vodacom

Preliminary results

for the year ended 31 March 2011

Pieter Uys,
Vodacom Group CEO
commented:

"We've gone from cool blue to red hot.

Credit to the team for the financial and operational results, delivered in an environment of mobile termination rate reductions, price reductions and inflationary cost pressure. This has been achieved through a sharp focus on the customer experience, the R6 311 million capital invested in our networks and delivering on our R500 million cost efficiency programme. The resulting 51% increase in total shareholder returns is really pleasing.

The decision we took some years ago to lead the industry on mobile data is bearing fruit. The combination of considerable investment in new base stations and taking charge of our own transmission has put us in an enviable position. The new dual-carrier technology that we're rolling out across the network has both speed and capacity benefits and will support continued growth in the data business.

After taking a long hard look at how we can improve the customer experience, knowing that this is the key to continued success, we realised that we needed a fresh approach to strategy setting and an unencumbered organisation to deliver it. The change from blue to red is just an outward indicator of all the internal changes underway which will deliver real benefits to customers across the areas of network, customer experience and value."

Salient features

Strong performance culminates in solid HEPS growth

- Group revenue up 6.4%(*) (4.5% reported)
- Group free cash flow up 22.4% to R8 829 million
- Impairment losses of R1 508 million mainly in respect of Gateway
- Headline earnings per share up 28.6% to 656 cents per share
- 60.0% increase in final dividend per share to 280 cents

Customer focus underpins commercial success

- Group customers increased 9.0% to 43.5 million
- New offers delivering more value to customers
- Group voice traffic up 19.0%
- Number one Net Promoter Score ('NPS') in South Africa

Demand for data services remains high

- Group data revenue increased 35.5% to R6 433 million
- Expanded portfolio of low cost internet devices
- Investment in 1 086 more 3G base stations across the Group
- 34.6% growth in South Africa data customers to 9.0 million

Refocus, reorganise and refresh

- Sustainability objectives integrated into strategic and reporting processes
- Steps taken to simplify the organisation, empower employees, speed up decision making
- Brand refresh kicks off initiatives covering network, service and value

(*) All amounts in this document marked with an '(*)' represent normalised growth excluding trading foreign exchange and at a constant currency.

Operating review

South Africa

South Africa delivered a robust performance with service revenue growing 4.7% to R46 392 million. This was achieved despite a 16.3% decline in interconnect revenue following the cuts in mobile termination rates ('MTRs'). Service revenue growth was supported by a higher contribution from data revenue and increased voice usage stemming from value offerings.

Data revenue increased 33.9% to R6 180 million due to increased penetration of mobile PC connectivity and mobile internet usage, with active data bundle users increasing 76.2% to 2.6 million and overall active data customers increasing 34.6% to 9.0 million. Active smartphones on the network increased 84.2% to 3.6 million and PC connectivity devices increased 47.8% to 1.1 million. During the year greater value was added to data bundles and we were successful in signing up more smartphone customers with data bundles.

Customers increased 1.0% to 26.5 million with gross connections of 11.6 million reaching our pre Regulation of Interception of Communications and Provision of Communication-Related Information Act ('RICA') levels. Excluding the impact of the change in the disconnection rule in April 2010, 3.5 million customers were added, of which 2.9 million were prepaid customers, bringing the total reported prepaid customers to 21.4 million for the year. Contract customer growth remained strong, up 14.0% to 5.1 million, adding 629 000 customers despite the change in the disconnection rule. Vodacom has registered 84.9% of the customer base for RICA at 31 March 2011.

Total ARPU is reported as 18.9% higher year on year to R157 largely due to the disconnection of 3.3 million SIM cards, the increase in average minutes of use of 27.5% to 102 minutes, offset by a reduction in the average effective price per minute of 11.3% and lower interconnect revenue.

The South Africa EBITDA increased 7.0%(*) (5.8% reported growth) and the EBITDA margin increased 0.4(*) percentage points (reported EBITDA margin stable at 36.8%) due to the improved contribution margin which resulted from a lower net contribution from interconnect and a reduction in customer and distribution costs.

We continued to make substantial investments in the network, particularly to enhance quality and support the 48.9% growth in data traffic. Capital expenditure of R5 100 million, 9.6% of revenue, was largely allocated to building a wider and faster data network with 948 new 3G sites bringing the total to 4 290 sites. We enhanced the network with the latest technologies, 3 217 base stations have been upgraded to the next generation Long-term Evolution ('LTE') ready equipment and more than one thousand dual-carrier sites are now live. The long-distance national fibre build and our own project to self provide fibre to our base stations has been slower than planned due to delays in obtaining right of way approvals and the build freeze during the World Cup.

International

The reported results of the International operations were negatively impacted by foreign exchange movements. International service revenue increased by 11.6%(*) (reported decline of 1.4%) supported by the 24.4% growth in customers to 17.0 million. Despite intense competition and the resulting 38.1% reduction in the average price per minute, we are encouraged by the elasticity experienced with voice traffic up 40.9%. Data revenue increased 88.8% to R253 million mainly due to data promotions and strong growth in M-PESA active users to 1.3 million in Tanzania.

The International EBITDA declined 20.7%(*) (28.6% reported decline) to R840 million largely as a result of declining margins in Gateway. Various cost efficiency programmes, such as efforts to reduce site operating and maintenance costs, have been put in place to adjust business structures in the mobile operations in order to support lower tariffs.

Vodacom continued to invest in the International operations, supporting the medium-to-long term growth potential of these businesses with capital expenditure at R1 208 million (14.7% of revenue). The investment was mainly focused on increasing capacity to support higher traffic and expanding the network in Mozambique.

Financial review

Summary financial information

Rm	Year ended 31 March 2011	2010	2009	% change 10/11	09/10
Service revenue	**54 052**	52 184	48 671	**3.6**	7.2
Revenue	**61 197**	58 535	55 442	**4.5**	5.6
EBITDA	**20 594**	19 782	18 196	**4.1**	8.7
Operating profit	**13 696**	11 238	12 005	**21.9**	(6.4)
Net profit	**7 979**	4 200	6 192	**90.0**	(32.2)
Free cash flow	**8 829**	7 212	3 176	**22.4**	127.1
Capital expenditure	**6 311**	6 636	6 906	**(4.9)**	(3.9)
Net debt	**9 458**	12 161	17 537	**(22.2)**	(30.7)
Earnings per share (cents)	**561**	282	409	**98.9**	(31.1)
Headline earnings per share (cents)	**656**	510	417	**28.6**	22.3
Contribution margin (%)	**54.9**	54.3	53.3		
EBITDA margin (%)	**33.7**	33.8	32.8		
Operating profit margin (%)	**22.4**	19.2	21.7		
Effective tax rate (%)	**36.9**	53.0	39.5		
Net profit margin (%)	**13.0**	7.2	11.2		
Net debt/EBITDA (times)	**0.5**	0.6	1.0		
Capex intensity (%)	**10.3**	11.3	12.5		

The Group has restated certain numbers previously reported to align with reporting practices of its ultimate parent. Full details are available on pages 21 and 22.

Service revenue

Rm	Year ended 31 March 2011	2010	2009	% change 10/11	09/10
South Africa	**46 392**	44 324	41 182	**4.7**	7.6
International	**7 957**	8 071	7 570	**(1.4)**	6.6
Corporate and eliminations	**(297)**	(211)	(81)	**(40.8)**	(160.5)
Service revenue	**54 052**	52 184	48 671	**3.6**	7.2

Group revenue and service revenue for the year ended 31 March 2011 increased by 6.4%[*] and 5.5%[*] respectively (reported 4.5% and 3.6% respectively), underpinned by continued growth in Group data and voice revenue offset by a decline in interconnect revenue from South Africa. The South African rand strengthened against all other functional currencies, negatively impacting reported revenue and service revenue of the International operations which declined by 2.7% and 1.4% respectively. Revenue and service revenue from the International operations increased 10.5%[*] and 11.6%[*] respectively.

Operating expenses[1]

Rm	Year ended 31 March			% change	
	2011	2010	2009	10/11	09/10
South Africa	**33 758**	31 850	31 590	**6.0**	0.8
International	**7 348**	7 243	5 968	**1.4**	21.4
Corporate and eliminations	**(468)**	(323)	(231)	**(44.9)**	(39.8)
Operating expenses[1]	**40 638**	38 770	37 327	**4.8**	3.9

Group operating expenses increased by 6.8%[(*)] to R40 638 million (4.8% reported). A net foreign exchange gain on the revaluation of foreign denominated trading items of R11 million (2010: R192 million gain) has been included in operating expenses. In South Africa, operating expenses increased by 5.3%[(*)] (6.0% reported), below revenue growth of 5.8%. International operating expense growth of 16.2%[(*)] (1.4% reported) was mainly due to difficult trading conditions in Gateway.

EBITDA

Rm	Year ended 31 March			% change	
	2011	2010	2009	10/11	09/10
South Africa	**19 653**	18 578	16 222	**5.8**	14.5
International	**840**	1 176	1 935	**(28.6)**	(39.2)
Corporate and eliminations	**101**	28	39	**> 200.0**	(28.2)
EBITDA	**20 594**	19 782	18 196	**4.1**	8.7

Group EBITDA increased 5.8%[(*)] (4.1% reported) to R20 594 million, and the EBITDA margin remained relatively stable at 33.7% (2010: 33.8%). South Africa contributed 95.4% (2010: 93.9%) to Group EBITDA for the year. Group EBITDA was negatively impacted by unfavourable foreign exchange movements and difficult trading conditions in Gateway. This resulted in a decline of 20.7%[(*)] (28.6% reported) in the International EBITDA with margins declining from 14.0% to 10.2%. In aggregate, the International mobile operations expanded their EBITDA margins.

Operating profit

Rm	Year ended 31 March			% change	
	2011	2010	2009	10/11	09/10
South Africa	**15 522**	14 763	11 372	**5.1**	29.8
International	**(1 902)**	(3 358)	637	**43.4**	< (200.0)
Corporate and eliminations	**76**	(167)	(4)	**145.5**	< (200.0)
Operating profit	**13 696**	11 238	12 005	**21.9**	(6.4)

Operating profit increased by 21.9% to R13 696 million, primarily due to a reduction in impairment losses, mainly relating to Gateway, from R3 370 million in the prior year to R1 508 million. Operating profit increased by 5.0%[(*)], excluding the impact of impairment losses.

1. Excluding depreciation, amortisation, BBBEE charge and impairment losses.

Net finance charges

Rm	Year ended 31 March 2011	2010	2009	% change 10/11	09/10
Finance income	**109**	124	108	**(12.1)**	14.8
Finance costs	**(864)**	(1 602)	(1 459)	**(46.1)**	9.8
Gain/(Loss) on remeasurement of loans	**28**	(375)	–	**107.5**	n/a
(Loss)/Gain on translation of foreign assets and liabilities	**(131)**	(23)	39	**> 200.0**	159.0
Loss on derivatives	**(164)**	(396)	(437)	**(58.6)**	(9.4)
Other	**(36)**	–	–	**n/a**	n/a
Net finance charges	**(1 058)**	(2 272)	(1 749)	**(53.4)**	29.9

Net finance charges reduced from R2 272 million in the prior year to R1 058 million for the year ended 31 March 2011, mainly due to lower net finance costs in the current period and the negative impact of the remeasurement of loans granted of R375 million in the prior year. The loss on translation of foreign assets and liabilities increased over the prior year due to the impact that the stronger rand had on cash held in foreign currency, while the loss on derivatives mainly from the revaluation of foreign exchange contracts in South Africa decreased by 58.6%.

Finance costs for the period reduced by R738 million compared to the prior year as a result of average debt declining to R11 033 million compared to R15 200 million in the prior year coupled with the benefit of lower interest rates. The average cost of debt reduced from 9.0% to 7.7%.

Taxation

The tax expense of R4 659 million for the period declined by 1.8% compared to March 2010 due to the non-recurrence of the derecognition of the DRC deferred tax asset offset by an increase in secondary tax on companies ('STC') relating to the timing of the dividend declared.

The effective tax rate declined from 53.0% to 36.9% as a result of the decrease in impairment losses and the derecognition of the DRC deferred tax asset in the prior year.

Earnings

Earnings per share for the period increased from 282 cents per share to 561 cents per share, impacted by impairment losses and the derecognition of the DRC deferred tax asset in the prior year. Headline earnings per share, which excludes impairment losses, increased 28.6% to 656 cents per share.

Excluding the impact of several non-recurring charges in the prior year, adjusted headline earnings per share increased 15.1% from 568 cents to 654 cents per share mainly due to the growth in EBITDA and the reduction in net finance charges.

Cash flow

Free cash flow

Rm	Year ended 31 March 2011	2010	2009	% change 10/11	09/10
Cash generated from operations	**21 385**	19 711	15 905	**8.5**	23.9
Net additions to property, plant and equipment and intangible assets	**(6 548)**	(6 222)	(7 211)	**5.2**	(13.7)
Operating free cash flow	**14 837**	13 489	8 694	**10.0**	55.2
Tax paid	**(4 982)**	(4 764)	(4 123)	**4.6**	15.5
Finance income received	**85**	108	103	**(21.3)**	4.9
Finance costs paid	**(1 111)**	(1 621)	(1 498)	**(31.5)**	8.2
Free cash flow	**8 829**	7 212	3 176	**22.4**	127.1

Operating free cash flow increased by 10.0% to R14 837 million for the period. The cash generated from operations grew by R1 674 million and was mainly due to increased EBITDA, coupled with an improvement in working capital. Net cash additions to property, plant and equipment and intangible assets increased from R6 222 million to R6 548 million. Group free cash flow increased 22.4% to R8 829 million.

Net cash flows utilised in financing activities increased from R8 548 million to R10 119 million. This resulted from an increase in debt repayments compared to the prior year, R984 million cash outflow (2010: R385 million) relating to the share repurchase programme, an increase of R1 375 million in dividends paid and reduced interest payments due to lower interest rates and average debt.

Capital expenditure

Rm	Year ended 31 March 2011	2010	2009	% change 10/11	09/10
South Africa	**5 100**	4 573	4 627	**11.5**	(1.2)
International	**1 208**	2 067	2 420	**(41.6)**	(14.6)
Corporate and eliminations	**3**	(4)	(141)	**175.0**	97.2
Capital expenditure	**6 311**	6 636	6 906	**(4.9)**	(3.9)
Capex intensity (%)	**10.3**	11.3	12.5		

The Group's capital expenditure for the period was R6 311 million, 4.9% less than a year ago. Capital expenditure of R1 208 million (14.7% of revenue) in the International operations was 29.5%[(*)] lower (reported 41.6% lower) mainly due to a reduction in capital expenditure in the DRC and Tanzania following last year's significant network investment in Tanzania. South Africa's capital expenditure increased by 11.5% (9.6% of revenue compared to 9.1% a year ago) due to the investment in higher speed data technology and fibre.

Statement of financial position

Property, plant and equipment and intangible assets were negatively impacted by foreign currency translation adjustments of R738 million and R166 million, respectively due to the rand strengthening against functional reporting currencies of the International operations since 31 March 2010.

Net debt decreased to R9 458 million, compared to R12 161 million a year ago. The Group's financial gearing reduced slightly, with the net debt to EBITDA ratio at 0.5 times at 31 March 2011 (2010: 0.6 times). 86.7% (2010: 89.6%) of the debt[1] is denominated in rand. R3 114 million (2010: R3 349 million) of the debt[1] matures in the next 12 months and 66.2% (2010: 96.3%) of interest bearing debt (including bank overdrafts) is at floating rates.

Net debt

	As at 31 March			Movement	
Rm	2011	2010	2009	10/11	09/10
Bank and cash balances	**870**	1 061	1 104	**(191)**	(43)
Bank overdrafts	**(331)**	(110)	(20)	**221**	90
Borrowings and derivative financial instruments	**(9 997)**	(13 112)	(16 191)	**(3 115)**	(3 079)
Net debt before dividends and STC	**(9 458)**	(12 161)	(15 107)	**(2 703)**	(2 946)
Dividends and STC payable	**–**	–	(2 430)	**–**	(2 430)
Total net debt	**(9 458)**	(12 161)	(17 537)	**(2 703)**	(5 376)
Net debt/EBITDA (times)	**0.5**	0.6	1.0		

Declaration of final dividend No. 4

Notice is hereby given that final dividend number 4 of 280 cents per ordinary share in respect of the financial year ended 31 March 2011 has been declared payable on Monday 4 July 2011 to shareholders recorded in the register at the close of business on Friday 1 July 2011:

Last day to trade shares *cum* dividend	Friday 24 June 2011
Shares commence trading *ex* dividend	Monday 27 June 2011
Record date	Friday 1 July 2011
Payment date	Monday 4 July 2011

Share certificates may not be dematerialised or rematerialised between Monday 27 June 2011 and Friday 1 July 2011, both days inclusive.

On Monday 4 July 2011, the final 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 or about Monday 4 July 2011.

Shareholders who hold dematerialised shares will have their accounts at their CSDP or broker credited on Monday 4 July 2011.

1. Debt includes interest bearing debt, non-interest bearing debt and bank overdrafts.

Annual general meeting

The annual general meeting of Vodacom Group Limited will be held at Talk 200, Vodacom World, Midrand on Thursday 4 August 2011 at 11:00.

Outlook

This has been a positive year in which good progress was made on the Group's strategic objectives, particularly driving growth in data, and the results were in-line with our medium-term guidance. The changes instituted in the latter half of the year, culminating in the brand refresh, have placed Vodacom in a unique position to capitalise on the changing mobile communications landscape.

By integrating sustainability issues and encompassing the concerns of all stakeholders into our strategic process, we have identified five clear focus areas for the year ahead:

1. Grow passionate promoters through dramatically improving customer experience.
2. Actively create an environment for our employees to excel and grow.
3. Put the power of the internet into people's hands.
4. Together drive operational excellence.
5. Proactively partner with our stakeholders.

Looking to next year, we expect competition to remain intense and customer spend to be under pressure from rising food and fuel prices, however, our medium-term guidance remains unchanged. The approved capital expenditure budget for fiscal period 2012 is R7.7 billion[1]. Our capital expenditure programme will focus on accelerating the rollout of mobile broadband coverage and self-provisioning of transmission to improve the quality of our service. This will support continued growth in demand for data services.

For and on behalf of the Board

Peter Moyo
Non-executive Chairman

Pieter Uys
Chief Executive Officer

Rob Shuter
Chief Financial Officer

13 May 2011

Midrand

1. Excluding the non-cash accounting for RAN swaps.

Condensed consolidated income statement

for the year ended 31 March

Rm	Notes	2011 Reviewed	2010 Audited	2009 Audited
Revenue	3	**61 197**	58 535	55 442
Direct expenses	7	**(27 600)**	(26 764)	(25 913)
Staff expenses	7	**(4 024)**	(3 878)	(3 268)
Publicity expenses	7	**(2 086)**	(1 848)	(1 875)
Broad-based black economic empowerment charge		**–**	–	(1 315)
Other operating expenses	7	**(6 928)**	(6 280)	(6 271)
Depreciation and amortisation		**(5 355)**	(5 157)	(4 683)
Impairment losses	4	**(1 508)**	(3 370)	(112)
Operating profit		**13 696**	11 238	12 005
Finance income		**109**	124	108
Finance costs		**(864)**	(1 602)	(1 459)
Net loss on remeasurement and disposal of financial instruments		**(303)**	(794)	(398)
Loss from associate		**–**	(21)	(19)
Profit before tax		**12 638**	8 945	10 237
Taxation		**(4 659)**	(4 745)	(4 045)
Net profit		**7 979**	4 200	6 192
Attributable to:				
Equity shareholders		**8 245**	4 196	6 089
Non-controlling interests		**(266)**	4	103
		7 979	4 200	6 192

Cents	Notes	2011 Reviewed	2010 Audited	2009 Audited
Basic earnings per share	5	**561.5**	282.3	409.2
Diluted earnings per share	5	**560.4**	282.0	409.2

Condensed consolidated statement of comprehensive income

for the year ended 31 March

Rm	2011 Reviewed	2010 Audited	2009 Audited
Net profit	**7 979**	4 200	6 192
Other comprehensive income	**(449)**	(2 665)	379
Foreign currency translation differences, net of tax	**(502)**	(2 665)	405
Fair value adjustments on available-for-sale financial assets, net of tax	**–**	–	(17)
Gain on hedging instruments in cash flow hedges, net of tax	**53**	–	–
Other, net of tax	**–**	–	(9)
Total comprehensive income	**7 530**	1 535	6 571
Attributable to:			
Equity shareholders	**7 739**	1 645	6 437
Non-controlling interests	**(209)**	(110)	134
	7 530	1 535	6 571

Condensed consolidated statement of financial position

as at 31 March

Rm	Notes	2011 Reviewed	2010 Audited	2009 Audited
Assets				
Non-current assets		**27 982**	29 131	35 224
Property, plant and equipment		**21 577**	21 383	21 844
Intangible assets		**5 215**	6 673	11 794
Financial assets		**189**	181	303
Trade and other receivables		**264**	231	241
Finance lease receivables		**307**	408	259
Deferred tax		**430**	255	783
Current assets		**13 453**	12 560	12 135
Financial assets		**273**	153	203
Inventory		**799**	707	653
Trade and other receivables		**10 773**	10 024	9 843
Finance lease receivables		**462**	262	268
Tax receivable		**276**	353	64
Cash and cash equivalents		**870**	1 061	1 104
Total assets		**41 435**	41 691	47 359
Equity and liabilities				
Fully paid share capital		*	*	*
Treasury shares		**(1 384)**	(422)	–
Retained earnings		**17 864**	14 832	12 265
Other reserves		**(858)**	(672)	1 752
Equity attributable to owners of the parent		**15 622**	13 738	14 017
Non-controlling interests		**558**	898	1 081
Total equity		**16 180**	14 636	15 098
Non-current liabilities		**8 743**	11 590	10 430
Borrowings	11	**7 280**	9 786	8 316
Trade and other payables		**258**	317	388
Provisions		**510**	436	365
Deferred tax		**695**	1 051	1 361
Current liabilities		**16 512**	15 465	21 831
Borrowings	11	**2 783**	3 239	7 875
Trade and other payables		**13 005**	11 714	10 938
Provisions		**298**	193	238
Tax payable		**87**	203	549
Dividends payable		**8**	6	2 211
Bank overdrafts		**331**	110	20
Total equity and liabilities		**41 435**	41 691	47 359

* Fully paid share capital of R100.

Condensed consolidated statement of changes in equity

for the year ended 31 March

Rm	Equity attributable to owners of the parent	Non-controlling interests	Total equity
1 April 2008	11 402	404	11 806
Total comprehensive income	6 437	134	6 571
Dividends	(5 200)	(13)	(5 213)
Business combinations and other non-controlling interests acquisitions	(4)	34	30
Share-based payment expense	1 382	522	1 904
31 March 2009 – Audited	14 017	1 081	15 098
Total comprehensive income	1 645	(110)	1 535
Dividends	(1 631)	(73)	(1 704)
Repurchase of shares	(422)	–	(422)
Share-based payment expense	129	–	129
31 March 2010 – Audited	**13 738**	**898**	**14 636**
Total comprehensive income	**7 739**	**(209)**	**7 530**
Dividends	**(5 212)**	**(71)**	**(5 283)**
Partial disposal of interests in subsidiaries	**156**	**(60)**	**96**
Repurchase of shares	**(962)**	**–**	**(962)**
Share-based payment expense	**163**	**–**	**163**
31 March 2011 – Reviewed	**15 622**	**558**	**16 180**

Condensed consolidated statement of cash flows

for the year ended 31 March

Rm	2011 Reviewed	2010 Audited	2009 Audited
Cash flows from operating activities			
Cash generated from operations	**21 385**	19 711	15 905
Tax paid	**(4 982)**	(4 764)	(4 123)
Net cash flows from operating activities	**16 403**	14 947	11 782
Cash flows from investing activities			
Net additions to property, plant and equipment and intangible assets	**(6 548)**	(6 222)	(7 211)
Business combinations, net of cash acquired	**(24)**	–	(5 348)
Other investing activities	**(9)**	(107)	(87)
Net cash flows utilised in investing activities	**(6 581)**	(6 329)	(12 646)
Cash flows from financing activities			
Movement in borrowings, including finance costs paid	**(3 949)**	(4 255)	6 853
Dividends paid	**(5 283)**	(3 908)	(6 204)
Repurchase of shares	**(984)**	(385)	–
Partial disposal of interests in subsidiaries, net of cash disposed	**98**	–	–
Non-controlling interests	**(1)**	–	522
Net cash flows (utilised in)/from financing activities	**(10 119)**	(8 548)	1 171
Net (decrease)/increase in cash and cash equivalents	**(297)**	70	307
Cash and cash equivalents at the beginning of the year	**951**	1 084	837
Effect of foreign exchange rate changes	**(115)**	(203)	(60)
Cash and cash equivalents at the end of the year	**539**	951	1 084

Notes to the preliminary condensed consolidated annual financial statements

1. Basis of preparation

These preliminary condensed consolidated annual financial statements have been prepared in accordance with the recognition and measurement criteria of International Financial Reporting Standards ('IFRS') and the information required by International Accounting Standard 34: Interim Financial Reporting as issued by the International Accounting Standards Board ('IASB'), the AC 500 standards as issued by the Accounting Practices Board, the JSE Listings Requirements and the Companies Act of 1973, as amended. They have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair value or at amortised cost, and are presented in South African rand, which is the parent Company's functional and presentation currency.

The significant 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 significant accounting policies are available for inspection at the Group's registered office.

There have been no material changes in judgements or estimates of amounts reported in prior reporting periods.

Certain items have been reclassified as disclosed in Note 7.

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

2. Changes in 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 2010. The adopted accounting pronouncements, which had an impact on the Group or were reviewed for possible impact, are as follows:

- IFRS 3: Business Combinations (Revised) ('IFRS 3'); and
- IAS 27: Consolidated and Separate Financial Statements (Amended) ('IAS 27').

The revisions to IFRS 3 impact the amount of goodwill recognised as well as the reported results. The change in accounting policy did not have a significant impact on the Group's financial results for the year.

The most significant amendment to IAS 27 is that total comprehensive income is now attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance. The change in accounting policy had a favourable impact on the Group's headline earnings per share for the current year.

Full details on changes in accounting policies will be disclosed in the Group's integrated report for the year ended 31 March 2011.

Rm	2011 Reviewed	2010 Audited	2009 Audited
3. Segment analysis			
External customers segment revenue	**61 197**	58 535	55 442
South Africa	**53 193**	50 290	47 592
International[1]	**7 984**	8 226	7 835
Corporate	**20**	19	15
EBITDA	**20 594**	19 782	18 196
South Africa	**19 653**	18 578	16 222
International[1]	**840**	1 176	1 935
Corporate and eliminations	**101**	28	39
Reconciliation of segment results			
EBITDA	**20 594**	19 782	18 196
Depreciation, amortisation and impairment losses	**(6 863)**	(8 527)	(4 795)
Broad-based black economic empowerment charge	**–**	–	(1 315)
Other	**(35)**	(17)	(81)
Operating profit	**13 696**	11 238	12 005
Net finance charges	**(1 058)**	(2 272)	(1 749)
Finance income	**109**	124	108
Finance costs	**(864)**	(1 602)	(1 459)
Net loss on remeasurement and disposal of financial instruments	**(303)**	(794)	(398)
Loss from associate	**–**	(21)	(19)
Profit before tax	**12 638**	8 945	10 237
Taxation	**(4 659)**	(4 745)	(4 045)
Net profit	**7 979**	4 200	6 192
Total assets	**41 435**	41 691	47 359
South Africa	**31 076**	28 464	26 692
International[1]	**9 743**	11 958	19 196
Corporate and eliminations	**616**	1 269	1 471

1 In order to align with the change in operational structure within the Group, the Gateway reportable segment has been divided into the Vodacom Business Africa and Gateway Carrier Services cash-generating units, which have been incorporated into the International reportable segment in the current year. Details on the restatement of comparative amounts will be disclosed in the Group's integrated report for the year ended 31 March 2011.

Rm	2011 Reviewed	2010 Audited	2009 Audited

4. Impairment losses

	2011 Reviewed	2010 Audited	2009 Audited
Impairment losses recognised are as follows:			
Intangible assets	**(1 500)**	(3 285)	(1)
Property, plant and equipment	**(8)**	(34)	(105)
Available-for-sale financial assets carried at cost	**–**	(8)	(6)
Investment in associate	**–**	(43)	–
	(1 508)	(3 370)	(112)

The intangible assets impairment losses of R1 500 million relate to the International reportable segment, of which further information will be provided in the Group's integrated report for the year ended 31 March 2011. In the prior year a goodwill impairment loss of R3 039 million was recognised in respect of the combined Gateway cash-generating unit. The impairment losses are the result of increased price competition and poorer trading conditions.

5. Per share calculations

5.1 Earnings, dividends and net asset value per share

Cents	2011 Reviewed	2010 Audited	2009 Audited
Basic earnings per share	**561.5**	282.3	409.2
Diluted earnings per share	**560.4**	282.0	409.2
Headline earnings per share	**655.5**	509.9	417.4
Diluted headline earnings per share	**654.3**	509.4	417.4
Dividends per share	**355.0**	110.0	349.5
Net asset value per share	**1 098.8**	985.3	1 014.7

Million	2011 Reviewed	2010 Audited	2009 Audited
5.2 Weighted average number of ordinary shares outstanding for the purpose of calculating:			
Basic and headline earnings per share	**1 468**	1 486	1 488
Diluted earnings and diluted headline earnings per share	**1 471**	1 488	1 488
5.3 Ordinary shares for the purpose of calculating:			
Dividends per share	**1 488**	1 488	1 488
Net asset value per share	**1 473**	1 485	1 488

Wheatfields Investments 276 (Pty) Limited ('Wheatfields'), a wholly-owned subsidiary of the Group, acquired 15 880 043 (2010: 120 456) shares in the market during the year at an average price of R60.14 (2010: R57.92) per share. In the 2010 financial year, Wheatfields also acquired 2 426 471 shares at R56.61 per share in terms of an odd-lot offer and a specific share repurchase.

Rm	2011 Reviewed	2010 Audited	2009 Audited
5. Per share calculations (continued)			
5.4 Headline earnings reconciliation			
Earnings, attributable to equity shareholders, for basic and diluted earnings per share	**8 245**	4 196	6 089
Adjusted for:			
Net loss on disposal of property, plant and equipment and intangible assets	**35**	17	13
Impairment losses (Note 4)	**1 508**	3 370	112
Other	**–**	1	–
	9 788	7 584	6 214
Tax impact of adjustments	**(165)**	(5)	(4)
Non-controlling interests in adjustments	**3**	–	–
Headline earnings for headline and diluted headline earnings per share	**9 626**	7 579	6 210

6. Forfeitable share plan ('FSP')

During the year the Group allocated 3 242 476 (2010: 4 722 504) shares out of treasury shares to eligible employees under its FSP, an equity-settled share-based payment scheme in terms of IFRS 2: Share-based Payment.

7. Reclassifications

Certain items in the preliminary condensed consolidated annual financial statements were reclassified so as to align with practices of the Group's ultimate parent, Vodafone Group Plc. The reclassifications are summarised below.

7.1 Income statement

The Vodafone Global alliance fee has been reclassified from direct expenses to other operating expenses. Franchise fees have been reclassified from other operating expenses to publicity expenses. Expenses not relating to payroll have been reclassified from staff expenses to other operating expenses and certain operating lease expenses have been reclassified from other operating expenses to direct expenses.

Full details on reclassifications will be disclosed in the Group's integrated report for the year ended 31 March 2011.

8. Related parties

The Group's related parties are its parent, joint venture, associate and key management including directors. In prior years Telkom SA Limited and its subsidiaries were included in related parties since Telkom SA Limited had joint control over the Group.

		2011	2010	2009
	Rm	Reviewed	Audited	Audited
8.1	**Balances with related parties**			
	Accounts receivable	**278**	197	949
	Accounts payable	**(264)**	(154)	(325)
8.2	**Transactions with related parties**			
	Revenue	**167**	994	3 248
	Expenses	**(472)**	(587)	(2 465)
	Dividends declared	**(3 433)**	(1 064)	(5 200)
8.3	**Directors' and key management personnel remuneration**			
	Compensation paid to the Group's Board and key management personnel will be disclosed in the Group's integrated report for the year ended 31 March 2011.			
9.	**Capital expenditure incurred**			
	Capital expenditure additions including software	**6 311**	6 636	6 906
10.	**Capital commitments**			
	Capital expenditure contracted for but not yet incurred	**2 547**	2 213	2 214
	Capital expenditure approved but not yet contracted for	**8 471**	6 364	9 712

11. Borrowings

11.1 The Standard Bank of South Africa Limited/Rand Merchant Bank

The loan with a nominal value of R2 500 million was partially repaid in April 2010 using short-term borrowings amounting to R1 159 million.

11.2 Citibank syndicated loans

The Group increased its Citibank syndicated loans by TZS40 350 million and US$20 million during the year. The loans will be utilised for capital expenditure and general corporate requirements in Tanzania, and are repayable in six bi-annual instalments commencing on 16 June 2011.

11.3 Asset Backed Arbitraged Securities (Pty) Limited

The loan with a nominal value of R1 000 million was repaid in December 2010 using short-term borrowings.

12. Contingent liabilities

12.1 Guarantees

The Group issued various guarantees relating to financial obligations of its subsidiaries, which amounted to R53 million (2010: R48 million; 2009: R1 810 million). As at 31 March 2009, the related outstanding borrowings on the statement of financial position were R1 735 million.

Vodacom (Pty) Limited provides an unlimited guarantee for borrowings entered into by Vodacom Group Limited. The related outstanding borrowings on the statement of financial position are R1 655 million as at 31 March 2011 (2010: R3 593 million; 2009: R4 878 million).

13. Regulatory matters

13.1 Interconnect rates

On 29 October 2010 the Independent Communications Authority of South Africa ('ICASA') published the Call Termination Regulations, in terms of which the peak interconnect rate has further been reduced from R0.89 to R0.73 and the off-peak rate from R0.77 to R0.65 in March 2011. The regulations stipulate further reductions in the peak and off-peak rates to R0.56 and R0.52 respectively in March 2012, and a flat rate of R0.40 for both in July 2013. In terms of the regulations, asymmetrical interconnect rates may also be payable to licensees who meet specific criteria on the basis of spectrum or market share. The Group continues to actively engage with ICASA in the implementation of the regulations.

13.2 Other

Other developments in the Group's regulatory environment will be disclosed in the Group's integrated report for the year ended 31 March 2011.

14. Acquisitions and disposals of businesses

Details on acquisitions and disposals of businesses, none of which were material, will be disclosed in the Group's integrated report for the year ended 31 March 2011.

15. 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:

15.1 Dividend declared after the reporting date and not recognised as a liability

A final dividend of R4 166 million (280 cents per ordinary share) for the year ended 31 March 2011, was declared on Friday 13 May 2011, payable on Monday 4 July 2011 to shareholders recorded in the register at the close of business on Friday 1 July 2011. The secondary tax on companies payable on this dividend amounts to R417 million.

Supplementary information

Operating results for the year ended 31 March 2011

Rm	South Africa	% 10/11	Inter-national	% 10/11	Corporate/ Eliminations	Group	% 10/11
Mobile voice	28 584	4.2	3 597	(8.1)	–	32 181	2.7
Mobile interconnect	6 755	(16.3)	582	(18.9)	(107)	7 230	(17.3)
Mobile messaging	2 962	9.1	230	(7.3)	–	3 192	7.7
Mobile data	6 180	33.9	253	88.8	–	6 433	35.5
Other service revenue	1 911	27.7	3 295	7.9	(190)	5 016	14.2
Service revenue	46 392	4.7	7 957	(1.4)	(297)	54 052	3.6
Equipment revenue	6 343	16.8	124	(37.1)	(27)	6 440	15.2
Non-service revenue	636	(5.8)	115	(24.3)	(46)	705	(7.2)
Revenue	53 371	5.8	8 196	(2.7)	(370)	61 197	4.5
Direct expenses	(23 234)	2.3	(4 664)	8.5	298	(27 600)	3.1
Staff expenses	(2 918)	11.4	(851)	(4.2)	(255)	(4 024)	3.8
Publicity expenses	(1 746)	20.3	(333)	(14.0)	(7)	(2 086)	12.9
Other operating expenses	(5 860)	15.4	(1 500)	(10.2)	432	(6 928)	10.3
Depreciation and amortisation	(4 091)	7.4	(1 244)	(4.9)	(20)	(5 355)	3.8
Impairment losses	–	(100.0)	(1 506)	(53.3)	(2)	(1 508)	(55.3)
Operating profit/(loss)	15 522	5.1	(1 902)	43.4	76	13 696	21.9
EBITDA	19 653	5.8	840	(28.6)	101	20 594	4.1
EBITDA margin (%)	36.8		10.2			33.7	
Operating profit/(loss) margin (%)	29.1		(23.2)			22.4	

Supplementary information continued

Operating results for the year ended 31 March 2010

Rm	South Africa	% 09/10	International	% 09/10	Corporate/ Eliminations	Group	% 09/10
Mobile voice	27 422	5.1	3 916	(20.8)	–	31 338	1.0
Mobile interconnect	8 075	1.1	718	(36.6)	(51)	8 742	(3.9)
Mobile messaging[1]	2 716	10.6	248	(27.3)	–	2 964	6.0
Mobile data[1]	4 614	31.4	134	6.3	1	4 749	30.5
Other service revenue[2]	1 497	30.6	3 055	196.9	(161)	4 391	108.0
Service revenue	44 324	7.6	8 071	6.6	(211)	52 184	7.2
Equipment revenue	5 432	4.7	197	53.9	(38)	5 591	5.5
Non-service revenue[2]	675	(50.4)	152	(25.5)	(67)	760	(48.3)
Revenue	50 431	5.7	8 420	6.6	(316)	58 535	5.6
Direct expenses[3]	(22 704)	(1.4)	(4 297)	44.0	237	(26 764)	3.3
Staff expenses[3]	(2 619)	20.0	(888)	12.5	(371)	(3 878)	18.7
Publicity expenses[4]	(1 451)	1.7	(387)	(10.8)	(10)	(1 848)	(1.4)
Other operating expenses[3,4]	(5 076)	2.4	(1 671)	(5.1)	467	(6 280)	0.1
Depreciation and amortisation	(3 810)	10.4	(1 308)	9.8	(39)	(5 157)	10.1
Impairment losses	(8)	33.3	(3 227)	> 200.0	(135)	(3 370)	> 200.0
Operating profit/(loss)	14 763	29.8	(3 358)	< (200.0)	(167)	11 238	(6.4)
EBITDA	18 578	14.5	1 176	(39.2)	28	19 782	8.7
EBITDA margin (%)	36.8		14.0			33.8	
Operating profit/(loss) margin (%)	29.3		(39.9)			19.2	

Notes:

1. Revenue of R251 million mainly relating to telemetry, has been reclassified from mobile messaging to mobile data revenue.
2. Tower sharing and returned debit order handling fees amounting to R158 million has been reclassified from non-service revenue to other service revenue.
3. Vodafone Global alliance fee of R348 million and non-payroll related expenditure of R413 million has been reclassified from direct expenses and staff expenses respectively to other operating expenses. Certain operating lease expenses of R338 million has been reclassified from other operating expenses to direct expenses.
4. Franchise fees amounting to R120 million has been reclassified from other operating expenses to publicity expenses.

Supplementary information continued

Operating results for the year ended 31 March 2009

Rm	South Africa	International	Corporate/ Eliminations	Group
Mobile voice	26 083	4 942	–	31 025
Mobile interconnect	7 985	1 132	(18)	9 099
Mobile messaging[1]	2 456	341	–	2 797
Mobile data[1]	3 512	126	1	3 639
Other service revenue[2]	1 146	1 029	(64)	2 111
Service revenue	41 182	7 570	(81)	48 671
Equipment revenue	5 190	128	(18)	5 300
Non-service revenue[2]	1 361	204	(94)	1 471
Revenue	47 733	7 902	(193)	55 442
Direct expenses[3]	(23 024)	(2 984)	95	(25 913)
Staff expenses[3]	(2 182)	(789)	(297)	(3 268)
Publicity expenses[4]	(1 427)	(434)	(14)	(1 875)
BBBEE charge	(1 315)	–	–	(1 315)
Other operating expenses[3,4]	(4 957)	(1 761)	447	(6 271)
Depreciation and amortisation	(3 450)	(1 191)	(42)	(4 683)
Impairment losses	(6)	(106)	–	(112)
Operating profit/(loss)	11 372	637	(4)	12 005
EBITDA	16 222	1 935	39	18 196
EBITDA margin (%)	34.0	24.5		32.8
Operating profit margin (%)	23.8	8.1		21.7

Notes

1. Revenue of R228 million mainly relating to telemetry, has been reclassified from mobile messaging to mobile data revenue.
2. Tower sharing and returned debit order fees amounting to R100 million has been reclassified from non-service revenue to other service revenue.
3. Vodafone Global alliance fee of R379 million and non-payroll related expenditure of R418 million has been reclassified from direct expenses and staff expenses respectively to other operating expenses. Certain operating lease expenses of R68 million has been reclassified from other operating expenses to direct expenses.
4. Franchise fees amounting to R82 million has been reclassified from other operating expenses to publicity expenses.

Supplementary information continued

South Africa key indicators

	Year ended 31 March			% change	
	2011	**2010**	**2009**	**10/11**	**09/10**
Customers (thousand)[1]	**26 535**	26 262	27 625	**1.0**	(4.9)
Prepaid[2]	**21 409**	21 765	23 679	**(1.6)**	(8.1)
Contract	**5 126**	4 497	3 946	**14.0**	14.0
Gross connections (thousand)	**11 591**	9 328	13 064	**24.3**	(28.6)
Prepaid[2]	**10 698**	8 523	12 359	**25.5**	(31.0)
Contract	**893**	805	705	**10.9**	14.2
Churn (%)[3]	**46.0**	38.4	40.1		
Prepaid[2]	**54.8**	43.7	45.2		
Contract	**9.8**	8.8	9.9		
Traffic (millions of minutes)[4]	**30 233**	26 675	24 383	**13.3**	9.4
Outgoing	**22 160**	18 792	16 582	**17.9**	13.3
Incoming	**8 073**	7 883	7 801	**2.4**	1.1
MOU per month[5]	**102**	80	79	**27.5**	1.3
Prepaid[2]	**78**	55	52	**41.8**	5.8
Contract	**202**	220	240	**(8.2)**	(8.3)
Total ARPU (Rand per month)[6]	**157**	132	134	**18.9**	(1.5)
Prepaid[2]	**87**	70	70	**24.3**	–
Contract	**404**	447	474	**(9.6)**	(5.7)
Messaging (million)[7]	**6 509**	5 949	5 410	**9.4**	10.0
Number of employees[8]	**5 302**	5 327	5 165	**(0.5)**	3.1
Estimated mobile penetration (%)	**107**	100	108		
Estimated mobile customer market share (%)	**50**	53	53		

Notes:

1. Customers are based on the total number of mobile customers registered on Vodacom's network, which have not been disconnected, including inactive customers, at the end of the period indicated. Prepaid customers inactive for three months were 9.1% at 31 March 2011 (2010: 10.8%).
2. South Africa changed its disconnection policy for call-forward SIMs from 13 months inactivity to seven months during the quarter ended 30 June 2010. Prior year numbers have not been restated.
3. Churn is calculated by dividing the annualised number of disconnections during the period by the average monthly total reported mobile customer base during the period.
4. Traffic comprises of total traffic registered on Vodacom's mobile network, including bundled minutes, promotional minutes and outgoing international roaming calls, but excluding national roaming calls, incoming international roaming calls and calls to free services.
5. Minutes of use ('MOU') per month is calculated by dividing the average monthly minutes (traffic) during the period by the average monthly total reported mobile customers during the period.
6. Total ARPU is calculated by dividing average monthly service revenue by the average monthly total reported mobile customers during the period. Prepaid and contract ARPU only includes service revenue generated from Vodacom customers.
7. Messaging includes SMS, MMS and premium rate SMS/MMS.
8. Number of employees has been aligned to the reporting practices of the Group's ultimate parent and includes permanent employees, fixed term contractors, assignees, learners and graduates.

Supplementary information continued

International key indicators

	Year ended 31 March			% change	
	2011	**2010**	**2009**	**10/11**	**09/10**
Customers (thousand)[1]	**16 957**	13 630	11 989	**24.4**	13.7
Tanzania	**8 861**	7 270	5 667	**21.9**	28.3
DRC	**4 155**	3 353	4 170	**23.9**	(19.6)
Mozambique	**3 082**	2 329	1 634	**32.3**	42.5
Lesotho	**859**	678	518	**26.7**	30.9
Gross connections (thousand)	**11 354**	9 315	7 860	**21.9**	18.5
Tanzania	**5 273**	4 488	3 584	**17.5**	25.2
DRC	**3 469**	2 567	2 773	**35.1**	(7.4)
Mozambique	**2 269**	1 986	1 290	**14.2**	54.0
Lesotho	**343**	274	213	**25.2**	28.6
Churn (%)[2]					
Tanzania	**44.4**	45.3	43.1		
DRC	**72.8**	83.0	50.5		
Mozambique	**56.4**	61.8	69.0		
Lesotho	**21.0**	19.3	19.8		
MOU per month[3]					
Tanzania	**56**	54	53	**3.7**	1.9
DRC	**61**	35	46	**74.3**	(23.9)
Mozambique	**39**	34	29	**14.7**	17.2
Lesotho	**32**	37	36	**(13.5)**	2.8
Total ARPU (Rand per month)[4]					
Tanzania	**21**	29	49	**(27.6)**	(40.8)
DRC	**36**	37	63	**(2.7)**	(41.3)
Mozambique	**22**	30	43	**(26.7)**	(30.2)
Lesotho	**60**	67	70	**(10.4)**	(4.3)
Total ARPU (local currency)[4]					
Tanzania (TZS)	**4 238**	5 044	6 943	**(16.0)**	(27.4)
DRC (USD)	**5.0**	4.7	7.2	**6.4**	(34.7)
Mozambique (MZN)	**106**	109	121	**(2.8)**	(9.9)
Estimated mobile penetration (%)					
Tanzania	**37**	34	30		
DRC	**16**	13	16		
Mozambique	**29**	23	17		
Lesotho	**49**	41	30		
Estimated mobile customer market share (%)					
Tanzania	**51**	50	46		
DRC	**37**	38	37		
Mozambique	**45**	45	44		
Lesotho	**83**	81	80		
Number of employees[5]	**1 965**	2 083	2 086	**(5.7)**	(0.1)

Notes:
1. Customers are based on the total number of mobile customers registered on Vodacom's network, which have not been disconnected, including inactive customers, as at the end of the period indicated. Prepaid customers inactive for three months were 19.1% (2010: 19.4%) for Tanzania, 0.0% (2010: 0.0%) for the DRC, 38.5% (2010: 35.9%) for Mozambique and 19.9% (2010: 13.3%) for Lesotho at 31 March 2011.
2. Churn is calculated by dividing the annualised number of disconnections during the period by the average monthly total reported mobile customer base during the period.
3. Minutes of use ('MOU') per month is calculated by dividing the average monthly minutes (traffic) during the period by the average monthly total reported mobile customers during the period.
4. Total ARPU is calculated by dividing average monthly service revenue by the average monthly total reported mobile customers during the period.
5. Number of employees has been aligned to the reporting practices of the Group's ultimate parent and includes permanent employees, fixed term contractors, assignees, learners and graduates.

Supplementary information continued

Exchange rates

	Average					Closing				
	31 March			% change		31 March			% change	
	2011	2010	2009	10/11	09/10	2011	2010	2009	10/11	09/10
USD/ZAR	**7.19**	7.83	8.84	**(8.2)**	(11.4)	**6.77**	7.38	9.64	**(8.3)**	(23.4)
ZAR/MZN	**4.78**	3.68	2.83	**29.9**	30.0	**4.57**	4.35	2.84	**5.1**	53.2
ZAR/TZS	**206.17**	171.29	142.67	**20.4**	20.1	**221.65**	184.29	139.52	**20.3**	32.1
EUR/ZAR	**9.50**	11.05	12.46	**(14.0)**	(11.3)	**9.61**	9.89	12.75	**(2.8)**	(22.4)

Historical key indicators for the quarters ended

Revenue

Rm	March 2011	December 2010	September 2010	June 2010	March 2010	December 2009	September 2009
South Africa	**13 602**	14 072	13 130	12 567	**12 621**	13 439	12 264
International	**2 138**	2 056	2 080	1 922	**1 893**	2 066	2 211
Corporate and eliminations	**(92)**	(95)	(100)	(83)	**(79)**	(80)	(104)
Revenue	**15 648**	16 033	15 110	14 406	**14 435**	15 425	14 371

South Africa

Rm	March 2011	December 2010	September 2010	June 2010	March 2010	December 2009	September 2009
Customers (thousand)[1]	**26 535**	25 302	23 873	23 161	**26 262**	27 102	28 204
Prepaid[2]	**21 409**	20 310	19 074	18 489	**21 765**	22 753	24 045
Contract	**5 126**	4 992	4 799	4 672	**4 497**	4 349	4 159
Churn (%)[3]	**28.5**	32.7	35.9	87.2	**42.9**	41.5	35.6
Prepaid[2]	**33.0**	38.3	42.5	105.0	**49.6**	47.5	40.1
Contract	**9.7**	10.3	9.6	9.5	**9.1**	8.8	8.2
Traffic (millions of minutes)[4]	**8 108**	8 402	7 352	6 371	**6 379**	6 655	6 745
Outgoing	**6 060**	6 307	5 351	4 442	**4 434**	4 632	4 760
Incoming	**2 048**	2 095	2 001	1 929	**1 945**	2 023	1 985
MOU per month[5]	**104**	114	105	86	**80**	80	78
Prepaid[2]	**82**	92	79	59	**53**	55	53
Contract	**195**	202	207	205	**214**	220	226
Total ARPU (Rand per month)[6]	**153**	164	163	149	**140**	140	126
Prepaid[2]	**85**	93	90	79	**74**	76	66
Contract	**387**	408	411	411	**436**	455	461

Historical key indicators for the quarters ended continued

International

Rm	March 2011	December 2010	September 2010	June 2010	March 2010	December 2009	September 2009
Customers (thousand)[1]	**16 957**	16 288	15 504	14 561	**13 630**	13 352	13 384
Tanzania	**8 861**	8 665	8 421	8 009	**7 270**	6 878	6 260
DRC	**4 155**	3 847	3 638	3 419	**3 353**	3 522	4 404
Mozambique	**3 082**	2 953	2 676	2 411	**2 329**	2 312	2 134
Lesotho	**859**	823	769	722	**678**	640	586
Churn (%)[3]							
Tanzania	**51.1**	41.5	41.9	42.9	**42.3**	43.3	48.6
DRC	**45.3**	80.8	91.1	77.5	**50.9**	157.5	57.1
Mozambique	**43.0**	45.3	65.3	76.9	**68.9**	61.1	66.1
Lesotho	**21.5**	24.6	20.2	17.2	**17.4**	19.5	20.8
MOU per month[5]							
Tanzania	**53**	58	55	58	**69**	74	34
DRC	**38**	74	77	56	**44**	37	32
Mozambique	**36**	43	49	29	**28**	33	35
Lesotho	**32**	32	33	31	**33**	49	34
Total ARPU (Rand per month)[6]							
Tanzania	**19**	20	21	22	**25**	28	31
DRC	**34**	32	39	39	**31**	35	39
Mozambique	**22**	23	22	22	**23**	27	34
Lesotho	**55**	62	60	62	**63**	73	68
Total ARPU (local currency)[6]							
Tanzania (TZS)	**4 098**	4 330	4 393	4 127	**4 472**	5 060	5 246
DRC (USD)	**4.9**	4.7	5.3	5.2	**4.3**	4.7	4.9
Mozambique (MZN)	**102**	115	109	98	**96**	109	119

Notes:
1. Customers are based on the total number of mobile customers registered on Vodacom's network, which have not been disconnected, including inactive customers, at the end of the period indicated.
2. South Africa changed its disconnection policy for call-forward SIMs from 13 months to seven months during the quarter ended 30 June 2010. Prior year numbers have not been restated.
3. Churn is calculated by dividing the annualised number of disconnections during the period by the average monthly total reported mobile customer base during the period.
4. Traffic comprises total traffic registered on Vodacom's mobile network, including bundled minutes, promotional minutes and outgoing international roaming calls, but excluding national roaming calls, incoming international roaming calls and calls to free services.
5. Minutes of use ('MOU') per month is calculated by dividing the average monthly minutes (traffic) during the period by the average monthly total reported mobile customers during the period.
6. Total ARPU is calculated by dividing average monthly service revenue by the average monthly total reported mobile customers during the period. Prepaid and contract ARPU only include service revenue generated from Vodacom customers.

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)*, P Bertoluzzo[1], TA Boardman, M Joseph[2], A Kekana, M Lundal[3], T Mokgosi-Mwantembe, PJ Moleketi, NJ Read[4], RAW Schellekens[5], RA Shuter

Alternate directors
TJ Harrabin[4]

Company secretary
SF Linford

1. Italian 2. American 3. Norwegian 4. British 5. Dutch

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

Transfer secretary
Computershare Investor Services (Pty) Limited
(Registration number: 2004/003647/07)
70 Marshall Street, Johannesburg 2001
(PO Box 61051, Marshalltown 2107)

Media relations
Richard Boorman

Investor relations
Belinda Williams

Non-GAAP information
The announcement contains certain non-GAAP financial information. The Group's management believes these measures provide valuable additional information in understanding the performance of the Group or the Group's businesses because they provide measures used by the Group to assess performance. However, this additional information presented is not uniformly defined by all companies, including those in the Group's industry. Accordingly, it may not be comparable with similarly titled measures and disclosures by other companies. Additionally, although these measures are important in the management of the business, they should not be viewed in isolation or as replacements for or alternatives to, but rather as complementary to, the comparable GAAP measures. Refer to page 15 and page 17 for detail relating to EBITDA and headline earnings per share.

Trademarks
Vodacom, the Vodacom logo, Vodafone, the Vodafone logo and M-PESA are trademarks of the Vodafone Group. The RIM(R) and BlackBerry(R) families of trademarks, images and symbols are the exclusive properties and trademarks of Research in Motion Limited ('RIM'), used by permission. RIM and BlackBerry are registered with the US Patent and Trademark Office and may be pending or registered in other countries. Other product and company names mentioned herein may be the trademarks of their respective owners.

Forward-looking statements
This announcement which sets out the annual results for Vodacom Group Limited for the year ended 31 March 2011 contains unaudited '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 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 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.

STUDIO 5

vodacom.com