

Vodacom Group Limited  
(Incorporated in the Republic of South Africa)  
Registration number: 1993/005461/06  
(ISIN: ZAE000132577 Share Code: VOD)  
(ISIN: ZAG000099318 JSE Code: VOD005)  
(‘Vodacom’)

12 November 2012

Interim results for the six months ended 30 September 2012

Shameel Joosub  
Vodacom Group CEO commented

“This was a great set of results with improvements in the traditional voice business and strong performances in the data and International segments lifting overall revenue growth.

We also controlled costs well, with the end result that despite aggressive competition and an inflationary cost environment, we actually managed to increase margins.

Thanks to our proactive added value approach, particularly the use of voice and data promotions, traffic growth in South Africa more than offset the impact of lower prices. Our strategy of driving smartphone penetration and data usage is working well, with the number of active smartphones in South Africa growing 36% and the average amount of data used by each of those handsets up 46%. Across the Group, only 35% of our active customer base is actively using data so we’re still very much at the beginning of this growth trend.

The International operations performed extremely well with strong commercial propositions and the benefits of scale resulting in significantly higher margins.

Very importantly, underpinning the growth in all areas of the business was an increase in investment. Network leadership is a crucial part of Vodacom’s strategy and a key differentiator. We increased the number of 3G base stations in the Group by more than 22% and thanks to the foundations laid over the past few years we were the first to launch LTE services in South Africa.”

## Highlights

Improved revenue and margins drive strong HEPS growth

- Group service revenue up 6.9% (5.5%\*)
- Group EBITDA up 14.5% (13.0%\*)
- SA EBITDA margin increased 2.0ppts to 37.9%
- Headline earnings per share (‘HEPS’) up 22.2% (12.5%<sup>1</sup>) to 396 cents
- 36.5% increase in interim dividend per share to 355 cents

Compelling value propositions support voice business

- Group active customers increased 20.8% to 50.1 million
- Group voice revenue up 7.3% (5.2%\*) to R17.6 billion
- Outgoing Group voice traffic up 16.1%

Strong demand for data services

- Group data revenue up 20.2%, now 15.9% of service revenue
- 42.3% increase in Group active data customers to 17.6 million
- 35.5% increase in active smartphones in South Africa

Excellent International performance

- Service revenue up 36.5% (32.4%\*), contributed 20.2% (16.9%\*) to Group service revenue
- EBITDA up 92.3% (76.7%\*), contributed 10.5% to Group EBITDA
- EBITDA margin increased to 20.6% (25.6%\*) from 14.6% (19.0%\*)
- 47.1% of Tanzania active customers now using M-Pesa

Network leadership remains a key priority

- Group capex increased 36.1% to R4 713 million
- 22.7% increase in number of Group 3G base stations
- First to launch LTE in SA and 3G services in DRC

\* Represents normalised growth excluding foreign exchange gains/losses and at a constant currency (using current year as base) from on-going operations. Refer to below for a reconciliation of normalised growth.

1. Excluding effect of the removal of secondary tax on companies from the tax expense in the income statement.

Operating review  
South Africa

South Africa’s service revenue grew 1.3% to R23 800 million (4.0% excluding the impact of regulated cuts in mobile termination rates (‘MTRs’)).

Given the challenging economic and competitive environment the underlying growth in service revenue was a positive reflection of the steps taken during the period to incentivise higher usage and to drive take up of data services through value promotions. Revenue growth was 3.7%, mainly due to increased sales of high-end smartphones, as we continue to penetrate the mobile internet market.

Voice revenue growth remained stable at 1.5% through the period. During the period we detected an increase in prepaid customers with once off low usage. We have taken commercial steps in the distribution channel to improve the quality of customers. Approximately a quarter of our monthly gross connections have displayed this type of behaviour and will likely lead to a decline in prepaid customers as we take corrective action. Contract customers increased 5.8% year on year to 5.8 million, attracted by our new integrated price plans and data plans. The higher prevalence of lower usage customers, reduction in MTRs and lower out of bundle spend from contract customers, lead to 21.1% reduction in blended ARPU to R127.

Data revenue increased 13.5% to R4 224 million, contributing 17.7% to service revenue compared to 15.8% a year ago. Data traffic grew 42.5% which more than offset a 24.2% reduction in our average effective price per megabyte. Data demand is being driven by increased penetration of data services into our customer base and higher usage amongst existing data customers. Active data customers increased 26.8% to 13.3 million and an additional 1.4 million smartphones over the year are now active on our network bringing the total to 5.3 million. With respect to higher usage, customers purchasing data bundles increased 35.2% to 4.8 million and smartphone average monthly usage increased 46.1% to 123MB, from 84MB in the prior year period.

As a result of our continued focus on cost efficiencies across our business, EBITDA growth of 9.7% far outpaced revenue growth and the EBITDA margin increased 2.0ppts to 37.9%. Despite inflationary pressures, we were able to keep operating expenses flat year on year through increased efficiencies in our network, call centre and terminal logistics areas.

Capital investment during the six month period was R3 214 million (11.3% of revenue). The majority of the capital expenditure was concentrated on transmission, the radio access network ('RAN') renewal project and adding new base stations to the network. We have provided high speed transmission to 5 000 sites. We added 275 new 3G base stations and 163 new 2G base stations in the six months, bringing the total number of 3G base stations to 5 538 and 2G base stations to 9 044. These initiatives supported the commercial launch of LTE in Johannesburg, with Pretoria and Durban to follow before the end of the year as we activate 500 LTE sites.

## International

The International operations delivered a very strong operational performance with service revenue increasing 36.5% (32.4%\*) to R5 992 million, supported by 19.2% growth in active customers and an outgoing traffic increase of 41.6%, reflecting the continued successful commercial execution.

Data revenue grew 140.7% supported by 128.0% growth in active data customers to 4.3 million. 3G services have been launched in DRC and daily data bundles have been introduced in all our operations, to stimulate demand further. Mobile financial services also continue to grow, with active M-Pesa customers almost doubling compared to the previous period to 4.2 million customers. With 47.1% of Tanzania's customer base actively using M-Pesa, the service now contributes 12.6% to Tanzania's service revenue, up considerably from 6.9 % a year ago. Building on this success, similar money transfer services will be rolled out in the DRC, Mozambique and Lesotho in the next nine months.

The International operations have reached a critical turning point in terms of profitability, EBITDA increased 92.3% (76.7%\*) to R1 269 million and the EBITDA margin grew by 6.0ppts to 20.6% (25.6%\*) as we started to realise scale benefits from significant revenue growth.

Capital investment increased substantially, up 130.4% to R1 023 million (16.6% of revenue) due to continued expansion of voice and data network coverage and capacity. RAN renewal projects are underway across all our operations.

The Group sold its investments, supplier agreements and assets in Gateway Carrier Services, which formed part of the Group's International reportable segment, for US\$35 million. The sale became effective on 31 August following the fulfilment of certain closing conditions. These results include service revenue of US\$155 million (2011: US\$185 million) and EBITDA loss of US\$3 million (2011: US\$178 000) relating to these operations.

## Strategic update

Governments and regulators are placing increasing emphasis on delivering ICT services for all to unlock growth potential. In order to achieve long-term sustainable growth we need to align the broader visions of our business to the vision of the countries that we operate in, while keeping the customer at the heart of it all. Our strategy focuses on these sustainability challenges but also on the key growth drivers of data services, International operations, enterprise services and new financial and digital lifestyle services.

## An unmatched customer experience

Delivering an unmatched customer experience is all about value, service and the brand that we stand for. Delivering a "much-more-for-more" strategy to our customers goes deeper than purely making our services more affordable. It is also about serving our customers much better and protecting them more. One of the steps we have taken towards this initiative is introducing integrated price plans which include a package of voice, messaging and data. We have increased the ways in which to resolve customer problems and added more self-service channels and improved on our interactive voice response systems. Customers are able to communicate with each other via e-forums and social media sites. Soon we will be embarking on enhancing our in-store experience, by expanding on initiatives such as tech zones and ensuring that our customers leave our stores connected and well informed.

## Grow our people

Our annual People Survey, our primary engagement measure with all our employees, is currently underway. We have continued to ensure that our employees are customer obsessed ambassadors by empowering them with an internal portal of information, training and support on our products and services. Our Women's Network is in keeping with our aspirations to build an inclusive work environment and as part of this initiative, we held

our first ever "Celebrating Vodacom Women" event. Our Vodacom Discover Graduate Programme is contributing significantly towards building the talent pipeline in the Vodacom and Vodafone operations.

#### Best network to accelerate mobile data opportunity

We aim to have the best mobile network in all of the markets in which we operate, supported by leading IT systems. This means giving our customers far-reaching coverage, a very reliable connection and increasing speeds and data capacity. We were the first network in South Africa to launch LTE commercially which has the potential to operate at significantly faster data speeds than 2G and 3G connections. In August we launched 3G services in DRC making us the first and currently only network in the country delivering the service. All our operating companies have commenced with RAN renewal programmes to future proof our networks, thereby enhancing quality and expanding capacity. In keeping with improving our networks, 88.7% of our 3G base stations in South Africa are 21.6Mbps and 77.7% are 43.2Mbps enabled. We do not only offer quality networks, but strive to make connectivity more accessible for all. We have already seen significant growth in the number of customers using smartphones, and this is expected to grow rapidly in the next few years as we introduce more affordable devices and price plans. To this end we have "internet daily" bundles which offer low priced prepaid once-off data bundles making data more accessible in all our operations.

#### Process and cost efficiency focus

In everything we do, we need to ensure that we do it as efficiently as possible. As part of this strategy we are increasing our investment in information services to ensure that we assist our customers efficiently and consistently, improve flexibility in deploying new products and standardise processes. In our network the most substantial operating efficiencies come from replacing our network with new equipment and providing our own transmission. The installation of our own transmission has more than tripled since 30 September 2011. Through our network and operational cost efficiency programmes we have been able to lower our other operating expenses (mainly network and terminal logistics related costs) as a percentage of service revenue to 24.3% from 24.7% last year.

#### Focus areas for growth

Machine-to-machine ('M2M') platforms, mobile financial services, digital lifestyle services and operator billing, among other new services, all offer potential for incremental growth. We continue to expand our mobile money transfer service, with planned launches in Mozambique, DRC and Lesotho in the next nine months. Total active M-Pesa customers are now 4.2 million in Tanzania, 47.1% of the active customer base. In South Africa we launched an insurance product including funeral cover as part of our broader financial services strategy. In the three months since the launch, 21 000 customers took up our funeral policies. During the year, we launched the operator billing service on the BlackBerry platform, allowing customers to charge application purchases to their Vodacom bill.

#### Financial review

##### Summary financial information

	Six months ended 30 September			% change	
	2012	2011	2010	11/12	10/11
Rm					
Service revenue	29 675	27 752	26 184	6.9	6.0
Revenue	34 426	31 747	29 516	8.4	7.6
EBITDA	12 060	10 535	9 788	14.5	7.6
Operating profit	8 970	7 302	7 061	22.8	3.4
Net profit	6 117	4 387	4 269	39.4	2.8
Operating free cash flow	6 156	6 930	6 560	(11.2)	5.6
Free cash flow	3 432	3 892	3 765	(11.8)	3.4
Capital expenditure	4 713	3 462	2 065	36.1	67.7
Net debt	11 572	10 654	11 785	8.6	(9.6)
Basic earnings per share (cents)	410	301	300	36.2	0.3
Headline earnings per share (cents)	396	324	303	22.2	6.9
Contribution margin (%)	56.1	55.0	54.8		
EBITDA margin (%)	35.0	33.2	33.2		
Operating profit margin (%)	26.1	23.0	23.9		
Effective tax rate (%)	30.8	37.8	34.4		
Net profit margin (%)	17.8	13.8	14.5		
Net debt/EBITDA (times)	0.5	0.5	0.6		
Capex intensity (%)	13.7	10.9	7.0		

#### Service revenue

	Six months ended 30 September			% change	
	2012	2011	2010	11/12	10/11
Rm					
South Africa	23 800	23 505	22 454	1.3	4.7
International	5 992	4 390	3 876	36.5	13.3
Corporate and eliminations	(117)	(143)	(146)	18.2	2.1
Service revenue	29 675	27 752	26 184	6.9	6.0

Group revenue and service revenue for the six months ended 30 September 2012 increased by 8.4% and 6.9% respectively (7.0%\* and 5.5%\*), reflecting the continued strong demand for data services and further voice penetration growth in our International operations, offset by reduced mobile termination rates and on-going competitive pressures. Service revenue growth in South Africa of 1.3% (4.0% excluding cuts in MTRs) was supported by continued growth in voice services and 13.5% growth in data revenue offsetting the 17.6% decline in interconnect revenue. Strong customer and usage growth in the International operations supported revenue growth of 36.4% (31.0%\*) and service revenue growth of 36.5%

(32.4%\*). The International operations now contribute 20.2% (16.9%\*) to Group service revenue compared to 15.8% (13.5%\*) a year ago.

#### Operating expenses<sup>1</sup>

Rm	Six months ended 30 September			% change	
	2012	2011	2010	11/12	10/11
South Africa	17 677	17 660	16 492	0.1	7.1
International	4 887	3 859	3 414	26.6	13.0
Corporate and eliminations	(162)	(228)	(157)	28.9	(45.2)
Operating expenses <sup>1</sup>	22 402	21 291	19 749	5.2	7.8

Group operating expenses<sup>1</sup> increased 5.2% (3.3%\*) to R22 402 million. This was well below revenue growth of 8.4% (7.0%\*). These expenses include a net foreign exchange loss on the revaluation of foreign-denominated trading items of R98 million (2011: R156 million loss). Cost containment was achieved through scale benefits realised in the International operations and greater efficiencies achieved in network, logistics and call centre costs in South Africa coupled with reduced interconnect costs.

#### EBITDA

Rm	Six months ended 30 September			% change	
	2012	2011	2010	11/12	10/11
South Africa	10 789	9 832	9 225	9.7	6.6
International	1 269	660	587	92.3	12.4
Corporate and eliminations	2	43	(24)	(95.3)	> 200.0
EBITDA	12 060	10 535	9 788	14.5	7.6

Group EBITDA increased 14.5% (13.0%\*) to R12 060 million, and the EBITDA margin improved to 35.0% (2011: 33.2%). The Group EBITDA margin improved 1.9ppts\* from the prior year to 36.5%\*. In South Africa EBITDA grew well ahead of revenue, increasing the margin by 2.0ppts to 37.9% due to reduced interconnect costs and cost saving initiatives. International EBITDA increased by 92.3%, as our International operations continue to realise scale benefits and manage costs. International EBITDA margins improved to 20.6% (2011: 14.6%) and total contribution to Group EBITDA increased to 10.5% (2011: 6.3%).

#### Operating profit

Rm	Six months ended 30 September			% change	
	2012	2011	2010	11/12	10/11
South Africa	8 456	7 539	7 170	12.2	5.1
International	525	(267)	(67)	> 200.0	< (200.0)
Corporate and eliminations	(11)	30	(42)	(136.7)	171.4
Operating profit	8 970	7 302	7 061	22.8	3.4

Group operating profit increased 22.8% to R8 970 million. Operating profit in South Africa increased 12.2% due to the growth in EBITDA and lower growth of 3.7% in depreciation and amortisation. The International operations delivered an operating profit of R525 million for the six months ended 30 September 2012 compared to the operating loss of R267 million in the prior period, which included an impairment loss attributable to the Gateway companies of R318 million.

1. Excluding depreciation, amortisation and impairment losses.

#### Net finance charges

Rm	Six months ended 30 September			% change	
	2012	2011	2010	11/12	10/11
Finance income	67	90	83	(25.6)	8.4
Finance costs	(476)	(340)	(447)	40.0	(23.9)
Remeasurement of loans	(10)	(18)	32	44.4	(156.3)
Gain/(loss) on remeasurement	21	(61)	(121)	134.4	(49.6)
Gain/(loss) on derivatives	43	82	(105)	(47.6)	178.1
Net finance charges	(355)	(247)	(558)	43.7	(55.7)

Net finance charges increased from R247 million in the prior period to R355 million for the six months ended 30 September 2012, mainly from higher net debt and lower gains on the revaluation of financial assets and liabilities.

#### Taxation

The tax expense of R2 722 million for the six months ended 30 September 2012 increased by 2.0% compared to prior year. The increase is mainly due to increased profitability in South Africa and Tanzania and higher withholding tax in Nigeria, offset by the removal of secondary tax on companies ('STC') from the tax expense.

The Group's effective tax rate decreased from 37.8% to 30.8% mainly due to the replacement of STC with dividend withholding tax.

## Earnings

HEPS increased 22.2% to 396 cents. The increase in basic earnings per share to 410 cents (2011: 301 cents) was impacted both by the profit on disposal of Gateway Carrier Services of R224 million and the prior year impairment losses of R318 million. Both HEPS and EPS were favourably impacted by the change from STC to dividend withholding tax which is not included in the income statement expense.

## Capital expenditure

	Six months ended 30 September			% change	
	2012	2011	2010	11/12	10/11
Rm					
South Africa	3 214	3 015	1 644	6.6	83.4
International	1 023	444	421	130.4	5.5
Corporate and eliminations	476	3	-	> 200.0	n/a
Capital expenditure	4 713	3 462	2 065	36.1	67.7
Capex intensity <sup>1</sup> (%)	13.7	10.9	7.0		

The Group's capital expenditure for the period was R4 713 million, 36.1% higher than a year ago. Capital expenditure in South Africa of R3 214 million mainly related to increasing our 3G coverage, data network speeds, transmission investment, the RAN renewal programme and information services investment to improve customer experience and efficiency. In our International operations we continue to spend on both capacity and coverage to support the growth in customers and the take up of data services, increasing capital expenditure by 130.4% to R1 023 million.

1. Capital expenditure as a percentage of revenue.

## Statement of financial position

Property, plant and equipment increased by 14.1% to R26 115 million due to net additions of R3 869 million and foreign currency translation adjustments totalling R528 million.

The Group's financial gearing increased in line with EBITDA growth, with the net debt to EBITDA remaining constant at 0.5 times compared to the same period last year. Investment in working capital and capital expenditure accounts for the increase in net debt since 31 March 2012. 89.8% (2011: 87.0%) of the debt<sup>1</sup> is denominated in rand. R3 843 million (2011: R5 451 million) of the debt<sup>1</sup> matures in the next 12 months and 58.4% (2011: 55.9%) of interest bearing debt (including bank overdrafts) is at floating rates.

As part of our R10 billion domestic medium-term note programme, the Group rolled its R750 million three-month commercial paper in May 2012 and August 2012.

## Net debt

	As at 30 September 2012	As at 31 March 2012	Movement Mar/Sep 2012	As at 30 September 2011
Rm				
Bank and cash balances	1 533	3 781	(2 248)	1 072
Bank overdrafts	(1 788)	(409)	1 379	(73)
Borrowings and derivative financial instruments	(11 317)	(11 039)	278	(11 653)
Net debt	(11 572)	(7 667)	3 905	(10 654)
Net debt/EBITDA (times)	0.5	0.3		0.5

## Cash flow

### Free cash flow

	Six months ended 30 September			% change	
	2012	2011	2010	11/12	10/11
Rm					
Cash generated from operations	9 865	10 109	9 339	(2.4)	8.2
Cash capital expenditure <sup>2</sup>	(3 709)	(3 179)	(2 779)	16.7	14.4
Operating free cash flow	6 156	6 930	6 560	(11.2)	5.6
Tax paid	(2 413)	(2 713)	(2 154)	(11.1)	26.0
Net finance costs paid	(299)	(296)	(599)	1.0	(50.6)
Net dividends received/dividends paid to minority shareholders	(12)	(29)	(42)	(58.6)	(31.0)
Free cash flow <sup>3</sup>	3 432	3 892	3 765	(11.8)	3.4

We continued to generate a strong level of operating free cash flow of R6 156 million in the period supported by good EBITDA growth of 14.5%. During the period we made a substantial investment in working capital in South Africa by increasing the level of handset financing. This investment relates to higher end devices purchased, which had an adverse impact on overall working capital levels. This, coupled with the substantial increase in the International operations' capital expenditure in the first half of the financial year resulted in a reduction in operating free cash flow.

1. Debt includes interest bearing debt, non-interest bearing debt, bank overdrafts and commercial paper.
2. Cash capital expenditure comprises the purchase of property, plant and equipment and intangible assets, other than license and spectrum payments, during the year.
3. Free cash flow definition has been aligned to our parent to include net dividends received/paid to minority shareholders.

#### Declaration of interim dividend No. 7 - payable from income reserves

Notice is hereby given that a gross interim dividend number 7 of 355 cents per ordinary share in respect of financial year ending 31 March 2013 has been declared payable in cash on Monday 3 December 2012 to shareholders recorded in the register at the close of business on Friday 30 November 2012. There is no secondary tax on company ('STC') credits available for utilisation. The number of ordinary shares in issue at date of this declaration is 1 487 954 000. The dividend will be subject to a local dividend withholding tax rate of 15% which will result in a net interim dividend to those shareholders not exempt from paying dividend withholding tax of 301.75000 cents per ordinary share.

Last day to trade shares cum dividend	Friday 23 November 2012
Shares commence trading ex dividend	Monday 26 November 2012
Record date	Friday 30 November 2012
Payment date	Monday 3 December 2012

Share certificates may not be dematerialised or rematerialised between Monday 26 November 2012 and Friday 30 November 2012, both days inclusive.

On Monday 3 December 2012, the interim dividend will be electronically transferred into the bank accounts of all certificated shareholders where this facility is available. Shareholders who hold dematerialised shares will have their accounts at their CSDP or broker credited on Monday 3 December 2012.

Vodacom Group Limited tax reference number is 9316/041/71/5.

#### Outlook

The past six months have been characterised by strong competitive pressure in South Africa. However, through the introduction of targeted promotions and by building on our network advantage we've been able to counter this pressure, drive increased usage and deliver overall revenue growth in line with guidance.

The data and International operations have both continued to perform well and are an increasingly important component of Group revenue generation.

Our guidance that we gave in May 2012 was low single digit service revenue growth, incremental EBITDA margin expansion through operational efficiencies and capital expenditure between 11% and 13% of Group revenue. Based on our solid performance in the first half we are on track to deliver accordingly.

For and on behalf of the Board

Peter Moyo  
Chairman

Shameel Joosub  
Chief Executive Officer

Ivan Dittrich  
Chief Financial Officer

9 November 2012

Midrand

#### Condensed consolidated income statement for the six months ended 30 September 2012

Rm	Notes	Six months ended 30 September		Year ended 31 March
		2012 Reviewed	2011 Reviewed	2012 Audited
Revenue	3	34 426	31 747	66 929
Direct expenses		(15 102)	(14 275)	(30 265)
Staff expenses		(2 260)	(2 060)	(4 318)
Publicity expenses		(923)	(1 056)	(1 804)
Other operating expenses		(4 117)	(3 900)	(7 844)
Depreciation and amortisation		(3 054)	(2 836)	(5 882)
Impairment losses	4	-	(318)	(199)
Operating profit		8 970	7 302	16 617
Profit on sale of subsidiary		224	-	-
Finance income		67	90	109
Finance costs		(476)	(340)	(748)

Net profit/(loss) on remeasurement and disposal of financial instruments	54	3	(45)
Profit before tax	8 839	7 055	15 933
Taxation	(2 722)	(2 668)	(5 730)
Net profit	6 117	4 387	10 203
Attributable to:			
Equity shareholders	5 996	4 403	10 156
Non-controlling interests	121	(16)	47
	6 117	4 387	10 203

	Note	Six months ended 30 September		Year ended 31 March
		2012 Reviewed	2011 Reviewed	2012 Audited
Cents				
Basic earnings per share	5	410.0	301.0	694.0
Diluted earnings per share	5	408.1	299.9	691.2

Condensed consolidated statement of comprehensive income  
for the six months ended 30 September 2012

	Rm	Six months ended 30 September		Year ended 31 March
		2012 Reviewed	2011 Reviewed	2012 Audited
Net profit		6 117	4 387	10 203
Other comprehensive income		424	598	315
Foreign currency translation differences, net of tax		496	679	389
Loss on hedging instruments in cash flow hedges, net of tax		(72)	(81)	(74)
Total comprehensive income		6 541	4 985	10 518
Attributable to:				
Equity shareholders		6 482	5 155	10 583
Non-controlling interests		59	(170)	(65)
		6 541	4 985	10 518

Condensed consolidated statement of financial position  
as at 30 September 2012

	Rm	Note	As at 30 September		As at 31 March
			2012 Reviewed	2011 Reviewed	2012 Audited
Assets					
Non-current assets			32 456	28 820	30 678
Property, plant and equipment			26 115	22 885	24 367
Intangible assets			5 245	4 942	5 123
Financial assets			220	213	201
Trade and other receivables			119	212	227
Finance lease receivables			588	333	447
Deferred tax			169	235	313
Current assets			16 874	15 389	17 552
Financial assets			1 070	458	695
Inventory			905	994	832
Trade and other receivables			12 087	11 978	11 379
Finance lease receivables			1 028	499	691
Tax receivable			251	388	174
Cash and cash equivalents			1 533	1 072	3 781
Total assets			49 330	44 209	48 230
Equity and liabilities					
Fully paid share capital			*	*	*
Treasury shares			(1 614)	(1 533)	(1 530)
Retained earnings			19 885	18 170	20 121
Other reserves			105	168	(61)

Equity attributable to owners of the parent		18 376	16 805	18 530
Non-controlling interests		443	191	400
Total equity		18 819	16 996	18 930
Non-current liabilities		11 249	7 807	10 932
Borrowings	10	9 151	6 290	9 012
Trade and other payables		327	333	352
Provisions		569	526	551
Deferred tax		1 202	658	1 017
Current liabilities		19 262	19 406	18 368
Borrowings	10	2 055	5 378	2 004
Trade and other payables		15 093	13 524	15 406
Provisions		244	309	355
Tax payable		69	116	172
Dividends payable		13	6	22
Bank overdrafts		1 788	73	409
Total equity and liabilities		49 330	44 209	48 230

\* Fully paid share capital of R100.

Condensed consolidated statement of changes in equity  
for the six months ended 30 September 2012

Rm	Equity attributable to owners of the parent	Non- controlling interests	Total equity
1 April 2012	18 530	400	18 930
Total comprehensive income	6 482	59	6 541
Dividends declared	(6 580)	(16)	(6 596)
Repurchase and sale of shares	(92)	-	(92)
Share-based payments	36	-	36
30 September 2012 - Reviewed	18 376	443	18 819
1 April 2011	15 622	558	16 180
Total comprehensive income	5 155	(170)	4 985
Dividends declared	(4 096)	(25)	(4 121)
Partial disposal of interest in subsidiaries	191	(172)	19
Repurchase and sale of shares	(145)	-	(145)
Share-based payments	78	-	78
30 September 2011 - Reviewed	16 805	191	16 996
1 April 2011	15 622	558	16 180
Total comprehensive income	10 583	(65)	10 518
Dividends declared	(7 900)	(61)	(7 961)
Partial disposal of interest in subsidiaries	191	(172)	19
Shareholder loan conversion to equity	-	140	140
Repurchase and sale of shares	(139)	-	(139)
Share-based payments	173	-	173
31 March 2012 - Audited	18 530	400	18 930

Condensed consolidated statement of cash flows  
for the six months ended 30 September 2012

Rm	Six months ended		Year ended
	30 September 2012	30 September 2011	31 March 2012
	Reviewed	Reviewed	Audited
Cash flows from operating activities			
Cash generated from operations	9 865	10 109	24 502
Tax paid	(2 413)	(2 713)	(5 192)
Net cash flows from operating activities	7 452	7 396	19 310
Cash flows from investing activities			
Net additions to property, plant and equipment and intangible assets	(3 833)	(3 179)	(7 568)
Disposal of subsidiaries and business combinations	273	-	(23)
Other investing activities	(234)	(105)	(411)
Net cash flows utilised in investing activities	(3 794)	(3 284)	(8 002)
Cash flows from financing activities			
Movement in borrowings, including finance costs paid	(618)	485	(480)

Dividends paid	(6 603)	(4 123)	(7 947)
Repurchase and sale of shares	(112)	(145)	(148)
Partial disposal of interests in subsidiaries, net of cash disposed	-	19	19
Net cash flows utilised in financing activities	(7 333)	(3 764)	(8 556)
Net (decrease)/increase in cash and cash equivalents	(3 675)	348	2 752
Cash and cash equivalents at the beginning of the period/year	3 372	539	539
Effect of foreign exchange rate changes	48	112	81
Cash and cash equivalents at the end of the period/year	(255)	999	3 372

Notes to the condensed consolidated interim financial statements  
for the six months ended 30 September 2012

1. Basis of preparation

These condensed consolidated interim financial statements have been prepared in accordance with the framework concepts, the recognition and measurement criteria of International Financial Reporting Standards ('IFRS') and the 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 requirements of the Companies Act No 71 of 2008, 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.

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 the new, revised or amended accounting pronouncements as issued by the IASB, which were effective and applicable to the Group from 1 April 2012, none of which had any impact on the Group's financial results for the period.

Full details on changes in accounting policies will be disclosed in the Group's annual financial statements for the year ending 31 March 2013, which will be available on-line.

	Six months ended		Year ended
	30 September		31 March
	2012	2011	2012
Rm	Reviewed	Reviewed	Audited
3. Segment analysis			
External customers segment revenue	34 426	31 747	66 929
South Africa	28 350	27 305	56 716
International	6 060	4 421	10 187
Corporate	16	21	26
EBITDA	12 060	10 535	22 763
South Africa	10 789	9 832	21 254
International	1 269	660	1 461
Corporate and eliminations	2	43	48
Reconciliation of segment results			
EBITDA	12 060	10 535	22 763
Depreciation, amortisation and impairment losses	(3 054)	(3 154)	(6 081)
Other	(36)	(79)	(65)
Operating profit	8 970	7 302	16 617
Profit on sale of subsidiary	224	-	-
Net finance charges	(355)	(247)	(684)

Finance income	67	90	109
Finance costs	(476)	(340)	(748)
Net profit/(loss) on remeasurement and disposal of financial instruments	54	3	(45)
Profit before tax	8 839	7 055	15 933
Taxation	(2 722)	(2 668)	(5 730)
Net profit	6 117	4 387	10 203
Total assets	49 330	44 209	48 230
South Africa	35 337	32 673	33 960
International	13 283	11 246	11 818
Corporate and eliminations	710	290	2 452

4. Impairment losses

Net impairment recognised is as follows:

Intangible assets	-	(298)	(250)
Property, plant and equipment	-	(20)	51
	-	(318)	(199)

	Six months ended 30 September		Year ended 31 March
	2012	2011	2012
Cents	Reviewed	Reviewed	Audited
5. Per share calculations			
5.1 Earnings, dividends and net asset value per share			
Basic earnings per share	410.0	301.0	694.0
Diluted earnings per share	408.1	299.9	691.2
Headline earnings per share	396.4	323.5	708.9
Diluted headline earnings per share	394.6	322.3	706.0
Dividends per share	450.0	280.0	540.0
Million	Reviewed	Reviewed	Audited
5.2 Weighted average number of ordinary shares outstanding for the purpose of calculating:			
Basic and headline earnings per share	1 462	1 463	1 463
Diluted earnings and diluted headline earnings per share	1 469	1 469	1 469
5.3 Ordinary shares for the purpose of calculating:			
Dividends per share	1 488	1 488	1 488

Vodacom Group Limited acquired 1 613 993 shares in the market during the period at an average price of R102.13 per share. Share repurchases did not exceed 1% of Vodacom Group Limited's issued share capital. Dividend per share calculations are based on a dividend declared of R6 696 million (30 September 2011: R4 166 million; 31 March 2012: R8 035 million) of which R45 million (30 September 2011: R25 million; 31 March 2012: R50 million) was offset against the forfeitable share plan reserve, R4 million (30 September 2011: R2 million; 31 March 2012: R2 million) expensed as staff expenses and R69 million (30 September 2011: R43 million; 31 March 2012: R83 million) paid to Wheatfields Investments 276 (Pty) Limited, a wholly-owned subsidiary holding treasury shares on behalf of the Group.

	Six months ended 30 September		Year ended 31 March
	2012	2011	2012
Rm	Reviewed	Reviewed	Audited
5.4 Headline earnings reconciliation			
Earnings attributable to equity shareholders for basic and diluted earnings per share	5 996	4 403	10 156
Adjusted for:			
Profit on sale of subsidiary	(224)	-	-
Net loss on disposal of property, plant and equipment and intangible assets	34	79	65
Impairment losses (Note 4)	-	318	199
	5 806	4 800	10 420

Tax impact of adjustments	(9)	(65)	(62)
Non-controlling interests in adjustments	-	(2)	16
Headline earnings for headline and diluted headline earnings per share	5 797	4 733	10 374

#### 6. Forfeitable share plan ('FSP')

During the current period the Group allocated 1 613 152 (30 September 2011: 1 896 351; 31 March 2012: 2 033 655) shares to eligible employees under its FSP, an equity-settled share-based payment scheme in terms of IFRS 2: Share-based Payment.

#### 7. Related parties

The amounts disclosed in Notes 7.1 and 7.2 include significant balances and transactions with the Group's joint venture, associate and parent, including entities in its group.

	Six months ended 30 September		Year ended 31 March
	2012 Reviewed	2011 Reviewed	2012 Audited
Rm			
7.1 Balances with related parties			
Borrowings	(3 021)	-	(3 022)
7.2 Transactions with related parties			
Dividends declared	(4 352)	(2 708)	(5 223)
Finance costs	(104)	-	(75)

#### 7.3 Directors' and key management personnel remuneration

Compensation paid to the Group's Board, prescribed officers and key management personnel will be disclosed in the Group's annual financial statements for the year ending 31 March 2013, which will be available on-line. Mr IP Dittrich was appointed as the Chief Financial Officer on 15 June 2012 and Mr MS Aziz Joosub was appointed as the Chief Executive Officer on 6 September 2012. Mr SN Maseko resigned on 14 June 2012, while Messrs PJ Uys and P Bertoluzzo and Ms K Witts resigned on 6 September 2012.

	Six months ended 30 September		Year ended 31 March
	2012 Reviewed	2011 Reviewed	2012 Audited
Rm			
8. Capital commitments			
Capital expenditure contracted for but not yet incurred	4 307	4 273	2 043

#### 9. Capital expenditure incurred

Capital expenditure additions including software

4 713	3 462	8 662
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Staff expenses of R148 million (30 September 2011: R96 million; 31 March 2012: R240 million) were capitalised for the period.

#### 10. Borrowings

There were no material movements in borrowings for the six months ended 30 September 2012.

#### 11. Contingent liabilities

##### 11.1 Guarantees

The Group issued various guarantees, relating to the financial obligations of its subsidiaries, which amounted to R65 million (30 September 2011: R59 million; 31 March 2012: R57 million).

Vodacom (Pty) Limited provides an unlimited guarantee for borrowings entered into by Vodacom Group Limited. There were no related outstanding borrowings on the statement of financial position for the six months ended 30 September 2012 (30 September 2011: R3 283 million; 31 March 2012: Rnil).

## 11.2 Tax matters

The Group is regularly subject to an evaluation by tax authorities of its direct and indirect tax filings. The consequence of such reviews is that disputes can arise with tax authorities over the interpretation or application of certain tax rules applicable to the Group's business. These disputes may not necessarily be resolved in a manner that is favourable to the Group. Additionally, the resolution of the disputes could result in an obligation to the Group.

## 12. Other significant matters

### 12.1 Vodacom Congo (RDC) s.p.r.l. ('Vodacom Congo')

The final hearing with regards to the the International Chamber of Commerce arbitration with Congolese Wireless Network s.p.r.l. ('CWN'), the other shareholder in Vodacom Congo, was held during October 2012. The Group is awaiting the final outcome.

### 12.2 Vodacom International Limited ('VIL')

The Group is awaiting the outcome of legal challenges to the enforcement process relating to the claim brought by Namemco Energy (Pty) Limited ('Namemco') against VIL for US\$21 million, plus interest thereon, as well as an appeal on the merits lodged by VIL.

## 13. Acquisitions and disposals of businesses

The Group sold its investments, supplier agreements and assets in Gateway Carrier Services<sup>1</sup>, which formed part of the Group's International reportable segment, for US\$35 million. The profit on sale is disclosed as profit on sale of subsidiaries.

## 14. 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:

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

A interim dividend of R5 282 million (355 cents per ordinary share) for the year ending 31 March 2013, was declared on Wednesday 7 November 2012, payable on Monday 3 December 2012 to shareholders recorded in the register at the close of business on Friday 30 November 2012.

## Note:

1. Gateway Communications (Pty) Limited, Gateway Communications SA (Belgium), Gateway Communications UK Limited, Gateway Communications Mozambique Limitada and Gateway Communications SAS (France), as well as the customer contracts of Gateway Communications Africa (UK) Limited.

## Reconciliation of normalised growth

	Reported <sup>1</sup> % change 11/12	Trading foreign exchange <sup>2</sup> ppt	Translation foreign exchange <sup>3</sup> ppt	Gateway Carrier Services <sup>4</sup> ppt	Normalised % change 11/12
Service revenue					
Group	6.9	-	(2.7)	1.3	5.5
International	36.5	-	(19.5)	15.4	32.4
Revenue					
Group	8.4	-	(2.5)	1.1	7.0
International	36.4	-	(19.9)	14.5	31.0
Operating expenses					
Group	5.2	0.3	(3.3)	1.1	3.3
South Africa	0.1	0.4	-	-	0.5

International	26.7	(0.4)	(19.0)	9.1	16.4
EBITDA					
Group	14.5	(0.8)	(0.9)	0.2	13.0
South Africa	9.7	(0.8)	-	-	8.9
International	92.3	4.7	(23.5)	3.2	76.7

The reconciliation represents normalised growth excluding foreign exchange gains/losses and at a constant currency (using current year as base) from on-going operations.

The presentation of the pro-forma constant currency information from on-going operations is the responsibility of the directors of Vodacom Group Limited. The purpose to presenting this information is to assist the user in understanding the underlying growth trends in these segments. It has been prepared for illustrative purposes only and may not fairly present the financial position, changes in equity, results of operations or cash flows of Vodacom Group Limited. This information has not been reviewed and reported on by the Group's auditors.

Notes:

1. The reported percentage change relates to the year on year percentage growth from 30 September 2011 to 30 September 2012. The Group's presentation currency is the South African rand. Our International operations include functional currencies in United States dollar, Tanzanian shilling and Mozambican metical. The prevailing exchange for the current and comparative periods are disclosed above.

2. Trading foreign exchange are foreign exchange gains/losses on foreign denominated monetary assets and liabilities resulting from trading activities of entities within the Group.

3. Translation foreign exchange arises from the translation of the results and financial position of subsidiaries' functional currencies to Vodacom's presentation currency, being rand. The exchange variances are eliminated by applying the current period's average rate (which is derived by dividing the individual subsidiary's translated rand value with the functional currency for the six months period) to prior year numbers, thereby giving a user a view of the performance which excludes exchange variances. The prevailing exchange for the current and comparative periods are disclosed above.

4. The Group disposed of its subsidiary, Gateway Carrier Services, during the current reporting period, effective 31 August 2012. We have excluded Gateway Carrier Services from the above calculation to give the user insight into the underlying performance of our on-going operations.

Corporate information

Directors

MP Moyo (*Chairman*), MS Aziz Joosub (*CEO*), DH Brown, IP Dittrich, M Joseph<sup>1</sup>, A Kekana, TM Mokgosi-Mwantembe, PJ Moleketi, JWL Otty<sup>2</sup>, NJ Read<sup>2</sup>, RAW Schellekens<sup>3</sup>, S Timuray<sup>4</sup>

1. American 2. British 3. Dutch 4. Turkish

Company secretary

SF Linford

Registered office

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

Sponsor

UBS South Africa (Pty) Limited

Debt sponsor

Absa Capital (the investment banking division of Absa Bank Limited, affiliated with Barclays Bank Plc)

Transfer secretary

Computershare Investor Services (Proprietary) 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 auditor's report does not necessarily cover all of the information contained in this announcement. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's work they should obtain a copy of that report together with the accompanying financial information from the registered office of the company. This announcement contains certain non-GAAP financial information which has not been reviewed or reported on by the Group's auditors. 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 16 for detail relating to EBITDA and headline earnings per share.

Trademarks

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Forward-looking statements

This announcement which sets out the interim results for Vodacom Group Limited for the six months ended 30 September 2012 contains 'forward-looking statements', which have not been reviewed or reported on by the Group's auditors, 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.