

## COMMENTARY

Vodacom Group (Proprietary) Limited, South Africa's market leader in the provision of cellular services announces its results for the year ended March 31, 2007.

## SOUTH AFRICA

### Customers

The total number of customers increased by 20.1% to 23.0 million (2006: 19.2 million), with the majority of the increase from the prepaid market. The number of prepaid customers increased by 18.6% to 19.9 million, while the number of contract customers increased by 27.6% to 3.0 million. The growth in customers was a direct result of the record number of gross connections achieved.

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

### ARPU

During the period under review, ARPU decreased to R125 (2006: R139) per month due to the continued dilution caused by the higher proportion of lower ARPU prepaid and contract connections made as the lower end of the market is penetrated.

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

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

### Churn

Through the continued high level of handset support and an improvement in service to customers, Vodacom maintained a very low contract churn of 9.7% (2006: 10.0%) in 2007.

The increase in prepaid churn experienced, for the year under review, of 37.5% (2006: 18.8%) is mainly as a result of the deletion of 3 million customers during the period June to September 2006 when a clean-up of inactive customers was done. Subsequent to the clean-up, prepaid churn has stabilised around 20%, which is comparable to the 2006 financial year.

#### Traffic

Total traffic on the network, excluding the impact of national and international roaming, showed an increase of 19.4% to 20.4 billion (2006: 17.1 billion) minutes in 2007. This growth was mainly due to the 20.1% year on year growth in the total customer base from 19.2 million to 23.0 million.

Contract minutes of use, in excess of bundled minutes, showed an 8.7% decrease to 188 (2006: 206) minutes per customer per month, as a result of high connections on the low end hybrid product, while prepaid minutes of use showed a 4.1% decrease to 47 (2006: 49) minutes per customer per month.

#### Estimated market share

Despite strong competition, Vodacom retained its leadership in the highly competitive South African mobile communications market with an estimated 58% (2006: 58%) market share on March 31, 2007. The cellular industry in South Africa grew by an estimated 20.7% since March 2006, of which Vodacom has contributed approximately 56.2%. The market penetration of the cellular industry is now an estimated 84% (2006: 71%) of the population.

#### NON-SOUTH AFRICAN OPERATIONS

Vodacom's non-South African operations provide a world-class global system for mobile communications ("GSM") service to 7.1 million customers. Profit from these operations increased by 81.5% to R521 million.

Vodacom Tanzania achieved exceptional customer and profit from operations growth. The customer base increased by 55.3% to 3.2 million (2006: 2.1 million) at March 31, 2007. The Tanzanian market remains highly competitive, but with mobile penetration estimated at 16% of the population, it still promises further growth potential. Vodacom Tanzania's estimated market share decreased to 55% (2006: 58%) at March 31, 2007.

Vodacom Congo remains the market leader with an estimated market share of 47% (2006: 48%) at March 31, 2007. The DRC has the lowest estimated mobile penetration of all Vodacom's operations at 9% of the population. Vodacom Congo increased its customer base by 67.5% to 2.6 million (2006: 1.6 million) at March 31, 2007.

Vodacom Lesotho is expected to remain a small operation, but has positioned itself well to minimise the impact of competitive activity and has maintained its estimated 80% market share at March 31, 2007. Vodacom Lesotho increased its customer base by 35.4% to 279 thousand (2006: 206 thousand). Mobile penetration in Lesotho is now estimated at 17% (2006: 13%).

Vodacom Mozambique has an estimated market share of 35% (2006: 30%). Vodacom Mozambique increased its customer base by 101.6% to 988 thousand (2006: 490 thousand) at March 31, 2007. Mobile penetration is estimated at 14% (2006: 8%).

## FINANCIAL REVIEW

### REVENUE

#### Geographical split

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

#### Revenue composition

Year ended March 31,	Rand millions		
	2005	2006	2007
Airtime, connection and access	16,191	20,085	23,708
Data	1,340	2,038	3,342
Interconnection	5,924	6,697	7,835
Equipment sales	2,687	3,986	4,699
International airtime	887	971	1,306
Other sales and services	286	266	256
Revenue	27,315	34,043	41,146

Revenue composition

Year ended March 31,	% of total			% change	
	2005	2006	2007	05/06	06/07
Airtime, connection and access	59.4	58.9	57.7	24.1	18.0
Data	4.9	6.0	8.1	52.1	64.0
Interconnection	21.7	19.7	19.0	13.0	17.0
Equipment sales	9.8	11.7	11.4	48.3	17.9
International airtime	3.2	2.9	3.2	9.5	34.5
Other sales and services	1.0	0.8	0.6	(7.0)	(3.8)
Revenue	100.0	100.0	100.0	24.6	20.9

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

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

Data revenue  
Geographical split

Year ended March 31,	Rand millions		
	2005	2006	2007
South Africa	1,246	1,886	3,113
Tanzania	74	108	146
DRC	9	25	52
Lesotho	9	16	23
Mozambique	2	3	8
Data revenue	1,340	2,038	3,342

Data revenue  
Geographical split

Year ended March 31,	% of total			% change	
	2005	2006	2007	05/06	06/07
South Africa	93.0	92.6	93.1	51.4	65.1
Tanzania	5.5	5.3	4.4	45.9	35.2
DRC	0.7	1.2	1.6	177.8	108.0
Lesotho	0.7	0.8	0.7	77.8	43.8
Mozambique	0.1	0.1	0.2	50.0	166.7
Data revenue	100.0	100.0	100.0	52.1	64.0

#### Airtime, connection and access

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

#### Data

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

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

#### Interconnection

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

#### Equipment sales

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

#### International airtime

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

#### Other sales and services

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

#### PROFIT FROM OPERATIONS

##### Geographical split

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

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

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

#### EBITDA

##### Geographical split

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

EBITDA margin (%)	35.1	34.7	34.6	(0.4)	(0.1)
EBITDA margin excluding equipment sales (%)	40.1	39.9	39.9	(0.2)	-

Vodacom's EBITDA margin adjusted for the impact of low margin cellular phone and equipment sales was in line with the previous year at 39.9%.

#### OPERATING EXPENSES

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

#### Depreciation, amortisation and impairment

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

The implementation of IAS 16: Property, Plant and Equipment, during the 2006 financial year, contributed to a lower depreciation charge for that year. Depreciation and amortisation increased by 12.2% to R3,361.2 million for the current financial year when compared to the increase of 5.4% to R2,995.8 million for the previous financial year. Mozambique's asset impairment amounted to R22.9 million (2006: reversal of R52.8 million; 2005: impairment of R268.4 million).

#### Payments to other network operators

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

#### Other direct network operating costs

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

#### Staff expenses

Staff expenses increased primarily as a result of an increase in headcount of 8.4% to 5,920 (2006: 5,459) employees in 2007, to support the growth in operations as well as annual salary increases and an increase in the provision for Vodacom's deferred bonus schemes due to increased profits.

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

#### Marketing and advertising

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

#### Other operating expenditure

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

Other operating income

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

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

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

In terms of a shareholders agreement, the Group's minority shareholder in Vodacom Congo (RDC) s.p.r.l., Congolese Wireless Network s.p.r.l. ("CWN") has a put option which came into effect on December 1, 2004, for a period of five years thereafter. In terms of the option, CWN is entitled to put to Vodacom International Limited such number of shares in and claims on loan account against Vodacom Congo (RDC) s.p.r.l. as constitutes 19% of the entire issued share capital of that company. CWN can exercise this option in a maximum of three tranches and each tranche must consist of at least 5% of the entire issued share capital of Vodacom Congo (RDC) s.p.r.l. The option price will be fair market value of the related shares at the date the put option is exercised. The put option gives rise to a financial liability in terms of IAS 32: Financial Instruments: Presentation of R249.3 million (2006: Rnil) at March 31, 2007. In terms of IAS 39: Financial Instruments: Recognition and Measurement, all subsequent changes in the fair value of the financial liability should be recognised as income or expense within the consolidated income statement. The increase in the value of the option had to be expensed through the income statement as a finance charge. The initial recognition of the option was at a value of Rnil due to the fact that Vodacom Congo (RDC) s.p.r.l. was incurring losses, coupled with the political instability in the country.

## TAXATION

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

## GROUP SHAREHOLDER DISTRIBUTIONS

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

## CAPITAL EXPENDITURE

Capital expenditure additions  
Geographical split

	Rand millions		
Year ended March 31,	2005	2006	2007
South Africa	2,777	4,384	4,993
Tanzania	234	318	957
DRC	335	273	506
Lesotho	10	26	25
Mozambique	115	121	85
Holding companies	23	16	182
Capital expenditure for the year	3,494	5,138	6,748
Capital expenditure additions (including software) as a % of revenue (%)	12.8	15.1	16.4

## CAPITAL EXPENDITURE

Capital expenditure additions  
Geographical split

	% of total			% change	
Year ended March 31,	2005	2006	2007	05/06	06/07
South Africa	79.5	85.3	73.9	57.9	13.9
Tanzania	6.7	6.2	14.2	35.9	>200
DRC	9.6	5.3	7.5	(18.5)	85.3
Lesotho	0.3	0.5	0.4	160.0	(3.8)
Mozambique	3.3	2.4	1.3	5.2	(29.8)
Holding companies	0.6	0.3	2.7	(30.4)	>200
Capital expenditure for the year	100.0	100.0	100.0	47.1	31.3

Capital expenditure Additions (including software) as a % of revenue (%)	-	-	-	2.3	1.3
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Cumulative capital expenditure  
Geographical split

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

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

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

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

It is Vodacom's policy to hedge all foreign denominated commitments of South African operations. However, Vodacom does not qualify for hedge accounting in terms of IAS 39 and therefore, all capital expenditure in South Africa is recorded at the exchange rate ruling at the date of acceptance of the equipment. Capital expenditure of Vodacom's non-South African operations is translated at the average exchange rate of the Rand against the operation's reporting currency for the period, while closing capital expenditure is translated at the closing exchange rate of the Rand against the reporting currency. For this reason, Vodacom's capital expenditure in any given year cannot be properly

evaluated without taking the exchange rate movements against the Rand into account, which are shown under the section "Financial instruments and risk management".

## FINANCIAL STRUCTURE AND FUNDING

Summary of net debt and maturity profile

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

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

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

#### Funding sources

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

While Vodacom has project funding in place for its Tanzania investment at this stage, Vodacom Congo and Vodacom Mozambique are still substantially dependent on funding and guarantees from South Africa. These operations are funded by a mix of market priced direct loans as well as security to facilitate their own credit lines.

In South Africa, debt consisted primarily of finance lease liabilities and short term money market borrowings at variable interest rates.

#### Financial instruments and risk management

Subject to central bank regulations in the various countries as well as local market condition restrictions, Vodacom actively manages foreign currency risk, interest rate risk, credit risk and liquidity risk on an ongoing basis.

## Foreign exchange rates

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

## CASH FLOW

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

## CONCLUSION

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

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

Oyama Mabandla  
Non-executive Chairman

Alan Knott-Craig  
Chief Executive Officer

SEGMENT KEY OPERATIONAL INDICATORS  
SOUTH AFRICA

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

Number of employees <sup>8</sup>	3,954	4,148	4,388	4.9	5.8
Customers per employee	3,247	4,619	5,242	42.3	13.5
Estimated mobile penetration (%) <sup>9</sup>	49	71	84	22pts	13pts
Estimated mobile market share (%) <sup>9</sup>	56	58	58	2pts	-

#### Notes

1. Customer totals are based on the total number of customers registered on Vodacom's network, which have not been disconnected, including inactive customers, as at the end of the period indicated.

2. The 2005 and 2006 gross connections have been restated due to a change in the Group's reporting policy. Conversions between categories have now been excluded from gross connections. The following are the connections including conversions for 2005 and 2006 respectively, based on the old policy: Contract: 610; 702, Prepaid: 5,566; 8,422.

3. Churn is calculated by dividing the average monthly number of disconnections during the period by the average monthly total reported customer base during the period.

4. Traffic comprises total traffic registered on Vodacom's network, including bundled minutes, outgoing international roaming calls and calls to free services, but excluding national roaming and incoming international roaming calls.

5. ARPU is calculated by dividing the average monthly revenue during the period by the average monthly total reported customer base during the period. ARPU excludes revenues from equipment sales, other sales and services and revenues from national and international users roaming on Vodacom's networks.

6. Minutes of use per month is calculated by dividing the average monthly minutes during the period by the average monthly total reported customer base during the period. Minutes of use exclude calls to free services, bundled minutes and data minutes.

7. Including computer software.

8. Temporary employees previously included in 2005 and 2006 are now being excluded from the number of employees.

9. Estimated mobile penetration and market share is calculated based on Vodacom's total reported customers and the estimated total reported customers of MTN and Cell C.

SEGMENT KEY OPERATIONAL INDICATORS (CONTINUED)

VODACOM TANZANIA

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

VODACOM CONGO

	Year ended March 31,			% change	
	2005	2006	2007	05/06	06/07
Customers					
(thousands) <sup>1</sup>	1,032	1,571	2,632	52.2	67.5
Contract	10	14	17	40.0	21.4
Prepaid	1,010	1,538	2,587	52.3	68.2
Community services	12	19	28	58.3	47.4
Gross connections					
(thousands)	565	892	1,688	57.9	89.2
Churn (%)	23.1	28.1	30.4	5.0pts	2.3pts
ARPU (Rand) <sup>2</sup>	98	86	77	(12.2)	(10.5)
Gross capex spend					
(Rand millions)	335	273	506	(18.5)	85.3

Capex as a % of revenue (%)	31.2	20.5	26.4	(10.7pts)	5.9pts
Cumulative capex (Rand millions)	1,759	2,000	2,852	13.7	42.6
Number of employees <sup>3</sup>	527	479	627	(9.1)	30.9
Customers per employee	1,958	3,279	4,198	67.5	28.0
Estimated mobile penetration (%) <sup>4</sup>	4	6	9	2pts	3pts
Estimated mobile market share (%) <sup>4</sup>	47	48	47	1pt	(1pt)

#### SEGMENT KEY OPERATIONAL INDICATORS

##### VODACOM LESOTHO

	Year ended March 31,			% change	
	2005	2006	2007	05/06	06/07
Customers (thousands) <sup>1</sup>	147	206	279	40,1	35,4
Contract	4	3	3	(25.0)	-
Prepaid	142	200	272	40.8	36.0
Community services	1	3	4	200.0	33.3
Gross connections (thousands)	70	98	119	40.0	21.4
Churn (%)	17.3	22.3	19.0	5.0pts	(3.3pts)
ARPU (Rand) <sup>2</sup>	92	78	75	(15.2)	(3.8)
Gross capex spend (Rand millions)	10	26	25	160.0	(3.8)
Capex as a % of revenue (%)	7.3	15.2	11.0	7.9pts	(4.2pts)
Cumulative capex (Rand millions)	211	225	184	6.6	(18.2)
Number of employees <sup>3</sup>	63	67	60	6.3	(10.4)
Customers per employee	2,333	3,071	4,644	31.6	51.2
Estimated mobile penetration (%) <sup>4</sup>	7	13	17	6pts	4pts
Estimated mobile market share (%) <sup>4</sup>	80	80	80	-	-

VODACOM MOZAMBIQUE

	Year ended March 31,			% change	
	2005	2006	2007	05/06	06/07
Customers					
(thousands) <sup>1</sup>	265	490	988	84,9	101,6
Contract	4	8	15	100.0	87.5
Prepaid	261	482	973	84.7	101.9
Gross connections					
(thousands)	225	342	797	52.0	133.0
Churn (%)	11.3	32.2	41.7	20.9pts	9.5pts
ARPU (Rand) <sup>2</sup>	52	36	28	(30.8)	(22.2)
Gross capex spend					
(Rand millions)	115	121	85	5.2	(29.8)
Capex as a %					
of revenue (%)	109.7	76.8	31.7	(32.9pts)	(45.1pts)
Cumulative capex					
(Rand millions)	696	605	816	(13.1)	34.9
Number of employees <sup>3</sup>	109	170	129	56.0	(24.1)
Customers per employee	2,431	2,885	7,659	18.7	165.5
Estimated mobile					
penetration (%) <sup>4</sup>	4	8	14	4pts	6pts
Estimated mobile					
market share (%) <sup>4</sup>	33	30	35	(3pts)	5pts

Notes

1. Customer totals are based on the total number of customers registered on Vodacom's network which have not been disconnected, including inactive customers, as of end of the period indicated.
2. ARPU is calculated by dividing the average monthly revenue during the period by the average monthly total reported customer base during the period. ARPU excludes revenue from equipment sales, other sales and services and revenue from national and international users roaming on Vodacom's networks.
3. Headcount includes secondees. Temporary employees previously included in 2005 and 2006 are now being excluded from the number of employees.
4. Estimated mobile penetration and market share is calculated based on Vodacom estimates.

CONSOLIDATED INCOME STATEMENTS  
for the three years ended March 31, 2007

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

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

CONSOLIDATED BALANCE SHEETS  
as at March 31, 2007

	2005 Restated Rm	2006 Restated Rm	2007 Rm
<b>ASSETS</b>			
Non-current assets	13,888.4	16,079.2	20,844.3
Property, plant and equipment	11,576.9	13,386.6	17,073.2
Intangible assets	1,644.3	1,954.9	2,700.3
Financial assets	93.3	92.1	209.5
Deferred taxation	308.1	297.6	386.1
Deferred cost	236.9	311.2	396.4
Lease assets	28.9	36.8	78.8
Current asset	8,706.4	8,688.6	7,625.9
Deferred cost	428.3	451.8	574.8
Short-term financial assets	187.1	149.3	207.5
Inventory	479.5	454.3	364.3
Trade and other receivables	3,621.4	4,487.1	5,707.9
Cash and cash equivalents	3,990.1	3,146.1	771.4
Total assets	22,594.8	24,767.8	28,470.2
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Ordinary share capital	*	*	*
Retained earnings	8,059.1	8,583.0	9,523.2
Non-distributable reserves	(299.9)	(194.0)	(97.4)
Equity attributable to equity holders of the parent	7,759.2	8,389.0	9,425.8
Minority interests	128.7	283.3	221.2
Total equity	7,887.9	8,672.3	9,647.0
Non-current liabilities	3,233.1	2,236.6	3,812.1
Interest bearing debt	2,213.5	819.2	2,051.4
Non-interest bearing debt	-	-	3.0

Deferred taxation	472.1	602.3	757.3
Deferred revenue	240.7	320.3	412.3
Provisions	184.4	372.3	377.5
Other non-current liabilities	122.4	122.5	210.6
Current liabilities	11,473.8	13,858.9	15,011.1
Trade and other payables	4,830.8	5,104.7	6,874.4
Deferred revenue	1,411.4	1,604.5	1,904.8
Taxation payable	632.6	630.2	1,112.7
Non-interest bearing debt	4.3	4.3	-
Short-term interest bearing debt	381.6	1,645.5	501.0
Short-term provisions	595.0	623.0	741.8
Dividends payable	1,800.0	2,800.0	2,990.0
Derivative financial liabilities	1.0	60.9	7.2
Bank borrowings	1,817.1	1,385.8	879.2
Total equity and liabilities	22,594.8	24,767.8	28,470.2

\*Share capital R100

CONSOLIDATED STATEMENTS OF CHANGE IN EQUITY  
for the three years ended March 31, 2007

	Attributable to equity shareholders		
	Share Capital	Retained earnings	Non-distributable reserves
	Rm	Rm	Rm
Balance at March 31, 2004	*	7,836.1	(324.9)
Net profit for the year	-	3,857.4	-
Dividends declared	-	(3,400.0)	-
Contingency reserve	-	(1.0)	1.0
Acquired reserves from the minorities of Vodacom Congo (RDC) s.p.r.l.	-	(233.4)	82.1
Business combinations and other acquisitions	-	-	-

Revaluation of available- for-sale investments	-	-	0.2
Net gains and losses not recognised in the income statement			
Foreign currency translation reserve	-	-	(58.3)
Balance at March 31, 2005			
- restated	*	8,059.1	(299.9)
Net profit for the year	-	5,026.1	-
Dividends declared	-	(4,500.0)	-
Contingency reserve	-	(2.2)	2.2
Business combinations and other acquisitions	-	-	-
Minority shares of VM, S.A.R.L.	-	-	-
Revaluation of available- for-sale investments	-	-	(0.2)
Net gains and losses not recognised in the income statement			
Foreign currency translation reserve	-	-	103.9
Balance at March 31, 2006			
- restated	*	8,583.0	(194.0)
Net profit for the year	-	6,342.4	-
Dividends declared	-	(5,400.0)	-
Contingency reserve	-	(2.2)	2.2
Business combinations and other acquisitions	-	-	-
Net gains and losses not recognised in the income statement			
Foreign currency translation reserve	-	-	94.4
Balance at March 31, 2007	*	9,523.2	(97.4)

\*Share capital R100

CONSOLIDATED STATEMENTS OF CHANGE IN EQUITY (CONTINUED)  
for the three years ended March 31, 2007

	Total	Minority Interests	Total equity
	Rm	Rm	Rm
Balance at March 31, 2004	7,511.2	93.0	7,604.2
Net profit for the year	3,857.4	30.8	3,888.2
Dividends declared	(3,400.0)	(3.8)	(3,403.8)
Contingency reserve	-	-	-
Acquired reserves from the minorities of Vodacom Congo (RDC) s.p.r.l.	(151.3)	-	(151.3)
Business combinations and other acquisitions	-	10.1	10.1
Revaluation of available- for-sale investments	0.2	0.1	0.3
Net gains and losses not recognised in the income statement			
Foreign currency translation reserve	(58.3)	(1.5)	(59.8)
Balance at March 31, 2005			
- restated	7,759.2	128.7	7,887.9
Net profit for the year	5,026.1	116.7	5,142.8
Dividends declared	(4,500.0)	(0.9)	(4,500.9)
Contingency reserve	-	-	-
Business combinations and other acquisitions	-	46.5	46.5
Minority shares of VM, S.A.R.L.	-	8.0	8.0
Revaluation of available- for-sale investments	(0.2)	(0.1)	(0.3)
Net gains and losses not recognised in the income statement			
Foreign currency translation reserve	103.9	(15.6)	88.3
Balance at March 31, 2006			
- restated	8,389.0	283.3	8,672.3
Net profit for the year	6,342.4	217.6	6,560.0
Dividends declared	(5,400.0)	(170.8)	(5,570.8)

Contingency reserve	-	-	-
Business combinations and other acquisitions	-	(136.4)	(136.4)
Net gains and losses not recognised in the income statement			
Foreign currency translation reserve	94.4	27.5	121.9
Balance at March 31, 2007	9,425.8	221.2	9,647.0

CONSOLIDATED CASH FLOW STATEMENTS  
for the three years ended March 31, 2007

	2005 Restated Rm	2006 Restated Rm	2007 Rm
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from customers	27,078.8	33,132.7	40,380.0
Cash paid to suppliers and employees	(17,066.8)	(22,042.4)	(26,513.9)
Cash generated from operations	10,012.0	11,090.3	13,866.1
Finance costs paid	(259.2)	(446.4)	(1,358.8)
Interest, dividends and other financial income received	246.8	338.6	1,035.1
Taxation paid	(2,744.4)	(2,980.3)	(3,303.3)
Dividends paid - equity shareholders	(3,100.0)	(3,500.0)	(5,300.0)
Dividends paid - minority shareholders	(5.2)	(0.9)	(80.8)
Net cash flows from operating activities	4,150.0	4,501.3	4,858.3
CASH FLOW FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment and intangible assets	(3,253.4)	(4,788.4)	(5,955.3)
Proceeds on disposal of property, plant and equipment and intangible assets	20.1	31.2	98.3

Business combinations and acquisitions	(289.8)	(0.1)	(591.2)
Acquired cash from Vodacom Congo (RDC) s.p.r.l.	12.9	-	-
Other investing activities	136.0	(33.5)	(135.7)
Net cash flows utilized in investing activities	(3,374.2)	(4,790.8)	(6,583.9)
CASH FLOW FROM FINANCING ACTIVITIES			
Non-interest bearing debt			
Incurred	-	-	3.0
Interest bearing debt incurred	1,165.3	32.3	6.0
Interest bearing debt repaid	(1,332.3)	(89.7)	(141.3)
Finance lease capital repaid	(28.1)	(50.2)	(67.7)
Net cash flows utilized in financing activities	(195.1)	(107.6)	(200.0)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS			
	580.7	(397.1)	(1,925.6)
Cash and cash equivalents at the beginning of the year	1,597.7	2,173.0	1,760.3
Effect of foreign exchange rate changes	(5.4)	(15.6)	57.5
(BANK BORROWINGS)/CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR			
	2,173.0	1,760.3	(107.8)

## Highlights 2007

Total customers increased by 28.2% to 30.2 million

Customers increased by 20.1% to 23.0 million in South Africa

Customers increased by 55.3% to 3.2 million in Tanzania

Customers increased by 67.5% to 2.6 million in the Democratic Republic of Congo

Customers increased by 35.4% to 279 thousand in Lesotho

Customers increased by 101.6% to 988 thousand in Mozambique

Revenue increased by 20.9% to R41.1 billion

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

EBITDA increased by 20.5% to R14.2 billion

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

Cash generated from operations increased by 25.0% to R13.9 billion  
Dividends declared to Group shareholders increased by 20.0% to  
R5.4 billion

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