



INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2009

Salient features

- Became a subsidiary of the Vodafone Group and listed on the JSE
 - Various integration projects underway
 - Benefits realised under Vodafone global deals
- Continued strong growth
 - 16.5% growth in the group mobile customer base to 41.6 million
 - 8.0% growth in group EBITDA to R9.3 billion
- Robust performance in South Africa
 - 11.7% increase in customers to 28.2 million
 - Increased market share
 - EBITDA margin expanded to 35.3%
- Strong growth in mobile broadband
 - 53.5% growth in broadband customers in South Africa
 - 30.1% growth in group mobile data revenue
- Effectively managing difficult international trading conditions
- Earnings impacted by non-cash items
 - Headline earnings per share declined 12.4% to 219 cents
 - Reversal of deferred taxation asset in the DRC of R551 million
 - Net impairment charges of R3.2 billion
- Strong cash flow from cost and capital efficiencies
 - 26.2% growth in group operating free cash flow to R5.2 billion
- Financial position strengthened with net debt to EBITDA at 0.8 times
- Interim dividend of 110 cents per share

Operating review

Vodacom continued to grow the core mobile and broadband businesses, which together with the management of costs and capital expenditure, underpinned the Group's results. Although competitive, economic and regulatory pressures intensified in most of the Group's markets, revenue rose 9.9% to R28.7 billion, supported by a 16.5% increase in group mobile customers and a 30.1% increase in group mobile data revenue (excluding messaging revenue). Normalised revenue growth was 4.7%.

While the South African operations expanded EBITDA¹ margins and lifted EBITDA by 11.1%, the group EBITDA margin declined from 33.2% to 32.6% as a result of the difficulties in the international operations and the inclusion of the lower margin Gateway² operation.

Since becoming a subsidiary of Vodafone Group Plc ("Vodafone") in May 2009, Vodacom has implemented projects to extract value from the relationship in many areas, including human resources, products and services, international roaming, technology, billing and finance. Efficiency benefits are already being realised in areas such as procurement.

Cash generation remained strong, with operating free cash flow up 26.2% to R5.2 billion. The Group invested R2.9 billion, including R1.0 billion in its international operations.

The Group incurred net impairment charges of R3.2 billion in the six month period, largely relating to Gateway. This resulted in a 98.4% decline in earnings per share to 4 cents. Headline earnings per share, which exclude the net impairment charges, decreased 12.4% to 219 cents, due to losses on the remeasurement of loans granted of R232 million and the reversal of a deferred taxation asset of R551 million arising from the reduced profitability of Vodacom DRC. Excluding the impact of these two items of 52 cents per share, headline earnings per share increased 8.4% to 271 cents per share.

Vodacom declared an interim dividend of 110 cents per share, supported by the strong cash performance of the Group.

South Africa

Vodacom SA³ delivered a robust performance, adding just over 579 000 new mobile customers in the six month period and growing the base 11.7% to 28.2 million customers from a year ago. Gross connections remained strong at 5.6 million but were impacted by the customer registration requirement of the Regulation of Interception of Communications and Provision of Communication-Related Information Act ("RICA"), which took effect on 1 July 2009. This resulted in significantly lower gross connections in August and September 2009. Churn reduced from 42.3% to 34.9%, primarily due to ongoing retention campaigns and loyalty programmes. Vodacom SA retained its market leadership with an estimated 55% share of mobile customers and was rated the second most popular brand in South Africa by the Markinor Sunday Times 2009 survey, behind global brand Coca-Cola. Vodacom SA extended its leading position in broadband with 53.5% growth in customers to just over 964 000.

Although revenue and ARPU were negatively affected by the economic slowdown, focused price promotions reduced the average effective revenue per minute of mobile calls by 14.6% and supported a 15.7% growth in traffic. ARPU in the prepaid and contract market declined 3.0% and 6.0% to R64 and R452, respectively. Revenue increased 6.8% to R24 371 million with service revenue⁴ increasing 7.7% driven largely by data revenue growth of 30.8%. EBITDA rose 11.1% to R8 609 million and EBITDA margins expanded to 35.3% from 34.0%.

Vodacom SA continued to invest in its network, with a further 122 new base stations, 195 3G enabled base stations and 9 of the 11 metro fibre rings completed in the six month period. The building of the national fibre optic network began with trenching work on the Durban to Germiston route. Some 540 base stations were upgraded as part of the radio access network ("RAN") renewal programme with more than 1 000 planned for the remainder of the year. The upgraded base stations are more cost effective, delivering improved spectrum efficiencies at a lower operational cost.

South African mobile operators have come under considerable pressure to reduce mobile tariffs, specifically mobile termination rates. Vodacom Group is cooperating with the authorities to ensure that the termination rate reduction is dealt with in a responsible way.

International

The international operations continued to record strong customer growth of 28.2% to 13.4 million at 30 September 2009. However, revenue declined 11.0% to R2 965 million, as Tanzania and the Democratic Republic of Congo ("DRC") felt the impact of weak economic conditions, intense competition and higher excise duties. Revenue (excluding the impact of excise duties, foreign exchange and IFRIC 13: Customer Loyalty Programmes ("IFRIC 13")) was 4.9% lower than a year ago. Mozambique and Lesotho posted strong revenue growth of 31.9% and 28.0%, in SA rand respectively.

Vodacom has responded with significant price reductions to stimulate traffic and regain lost market share in both Tanzania and the DRC. In Mozambique, Vodacom successfully reduced churn and grew its market share to an estimated 45%.

In Tanzania, ARPU was 28.7% lower in Tanzanian shillings and in the DRC, 42.9% lower in US dollars compared to a year ago. This decline was as a result of constrained disposable income, tariff reductions and lower interconnection revenue in both markets. The period to date average Tanzanian shilling and the Congolese franc depreciated by 11.7% and 44.6% respectively against the US dollar, which reduced consumer spending power and drove US dollar and Euro denominated operating costs higher.

Despite the economic pressure, Vodacom continued to implement its strategy to offer total communications solutions. In Tanzania, Vodafone M-Pesa continued to gain momentum. In September 2009, Vodacom Business was launched in Tanzania.

The EBITDA margin in the international operations declined from 25.3% to 20.2% due to reduced profits from Tanzania and the DRC. Various programmes are in place in the international operations to adjust business structures to support lower tariffs, including the renegotiation of supplier maintenance contracts. Capital expenditure of R1 019 million was largely allocated to Tanzania and Mozambique.

Gateway

The acquisition of Gateway was concluded on 30 December 2008, therefore Gateway is not included in the comparative numbers. Gateway has been fully included in the six month period. In the six months ended 30 September 2009, Gateway contributed revenue of R1 532 million and EBITDA of R144 million.

The carrier services division was negatively impacted by reduced mobile traffic on the continent and pricing pressure from operators. Given the poor trading performance in carrier services, the adverse changes in macroeconomic environment and business plan assumptions, an impairment charge of R3 039 million was raised in the period. Vodacom is currently transferring its international traffic to Gateway.

The business services division continued to post good growth particularly in the Nigerian market, although some corporate spending was delayed due to the economic slowdown. On 1 October 2009, Gateway Business was placed under common management with Vodacom Business, which will be responsible for converged enterprise solutions across Africa.

Financial review

Revenue

Other operating income has been incorporated into revenue to align accounting practices with the Group's parent. This resulted in a reclassification of R74 million for the prior period. Vodacom adopted IFRIC 13 from 1 April 2009, and now accounts for customer loyalty credits as a separate component of the sales transaction in which they are granted. Included in other service revenue is an expense of R140 million of which R119 million relates to the prior year.

Revenue rose 9.9% to R28 675 million, largely due to the inclusion of Gateway (which contributed 5.3% to group revenue), the 16.5% growth in mobile customers to 41.6 million and the 30.1% increase in mobile data revenue to R2 031 million.

Revenue from the South African operations of R24 371 million was 6.8% higher, contributing 85.0% (2008: 87.4%) to group revenue. Revenue from the international operations declined 11.0% to R2 965 million, contributing 10.3% (2008: 12.8%) to group revenue. Since March 2009, excise duty has been deducted from revenue as opposed to previously being included in direct network expenses. In the prior period, excise duty of R89 million incurred by the international operations was included in direct network expenses, but the comparative figures have not been restated. Group normalised revenue growth was 4.7%.

Operating costs⁵

Group operating costs increased by 11.1% to R19 387 million largely due to Gateway. Excluding Gateway, operating costs increased by 3.2%.

EBITDA

EBITDA of R9 347 million was up 8.0% from a year ago, mainly as a result of revenue growth and the expansion of the South African EBITDA margin from 34.0% to 35.3%. EBITDA of R8 609 million from the South African operations was 11.1% higher, contributing 92.1% (2008: 89.5%) to group EBITDA for the period. EBITDA from the international operations declined 29.0% to R598 million, contributing 6.4% (2008: 9.7%) to group EBITDA for the period. Gateway contributed R144 million to group EBITDA. The group EBITDA margin decreased from 33.2% in September 2008 to 32.6% in September 2009.

Operating profit

Operating profit decreased 45.0% to R3 535 million mainly due to the net impairment charges of R3 189 million and a 16.8% increase in depreciation and amortisation.

Net finance charges

Net finance charges rose significantly from R659 million to R1 111 million for the six months ended 30 September 2009. Finance costs for the period were R810 million compared to R734 million a year ago, mainly due to higher average debt. The average cost of debt reduced from 12.3% to 9.3% as a result of lower interest rates and the benefit of floating rate debt. Net finance charges were negatively affected by the remeasurement of loans granted of R232 million and the loss of R259 million mainly relating to forward exchange contracts.

Taxation

The taxation expense of R2 351 million for the period was 17.8% higher than in September 2008. The effective tax rate rose from 34.6% at 30 September 2008 to 97.6% at 30 September 2009, mainly due to the reversal of the DRC deferred tax asset and the Gateway impairment.

Earnings

Earnings per share for the period declined 98.4% from 248 cents per share to 4 cents per share, primarily due to the reversal of the DRC deferred taxation asset of R551 million and the net impairment charges of R3 189 million. Headline earnings per share, which exclude net impairment charges, decreased 12.4% to 219 cents per share.

Cash flow

Cash generated from operations grew 12.8% to R8 770 million. Net cash outflows used in investing activities increased from R3 708 million to R3 795 million. As a result of higher bank borrowings classified as financing activities, cash outflows from financing activities rose from R2 056 million to R3 103 million. Dividends were previously classified in cash flow from operating activities and are now included in cash flow from financing activities. Interest income was reclassified to investing activities and finance costs were reclassified to financing activities.

Operating free cash flow was up 26.2% at R5 152 million. Taxation paid decreased by 8.6% to R2 058 million.

Capital expenditure

Vodacom's capital expenditure for the period was R2 934 million, 1.4% less than a year ago. Lower capital expenditure of R1 839 million (7.5% of revenue) in South Africa was largely related to the RAN renewal project, where recovered equipment was redeployed, resulting in lower purchases of equipment. Capital expenditure of R1 019 million (34.4% of revenue) in the international operations was 6.1% higher mainly due to investment in Tanzania and Mozambique.

Statement of financial position

Property, plant and equipment and intangible assets were negatively impacted by foreign currency adjustments of R1 667 million and R1 396 million, respectively due to the rand strengthening against functional reporting currencies of the international markets since 31 March 2009.

Net debt before dividends and secondary taxation on companies ("STC") rose to R14 840 million, compared to R6 062 million a year ago. The statement of financial position remains strong with the net debt to EBITDA ratio at 0.8 times at 30 September 2009, well within the target range. During the period, Vodacom refinanced the USD180 million loan in the DRC in the South African debt markets, with 93.4% of the debt now denominated in rand. R3 480 million of the debt matures in the next 12 months and 95.1% of total debt is at floating rates.

¹ Earnings before interest, taxation, depreciation, amortisation, net impairment charges, BBBEE charges, profit/loss on disposal of investments and on disposal of property, plant and equipment, investment properties and intangible assets.

² 100% 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.

³ 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 and joint ventures.

⁴ Revenue excluding equipment and non-service revenue.

⁵ Excluding depreciation, amortisation and net impairment charges.

Outlook

While the macroeconomic outlook remains uncertain, South Africa is showing early signs of recovery based on some indicators of customer behaviour. However, it is too soon to be confident in a sustained recovery across all customer segments. The South African business is likely to continue to feel the impact of the implementation of RICA, but as distributors and customers grow more familiar with customer registration requirements, gross connections are expected to trend upward. Lower mobile termination rates are a likely consequence of the regulatory process currently underway, and Vodacom will work with government and the regulator to implement the reductions in a way that will minimise instability in the sector.

In the international operations, traffic volumes have picked up slightly in both Tanzania and DRC in response to significant price reductions. Management will prioritise reducing costs and increasing capital efficiencies to support lower tariffs over the longer term.

Notwithstanding its economic and competitive challenges, Gateway remains core to Vodacom's expansion strategy in Africa, both in delivering business services and in broadband infrastructure. Progress is being made in restructuring the carrier services business to ensure it can be sustainably profitable in an environment of reduced mobile tariffs on the continent, but in the short-term Gateway's profitability is expected to remain under pressure.

Vodacom will continue to implement projects to extract efficiencies and ensure cost leadership across the business. Vodacom's group capital expenditure is expected to be R7.0 billion for the year ending 31 March 2010.

Vodacom is focused on broadening access to voice and data communications, and extending the socioeconomic development benefits of affordable world-class communications. This will remain a priority in the markets in which Vodacom operates as the global economy continues its recovery.

For and on behalf of the Board

Peter Moyo
Non-executive Chairman

Pieter Uys
Chief Executive Officer

Rob Shuter
Chief Financial Officer

9 November 2009
Midrand

Condensed consolidated income statement for the six months ended 30 September 2009

	Notes	Six months ended		Year ended
		30 September 2009	30 September 2008	31 March 2009
		Rm	Rm	Rm
Revenue	3	28 675	26 090	55 442
Direct network operating cost		(15 588)	(14 167)	(30 422)
Depreciation		(2 100)	(1 880)	(3 948)
Staff expenses		(2 092)	(1 707)	(3 619)
Marketing and advertising expenses		(757)	(771)	(1 523)
Broad-based black economic empowerment charge		(51)	–	(1 382)
Other operating expenses		(899)	(798)	(1 696)
Amortisation of intangible assets		(464)	(316)	(735)
Impairment of assets	4	(3 189)	(21)	(112)
Operating profit		3 535	6 430	12 005
Finance income		48	34	108
Finance costs		(810)	(734)	(1 459)
(Losses)/Gains on remeasurement and disposal of financial instruments		(349)	41	(398)
Loss from associate		(14)	–	(19)
Profit before taxation		2 410	5 771	10 237
Taxation		(2 351)	(1 995)	(4 045)
Net profit		59	3 776	6 192
Attributable to:				
Equity shareholders		61	3 693	6 089
Non-controlling interests		(2)	83	103
		59	3 776	6 192
		Cents Reviewed	Cents Reviewed	Cents Audited
Basic and diluted earnings per share	5	4	248	409

Condensed consolidated statement of comprehensive income for the six months ended 30 September 2009

	Notes	Six months ended		Year ended
		30 September 2009	30 September 2008	31 March 2009
		Rm	Rm	Rm
Net profit		59	3 776	6 192
Other comprehensive income:				
Foreign exchange translation differences, net of taxation		(2 530)	120	405
Fair value adjustments on available-for-sale financial assets, net of taxation		–	(1)	(17)
Other		–	–	(9)
Total comprehensive income		(2 471)	3 895	6 571
Attributable to:				
Equity shareholders		(2 367)	3 774	6 437
Non-controlling interests		(104)	121	134
		(2 471)	3 895	6 571

Condensed consolidated statement of financial position as at 30 September 2009

	Notes	As at		As at
		30 September 2009	30 September 2008	31 March 2009
		Rm	Rm	Rm
ASSETS				
Non-current assets		28 547	25 859	35 224
Property, plant and equipment		20 686	20 229	21 844
Intangible assets		6 749	4 328	11 794
Financial assets		330	262	239
Investment in associate		–	–	64
Deferred taxation		244	550	783
Trade and other receivables		169	284	187
Lease assets		369	206	313
Current assets		12 146	10 360	12 135
Financial assets		140	173	228
Inventory		804	878	653
Trade and other receivables		9 951	8 160	9 815
Lease assets		346	144	271
Taxation receivable		176	183	64
Cash and cash equivalents		729	822	1 104
Total assets		40 693	36 219	47 359
EQUITY AND LIABILITIES				
Ordinary share capital		*	*	*
Retained earnings		12 328	12 086	12 265
Other reserves		(627)	90	1 752
Equity attributable to equity holders of the parent		11 701	12 176	14 017
Non-controlling interests		928	525	1 081
Total equity		12 629	12 701	15 098
Non-current liabilities		13 146	3 265	10 430
Financial liabilities		11 343	1 535	8 316
Deferred taxation		1 053	891	1 361
Provisions	7	365	327	365
Trade and other payables	7	385	512	388
Current liabilities		14 918	20 253	21 831
Trade and other payables	7	10 034	11 118	10 885
Taxation payable		372	523	549
Financial liabilities		3 542	2 023	5 745
Provisions	7	223	225	238
Dividends payable		–	3 000	2 211
Bank borrowings		747	3 364	2 203
Total equity and liabilities		40 693	36 219	47 359

* Share capital R100

Condensed consolidated statement of changes in equity for the six months ended 30 September 2009

	Equity share-holders Rm	Non-controlling interests Rm	Total equity Rm
Balance as at 31 March 2009	14 017	1 081	15 098
Total comprehensive income for the period	(2 367)	(104)	(2 471)
Dividends declared	–	(49)	(49)
Broad-based black economic empowerment transaction	51	–	51
Balance as at 30 September 2009 – Reviewed	11 701	928	12 629
Balance as at 31 March 2008	11 402	404	11 806
Total comprehensive income for the period	3 774	121	3 895
Dividends declared	(3 000)	–	(3 000)
Balance as at 30 September 2008 – Reviewed	12 176	525	12 701
Balance as at 31 March 2008	11 402	404	11 806
Total comprehensive income for the year	6 437	134	6 571
Dividends declared	(5 200)	(13)	(5 213)
Business combinations and other acquisitions	(4)	34	30
Broad-based black economic empowerment transaction	1 382	522	1 904
Balance as at 31 March 2009 – Audited	14 017	1 081	15 098

Condensed consolidated statement of cash flows for the six months ended 30 September 2009

	Notes	Six months ended 30 September 2009 Rm Reviewed	Six months ended 31 March 2009 Rm Reviewed	Year ended 31 March 2009 Rm Audited
Cash generated from operations	7	8 770	7 778	16 021
Taxation paid		(2 058)	(2 249)	(4 123)
Net cash flows from operating activities		6 712	5 529	11 898
Net additions to property, plant and equipment and intangible assets	7	(3 618)	(3 696)	(7 030)
Business combinations and other acquisitions		–	–	(5 348)
Other investing activities	7	(177)	(12)	(87)
Net cash flows utilised in investing activities		(3 795)	(3 708)	(12 465)
Movement in debt including interest paid	7	(843)	170	6 555
Non-controlling interests		–	964	522
Dividends paid	7	(2 260)	(3 190)	(6 203)
Net cash flows (utilised in)/from financing activities		(3 103)	(2 056)	874
NET CASH (OUTFLOW)/INFLOW		(186)	(235)	307
Cash and cash equivalents at the beginning of the period/year		1 084	837	837
Effect of foreign exchange rate changes		(178)	11	(60)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD/YEAR		720	613	1 084

Notes

1. Basis of preparation

These condensed consolidated financial statements have been prepared in accordance with the recognition and measurement criteria of International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and comply with the disclosure requirements of International Accounting Standard 34: Interim Financial Reporting. They have been prepared on the historical cost basis, except for financial instruments recorded at fair value or at amortised cost, and have been presented in South African rand, the currency in which the majority of the Group's transactions are denominated.

The principal accounting policies and methods of computation are consistent in all material respects with those applied in the previous period, except as disclosed in Note 2. The accounting policies are available for inspection at the Group's registered office.

There have been no material changes in judgments or estimates of amounts reported in prior reporting periods except for the prospective classification of certain foreign denominated loans to subsidiaries as part of the net investments in these foreign operations, which led to the recognition of additional exchange losses of R944 million net of taxation in other comprehensive income.

Certain amounts have been reclassified as disclosed in Note 7.

The financial information has been reviewed by Deloitte & Touche whose unmodified review opinion is available for inspection at the Group's registered office.

2. Accounting policies

The Group adopted all the new, revised or amended accounting pronouncements as issued by the IASB which were effective for the Group from 1 April 2009.

IAS 1: Presentation of Financial Statements (Amended)

The Group previously classified all financial instruments held for trading as current. These are now classified as current if they are expected to be settled within twelve months of the reporting date. The change in accounting policy had no material impact on the Group's classification of these financial instruments in the current and prior periods.

A separate condensed consolidated statement of comprehensive income is now included as part of the primary financial statements which resulted in changes to the condensed consolidated statement of changes in equity. The Group changed the naming of the primary financial statements and adopted new terminology as per the amendments.

IAS 23: Borrowing Costs (Revised)

The Group previously expensed all borrowing costs as incurred. The Group now capitalises borrowing costs directly attributable to the acquisition, construction or production of qualifying assets. In accordance with the transitional provisions, the Group adopted the standard prospectively. Therefore, borrowing costs are capitalised on qualifying assets with a commencement date on or after 1 April 2009.

The change in accounting policy had no impact on the Group's financial results for the period.

IFRIC 13: Customer Loyalty Programmes

The Group now accounts for customer loyalty credits as a separate component of the sales transaction in which they are granted. A portion of the fair value of the consideration received is allocated to the award credits, deferred and recognised as revenue over the period the award credits are redeemed. The Group previously recorded a liability at the time of sale based on the costs expected to be incurred to supply the products in future. The change in accounting policy was not applied retrospectively, since the prior period financial impact is immaterial.

Forward-looking statements

This announcement which sets out the interim results for Vodacom for the six months ended 30 September 2009 contains "forward-looking statements" with respect to the Group's financial condition, results of operations and businesses and certain of the Group's plans and objectives. In particular, such forward-looking statements include statements relating to: the Group's future performance; future capital expenditures, acquisitions, divestitures, expenses, revenues, financial conditions, dividend policy, and future prospects; business and management strategies relating to the expansion and growth of the Group; the effects of regulation of the Group's businesses by governments in the countries in which it operates; the Group's expectations as to the launch and roll out dates for products, services or technologies; expectations regarding the operating environment and market conditions; growth in customers and usage; and the rate of dividend growth by the Group.

Forward-looking statements are sometimes, but not always, identified by their use of a date in the future or such words as "will", "anticipates", "aims", "could", "may", "should", "expects", "believes", "intends", "plans" or "targets". By their nature, forward-looking statements are inherently predictive, speculative and involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future, involve known and unknown risks, uncertainties and other 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 achievement expressed or implied by such forward-looking statements. Forward-looking statements are not guarantees of future performance and are based on assumptions regarding the Group's present and future business strategies and the environments in which it operates now and in the future.

	Six months ended 30 September 2009 Rm Reviewed	Year ended 31 March 2009 Rm Audited
3. Segmental information		
External customers segment revenue¹	28 675	26 090
South Africa	24 314	22 782
International	2 875	3 303
Gateway	1 476	–
Corporate	10	5
EBITDA²	9 347	8 654
South Africa	8 609	7 749
International	598	842
Gateway	144	–
Corporate and eliminations	(4)	63
Reconciliation of segment results		
EBITDA	9 347	8 654
Depreciation, amortisation and impairment	(5 753)	(2 217)
Broad-based black economic empowerment charge	(51)	–
Net loss on disposal of property, plant and equipment and intangible assets	(8)	(7)
Operating profit	3 535	6 430
Net profit	59	3 776
South Africa	4 481	3 923
International	(1 252)	209
Gateway	(3 047)	–
Corporate and eliminations	(123)	(356)
Assets	40 693	36 219
South Africa	27 765	25 916
International	8 890	9 104
Gateway	3 291	–
Corporate and eliminations	747	1 199

¹ Other operating income has been incorporated into revenue on the face of the condensed consolidated income statement.
² The measure of segment profit changed from management operating profit to EBITDA. All segment information is presented on the revised basis, with prior years amended to conform to the current period presentation.

	Six months ended 30 September 2009 Rm Reviewed	Year ended 31 March 2009 Rm Audited
4. Impairment of assets		
Intangible assets	(3 134)	–
Property, plant and equipment	(5)	(21)
Available-for-sale financial assets carried at cost	–	–
Investment in associate	(50)	–
Impairment recognised	(3 189)	(21)

The carrying value of goodwill for the Gateway cash-generating unit has been impaired by R3.0 billion following a test for impairment triggered by adverse economic conditions as a result of the global recession and an increased competitive environment leading to adverse performance against previous plans. The carrier services operation was negatively impacted by reduced mobile traffic on the continent and pricing pressure from operators. The impairment loss was based on a value in use calculation using a post taxation risk adjusted discount rate which ranged between 13% and 15% in US dollar terms. The recoverable amount of the Gateway cash-generating unit equals its reported carrying value at 30 September 2009 and consequently, any adverse change in a key assumption underpinning the value in use calculation may cause a further impairment loss to be recognised.

Included in the impairment recognised is R8 million (30 September 2008: R21 million; 31 March 2009: R106 million) relating to a net write down of VM, SA assets to fair value less cost to sell.

	Six months ended 30 September 2009 Cents Reviewed	Year ended 31 March 2009 Cents Audited
5. Per share calculations		
5.1 Earnings, dividend and net asset value per share		
Basic and diluted earnings per share	4	248
Headline and diluted headline earnings per share	219	250
Dividend per share (Note 12)	–	202
Net asset value per share	849	854

Per share calculations are based on a weighted average number of ordinary shares of 1 487 954 000 outstanding during the reporting period 30 September 2009, 30 September 2008 and 31 March 2009. No dilutive factors are present.

	Six months ended 30 September 2009 Rm Reviewed	Year ended 31 March 2009 Rm Audited
5.2 Headline earnings reconciliation		
Basic earnings attributable to equity shareholders per the income statement	61	3 693
Adjusted for:		
Net loss on disposal of property, plant and equipment and intangible assets	8	7
Impairment recognised (Note 4)	3 189	21
	3 258	3 721
Taxation impact of adjustments	(2)	(2)
Non-controlling interests in adjustments	–	–
Headline earnings³	3 256	3 719

³ This disclosure is a requirement of the JSE Limited and is not a recognised measure under IFRS. It has been calculated in accordance with the applicable South African Institute of Chartered Accountants' circular.

6. Forfeitable share plan

A share incentive plan for the Group's employees in the form of a forfeitable share plan ("FSP"), was approved by shareholders at the annual general meeting held on 31 July 2009 by ordinary resolution. The FSP will be treated in terms of IFRS 2: Share-based Payment.

The Group expects to purchase Vodacom Group Limited shares in the market during November 2009 to facilitate making the first award under the FSP.

	Balance as previously reported Rm Reviewed/ Audited	Bonus and leave pay liabilities (Note 7.1) Rm Reviewed	Statement of cash flows (Note 7.2) Rm Reviewed	Balance as reclassified Rm Reviewed
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7. Reclassifications

Reconciliation 30 September 2008

	Balance as previously reported Rm Reviewed/ Audited	Bonus and leave pay liabilities (Note 7.1) Rm Reviewed	Statement of cash flows (Note 7.2) Rm Reviewed	Balance as reclassified Rm Reviewed
Statement of financial position				
Non-current liabilities				
Provisions	365	(38)	–	327
Trade and other payables	474	38	–	512
Current liabilities				
Provisions	568	(343)	–	225
Trade and other payables	10 775	343	–	11 118
Statement of cash flows				
Cash generated from operations	7 952	–	(174)	7 778
Finance costs paid	(463)	–	463	–
Finance income received	27	–	(27)	–
Realised net losses on remeasurement and disposal of financial instruments	(21)	–	21	–
Net additions to property, plant and equipment and intangible assets	(3 848)	–	152	(3 696)
Other investing activities	(39)	–	27	(12)
Movement in debt including interest paid	632	–	(462)	170

Reconciliation 31 March 2009

	Balance as previously reported Rm Reviewed/ Audited	Bonus and leave pay liabilities (Note 7.1) Rm Reviewed	Statement of cash flows (Note 7.2) Rm Reviewed	Balance as reclassified Rm Reviewed
Statement of financial position				
Non-current liabilities				
Provisions	397	(32)	–	365
Trade and other payables	356	32	–	388
Current liabilities				
Provisions	800	(562)	–	238
Trade and other payables	10 323	562	–	10 885
Statement of cash flows				
Cash generated from operations	16 351	–	(330)	16 021
Finance costs paid	(1 388)	–	1 388	–
Finance income received	104	–	(104)	–
Realised net losses on remeasurement and disposal of financial instruments	(557)	–	557	–
Net additions to property, plant and equipment and intangible assets	(7 211)	–	181	(7 030)
Other investing activities	(190)	–	103	(87)
Movement in debt including interest paid	8 350	–	(1 795)	6 555

7.1 Bonus and leave pay liabilities

Bonus and leave pay liabilities have retrospectively been reclassified from provisions to accruals within trade and other payables as to align with practices of the Group's parent.

7.2 Statement of cash flows

Dividends paid, realised net losses on remeasurement and disposal of financial instruments, finance costs paid and finance income received have retrospectively been reclassified in the statement of cash flows from operating activities to the activity from where it originates as to align with practices of the Group's parent.

8. Related party transactions

The Group's related parties are its parent (entities with joint control over the Group for prior years), joint venture, associate, pension schemes and key management.

	Six months ended 30 September 2009 Rm Reviewed	Year ended 31 March 2009 Rm Audited
8.1 Balances with related parties		
Accounts receivable	168	781
Accounts payable	(216)	(169)
Dividends payable	–	(3 000)
8.2 Transactions with related parties		
Revenue	395	1 611
Operating costs	(462)	(1 115)
Dividends paid	–	(3 000)
8.3 Key management personnel remuneration		
Key management personnel remuneration	(6)	(43)
8.4 Directors' remuneration		
Compensation paid to the Group's board of directors will be disclosed in the Group's annual report for the year ending 31 March 2010.		
9. Capital expenditure incurred		
Capital expenditure additions including software	2 934	2 976
10. Capital commitments		
Contracted for but not yet incurred	2 981	2 655
Approved but not yet contracted for	5 673	5 320
11. Other commitments and contingencies		
There have been no material changes to the Group's other commitments or contingent liabilities during the period.		
12. Events after the reporting period		
The board is not aware of any matter or circumstance arising since the end of the reporting period, not otherwise dealt with herein, which significantly affects the financial position of the Group or the results of its operations or cash flows for the period, other than the following:		
12.1 Dividend declared after the reporting date and not recognised as a liability		
An interim dividend of R1 637 million (110 cents per share) for the year ending 31 March 2010 was declared on 5 November 2009, payable to shareholders on 7 December 2009 with the last date of registration being 4 December 2009.		
12.2 Fixed and mobile termination review		
The mobile industry decided to voluntarily embark on a process to reduce mobile termination rates with Independent Communications Authority of South Africa ("ICASA") exercising an oversight responsibility. Bi-lateral negotiations were initiated between mobile operators, but have still not yielded an outcome that is acceptable to all role-players. The Minister of Communications published a draft policy directive for public comment with regard to mobile termination rates. In addition, ICASA has recently communicated its intention to complete the regulatory market review process by June 2010. A decline in mobile termination rates may result in a decrease in revenue and operating profit.		

Contracted for but not yet incurred
Approved but not yet contracted for

There have been no material changes to the Group's other commitments or contingent liabilities during the period.

The board is not aware of any matter or circumstance arising since the end of the reporting period, not otherwise dealt with herein, which significantly affects the financial position of the Group or the results of its operations or cash flows for the period, other than the following:

An interim dividend of R1 637 million (110 cents per share) for the year ending 31 March 2010 was declared on 5 November 2009, payable to shareholders on 7 December 2009 with the last date of registration being 4 December 2009.

The mobile industry decided to voluntarily embark on a process to reduce mobile termination rates with Independent Communications Authority of South Africa ("ICASA") exercising an oversight responsibility. Bi-lateral negotiations were initiated between mobile operators, but have still not yielded an outcome that is acceptable to all role-players. The Minister of Communications published a draft policy directive for public comment with regard to mobile termination rates. In addition, ICASA has recently communicated its intention to complete the regulatory market review process by June 2010. A decline in mobile termination rates may result in a decrease in revenue and operating profit.

Declaration of interim dividend No. 1

Notice is given that interim dividend No. 1 of 110 cents per ordinary share in respect of the financial year ending 31 March 2010 has been declared, payable to shareholders recorded in the register at the close of business on Friday 4 December 2009.

Salient dates for interim dividend No. 1:

Last day to trade shares cum dividend	Friday 27 November 2009
Shares commence trading ex dividend	Monday 30 November 2009
Record date	Friday 4 December 2009
Payment date	Monday 7 December 2009
Share certificates may not be dematerialised or rematerialised between Monday 30 November 2009 and Friday 4 December 2009, both days inclusive.	

On Monday 7 December 2009, the interim dividend will be electronically transferred into the bank accounts of all certificated shareholders where this facility is available. Where electronic funds transfer is not available, cheques will be dated and posted on Monday 7 December 2009.

Shareholders who hold dematerialised shares will have their accounts at their CSDP or broker credited on Monday 7 December 2009.

Corporate Information

Vodacom Group Limited
(Incorporated in the Republic of South Africa)
Registration number: 1993/005461/06
(ISIN: ZAE000132577 Share Code: VOD)
("Vodacom")

Directors

MP Moyo (Chairman), PJ Uys (CEO), MS Aziz Joosub, TA Boardman, M Joseph¹, M Lundal², JCG Maclaurin³, P Malabie, PJ Moleketi, TM Mokosi-Mwantembe, RAW Schellekens⁴, RA Shuter, RC Snow⁵

Alternate directors

TJ Harrabin³, HM Mahmoud⁵

Company secretary: Sandi Linford

Registered office

Vodacom Corporate Park,
082 Vodacom Boulevard, Vodavally,
Midrand 1685
(Private Bag X9904, Sandton 2146)

Transfer secretary

Computershare Investor Services (Proprietary) Limited