises total traffic registered on Vodacom's network, including bundled minutes, outgoing international roaming calls and calls to free services, but excluding national and incoming international roaming calls.

"MOU (Minutes of Use)"	Vodacom's average monthly minutes of use per customer, or average MOU, is calculated by dividing the average monthly minutes during the period by the average monthly total reported customer base during the period. MOU excludes calls to free services, bundled minutes and data minutes.
"M-PESA"	a mobile payment solution that enables customers to complete simple financial transactions by mobile phone.
"MPLS"	multi-protocol label switching.
"PABX"	Private Automatic Branch Exchange, is a telephone exchange that services a particular business or office, as opposed to one that a common carrier or telephone company operates for many businesses or for the general public.
"Packet switching"	is designed specifically for data traffic, as it cuts the information up into small packets, which are each sent across the network separately and are then reassembled at the final destination. This allows more users to share a given amount of bandwidth. X.25 and frame relay are all packet switching techniques.
"SAP"	Systems, Applications and Products.
"SDH (Synchronous Digital Hierarchy)"	is used in modern transmission systems, where multimedia can be transmitted at high speeds. The networks are shaped in a ring, so that if there is a problem, the traffic can be redirected in the other direction and the caller will not detect the interruption.
"SIM"	customer identity module.
"SIM penetration"	the measurement of the number of active SIM cards in the country expressed as a percentage of the total population.
"SME"	Small to medium sized enterprise.
"SMS (Short Message Service)"	refers to short, usually text-based messages sent by or to a wireless customer. They are not delivered to the recipient instantly and have some degree of transmission time delay. SMS messages are usually limited to total character lengths of 160 characters.
"SoHo"	Small office/Home office. Business from 1 to 10 workers.
"SVS"	short voice service.
"Switch"	is a computer that acts as a conduit and director of traffic. It is a means of sharing resources on a network.
"UMTS (Universal Mobile Telecommunications System)"	is the Western European name for the 3G WCDMA standard adopted as an evolutionary path by the GSM world. However, it utilises the radio spectrum in a fundamentally different manner than GSM. UMTS is based on CDMA technology and the GSM standard is based on TDMA technology.
"Unique User"	the holder of a unique number identifying a subscription in a ASM or UMTS mobile network, being the telephone number to the SIM card in a mobile phone.
"USSD"	unstructured supplementary service data.
"VANS"	Value Added Network Service.
"VPN"	a virtual private network is a computer network in which some or all of the links between nodes are carried by virtual circuits instead of physical wires.
"VoIP (Voice over Internet Protocol)"	is a protocol enabling voice calls to be made over the Internet. Rather than a dedicated circuit being set up between the caller and receiver, as with ordinary phone calls, the voice conversation is digitised and transmitted over Internet Protocol using packet-switched data networks.
"VSAT"	very small aperture terminal.
"WAN (Wide Area Network)"	comprises networks in different geographic locations that are connected, often over the public network.

"WAP (Wireless Application Protocol)"	is an application environment designed to bridge the gap between the mobile and Internet worlds. It is a set of communication protocols for wireless devices designed to provide vendor-neutral and technology-neutral access to the Internet and advanced telecommunications services.
"Wi-Fi"	is a trademarked name generally associated with the IEEE802.11 standards and is a certification that allows interoperability between different wireless devices.
"WiMAX"	is a standard for extending broadband wireless access to new locations and over longer distances. The technology is expected to enable multimedia applications with wireless connectivity. It is a standard for fixed wireless access with substantially higher bandwidth capabilities than cellular networks. The emergence of further enhancements to the standard will enable nomadic data communications across an entire metropolitan area network linking homes and businesses to the core telecommunications network. WiMAX can be viewed as a technology complementing existing ADSL broadband offerings.

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