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

Preliminary results
for the year ended 31 March 2011

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

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

The Group has restated certain numbers previously reported to align with reporting practices of its ultimate parent. Refer to note 7 of the preliminary condensed annual financial statements.

Service revenue

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 expenses1

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

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

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.

Net finance charges

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

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

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 debt2 is denominated in rand. R3 114 million (2010: R3 349 million) of the debt2 matures in the next 12 months and 66.2% (2010: 96.3%) of interest bearing debt (including bank overdrafts) is at floating rates.

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.

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 billion3. 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	Pieter Uys	Rob Shuter
Non-executive	Chief Executive	Chief Financial

Chairman Officer Officer

13 May 2011
Midrand

(*) All amounts marked with an '(*)' represent normalised growth excluding trading foreign exchange and at a constant currency.
1. Excluding depreciation, amortisation, BBBEE charge and impairment losses.
2. Debt inclubdes interest bearing debt, non-interest bearing debt and bank overdrafts.
3. 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

Rm	2011 Reviewed	2010 Audited	2009 Audited
3. Segment analysis continued			
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.

	2011	2010	2009

Rm	Reviewed	Audited	Audited
4. Impairment losses			
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.

	2011	2010	2009
Cents	Reviewed	Audited	Audited
5. Per share calculations			
5.1 Earnings, dividends and net asset value per share			
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

	2011	2010	2009
Million	Reviewed	Audited	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
5.4	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	8 471	6 364	9 712

not yet contracted for

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.

Corporate information

Directors
MP Moyo (Chairman), PJ Uys (CEO), P Bertoluzzo1, TA Boardman, M Joseph2, A Kekana, M Lundal3, T Mokgosi-Mwantembe, PJ Moleketi, NJ Read4, RAW Schellekens5, RA Shuter
Alternate directors
TJ Harrabin4

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

Registered office
Vodacom Corporate Park, 082 Vodacom Boulevard, Midrand 1685
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Transfer secretary
Computershare Investor Services (Pty) Limited
(Registration number: 2004/003647/07)
70 Marshall Street, Johannesburg 2001
(PO Box 61051, Marshalltown 2107)

Company secretary
SF Linford

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.

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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.

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