Integrated report

for the year ended 31 March 2015

EMPOWERING

everyone to be confidently connected

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These icons will help you quickly spot the areas where we are doing well and where we can improve.

This icon tells you that a term is explained in the Glossary starting on page 130.

This icon tells you where you can find more information on www.vodacom.com

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Your feedback please!

We'd really value your feedback on our integrated report. Please use this QR code link which will take you to a quick-and-easy feedback form on your smartphone.

ABOUT THIS REPORT

Thank you for reading Vodacom Group Limited's integrated report for the year ended 31 March 2015. Our report aims to provide our stakeholders with a concise, material, transparent and understandable assessment of our governance, strategy, performance and prospects.

Scope

Our report covers the financial year from 1 April 2014 to 31 March 2015 ('FY2015'), and includes all material developments up to the Board's approval of the report. Our report focuses on Vodacom Group and our operating subsidiaries. Financial and non-financial data from our subsidiaries are fully consolidated. Where we only have data for our South African operation, which represents 75.7% of service revenue and 84.9% of EBITDA, we indicate this with (#). We've used (*) to indicate normalised growth adjusted for trading foreign exchange and at a constant currency, using FY2015 as a base (collectively 'foreign exchange').

Relevant information on the resources and relationships that materially affect our ability to create value over time is also included in our report. This includes critical stakeholders such as regulators, as well as distribution, supply chain and business partners that are fundamental to our value propositions to our customers. Pertinent detail on Vodafone Group is also included, especially in terms of the key benefits and the alignment in policy frameworks, systems and initiatives that are a feature of our relationship with our parent company.

Reporting frameworks

We've provided summarised financials in our printed report, in line with the Companies Act of 2008, as amended. They were prepared in terms of International Financial Reporting Standards ('IFRS') IAS 34: Interim Financial Reporting. The full set of consolidated annual financial statements ('AFS') are available online or can be requested directly from our Company Secretary. Besides the AFS, our online report again includes supplementary reports that provide more detailed information of interest to specific stakeholders.

We continue to improve our integrated report specifically in terms of the principles and content elements set out in The International <IR> Framework, published by the International Integrated Reporting Council.

This year we have again reported at a Global Reporting Initiative ('GRI') application Level B in terms of the GRI G3.1 guidelines.

For our GRI content index go to **www.vodacom.com**

Materiality determination

Our material issues form the main storylines in our report, and focusing on them has helped us keep the report concise. What matters most to our stakeholders was taken into account in determining our material issues as disclosed in the pages that follow.

To determine our material issues we synthesised the issues that were top of mind for the Board and Executive Committee during the year with the top concerns of our key stakeholders. Senior management and our Audit, Risk and Compliance Committee confirmed these material issues as those factors most likely to affect our ability to create value over time. Differently put, these issues require the significant investment of leadership attention and capital investment to ensure they support and do not inhibit our ability to deliver on our strategy and meet our goals over the medium-term.

Integrated thinking

Integrated thinking is intrinsic to the way we manage our business, and is supported by our internal reporting processes. Our strategy has five priorities, and we have set clear three-year goals and related targets for each of these. In combination, these priorities ensure that we manage the needs and expectations of our key stakeholders and the trade-offs between them, to create long-term value for our shareholders. Key metrics applied in managing our business include: net promoter score ('NPS'), a measure of customer satisfaction, across all of our operations on a monthly basis; our People Survey and Reputation Survey, which are usually conducted annually.

Besides these formal measures, well-developed engagement processes are in place that regulate the relationships with our key stakeholders. Their feedback is made available to leadership through well-developed reporting processes, to ensure that stakeholder views and concerns inform strategic decision-making.

Board approval

The Board is responsible for ensuring the integrity of the integrated report. The Board believes that the report addresses all material issues and presents fairly the Group's integrated performance and its impacts. On the recommendation of the Audit, Risk and Compliance Committee, the Board approved the annual financial statements on 29 May 2015 and the integrated report on 2 June 2015.

TO FIND OUT MORE

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For important information on the forward-looking statements used in our report.

PG 15
For the Group operation and detail on each of our subsidiaries, including their NPS for the year.

PG 04 and 06
For what matters most to our stakeholders and our material issues.

PG 120
For information on our combined assurance model and assurance on this report, as well as the full directors' responsibility statement.

HOW WE PERFORMED

	2015	% change	2014	2013	2012	2011
Financial						
Revenue (Rm)	**77 333**	**2.1**	75 711	69 917	66 929	61 197
Service revenue (Rm)	**62 167**	**0.2**	62 047	59 261	58 125	53 951
Data revenue as a % of service revenue (%)	**26.7^**	**24.8**	21.4	16.9	14.1	11.9
EBITDA (Rm)	**26 905**	**(1.5)**	27 314	25 253	22 763	20 594
Opex[1] as a % of service revenue (%)	**27.3**	**8.0**	25.0	23.7	23.8	24.2
Operating free cash flow (Rm)	**14 003**	**(27.9)**	19 410	18 158	16 934	14 837
Free cash flow (Rm)	**7 763**	**(41.1)**	13 185	12 136	10 921	8 757
Headline earnings per share (cents)	**860**	**(4.0)**	896	872	709	656
Dividend per share[2] (cents)	**775**	**(6.1)**	825	785	710	460
Economic						
Distributed to employees[3] (Rm)	**4 886**	**6.1**	4 609	4 427	4 368	4 049
Distributed to governments through corporate taxation[3] (Rm)	**5 543**	**6.7**	5 194	5 337	5 449	5 027
Distributed to providers of finance[3] (Rm)	**13 537**	**2.9**	13 150	12 697	8 648	6 076
Broad-based Black Economic Empowerment ('BBBEE') score# (%)	**87.73**	**(0.38)◊**	88.11	78.40	75.77	70.84
Capital expenditure ('capex') (Rm)	**13 305**	**23.4**	10 779	9 456	8 662	6 311
Social – Employees						
Number of employees	**7 786**	**7.8**	7 225	7 295	7 330	7 513
Engagement Index – People Survey (%)	**76.0^**	**1.0◊**	75.0~	75.0	73.0	73.0
Employee turnover[4] (%)	**10.5**	**(0.7)◊**	11.2	7.0	9.0	11.0
Women representation in senior management[4] (%)	**32.0**	**3.3◊**	28.7	27.0	26.4	22.6
Black representation in senior management# (%)	**53.0**	**4.1◊**	48.9	49.1	45.0	42.0
Ratio of average basic salary of men to women# (times)	**1.4**	**–◊**	1.4	1.4	1.5	1.4
Total training spend (Rm)	**130**	**68.8**	77	56	68	71
Social – Customers and communities						
Active customers (thousand)	**61 648**	**7.2**	57 489	50 517	46 903	36 818
Active data customers (thousand)	**26 473**	**15.9**	22 846	n/a	n/a	n/a
Active m-pesa customers (thousand)	**8 067**	**35.5**	5 955	4 916	3 139	1 317
Machine-to-machine ('M2M') connections (thousand)	**1 764**	**18.5**	1 488	1 198	965	694
Total foundation contributions (Rm)	**96**	**(16.5)**	115	83	77	95
Environment						
Number of base station sites	**16 242**	**13.4**	14 326	12 835	11 595	10 705
Number of shared sites#	**5 183**	**9.5**	4 733	4 081	3 646	n/m
Access network electricity# (GWh)	**255.0^**	**18.9**	214.4	206.6	189.4	195.8
Core network electricity (GWh)	**62.0^**	**(10.5)**	69.3	77.4	65.7	n/m
Building electricity# (GWh)	**59.0^**	**(12.2)**	67.2	60.2	81.2	101.8
Vehicle fuel (diesel and petrol)# (million litres)	**1.6^**	**(5.9)**	1.7	1.9	1.9	2.1
Network equipment and handsets reused or recycled (tonnes)	**160**	**64.9**	97	396	254	611
CO_2 emissions[5] (tonnes)	**561 515†**	**8.7**	516 391†	544 381	526 837	410 471

Notes:

1. Staff expenses, publicity and other operating expense, excluding trading foreign exchange.
2. Total dividend declared for the year. A final dividend of 400 cents per share was declared after year end.
3. Excludes staff expenses of R646 million (2014: R490 million; 2013: R310 million) capitalised against property, plant and equipment. Includes R50 million (2014: R46 million; 2013: R78 million) relating to dividends declared to Forfeitable Share Plan ('FSP') participants. Refer to value-added statement online for detail.
4. Excluding Vodacom Business Africa.
5. Total Scope 1, 2 and 3 emissions (Greenhouse gas protocol).

\# South Africa only.
^ These items were included as part of our assurance process this year.
† Restated to exclude Tanzania base stations.
◊ Percentage point change.
~ Restated due to the change in the methodology.

WHAT MATTERS MOST TO OUR STAKEHOLDERS

Stakeholder	Customers	Employees	Government and regulators	Investors and shareholders
WHY IT'S IMPORTANT FOR US TO ENGAGE	Our customers are central to the sustainability of our business. To build trust among our customers we need to manage our core operational risks around network performance and privacy. With a number of new regulations impacting our customers and our relationships with them, engagement also helps us better manage regulatory risk.	Our people are the heart and soul of our business. Their skills and involvement determine our ability to realise our vision to provide the best network, best value and best service, and to fulfil our purpose of empowering everyone to be confidently connected.	Our relationships with governments and regulators impact on our ability to contribute towards broader economic, social and environmental objectives.	As the providers of capital necessary to support our growth, we engage with our shareholders and investors to keep them up to date on the financial performance and overall sustainability of Vodacom.
WHAT MATTERS MOST TO THEM	› Better value offerings. › Faster data networks and wider coverage. › Making it simpler and quicker to deal with us. › Converged solutions for business customers. › Feedback on service-related issues. › Privacy of information.	› Career development. › Improved knowledge sharing across the Group. › Simplicity and agility. › Engagement. › Building skills in line with the future business growth. › Being fairly remunerated for their service.	› Facilitation of socioeconomic growth. › Citizen and community centricity. › Achieving national broadband access objectives. › Consumer protection and quality of service. › Managing spectrum as a national public resource. › Cost of communication. › Developing a digital society, including e-Government. › Underserviced and rural communities. › Skills development and employment.	› Future performance of SA and International business. › Investing for growth. › Risks and opportunities in the markets we operate in. › Transparent executive remuneration. › Dividend policy. › Sound corporate governance.
WAYS WE ENGAGE	› Call centres, retail outlets, online and My Vodacom App. › NPS feedback interviews and focus groups. › Facebook and Twitter. › Vodacom website.	› Internal website. › Newsletters, internal magazine and electronic communication. › National Consultative Committee representation. › Anonymous employee hotline. › Leadership roadshows. › Team meetings. › Performance development process.	› Participation in consultations and public forums. › Submission and engagement on draft regulations and bills. › Engagement through industry consultative bodies. › Publication of policy engagement papers. › Social upliftment programmes and initiatives. › Partnering on key programmes, with regards to education, health and security.	› Investor roadshows. › Investor days. › Annual and interim reports. › SENS announcements. › Monthly and quarterly operational reviews with our parent Vodafone. › Investor relations page on our website.
Link to strategic priority				

Our five strategic priorities:

Customer · Growth · Operations · People · Reputation

Business partners	Suppliers	Communities	Media
One of the most important ways we interact with our customers is through our business partners. As custodians of our brand and reputation, how they engage and deliver service is critical to our objective of excellent customer service across all touch-points.	Suppliers and contractors impact on our ability to provide products and deliver services, and are required to comply with our health and safety and ethical procurement standards. Engaging with them contributes to business continuity, viability and operational efficiency.	Empowering local economies builds trust in Vodacom. It also adds to the longer term viability of our markets by strengthening the socioeconomic context in which we operate. Our communities also benefit from social and environmental innovations.	As a stakeholder, the media plays a role in keeping Vodacom stakeholders informed of business developments, new products and services and the impact of our business operations.
• Fair treatment. • Top management involvement with customers. • A consistent customer experience. • Making it simpler and quicker to deal with us.	• Timely payment and fair terms. • Improving health and safety standards. • Partnering on environmental solutions. • BBBEE compliance.	• Access to mobile services. • Access to basic services such as finance, health and education. • Investment in infrastructure. • Responsible expansion of infrastructure.	• Being informed of key activities and offerings. • Transparency.
• Annual business partner conference. • Bi-annual Franchise roadshows. • Quarterly Franchisee Council Committee meetings. • One-on-one business meetings.	• Supplier forums. • Ongoing site visits. • Audits. • Ongoing regular direct engagements.	• Public participation where new base stations are required. • Vodacom Change the World volunteer programme. • Vodacom Foundation partnering with communities.	• Face-to-face and telephonic engagement. • Interviews with the CEO and key executives. • Media releases and product-related publicity. • Roundtables. • Product launches. • Site visits.

WHAT'S MATERIAL IN OUR MARKETS

WHY IS IT MATERIAL	HOW WE'RE MANAGING IT	Link to strategic priority

Additional spectrum allocation

Why is it material

- In South Africa, the allocation of 2.6GHz and 800MHz spectrum remains unavailable to operators pending regulatory process. This impedes our ability to drive our business objectives and advance the goal of broadband access for all.
- Although our efforts to optimise the use of existing spectrum to service the ongoing proliferation of connected devices, growing number of data users and rapid rise in data consumption have been successful; these efforts are unsustainable from a cost and capacity perspective.

How we're managing it

- We continue to engage with policymakers and regulators in all our operations to facilitate spectrum allocation in a way that is conducive to investment and growth.
- In South Africa, we continue to re-farm existing spectrum as a short-term solution to continue our LTE/4G roll out.
- In South Africa, we have completed our radio access network ('RAN') renewal project which enables us to accommodate 2G, 3G and LTE/4G on the same network equipment. All our base stations are LTE/4G ready, to take advantage of additional spectrum when it becomes available.

Competition and the weaker macroeconomic environment

Why is it material

- Macroeconomic conditions have remained tough and competition has intensified in all our markets.
- In South Africa, consumer spending has slowed down and the sustained weakness of the rand is driving up the cost of imported equipment, handsets and IT services.
- Prolonged or intensified load shedding schedules could impact network coverage. Stages 1 and 2 load shedding with one blackout per day has a minimal impact on our network. However, the impact of power cuts increases with stage 3A and stage 3B load shedding, where an area could have more than one disruption a day. This can affect our network coverage as the batteries on the sites will not have enough time to recharge to full capacity.
- In Tanzania, we experienced increased pricing pressure.
- Our growth in the DRC was impacted by pricing pressure as some operators failed to comply with the regulated price floor.

How we're managing it

- In South Africa, our bundle strategy in the prepaid market helped us maintain market share and our integrated packages for the postpaid segment have reduced churn and secured average revenue per user ('ARPU').
- In all our operations we continue to drive data growth.
- We continue to invest in back-up equipment at our sites and have emergency plans in place to deploy additional mobile generators if needed.
- All core elements and important hub sites have permanent back-up diesel generators. Batteries at most base stations can last around four hours or more if fully charged in a day.
- In cases of extended disruptions mobile generators will be deployed and ultimately, phased service degradation will be implemented.
- In Tanzania, pricing repair has led to more stable pricing.
- In the DRC, a new price floor has been agreed with all operators.

Managing regulatory challenges

Why is it material

- In September 2014, a new mobile termination rate ('MTR') regime was finalised in South Africa. The current rates are an improvement on the initially proposed rates, however, the level of asymmetry still remains a concern. The reduction in MTRs reduced EBITDA by R1.2 billion for the year.
- MTRs will continue to decline in all our markets which will impact on revenue, margins and profitability.
- In South Africa, the risk of attaining a Level 4 or higher BBBEE status, which is required for additional spectrum or other licences, depends on whether the information and communication technology ('ICT') Sector Code, which has been extended to 31 October 2015, is aligned to the DTI Revised Codes.
- In Tanzania, under the Electronic and Postal Communication Act 2010, the Minister of Communications, Science and Technology is obliged to issue regulations on the procedure for transferring shares and listing licensed companies on the local stock exchange. The Ministry issued draft regulations for consultation in June 2014, which made listing mandatory.

How we're managing it

- We continue working with the regulators in all our operations to establish transparent and factbased MTR regulations. The MTR glide path in South Africa has been finalised.
- To help offset the impact of lower MTRs in South Africa, we have introduced new cost management programmes.
- We continue to focus on our growth strategy to diversify revenue and deliver growth.
- We are proactively managing BBBEE as part of our overarching business strategy. Our verification of a level 2 BBBEE status applies until 28 April 2016.
- We have participated in the Ministry consultation on the draft regulations, working in conjunction with other telecoms licensees.

Our five strategic priorities:

Customer | Growth | Operations | People | Reputation

WHY IS IT MATERIAL	**HOW** WE'RE MANAGING IT	Link to strategic priority
Maintaining investment in our networks		
• Differentiating our services by providing the best quality, coverage and capacity provides a competitive advantage. Poor network quality can result in action from regulators, drive customers away and damage our reputation. • Despite the tough economic and competitive environment, we continue to invest in our network to improve our customers' experience and maintain and gain a competitive edge. • Data is growing rapidly in all our operations. Our investment in new technologies and fibre to carry additional data traffic will help us meet the increasing demand for data services.	• We are maintaining a high level of capex on our networks across all our operations. • We have continued to deploy LTE/4G technology to our base stations to meet demand for data and will expand the reach of our fibre networks to our customers. • If it is approved, the acquisition of Neotel will enable us to roll out fixed and next-generation mobile services faster. • We continue to invest in operational efficiencies to free up capital to continue investing in our networks.	
Broadening our service offering		
• The telecommunications industry is changing rapidly. Advances in smartphone technology places more focus on applications, operating systems and devices, instead of the services provided by operators, which could erode revenues. • We are facing new competition in our traditional service offerings, for example from Over The Top players who provide instant messaging applications, Voice over Internet Protocol ('VOIP') services and virtual operators. • As we move into new growth areas like financial services, we are competing with players in other industries such as banking. • To remain competitive we need to invest effectively in the strength of a broader range of service offerings.	• We continue to drive data growth by making available more affordable data devices, increasing coverage and stimulating data bundle adoption. Data now makes up 26.7% of Group service revenue. • Contribution from our enterprise business is growing with an 18.4% contribution to Group service revenue in FY2015. • We have also accelerated the introduction of integrated price plans to reduce customers' out-of-bundle usage through substitution. • In April 2014, we increased our equity holding in Vodacom Tanzania from 65% to 82.2%. • In South Africa, we soft-launched m-pesa, and we continue to expand our financial services offering in all our markets as a diversified source of revenue. • We continue to invest in services such as insurance and providing connectivity for M2M communication.	
Attracting and retaining the best people		
• As the mobile industry shifts to providing more converged solutions, we need to attract skills from outside our traditional business areas to unlock new opportunities for growth. • To maintain network leadership requires that we attract, retain and develop technical skills, and to provide the best customer service we need diverse employees who bring different skills and local knowledge to our business. • In our International operations we have experienced difficulty in sourcing the talent we need due to the shortage of local skills.	• In line with our growth strategy, we are investing in the skills needed to resource our new market opportunities, diversify our service offering and build skills beyond the mobile business. • We continue our international assignee programme with Vodafone to impart global knowledge and help develop our people. • In our International operations, we increased the number of assignees in critical roles and continue to engage with talent search firms to acquire the right local skills. • We are dedicated to driving transformation and building a pipeline of talented women through our Female Leaders in Waiting programme. • We use our graduate programmes to develop and grow young talent into the business. • We continue to invest in providing training opportunities to our employees.	
Information security		
• New technology such as next generation networks and new services such as m-commerce and cloud computing mean that the security threats we face are constantly evolving. In particular, mobile apps that share customers' financial and personal information over our networks demand a high level of security. • The Protection of Personal Information Act ('POPI'), was signed into law in South Africa in December 2013. POPI impacts almost all business areas of our South African operation and requires significant changes in the way in which we use and process personal information, including network usage information, call data records and the manner in which we collect and use electronic and paper records. We may be subject to regulatory intervention and reputational harm if we fail to comply with POPI.	• We continuously deploy enhanced network security protocols on our network. • We have recently implemented the network traffic and management policy standard. Network traffic is also monitored and tested by the Security Operations Centre. • We have implemented the Vodafone Global Privacy Framework and toolkit in all our markets and we are responding to the requirements for compliance with POPI through an enterprise project across all areas of our business. In markets where the protection of customer information is not as regulated as in South Africa, Vodacom Group applies the Vodafone Group Privacy Framework as a standard for protecting customer information.	

CHAIRMAN'S STATEMENT

PETER MOYO

Reflecting on the inroads Vodacom has made in democratising access to voice and data services over the last 20 years is instructive. What comes across in a review of the milestones over this time is how each subsequent generation of network technology was deployed much faster than the last, and how Vodacom has sought to systematically offer better value to customers. In combination, this has extended access to voice and data services to more people by driving coverage and affordability.

Vodacom's investment in the reach, quality and efficiency of our networks, which are our most important competitive advantages, has been in the order of R70 billion over the last 20 years. Adjusted for the time value of money, this equates to a staggering R104 billion.

> It is gratifying that this sustained level of investment and growth, and its implication for the economic and social wellbeing of the countries in which we operate, has been achieved, while at the same time creating significant value for shareholders.

Considering the potential of mobile and particularly data services to create socioeconomic value, our cumulative contribution over the last 20 years cannot be underestimated. Furthermore, over the last five years, we have accelerated the rate of investment in our networks to a total of R48.5 billion.

It is gratifying that this sustained level of investment and growth, and its implication for the economic and social wellbeing of the countries in which we operate, has been achieved while at the same time creating significant value for shareholders. The total shareholder return Vodacom has delivered, since listing in 2009, of 261.0% is a mark of the prudent approach we take to balancing sustained business growth with attractive returns, and the effective allocation of capital this requires.

The Group's level of investment has not been curbed even in the face of a challenging operating context. In the last year this has included slower economic growth in all our markets, constrained consumer spending, electricity supply constraints in South Africa, and civil unrest in Lesotho and the DRC. Furthermore industry dynamics such as MTR cuts and intensifying competition have bitten into the Group's revenues. Another feature has been the upward pressure on expenses, specifically for imported equipment, handsets and IT services due to the weaker rand, as well as the inflationary effects of higher input costs.

Notwithstanding these pressures, during the year under review, the Group accelerated its network investment by 23.4% to R13.3 billion. This was focused on providing the capacity necessary to meet the growth in data demand, without compromising on quality. Vodacom extended 3G coverage to 96% of the South African population by the close of the financial year, and has continued to drive voice and data coverage in our International operations, including in remote areas.

Research shows the profound contribution that the mobile ecosystem makes to socioeconomic development. In its definitive report for 2015, The Mobile Economy, the GSMA states: "In 2014, the mobile industry generated 3.8% of global gross domestic product ('GDP'), a contribution that amounts to over US$3 trillion of economic value… [from its] direct, indirect and productivity impacts… [before including its] broader socioeconomic effects." The report goes on to point out that in 2014, 1.8 billion people in developing markets were using mobile phones to access the internet. However, penetration remains low with mobile internet access at only 28% of the total population in developing nations, as opposed to about 60% in developed markets. It predicts that by 2020, mobile internet penetration rates in developing markets will reach 45% of the population, bringing the profound potential of the internet to where it is most needed.

One of the best examples of the socioeconomic value the industry can create is the development of mobile financial services, which are delivering ever greater benefits to customers. New services include cross-border remittances, merchant payments and bulk payments. The GSMA indicates that in December 2014, mobile money users transacted a total of US$16.3 billion through 717.2 million transactions worldwide. Other mobile financial services include mobile insurance, savings and credit, which is extending access to these services to those outside the traditional financial system. Mobile insurance services are in the early stages as the industry finds the right partnership and commercial models, but the potential is huge especially in developing markets.

The implication for Vodacom is clear – investing in network capacity enables us to offer more voice and data at lower prices to customers. The faster we roll out network coverage and get low-cost devices into the market, and develop new offerings such as mobile financial services, the greater our impact on the socioeconomic wellbeing of the countries in which we operate.

To this end, the Group has clear strategies in place, with explicit three-year goals approved by the Board in respect of our customer, growth, operations, people and reputation priorities. Importantly, the growth priority is focused on diversifying our revenues, which is critical as our traditional voice revenues come under pressure due to pricing dynamics, intensifying competition and the shift to data services. It also involves monetising data demand growth through more affordable services and devices, growing our managed services offering in our enterprise business, accelerating our roll out of fixed-line services, and developing new services.

In April 2014, we increased our equity holding in Vodacom Tanzania from 65% to 82.2%, as part of our strategy to increase the contribution of our International operations. We expect solid growth from our International operations based on relatively low penetration rates and moderated but still healthy economic growth rates in those countries. In this regard we are disappointed that we have not managed to close any additional acquisitions, notwithstanding the concerted effort to identify and investigate assets on the continent that would be value accretive. The search for sensible acquisition targets that correspond to our strategic goals continues.

In pursuing our strategy, the Board is acutely aware of the importance of regulatory certainty, which allows for proper planning in relation to policy requirements, and of ensuring enabling conditions for continued and accelerated investment. Conversely, the constraints to growth that delays in regulatory decision-making pose, require active and ongoing engagement with regulators. Group leadership continues to commit significant time and attention to collaborating with regulators to find common ground between the interests of our stakeholders and the intended aims of regulation. A good example of this in South Africa was our input into changing restrictive FICA requirements to enable more people to access our mobile money transfer service, m-pesa. This has allowed us to extend the significant social benefit m-pesa provides by giving under-banked individuals access to financial services.

On the other hand, the delay in allocating additional spectrum is becoming a serious constraint to our growth strategies. It is hampering our ability to continue meeting the rising demand for data services and to roll out LTE/4G optimally. Additional spectrum would also allow us to alleviate the current strain on voice services due to the interim measure of re-farming existing spectrum to support data services. As such, the delay is impeding the advance towards the South African Government's 2020 goal of broadband for all as part of the National Development Plan.

The key policy frameworks that will affect the allocation of additional spectrum in South Africa are still being finalised. The Electronic Communications Act currently prescribes 30% direct Black Economic Empowerment ('BEE') ownership as the pre-qualification criterion for spectrum or licensing applications. Recently published spectrum regulations indicate that pre-qualification criteria are either 30% BEE ownership or Level 4 or higher BBBEE status. However, until the process of harmonisation has been completed between the Department of Trade and Industry's revised BBBEE Codes and the ICT Sector Charter, it is unclear what the exact requirements will be and what the implications are for Vodacom in obtaining licences for additional spectrum.

In the interim, the Board is pleased that the Group has managed to retain its Level 2 BBBEE contributor status. Developments in this regard during the year included launching the Innovator Trust to assist black entrepreneurs in the ICT sector to grow their businesses. At 31 March 2015, the Innovator Trust had acquired more than 540 000 YeboYethu shares (YeboYethu owns 3.44% of Vodacom South Africa) and was supporting 18 small and medium enterprises ('SMEs') with a two-year business training programme.

Chairman's statement continued

In pursuit of the Group's strategy, we are actively managing the attendant risks to our customers. The most material of these is the increasing threat to information security that comes with internet-based services. We continue to implement the world-class policies and processes necessary to manage the risk to customers, as well as to comply with relevant legislation. Other key risks we face include the health and safety of our people and service providers, and reducing the environmental footprint of our base stations. The Board is satisfied that the Group is managing these risks effectively, the details of which are covered elsewhere in our integrated report and our supplementary reports online.

In particular, we continue to monitor the Group's commitment to improving its safety performance and achieving zero fatalities. We are pleased to report therefore that the Group had no employee fatalities during the year. However, we regret that there were two fatalities in our supplier network. Our suppliers are contractually obliged to adhere to our six absolute rules on safety and the necessary steps were taken in respect of the suppliers concerned. We extend our sympathy to the family, friends and colleagues of the deceased.

As we move forward, the Board remains committed to our accelerated investment programme, notwithstanding the constraints. The efficient allocation of capital will continue to be top of mind, as we seek to find the right balance between the investment needed to sustain the Group's ability to generate earnings in a highly dynamic environment, and continuing to deliver attractive returns to shareholders through our dividend policy. Delivering value to customers remains at the heart of our strategy and our ability to grow long-term shareholder value. To align the variable remuneration of management to the intent of the strategy, short-term incentives for the 2016 financial year will be determined according to the following measures and weightings: customer experience (40%); service revenue (20%); EBITDA (20%) and operating free cash flows (20%). This shows how central customer experience is to our ongoing success.

The bench strength of leadership is another critical success factor. The Board concentrates on succession planning on an ongoing basis rather than managing a specific succession event. We have formed a clear view of the future requirements in respect of senior management positions and continue to ensure that a pipeline of talent is available. Furthermore, we continuously review the skills, qualifications and independence of our Board members. In the year, the evaluation of the Board and its committees found them to be effective with no material concerns noted. Improvement areas in the year ahead will include a greater focus on scenario planning and on driving growth in our International operations.

During the year, Yolanda Cuba stepped down as a non-executive director to join Vodacom as an executive and we welcomed Priscillah Mabelane as a non-executive director. My thanks are due to my colleagues on the Board for their wise counsel over the last year, and to the executive team for navigating what has been a transformative year for the Group.

What remains the same as it has been for 20 years is that Vodacom's most valuable contribution to society is to empower people by connecting them to reliable and affordable voice and data services; and in so doing to extend their positive impacts. We remain inspired to realise the profound potential of connectivity to drive economic growth and social development, in balance with the interests of all our stakeholders.

MP Moyo
Chairman

Vodacom extended 3G coverage to

96% of the South African

population by the close of the financial year, and has continued to drive voice and data coverage in our International operations, including in remote areas.

20 YEARS OF EMPOWERING EVERYONE TO BE CONFIDENTLY CONNECTED

1993

Vodacom is awarded a licence to operate a GSM cellular network in South Africa.

1994

A record-breaking rollout of the network follows with at least two base stations built every day.

We officially switch on our network.

1995

Vodacom is granted a GSM licence in Lesotho, our first licence outside South Africa.

Vodacom sponsors the South African national rugby team, the Springboks, winners of the 1995 Rugby World Cup.

1996

We're the first in the world to launch a prepaid service.

We switch on our network in Lesotho.

2002

Vodacom Congo launches in the DRC.

2003

We're the first to cover 95% of South Africa's population.

Vodacom Mozambique launches after a record three-month network roll out.

2004

We celebrate our first decade with well over 10 million customers in South Africa.

Vodacom launches 3G in South Africa.

2005

We built as many 3G base stations in the previous year as we'd done in the first three years of operation.

We cut call rates, saving customers between 4% and 9% on their monthly spend, with a 60% and 90% reduction in SMS and data tariffs respectively.

2006

Our total investment in network infrastructure for the Group was R28.5 billion at 31 March 2006.

We cover 96% of the South African population.

We launch the first 3G HSDPA network in South Africa.

Vodafone increases its shareholding to 50%.

2009

Vodacom lists on the JSE.

Vodafone increases its shareholding to 65%.

2010

The year Vodacom was the voice behind Bafana Bafana.

2011

Vodacom's rebranding, from a strategic and identity perspective, aligns us more closely with Vodafone.

2012

First to launch LTE/4G in South Africa.

We launch My Vodacom App, giving customers a range of self-service capabilities.

1997

The South African mobile market reaches the one million customer mark, 606 000 of whom are Vodacom customers.

1998

Launch of prepaid access to the internet, a world first.

We open Vodaworld in Midrand, the world's first cellular shopping mall.

1999

We receive ISO 14001 certification for our environmental policy, a first for mobile.

2000

We launch commercial operations in Tanzania.

Our network covers about 92% of South Africans.

2001

We become the largest mobile network operator in Tanzania within a year. Vodacom Tanzania covers Mount Kilimanjaro, which becomes the highest point in the world to be covered by a GSM network.

2007

Vodacom Tanzania launches 3G/HSDPA services, making Tanzania the second country in Africa, after South Africa, to get access to this high-speed data technology.

We announce an unparalleled cut in data rates of up to 61%.

2008

Vodacom Business is launched, as part of our plan to reposition Vodacom as a leading provider of converged information and communication solutions.

Vodacom Tanzania introduces m-pesa, Vodafone's award-winning money transfer service.

Vodacom South Africa is first to launch HSUPA.

Vodacom South Africa announces its R7.5 billion BBBEE transaction, one of the largest BBBEE transactions in the local industry.

2013

We implement the largest array of solar panels on a single building in Africa.

We begin to implement an all-encompassing pricing transformation, migrating our customers on to integrated and bundled plans that provide greater value for money.

2014

We cover 99.8% of the population in South Africa.

2015

First to launch LTE/4G in Lesotho.

We complete our RAN renewal project, making our network LTE/4G ready.

We reach 99.9% network coverage in South Africa.

Our cumulative investment in our networks amounts to about R70 billion since 1994.

WHO WE ARE

Vodacom was founded in 1994 and is a leading African unified communications provider, providing a wide range of services, including mobile voice, messaging, data and converged services to

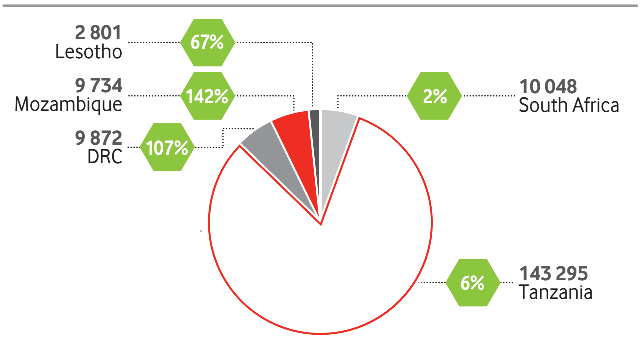
61.6m customers.

From our roots in South Africa we've grown mobile operations to include networks in Tanzania, the DRC, Mozambique and Lesotho. In the current year, we increased our shareholding in Tanzania from 65% to 82.2%. We also offer business managed services to enterprises in over 40 countries across Africa. Vodacom is majority-owned by Vodafone, one of the world's largest mobile communications companies by revenue. We're listed on the JSE Limited and our head office is in Midrand, South Africa.

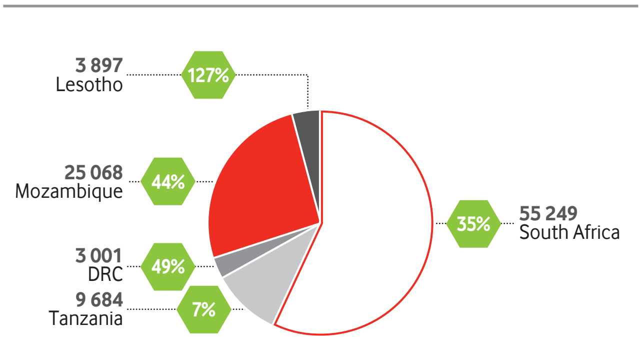
Points of presence

Distribution channels are integral to our business model through which we continue expanding our reach to customers. The Vodacom online portal and the My Vodacom App have become key interaction points with customers.

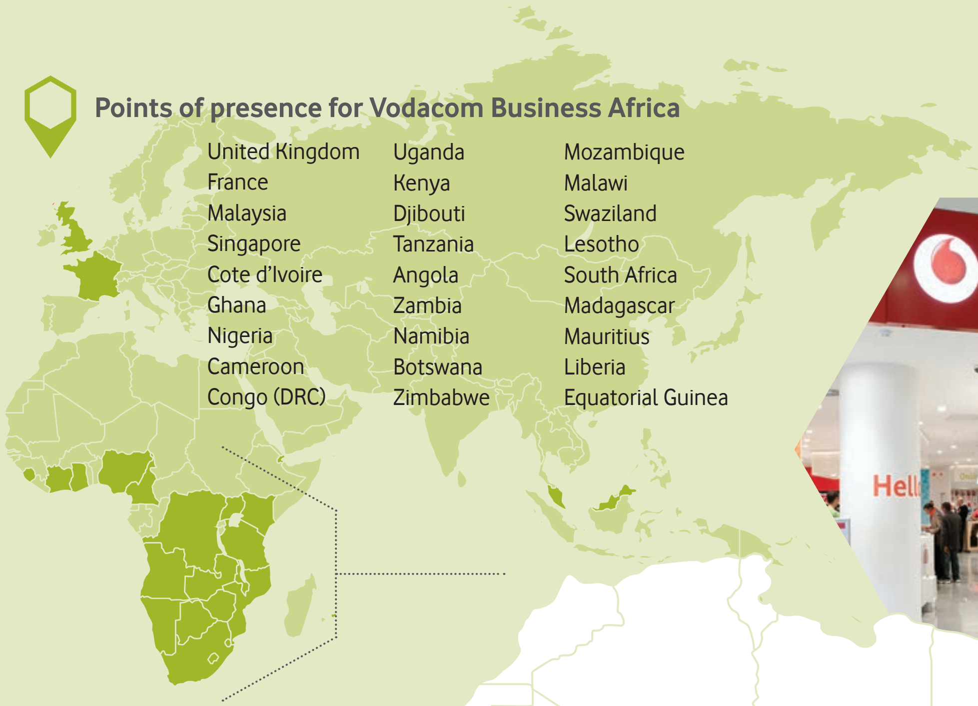
Formal points of presence include Vodacom owned and franchise shops, service providers and private outlets, retailers that purchase directly from Vodacom and m-pesa agents.



Informal points of presence include super dealers, territory and data dealers, street vendors/freelancers and informal resellers.

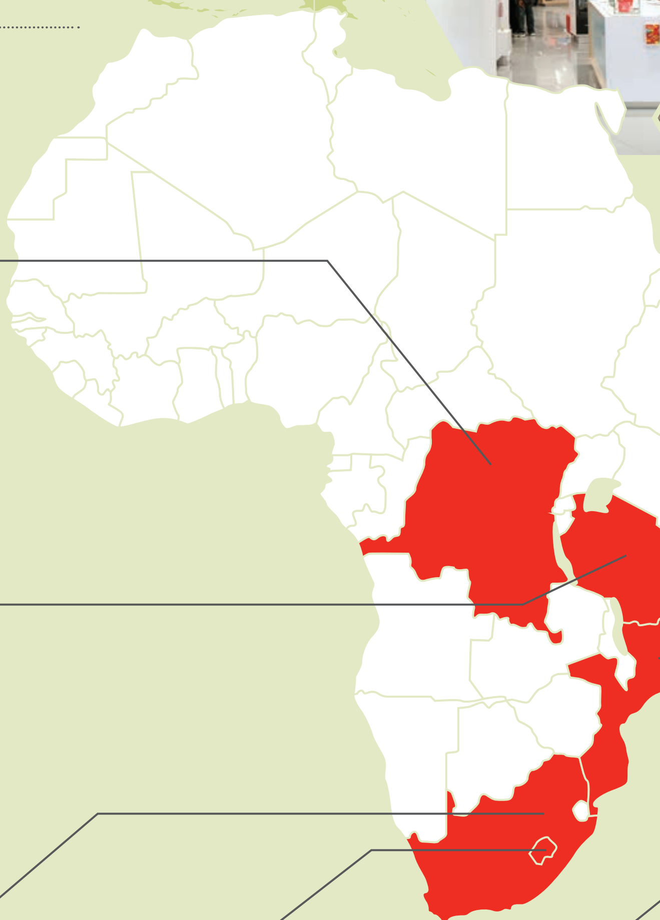


year-on-year growth



Points of presence for Vodacom Business Africa

United Kingdom	Uganda	Mozambique
France	Kenya	Malawi
Malaysia	Djibouti	Swaziland
Singapore	Tanzania	Lesotho
Cote d'Ivoire	Angola	South Africa
Ghana	Zambia	Madagascar
Nigeria	Namibia	Mauritius
Cameroon	Botswana	Liberia
Congo (DRC)	Zimbabwe	Equatorial Guinea



Points of presence for mobile operations

DRC

Ownership	51%
Population:	71 million
Active customers:	11.2 million
Mobile penetration:	41%
ARPU[1]:	USD2.9
MOU[2]:	41
Licence expiry period[3]:	2018/2032
Market share[4]:	34.7%^
Coverage:	47%
NPS:	3rd

Tanzania

Ownership	82%
Population:	52 million
Active customers:	12.2 million
Mobile penetration:	64%
ARPU[1]:	TZS6 530
MOU[2]:	149
Licence expiry period:	2031
Market share[4]:	43.7%^
Coverage:	87%
NPS:	2nd

South Africa

Ownership	100%±
Population:	54 million
Active customers:	32.1 million
Mobile penetration:	153%
ARPU[1]:	R113
MOU[2]:	126
Licence expiry period:	2029
Market share[4]:	53.2%^
Coverage:	99.9%
NPS:	1st

Lesotho

Ownership	80%
Population:	2 million
Active customers:	1.3 million
Mobile penetration:	75%
ARPU[1]:	LSL53
MOU[2]:	59
Licence expiry period:	2016
Market share[4]:	74.5%^
Coverage:	93%
NPS:	1st

Mozambique

Ownership	85%
Population:	27 million
Active customers:	4.9 million
Mobile penetration:	41%
ARPU[1]:	MZN149
MOU[2]:	113
Licence expiry period[3]:	2018/2026
Market share[4]:	43.8%^
Coverage:	46%
NPS:	1st

Notes:
1. Total ARPU is calculated by dividing the average monthly service revenue by the average monthly active customers during the period.
2. Minutes of use ('MOU') per month is calculated by dividing the average monthly minutes (traffic) during the period by the average monthly active customers during the period.
3. 2018 relates to the 2G licence and 2026/2032 relates to the 3G licence.
4. Service revenue market share.

± 6.25% held indirectly through structured entities which are consolidated in terms of IFRS 10: Consolidated Financial Statements as part of the BBBEE transaction.

^ These items were included as part of our assurance process this year.

HOW WE DO BUSINESS

Through our business model we sustain a high level of investment in the critical elements that enable us to deliver value to our customers, sustain and grow our revenues and maximise our profits. This provides the capital we need to reinvest in our business, and ensures we can continue creating value for all our stakeholders.

CAPITAL INPUTS | to our business:

Financial capital
Used in executing our business activities as well as in generating, accessing and deploying other forms of capital. Includes shareholders' equity, debt and reinvested capital.

Human capital
The skills and competencies of our people determine our success in executing the activities that form part of our critical enablers. Human and manufactured capital are the biggest cost to our business.

Intellectual capital
Includes our licences which we acquire by managing social and relationship capital and deploying financial capital. We also invest in building and maintaining a strong brand.

Manufactured capital
We deploy financial capital to build and maintain network infrastructure, data centres, distribution infrastructure and software applications.

Social and relationship capital
Relationships with regulators determine granting of licences and access to spectrum. Our reputation among customers and communities gives us our social licence to operate. Licencing fees diminish financial capital.

Natural capital
We require natural capital such as land and energy to deploy and operate our manufactured capital. Accessing these inputs diminishes financial and natural capital, the impact of which is lowered through energy efficiency initiatives and site sharing.

CRITICAL ENABLERS | the resources and relationships that underpin our ability to create value:

Licences and permissions
- Maintaining positive and constructive relations with regulators and communities.
- Meeting all licence conditions.
- Gaining permissions to deploy infrastructure.
- Attaining licences for new services such as financial services.

Network
- Investing significant capital resources in building, maintaining and operating mobile and fixed-line networks.
- Finding ways to make network equipment more energy and cost efficient.
- Disposing of end-of-life network equipment responsibly.

Products and services
- Developing new products, services and pricing models to diversify revenue, retain market share, mitigate against pricing pressure and declining ARPU, and continue to offer best value.
- Developing products and services that mitigate against the risk of data loss or theft.
- Hiring the right skills and incentivising people to take advantage of new technology to innovate.

People
- Structuring remuneration and reward to attract and retain talent.
- Encouraging high-performance, values-based behaviour and innovation.
- Training and development programmes and bursary schemes.

Procurement
- Procuring network equipment and handsets at commercially favourable terms.
- Leveraging the global purchasing power of the Vodafone Procurement Company.
- Optimising distribution and renegotiating supplier contracts to be performance-based.

Distribution and customer service
- Distributing through our franchise stores and direct sales partners.
- Ensuring customer engagement is simple and consistent across all channels.
- Deploying innovative solutions at customer touch-points (retail stores, repair centres, call centres and online) to improve the customer experience.
- Providing facilities for handset recycling.

Brand and reputation
- Maintaining network quality and customer service to retain brand ranking.
- Engaging with stakeholders to understand and address concerns.
- Utilising technology to meet societal needs.
- Contributing fairly to public finances.
- Supporting transformation and indigenisation objectives of host governments.

Total reinvested back into the business

How we sustain our ability to create value

PG 100 Governance

PG 96 Risk management

www.vodacom.com Ethics

www.vodacom.com Stakeholder engagement

Our material issues are set out on PG 06

MATERIAL FACTORS we're actively managing, linked to our material issues:

- Access to spectrum pending regulatory process.
- Maintaining BBBEE status to qualify for spectrum.

- Access to spectrum to meet growth in data demand.
- Maintain network service during power outages.
- Higher equipment cost due to currency weakness.
- Sustain network investment as our key differentiator.
- Maintain network security protocols.

- Transform the base to retain market share and secure ARPU.
- Maintain growth through new differentiated services.
- Invest in skills to drive innovation.
- Diversify revenue to offset erosion due to changes in regulation.
- Ensure that new services comply with privacy legislation.

- Attract and retain best people and diversify skills base.
- Meet equity targets to retain BBBEE status.

- Currency weakness drives up costs of devices and equipment.
- Access low-cost smart devices to drive data use.

- Enhance service excellence to retain market share.
- Capacitate channels to distribute new services.
- Invest in front-line staff to ensure service excellence.
- Keep customer information secure to comply with regulations.

- Invest in people to maintain highest level of customer service.
- Failure to maintain information security could impact reputation.
- Maintain best network quality and service.
- Leverage brand when entering new markets.

CUSTOMERS

Leveraging our critical enablers and managing those factors that could impact our ability to create value supports our business activities, which are to provide **leading voice, messaging, data and converged services** to our customers.

We **generate revenue** from providing products and services to our customers, which are ultimately aimed at **empowering people and businesses to be confidently connected**.

See the next page for our business activities

PG 20 See page for detailed outcomes of our business model

Revenue

The revenue we generate from our business activities enables us to pay operating costs and salaries to our employees. From the remaining operating profit we pay finance costs to our debt providers. We then meet our obligations to tax authorities.

Net profit

Our challenge is to optimise profitability in an environment of lower pricing, higher inflationary cost pressures and shifting sources of revenue.

Shareholder returns

From our net profit we then distribute returns to our equity shareholders. Our dividend policy is to return at least 90% of headline earnings to shareholders.

Reinvested in our business

We reinvest remaining capital back into our business to strengthen our critical enablers. Our network accounts for the biggest proportion of this investment as its quality and reach is fundamental to increasing our competitiveness, in line with the "best network" pillar of our customer strategy.

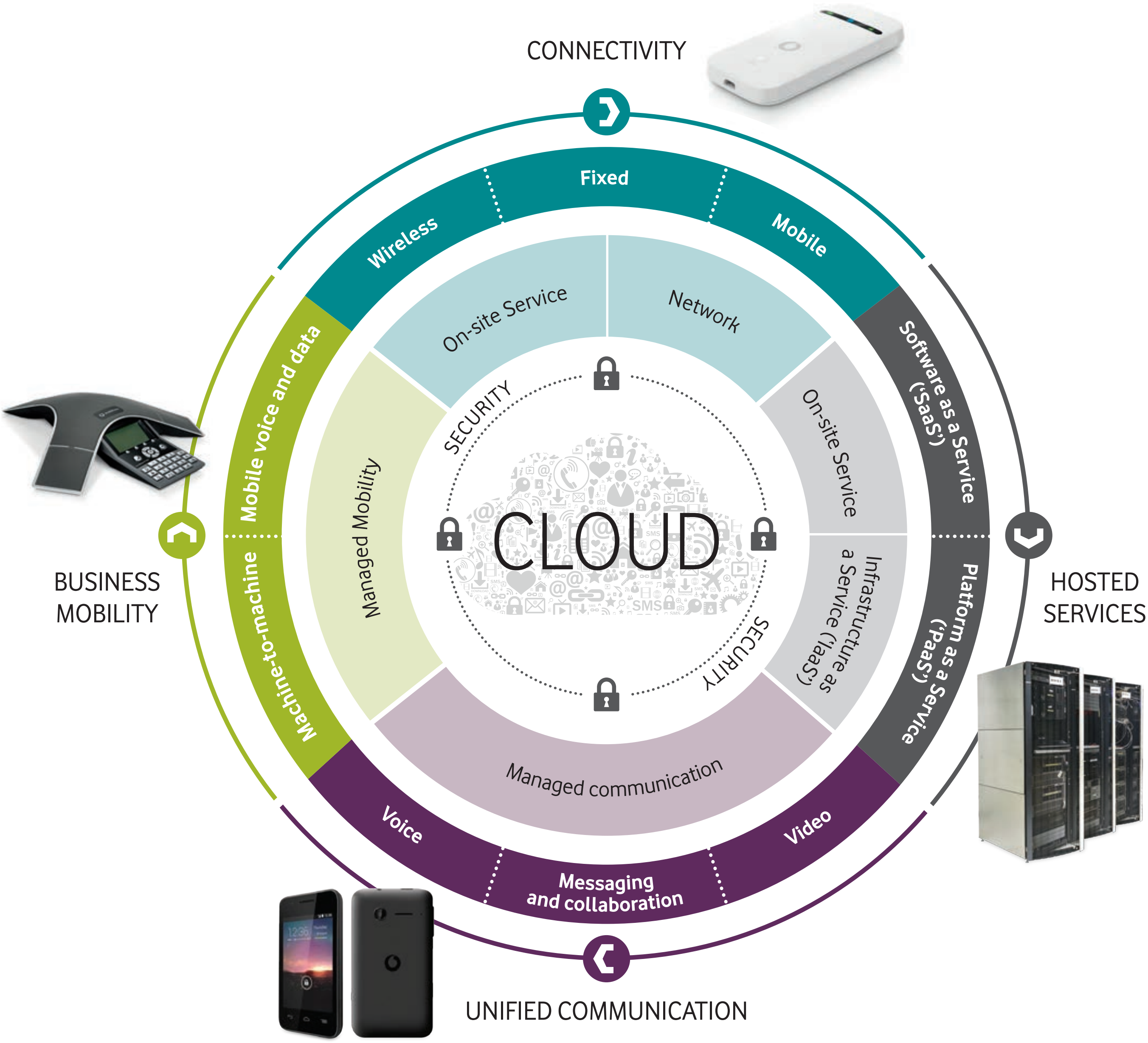
WHAT WE OFFER

Consumer

We have over 61 million customers on many different devices connected to our world-class networks, serviced through our various distribution and service partners. Our core services are voice, messaging and data, which are all available on either contract or prepaid. Contract gives you the convenience of paying for services after you've used them via monthly debit order, whereas prepaid lets you control how much you spend upfront without being locked into a contract. Top Up is a hybrid between our contract and prepaid packages. Our integrated plans give you talk, text and loads of internet. Our ultra-low-cost handsets ('ULCHs') make it affordable for everyone to get connected.

Business

Vodacom Business delivers total communication solutions to meet the needs of the public sector, and large, medium and small enterprises. As a first-tier connectivity and network provider, and through our cloud facilities, the Enterprise Business Unit makes it possible to manage bandwidth requirements seamlessly over guaranteed fixed-line and wireless connections. We also work with our customers to put together a combination of services that meet their needs and support the security and integrity of their business, and help them to become more efficient and save costs.



THE VALUE WE CREATE

Connecting people and enabling businesses are the main outcomes of the mobile and fixed network services we offer. Communication improves quality of life, enables efficiency, connects supply and demand, and supports the sharing of information and data between individuals and businesses.

Research has shown a direct correlation between the provision of mobile voice and data services and economic growth. Increasing access to our services by widening coverage and driving affordability supports economic growth and job creation. This increases economic capacity and spending power, which in turn supports socioeconomic development. Besides the direct economic and social value our core business creates, we create value for our stakeholders in many different ways – some of which are highlighted below for the 2015 financial year.

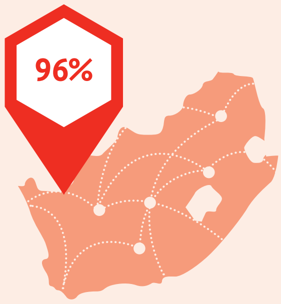
FOR OUR CUSTOMERS

WE'RE EXPANDING OUR NETWORKS AT AN UNPRECEDENTED RATE, **INTRODUCING LTE/4G** and enhancing our voice services, investing

R13 305 million

in capex in the year.

We've extended **3G coverage to 96% and LTE/4G coverage to 35% of South Africans.** We're **expanding voice and data coverage in our International operations.** With our ultra-low-cost base stations, which use solar power and can be built in four days, we're **increasing coverage in rural areas.**



To drive affordability, our blended average effective price per minute reduced 17.7% and our average effective **price per MB** reduced **24.1%.** We also continue to make low-cost smart devices available.

OUR MOBILE FINANCIAL SERVICES, **m-pesa** WITH 8.1 MILLION CUSTOMERS AND **m-pawa** WITH 1.8 MILLION CUSTOMERS, ARE PROVIDING MONEY TRANSFER, SAVINGS AND CREDIT SERVICES TO PEOPLE OUTSIDE THE TRADITIONAL FINANCIAL SYSTEM.

WE WERE AWARDED **FIRST PLACE** IN THE SUNDAY TIMES TOP BRANDS 2014

IN BOTH THE CONSUMER AND BUSINESS TELECOMS CATEGORIES.

PG 32 For more information on how we're creating value for our customers, refer to our customer and growth strategies.

FOR OUR PEOPLE

WE PAID

R4 886 million[1]

TO OUR 7 786 EMPLOYEES in salaries, incentives, contributions to pension funds and medical aid schemes.

1. Excludes capitalised staff expenses of R646 million. Includes dividends declared to FSP participants of R50 million.

WE'RE SERIOUS ABOUT DIVERSITY

In South Africa

74% of our employees are black

44% of whom are women

58% of our Executive Committee members are black

17% of whom are women.

WE SPENT **R130 MILLION** ON SKILLS DEVELOPMENT AND ENROLLED

77

GRADUATES IN OUR GRADUATE PROGRAMME.

PG 54 For more information on how we're creating value for our people, refer to our people strategy, and our human capital report on www.vodacom.com

FOR OUR PROVIDERS OF CAPITAL

PG 62 For more information on how we're creating value for our providers of financial capital, refer to our performance review.

SINCE LISTING ON THE JSE, WE'VE DELIVERED A **TOTAL SHAREHOLDER** RETURN OF

261%

as at 31 March 2015.

WE PAID A TOTAL OF **R13 537 million** TO EQUITY SHAREHOLDERS AND DEBT FUNDERS IN 2015, WITH **R11 800 million** PAID IN DIVIDENDS AND **R1 737 million** PAID IN INTEREST RESPECTIVELY.

We were recognised as a **BEST PERFORMER** on the **JSE's Socially Responsible Investment ('SRI')** Index for the third year, having been included in the Index for the sixth year.

IN OUR SOCIETIES

WE CONTRIBUTED R5.3 billion to public finances through corporate taxes, which account for only a portion of our direct and indirect contributions in the countries in which we operate. **OUR TOTAL CASH CONTRIBUTION TO PUBLIC FINANCES WAS**

R13.5 BILLION

WE RETAINED OUR **LEVEL 2** BLACK ECONOMIC EMPOWERMENT CONTRIBUTOR STATUS.

In procuring goods and services, we spent R5.6 BILLION WITH BBBEE SUPPLIERS **and R2.6 billion with SMEs.**

WE LAUNCHED THE INNOVATOR TRUST TO ASSIST BLACK ENTREPRENEURS IN THE ICT SECTOR TO GROW THEIR BUSINESSES, SUPPORTING **18 SME COMPANIES.**

VODACOM E-SCHOOL INITIATIVE WON a Frost and Sullivan Award for South African **e-Education Technology Innovation Leadership.**

PG 57 For more information on the different ways in which we contribute to society, refer to our reputation strategy, and to our public finances, transformation, committees and environmental reports on **www.vodacom.com**

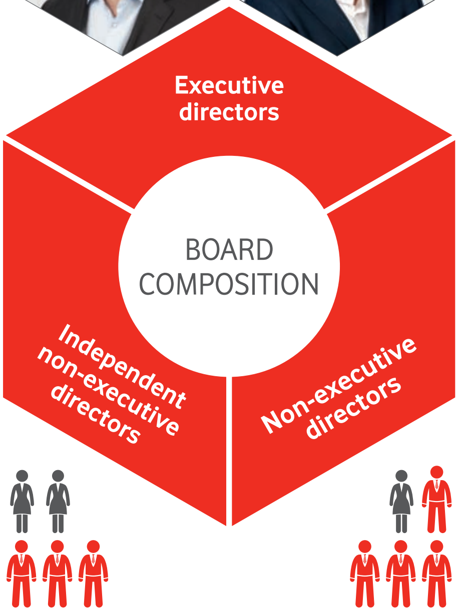
The Vodacom Foundation continues to employ our technology to support education, health and safety initiatives. We spent **R95.5 million** **ON CORPORATE SOCIAL INVESTMENT ACROSS THE GROUP IN 2015.**

WE WERE RANKED **1st** **In the telecoms sector and third overall in the 2014 Top Companies Reputation Index** performed by Plus 94 Research.

WHO GOVERNS US

Mohamed Shameel Aziz Joosub (44)
Appointed in September 2012
- International operational experience
- Sound financial expertise
- Commercial strategist

Ivan Philip Dittrich (42)
Appointed in June 2012
- Diverse financial experience
- Sound financial governance knowledge
- Executive leadership background



Mthandazo Peter Moyo (52)
Chairman of the Board
Appointed Chairman in May 2009
- Financial, corporate and governance expertise
- Entrepreneurial flair
- Government relations experience

Serpil Timuray (45)
Appointed in September 2012
- Business leader
- Brand and distribution knowledge
- Operational expertise

David Hugh Brown (52)
Appointed in January 2012
- Corporate leadership experience
- Financial expertise
- Corporate governance expertise

Hatem Mohamed Galal Dowidar (45)
Appointment in February 2014
- Diverse operational experience
- Extensive sector knowledge
- Governance expertise

Bafeleang Priscillah Mabelane (41)
Appointed in December 2014
- Strategic leadership expertise
- Financial expertise
- Business leader

Michael Joseph (69)
Appointed in May 2009
- Understands innovation
- Strategy and business leadership experience
- Emerging markets expertise

Board structure:

We have a unitary Board with 12 directors, the majority of whom are non-executive directors. Our Chairman is an independent non-executive director.

(A) Audit, Risk and Compliance Committee

(R) Remuneration Committee

(N) Nomination Committee

(S) Social and Ethics Committee

Thoko Martha Mokgosi-Mwantembe (53)
Appointed in May 2009
- Strategic marketing focus
- Expertise in innovation
- ICT sector experience

John William Lorimer Otty (51)
Appointed in September 2012
- Sound financial governance background
- Extensive telecoms knowledge
- Regional insight

Phillip Jabulani Moleketi (57)
Appointed in November 2009
- Corporate leadership
- Understands public sector relations
- Corporate and strategic leadership experience

Ronald Adrianus Wilhelmus Schellekens (51)
Appointed in February 2009
- Expertise in human resources best practice
- Understands corporate best practice
- International operational experience

1. BP Mabelane was appointed to the Board on 1 December 2014, replacing YZ Cuba who resigned on 31 October 2014.

WHO LEADS US

Finance
Ivan Dittrich (42)
Chief Financial Officer
Joined Vodacom in June 2012

International
Romeo Kumalo[1] (43)
Chief Operating Officer: International
Joined Vodacom in August 2004

Customer Operations
Gary Hagel (48)
Chief Officer: Customer Operations
Joined Vodacom in February 2014

Corporate Affairs
Maya Makanjee (53)
Chief Officer: Corporate Affairs
Joined Vodacom in June 2012

Technology
Andries Delport (50)
Chief Technology Officer
Joined Vodacom in June 1996

Legal and Regulatory
Nkateko Nyoka (52)
Chief Officer: Legal and Regulatory
Joined Vodacom in October 2007

EXECUTIVE COMMITTEE

CEO
Shameel Joosub (44)
Chief Executive Officer
Joined Vodacom in March 1994

Enterprise
Vuyani Jarana (44)
Chief Officer: Enterprise Business Unit
Joined Vodacom in December 1995

Human Resources
Matimba Mbungela (43)
Chief Human Resources Officer
Joined Vodacom in January 2003

Consumer
Phil Patel[2] (43)
Chief Officer: Consumer Business Unit
Joined Vodacom in July 2012/Vodafone in March 2004

Strategy
Yolanda Cuba (37)
Chief Officer: Strategy and New Business
Joined Vodacom in November 2014

Finance Vodacom South Africa
Till Streichert (41)
Executive Director: Finance Vodacom South Africa
Joined Vodacom in February 2014/Vodafone in January 2008

1. Romeo Kumalo resigned effective 31 May 2015.
2. Phil Patel resigned effective 31 March 2015. Godfrey Motsa will assume the role on 1 April 2015.

For detailed biographies of the Board and the Executive Committee go to **www.vodacom.com**

Q&A WITH THE CEO

SHAMEEL AZIZ JOOSUB

FROM A COMMERCIAL PERSPECTIVE, HOW DID VODACOM PERFORM THIS YEAR?

A This has been one of the toughest years we've ever faced. Major MTR cuts, a weak economic environment, exchange rate volatility and increased price competition all played a part. The first half of the year was particularly challenging, but I'm pleased to say that by the time we hit the fourth quarter there was solid evidence of forward momentum. During the year we increased our customer base by 7.2% to 61.6 million and Group revenue increased 2.1%. Excluding the impact of a 50% cut in MTRs in South Africa, Group revenue increased 4.8%. Importantly, Group data revenue increased 25.0%, with the number of Group active data customers increasing 15.9% to 26.5 million and M2M SIMs increasing 18.5% to 1.8 million.

We've migrated 78% of our contract customers to integrated packages that include voice, data and SMSs, at a better value price point. For our prepaid customers we've firmly established the concept of value bundles, selling an average of 53 million voice bundles per month in the fourth quarter. This pricing transformation resulted in the average effective price per minute for voice falling 17.7% year-on-year and our average effective price per MB of data reducing 24.1%. This is in addition to even larger price reductions last year.

Our networks are our fundamental point of differentiation. We've invested and continue to invest, more than our competitors to give us the widest coverage, the capacity to handle massive data growth, and the latest technology. We believe that investing in our networks contributes to the creation of shareholder value, and Vodacom has delivered a TSR of 261% since listing.

On top of the step change from pricing transformation, the 50% cut in MTRs had a huge impact taking out R2.0 billion in revenue and R1.2 billion in EBITDA. On the positive side, we have agreed a three-year glide path for MTRs, with the major impact having been taken this year. Interconnect revenue now contributes less than 5% of service revenue in South Africa, so the impact going forward of further reductions in MTRs will be significantly less. Taking the price transformation and step change in MTRs together, we have in effect rebased the business in South Africa and now have a solid platform from which to grow. That's borne out by the improved performance in the fourth quarter.

Looking at our International operations, we faced strong pricing pressure in Tanzania and the DRC, which subsequently stabilised in the fourth quarter. Mozambique and Lesotho delivered solid performances. Overall, the International customer base grew 13.7% to 29.5 million and service revenue increased 10.0% to R15.3 billion. m-pesa continues to show strong growth, with the overall customer base increasing 34.2% to 8.0 million. The quality and reach of our networks gives us an important commercial advantage, which is why we increased capex by 18.8% to R4.7 billion, adding 1 265 new 2G sites and 1 022 new 3G sites.

In terms of profitability for the Group, EBITDA declined 1.5% to R26.9 billion. The underlying picture when stripping out the impact of MTRs, One-Offs[1] and foreign exchange was positive with EBITDA increasing 3.4%. Headline earnings per share ('HEPS') at 860 cents were down 4.0%. Again, the improving trend in the latter part of the year was demonstrated by the fact that the first-half HEPS decline of 5.5% reduced to a decline of 2.8% in the second-half.

AND OPERATIONALLY?

A We were handed a rough set of external factors this year and I'm pleased to say that we weathered them well. We've got a number of cost control programmes running throughout the business and in particular, we achieved savings in publicity, commissions, and transmission lease costs. In South Africa, stripping out the impact of MTRs and One-Offs[1], operating expenses as a percentage of service revenue was stable at 22.7% versus 22.3% last year. Given the significant impact of higher electricity costs, increased fuel costs due to electricity supply interruptions, inflation, rand volatility and increased site rental due to the network expansion, we had to work hard to achieve this. Similarly, in our International operations, operating expenses as a percentage of service revenue (excluding One-Off[1] expenses) increased marginally from 35.7% to 36.2%, which was a positive result given the inflationary pressures in these markets as well.

From a network operations perspective we had a good year, with no major outages in any of our operations. In South Africa, uptime improved to 99.4% and the dropped call incidence rate fell to 0.7%, which is less than half that of the next best competitor. This is especially impressive when bearing in mind that at the same time we've been adding sites at an unprecedented rate and introducing new technologies such as LTE/4G and enhanced voice services. On top of this, we completed the RAN swap, which reduces operational costs and gives us added flexibility when it comes to adding new services in future.

GIVEN THE PRESSURES IN THE YEAR, HAVE YOU DELIVERED ON YOUR NETWORK INVESTMENT STRATEGY?

A Our networks are our fundamental point of differentiation. We've invested, and continue to invest, more than our competitors to give us the widest coverage, the capacity to handle massive data growth, and the latest technology. We believe that investing in our networks contributes to the creation of shareholder value, and Vodacom has delivered a TSR of 261.0% since listing. In a year that was anything but plain sailing commercially, we increased network investment by 23.4% to R13.3 billion. This is an impressive number, a significant portion of which went into adding new base stations and to adding our own high capacity transmission. As an example, 2 576 new 3G sites were installed across the Group and we more than doubled the number of LTE/4G sites to 2 600 in South Africa.

While others might consider holding back on investment in this difficult economic environment, we have deliberately done the opposite. This is to make sure that we not only cater for the growth in data demand from existing customers, but also drive growth by increasing the addressable market. In South Africa we extended 3G coverage to 96% of the population and cover 35% of the population with LTE/4G. In Lesotho, we've now got data coverage everywhere we have voice coverage. We've developed a low-cost base station solution in the DRC to get mobile coverage into areas that have quite literally been cut off until now. In each country we operate in, we've made sure our network sets us apart. And we'll continue to do so.

SPEAKING OF DATA GROWTH, HOW LONG DO YOU THINK IT CAN CONTINUE AT CURRENT LEVELS?

A The number of smartphones active on the network in South Africa increased by 28.4% to 9.3 million, which equates to only 30% penetration. The level of smartphone usage in our International operations is even lower, so there is still significant untapped growth potential. On top of that, the average amount of data used per smartphone is growing rapidly. In South Africa, average usage grew 37.9% to 342MB/month. This is low when compared to average usage of 819MB/month worldwide in 2014; indeed, current usage in the USA now surpasses 2GB/month. This isn't set to slow down any time soon, in fact Cisco[◊] predicts that average monthly usage worldwide will approach 4GB/month by 2019. In short, we're convinced that the investment we're putting into our network including both new base stations and extensive fibre backhaul is exactly the right thing to do and lays the foundation for continued growth.

OTHER THAN NETWORK QUALITY AND REACH, HOW ELSE CAN VODACOM DIFFERENTIATE ITSELF FROM OTHER NETWORKS?

A Having the widest network coverage and fastest connections attracts customers, but it's important to back this up with best-in-class customer service. A simple metric that we track is the number of calls to our call centres, which thanks to the actions we've taken is down 15% year-on-year in South Africa. This is despite the increase in customers and in people using data for the first time. We've achieved this by improving the proportion of queries resolved by the first call to our call centre (known as first call resolution), and also through providing other self-service channels such as the My Vodacom App, which was comprehensively revamped during the year. Not only do these initiatives give us an edge when it comes to customer care, they also reduce the cost of dealing with queries. The key measure of customer satisfaction we track is the NPS, which looks at the promoters of Vodacom as a proportion of the total number of people surveyed. We have mobile network NPS leadership in South Africa, Lesotho, the DRC, Mozambique and joint best in Tanzania.

Note:
◊ Cisco Visual Networking Index: Global Mobile Data Traffic Forecast Update 2014 – 2019 white paper.

Q&A with the CEO continued

In the year ahead, we're strengthening our focus on customer service and have made 40% of executive remuneration contingent on customer appreciation. The measures for this goal are NPS, brand consideration, customer-related KPIs, and market shares. This is a bold step that reflects how seriously we take customer care as a key differentiator.

YOU'VE TALKED ABOUT NEW SOURCES OF GROWTH OUTSIDE OF VOICE AND DATA – HOW IS THIS GOING?

A I mentioned earlier that the m-pesa customer base in our International operations grew 34.2% during the year. Why is that important? Well, in Tanzania where it has been in service the longest, m-pesa now accounts for 22.6% of service revenue. Building on this success, we launched m-pawa in Tanzania in May 2014, a savings and loan product based on a mobile platform. The logic behind it is simple: traditional banks can't service a large portion of the population economically, so this group is left out of the banking system. Vodacom, meanwhile has a trusted and efficient money-in, money-out mechanism and in conjunction with our banking partner we can help people take savings quite literally out from under their mattresses and put them into an account that can earn interest. Granting micro-loans using m-pesa transaction records to establish affordability is similarly straightforward. We've already got 1.8 million customers using m-pawa, resulting in an increase in m-pesa revenue per user.

We soft-launched m-pesa in South Africa during the year. While the uptake is still relatively modest with one million registered customers and 76 000 people actively using the service, it is gaining traction. Two services that have seen strong growth outside traditional voice and data in South Africa are insurance, with revenue up 36.0%, and M2M, with the number of SIMs increasing 15.9% to 1.7 million.

Enterprise has been a strong growth pillar, with revenue of R11.4 billion, up 8.8% (excluding Nashua[2]) from last year. Managed services, which is a subset of this and includes cloud, hosting, security and connectivity solutions, grew 12.5%, with revenue of R2.8 billion. We're making strong inroads both in South Africa and across the rest of the continent through Vodacom Business Africa, which has 27 points of presence servicing over 40 countries. In conjunction with Vodafone Global Enterprise we offer a seamless service to multinational clients wherever they do business, both across Africa and worldwide.

Finally, we've started making headway into fibre services, both fibre-to-the-business ('FTTB') and fibre-to-the-home ('FTTH'). The key to this expansion is that we've already invested heavily in building our own fibre network in South Africa to connect our base stations. This drive towards transmission self-provision was a deliberate step to ensure that we have enough backhaul capacity for our base stations. These are carrying ever-greater data loads due to faster 3G and now LTE/4G technologies. A beneficial side-effect is that we now have a fibre network we can use to supply fixed-line services and during the year, we commenced the process of connecting homes and businesses.

The acquisition of Neotel would allow us to accelerate this process considerably, and the delay in receiving regulatory approval is disappointing. This transaction has been with the authorities for approval for almost a year now. Every day of delay is a day lost in which we could be connecting South Africa.

DELIVERING ON STRATEGY DEPENDS ON PEOPLE. HOW DO YOU GO ABOUT BUILDING THE BEST TEAM?

A It's hard to avoid the cliché that people are our most important asset because they really are the soul of the company. We've worked hard to build diversity in our teams and also to reflect national demographics in the countries we operate in. Of our staff in South Africa, 74% are black and 44% are female. On our Executive Committee, 58% of the members are black and 17% are female. Clearly there's still work to do, but we're making progress. In terms of acquiring new skills, we spent R130 million during the year on training, and also brought in 77 new graduates via our graduate recruitment programme. We also place major emphasis on ensuring that talented people are recognised and given the chance to grow. Great examples are Matimba Mbungela who was promoted to the role of Chief Human Resources Officer on our Executive Committee and Godfrey Motsa who was promoted to Chief Officer: Consumer Business Unit. Both Matimba and Godfrey have been through our International assignee programme. Yolanda Cuba took up the position of Chief Officer: Strategy and New Business in November 2014.

THE VODACOM FOUNDATION IS CLOSE TO YOUR HEART. HOW IS ITS WORK PROGRESSING?

A From a socioeconomic development perspective, the single most important thing that Vodacom can do is get more people connected to reliable and affordable services. There's a direct link between the availability of mobile data services and GDP growth. In a 2012 report[Δ], the GSM Association found that a 10% substitution from 2G to 3G penetration increases GDP per capita by 0.15 ppts. The same report found that a doubling of mobile data usage increases GDP per capita growth by 0.5 ppts. With GDP growth comes job creation, and with job creation we play a part in uplifting society. So to put it simply, the more we can do to roll out network coverage especially in township and rural areas, the more we can increase the availability of data coverage, and the more we can get people connected through low-cost devices and affordable services, the greater the benefit to society.

Having said that, our technology uniquely lends itself to more direct support for people and groups in need. The specific focus of the Vodacom Foundation is on using technology to support education, health and safety initiatives. Over the past year, the Vodacom Foundation spent R80 million in South Africa, R46.6 million of which was spent on education. We've done amazing work in launching the Vodacom e-school platform to give students free access to online learning materials. I'm also really proud of our partnership with the Department of Basic Education, which has seen us connect an additional 20 ICT resource centres, bringing the total number of ICT centres we've equipped and connected to 61.

Our health projects are assisting people in rural areas, particularly in our International operations. In Lesotho, we launched a project to provide access to HIV treatment to 40 000 children by 2017 using a text-to-treatment model. This model is being used successfully in Tanzania to provide almost a quarter of a million expectant mothers with the information they need to help ensure a successful pregnancy. In Mozambique, we've used the same model to assist people with HIV/aids by sending text messages to encourage them to take their medication and attend their appointments.

WHERE TO FROM HERE?

A We've set 10 clear goals with ambitious three-year targets to drive our performance against our five strategic priorities.

Our customers are at the heart of our strategy and we'll continue to strive to deliver a truly differentiated customer experience. Over the next three years we are targeting clear market leadership in all our operations, and we'll be looking to achieve a consistent five-point lead in NPS and leadership in brand measurement surveys. To get there we'll focus on delivering the best value through our integrated packages and completing the process of price transformation, as well as making sure our distribution network is the most accessible and convenient no matter where our customers are and what they need from us. Our accelerated capex programme is aimed at entrenching our network leadership and making sure we give our customers the best network experience, and our renewed focus on customer care will challenge us to keep our promise of providing the best service.

Despite the macroeconomic pressures in our market, it's really important that we invest effectively in each of our growth pillars to ensure we diversify our revenue streams. We'll push hard to grow data revenue to 40% of service revenue through driving data bundle take-up, encouraging adoption of smartphones and data-capable devices, and improving network quality. We aim to grow our total enterprise contribution to 30% of service revenue, and to grow our fixed-line business in South Africa. Vodacom Business will continue rolling out fibre services to capture the significant opportunity we see in this market. If the Neotel acquisition is approved, we'll be able to accelerate our enterprise strategy and also support the South African Government's objective to provide broadband to all by 2020. From our new services, which include m-pesa, financial services, M2M and content, we're aiming for a 5% contribution to Group service revenue. Finally, we aim to maintain the growth momentum in our International operations and are targeting a 30% contribution to Group service revenue in three years.

Cost management remains a critical feature of our operations strategy. To achieve ongoing margin expansion, we aim to achieve cost efficiencies and are targeting cost growth in each of our core mobile businesses of 0.5% lower than revenue growth over the next three years.

As I've said, we pride ourselves in the quality of our people and understand the importance of attracting and keeping the talented people we need to deliver on our strategies. We'll continue to concentrate on diversifying our staff base, recruiting new skills and developing our people, and keeping them truly engaged. We've set out to achieve a score of 80 in our employee engagement survey over the next three years.

Everything we do and each interaction we have with our stakeholders feeds back into our reputation. Unless we're building trust among the people who keep us in business, our strategic plans will come to nothing. We're committed to achieving clear reputation leadership among our industry peers in all our markets over the next three years. Some of the ways we'll get this right are to keep investing time and focus in proactive engagement with government and other stakeholders, particularly in playing our part in meeting each country's broadband goals and contributing to initiatives which make a positive impact on the societies we serve.

I'm really proud of what we managed to achieve in the last year, in an exceptionally tough environment both in our industry and more broadly. This shows just what Vodacom is made of, so I'm excited about the year ahead and confident we'll deliver on the goals we've set ourselves for the medium-term.

Shameel Aziz Joosub
Chief Executive Officer

Notes:

1. Service revenue benefitted from a One-Off adjustment of R325 million relating to a change in the accounting estimate of un-recharged vouchers reported in the first-half of the year and R164 million due to the consolidation of XLink in the second-half. EBITDA was impacted by a One-Off adjustment of R405 million relating to the write-off of current assets in the DRC.
2. In October 2014 we acquired our customer base from Nashua Mobile ('Nashua').

Δ What is the impact of mobile telephony on economic growth? A report for the GSM Association.

WHAT WE **LIVE** FOR

Our Purpose

To empower everyone to be confidently connected

Why we exist

We've aligned our purpose to Vodafone's, to express that empowerment is at the heart of everything we do and touches every part of our business.

Our Vision

Best network, best value, best service

Where we're going

We're focusing on making our vision real, specifically through our brand promise of best network, best value and best service, and everything that goes into keeping our promise.

Our Way

Speed, simplicity and trust

How we need to do it

The Vodacom Way is the antidote to bureaucracy. If something fails this test, we find another solution.

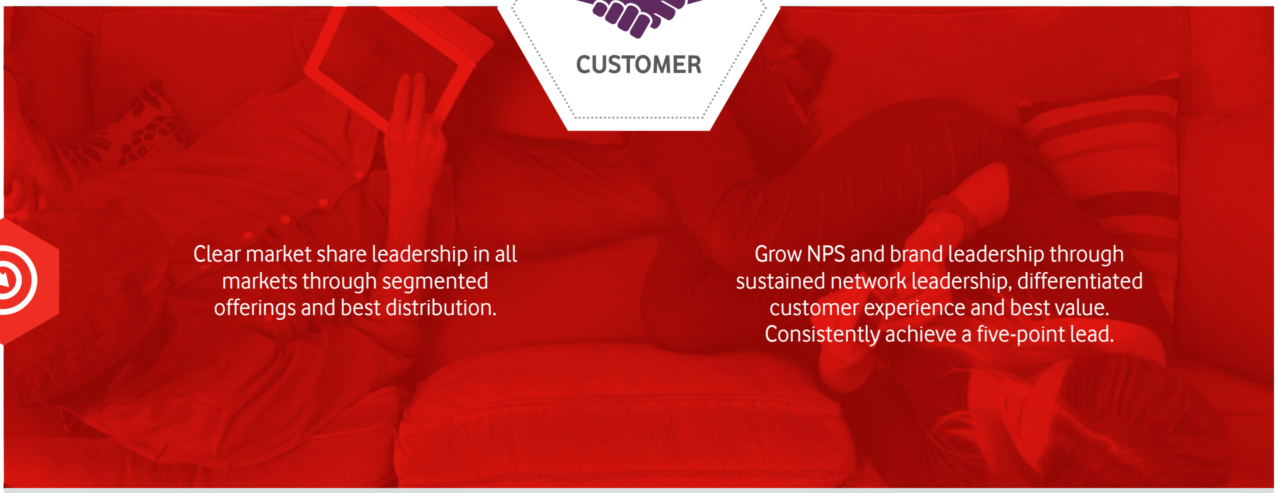
Our Strategies

We've set three-year goals with related targets for each of our five strategies. Reaching our goals will make us more competitive, enhance our ability to respond to regulatory changes and make us more effective in our five growth areas. Our capital investment programme, focused on clear network leadership, will be pivotal to our success.

WHAT WE'RE **AIMING** FOR

THREE-YEAR TARGETS TO 31 MARCH 2018

CUSTOMER

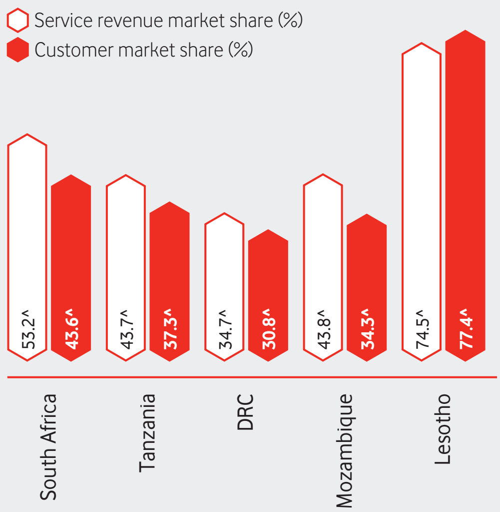


Clear market share leadership in all markets through segmented offerings and best distribution.

Grow NPS and brand leadership through sustained network leadership, differentiated customer experience and best value. Consistently achieve a five-point lead.

WHERE WE'RE STARTING FROM AS AT 31 MARCH 2015

MARKET SHARE



#1 position in all markets

NET PROMOTER SCORE

SOUTH AFRICA	2015	2014	
Prepaid	64^	46	#1
Contract	32^	23	
Total	58^	35	
Six-point lead			
TANZANIA			
Total	54	49	#2
Two-points behind the leader			
DRC			
Total	27	57	#3
Nine-points behind the leader			
MOZAMBIQUE			
Total	52	71	#1
Eight-point lead			
LESOTHO			
Total	74	36	#1
15 point lead			

BRAND LEADERSHIP

#1 in brand leadership in South Africa 2015 63%^

^ These items were included as part of our assurance process this year.

GROWTH

Grow data revenue to 40% of Group service revenue.

Grow total enterprise contribution to 30% of Group service revenue.

Grow fixed-line in South Africa through fibre to the home and fibre to the business connections.

Grow contribution of non-South African entities to 30% of Group service revenue.

Grow contribution from new services to 5% of Group service revenue.

WHERE WE'RE STARTING FROM AS AT 31 MARCH 2015

GROUP:

26.7%^
Contribution from data to service revenue

18.4%^
Contribution from enterprise to service revenue

Soft-launched our FTTx offering in major cities in South Africa

24.6%^
Contribution from non-South African entities to service revenue

3.9%^
Contribution from new services to service revenue

OPERATIONS

Drive cost efficiencies in each of our core mobile businesses to ensure cost growth of 0.5% (0.5 ppt delta) lower than revenue growth.

PEOPLE

Drive people transformation through diversity, acquiring new skills and growing talent. Engagement score of 80.

REPUTATION

Proactive engagement with government and stakeholders to ensure achievement of each country's broadband goals and contribute to initiatives which make a positive impact on societies. Clear reputation leadership among telcos in all markets.

WHERE WE'RE STARTING FROM AS AT 31 MARCH 2015

GROUP:

2.1% Group revenue grew

4.3% Expenses grew

= 2.2 ppts^ above service revenue growth

GROUP:

76^
Engagement score

Socioeconomic impact research conducted.

Refer to page 58 for the results.

HOW WE'VE PERFORMED AGAINST OUR STRATEGIES
STRATEGY 1

We strive to provide our customers with the best experience through offering the best value, best network and best services. We use the NPS to measure best service based on one question: "Would you recommend Vodacom to your family, friends and colleagues?"

MEASURING OUR PERFORMANCE

NPS

Asks the question:

?

"Would you recommend Vodacom to your family, friends and colleagues"?

PERFORMANCE

#1

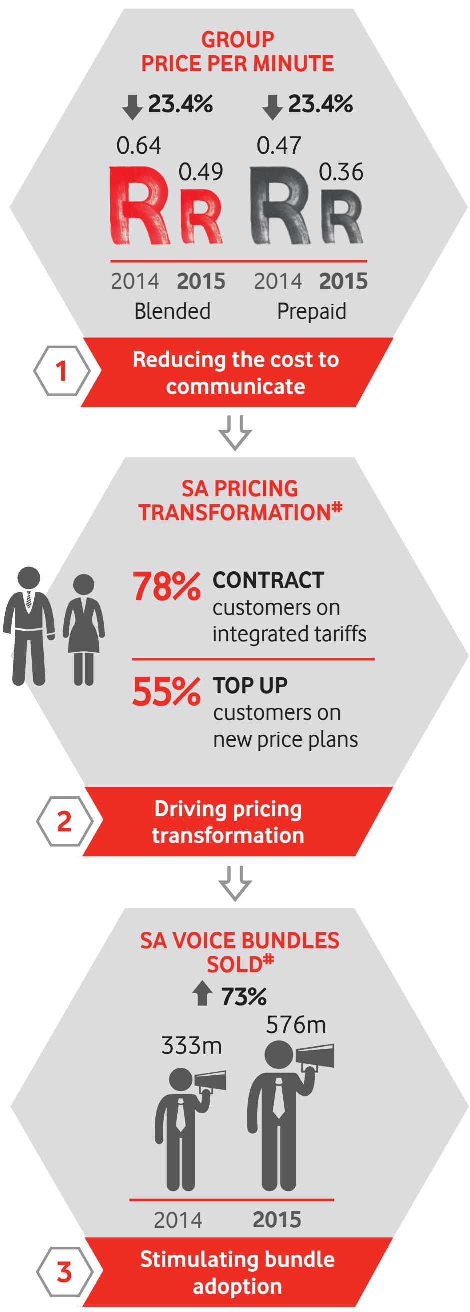
- in two out of four International operations and
- in NPS in South Africa
  six-point lead on our closest competitor

CUSTOMER: Delivering "best value" to our customers

We continue to transform our base to make sure that we provide "best value" to our customers. We are doing this by:

- Moving our contract customers from voice-centric and data-centric plans to integrated bundles.
- Moving Top Up customers to new uChoose packages which give them access to integrated plans with the option to access prepaid promotions when they choose.
- Moving prepaid customers from our legacy plans to our new plans and driving the use of bundles in this market.
- In our International operations we introduced higher-value integrated prepaid bundles.

Significant progress was made in making sure that our customers are offered the "best value". We achieved this through:



South Africa only.

What have we done well?

- We reduced the Group blended price per minute by 23.4% to 49 cents with a 17.7% reduction in South Africa to 65 cents and a 23.7% reduction in International to 29 cents.
- Group prepaid price per minute reduced 23.4% to 36 cents with an 18.2% reduction in South Africa to 45 cents and a 25.0% reduction in International to 27 cents thanks to the launch of micro prepaid bundles.
- Affordable data bundles have brought down the effective price per MB by 24.1% in South Africa and 51.7% in International.
- The reduction in prices stimulated usage with outgoing voice traffic and data traffic growing 12.5% and 63.1% in South Africa and 42.7% and 185.9% in International respectively.
- In South Africa, we now have 78% of contract customers on integrated tariffs and 55% of Top Up customers on new price plans.
- In South Africa, contract churn reduced from 11.8% to 9.2%, with stable underlying ARPUs. In-bundle spend increased to 69.3% of contract revenue.
- Our customer value management system, which helps us understand customers' needs, was used effectively to target prepaid customers with affordable offers and engage customers before they become inactive.
- Prepaid customers continue to get discounted rates depending on network capacity, using dynamic price plans.
- In South Africa, we sold approximately 53 million prepaid voice bundles per month in the last quarter of the 2015 financial year, with the total number of voice bundles sold up 73% compared to a year ago.

Where can we improve?

- Continue to transform pricing in our prepaid customer base through moving prepaid customers from legacy plans to new plans and driving bundled offers.
- We need to focus on lowering the price of smartphones and tablets and other smart data devices even more, to ensure better up-take of data services.
- The increase in usage did not fully compensate for the decline in pricing as customers restrict their spending given current economic conditions.

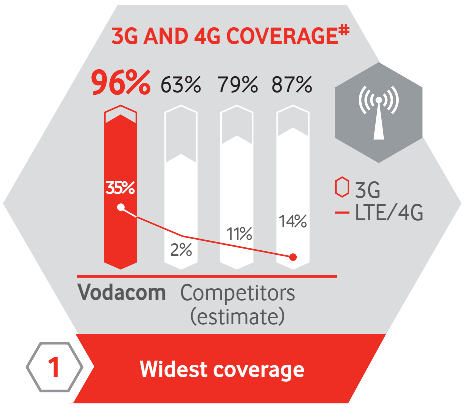
STRATEGY 1: CUSTOMER continued

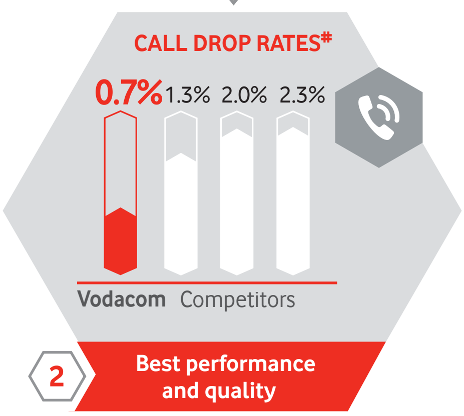
CUSTOMER: "best network" promise to our customers

A key enabler to delivering on our "best network" promise is our increased focus on network investment. Through our three-year accelerated capex investment programme we invested over R13.3 billion in FY2015 (R8.6 billion in South Africa and R4.7 billion in International), representing 17.2% of Group revenue. FY2015 was the first year of our accelerated capex investment programme.

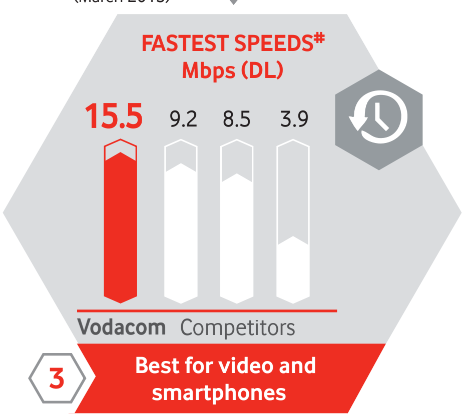
We will continue to invest in our network to maintain superior network service quality, thereby ensuring that we continue to differentiate our network from that of competitors.

Our "best network" promise is underpinned by delivering a network that offers:





Source: Atio (March 2015)



Source: Ookla (March 2015).

South Africa only.

What have we done well?

- In South Africa, we added 1 684 LTE/4G sites thereby expanding our LTE/4G network in South Africa to 2 600 sites, and increasing population coverage to over 35%, up from 11.6% a year ago.
- We were the first to launch LTE/4G in Lesotho and rolled out 10 sites during the year.
- Increased 3G data population coverage to 96% in South Africa by rolling out an additional 1 554 3G sites and expanded 3G footprint to over 8 800 sites.
- In our International operations, we increased our 2G and 3G footprint to over 5 500 sites and 3 000 sites respectively.
- Maintained our mobile consumer and enterprise network NPS leadership in South Africa. We achieved mobile network NPS leadership in Lesotho, the DRC, Mozambique and joint best in Tanzania.
- Our investment in radio transmission and capacity has allowed us to connect 81% of our sites in South Africa and 88.7% in our International markets, to self-provided high-speed transmission or fibre.
- Completed a six-year radio access renewal programme in South Africa. This means that we have one of the most modern networks in the world.
- In South Africa, we achieved some excellent results, which were independently measured:
  - Rated number one in drive testing with the lowest call drop rates versus our competitors.
  - Leading position against our main competitor in data performance in South Africa.
- We launched high definition voice ('HD Voice') on our 3G network in South Africa.

Where can we improve?

- The delay in the availability of additional spectrum necessitated that we occasionally invest less efficiently to maintain network quality.
- We continuously strive to improve our network coverage and quality in all our markets.

For more information on where we're directing our capex to ensure best network, see our technology report on www.vodacom.com

CUSTOMER: Delivering "best service"

We strive to be best-in-class for customer service and continue to improve service and convenience across all channels.

Our three-year customer transformation journey, which we embarked on in March 2014, aims to ensure that the customer experience is simple and consistent across all channels. We measure customer experience through NPS in the following touch-points:

RETAIL STORES

What have we done well?

South Africa

- We have revamped **64%** of our Vodacom-branded stores, moving from purely transactional to experiential to deliver an enhanced customer experience. Through this initiative we have achieved:
  - Improved NPS and increased foot traffic;
  - A **10 – 20%** increase in contact connections and upgrades with prepaid connections up even stronger; and
  - A reduction in the average wait time **by 16 minutes**.
- We launched **Perfect Start Up ('PSU')** which is a key element of our unmatched customer experience that enables the customer to walk-out-working, meaning a customer's new device is set up and ready to use before they leave the store.
- We deployed **RED Boxes** in all Vodacom stores rendering support to the Perfect Start Up strategy and TechZone model:
  - **90%** increase in RED Box transactions with an average of 87 000 transactions performed per month relating to transfer, backup and restore of customer data.
- We rolled out **TechZone** to provide data and basic technical services.

REPAIR CENTRES

What have we done well?

- All our **Vodacom Repairs outlets** are now accredited by all major handset manufacturers rendering same unit repair, with an aim to enhance customer experience providing improved turnaround time and differentiated service delivery.
- Launched **Track and Trace** allowing Vodacom repair customers to log on to the **www.vodacom.co.za** website, insert their repair job number and view the status of the repair without having to contact the call centre or go to a Vodacom Repairs outlet.
- Repaired 1.2 million devices, with 85% on average fulfilled within the Vodacom repair centres and the remainder sent for high-level repairs.

International

- We have rolled out new store formats in Tanzania, the DRC and Lesotho.
- In Lesotho our new format stores representing 33% of total stores, are delivering a:
  - 20% increase in gross connections; and
  - 40% uplift in 3G smartphone sales.
- We doubled our retail footprint last year from 36 to 72 stores in Mozambique.
- We deployed RED Boxes and technical support in most of our owned stores in Mozambique and Lesotho.
- 35% of our shops offer Perfect Start Up in Tanzania while all 59 stores in the DRC provide basic TechZone assistance for data capable devices, ensuring our customers walk-out-working.

STRATEGY 1: CUSTOMER continued

CUSTOMER: Delivering "best service" (continued)

CUSTOMER CARE

What have we done well?

South Africa

- Our real-time online chat service provides an overall improved and more efficient resolution and query experience:
  - Improved First Call Resolution ('FCR') to **79%**; and
  - Interactive Voice Response ('IVR') call deflection at an all-time high of **46%**.
- Consolidated customer care NPS for call centre interactions increased **44%** to **66%**.
- We have seen encouraging behaviour in the number of customers engaging in self-service, with a 15% reduction in calls to the call centre.

International

- In Tanzania, we achieved an average call handling time reduction of 13%, improved our FCR to 57.1% and maintained a strong lead in customer care NPS of 8.5.
- In Mozambique, our call centre achieved a FCR rate of 86%.
- In the DRC we implemented a few initiatives to improve FCR by empowering our front line agents with more functionalities to resolve queries at their level, resulting in a decrease of 72% in the number of faults escalated to customer care.

ONLINE

Customers are given the ability to use self-service via four channels: USSD, online, the My Vodacom App and IVR.

What have we done well?

South Africa

- We redesigned the My Vodacom App to include functions such as visualised billing, balance enquiries and airtime and data top-ups.
- My Vodacom App users increased 52% year-on-year.
- The app has been downloaded over 2.4 million times.
- Launched Voice Biometrics on the My Vodacom App which provides effortless voice login functionality. A first in South Africa, this function is now used by over 50 000 customers.
- Not only has this system helped reduce fraud and time spent dealing with customer care, it has also improved NPS for the app.
- The number of My Vodacom App logins increased from 340 000 to 1.1 million (223%), which correlates to a 10% reduction in calls to call centres.
- eBilling to contract customers increased from 68% to 74%.
- Re-launched our website incorporating responsive design principles.
- The number of unique visits to our website was up 20% to 2.7 million.

International

- Most of our International markets use USSD self-service.
- In the DRC, we provide our customers with the following self service channels in six languages:
  - Customer care IVR; and
  - USSD channel and an app allowing customers to:
    - Activate bundles;
    - Check their balance; and
    - Manage products and services such as roaming, airtime transfer, etc.

Customer 3D

We invested approximately

R1 billion

to replace our 20-year old billing and customer relationship management ('CRM') systems.

"We'll be faster, more innovative – and importantly, we will know much more about our customers"

Shameel Aziz Joosub

What are the benefits of Customer 3D?

- Single view of the customer
- Cross channel experience
- Customer data quality and security
- Faster time to market
- Future proof systems

LOOKING FORWARD

In addition to using NPS as a measure of a customer's experience of best network, best value and best service, we will be extending the measurement to include customer and service revenue market share together with brand leadership in all our markets. We aim to be #1 in all these metrics.

HOW WE'VE PERFORMED AGAINST OUR STRATEGIES
STRATEGY 2

With mobile voice declining 4.6% and the impact of MTRs shaving R2 billion off our revenue line and R1.2 billion off our EBITDA line this year, we have had to think of ways to support growth as our home market matures, with estimated mobile SIM penetration rates of some 150% in South Africa. To build resilient revenue streams and secure future growth opportunities, we're investing in diversifying our business in a number of focused ways.

Almost 51% of Group service revenue is now generated from our growth pillars, up from 44% a year ago. Going forward, we will continue to focus on bringing about service innovation in non-traditional areas with new areas such as financial services, insurance, M2M and content being identified as key growth pillars. We have set key three-year Group goals for each of our growth pillars to focus our organisation on delivering growth. In addition, we have also added fixed-line as a new growth pillar.

SOUTH AFRICA GROWTH: Data strategy supporting the data boom

We delivered on our strategy to grow data through:

ACTIVE SMART DEVICES

32%[2] — 8.9m[1] — 2014

43%[2] — 11.6m[1] — 2015

1 Enabling access to better devices

1. Number of smart devices on our network.
2. % active smart devices.

ARPU UPLIFT#

+10.8% 2G to 3G

3G to LTE/4G +12.6%

2 Offering increased 3G and LTE/4G coverage

NUMBER OF BUNDLES SOLD#

↑139%

82m — 2014

196m — 2015

3 Stimulating bundle adoption

South Africa only.

What have we done well?

- **Data revenue** grew 23.4% to R13.5 billion, supported by more affordable devices, increased bundles sold and greater coverage.
- **Data contribution** to service revenue grew to 28.8% (2014: 22.7%).
- The number of **active smart data devices** on the network increased by 29.7% to 11.6 million, of which 9.3 million are smartphones, 1.1 million are tablets and 1.2 million are modems, supported by offering handset financing and more affordable devices as part of our strategy to drive the use of data-capable devices.
- 43% of our active devices on the network are smart devices (smartphones, tablets and modems).
- We've sold more than three million low-cost smart devices, including Vodacom-branded Smart Kicka and Smart Tab, which sold over one million since launching in the third quarter.
- We introduced a tablet at a very low price point (R59 on a 24-month contract or R999 on prepaid), which is bundled with free educational content.
- The average amount of data used per smartphone increased 37.9% to 342MB per month and for tablets increased 12.3% to 829MB.
- Our 3G and LTE/4G coverage of the South African population now stands at 96% and 35% respectively. ARPU increases when customers migrate from 3G to LTE/4G and from 2G to 3G in both the prepaid and contract segments.
- We launched affordable daily and hourly "bite size" data bundles (for example R3 for 50MB and R10 for 100MB), which has driven data adoption and helped shift prepaid customers to bundle usage.
- The number of data bundles sold increased 139%, selling an average 20 million data bundles in the fourth quarter.
- Data traffic grew 63.1%.

Factors impacting our performance during the year

- We were limited in our roll out to extend LTE/4G further across South Africa due to the unavailability of spectrum.
- The weaker rand affected margin on data devices.

Where can we improve?

- Increase active data users by further decreasing the cost of smart devices.
- Add more 3G and LTE/4G sites, subject to spectrum availability.
- Deliver more content services to drive data usage.
- Improve monetisation of data traffic growth.

STRATEGY 2: GROWTH continued

SOUTH AFRICA GROWTH: Data strategy supporting the data boom (continued)

LOOKING FORWARD

Opportunity: South Africa

- At less than one million Asymmetric Digital Subscriber Line ('ADSL') connections, the limited reach of fixed-line infrastructure in South Africa means that many people will first experience data on their mobile and go on to use mobile as their primary data connection.
- As only 51.7% of our active customers are using data, there is still great opportunity to grow the number of data customers.
- Of our 16.6^ million data customers, five million still use feature phones. By converting these customers to smart data devices (smartphones, tablets and modems) we can grow data usage.
- Converting customers from 2G to 3G as well as from 3G to LTE/4G enabled devices, increases data usage and lifts ARPU.
- Only 43% of active devices on our network are smart data devices (smartphones, tablets and modems), providing future data growth opportunities.

^ These items were included as part of our assurance process this year.

How we're positioned for growth in data

- We're the market leader in all countries we operate in.
- We lead in terms of coverage, capacity and quality, with the best 3G coverage and an LTE-ready network.
- Our relationship with Vodafone means that we're able to negotiate with device manufacturers to manufacture ultra-low-cost Vodacom-branded data devices, which addresses affordability in our markets.
- We've introduced micro data bundles to make data more affordable, and our device financing plans make top-end smartphones more affordable too.

SOUTH AFRICA GROWTH: New services

Vodacom continues to bring about service innovation in non-traditional areas. New areas such as financial services, insurance, M2M and content have been identified as growth pillars.

INSURANCE

We have developed a number of new short-term insurance and long-term assurance solutions to provide our customers with a worry-free experience. We currently provide life and funeral insurance, as well as device insurance offerings to both contract and prepaid customers in South Africa, with different offerings targeting specific segments of the market.

What have we done well?

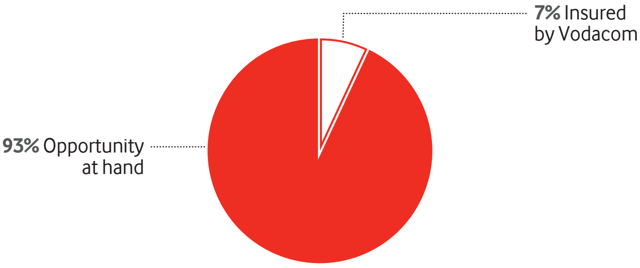
- Our insurance portfolio has been growing steadily; it is already a significant business area generating revenue of approximately R441 million and growing at 36% a year.
- On average the device insurance business processes approximately R1 million in claims per working day.
- The number of policies in our long-term assurance business grew more than 100% off a small but fast-growing base.

LOOKING FORWARD

Opportunity

The total insurance market in South Africa is worth approximately R61 billion. Our focus has mainly been on device insurance but we intend to scale up our funeral and life insurance business. Only 7% of our contract customers currently have device insurance, which leaves significant room for growth in this offering.

Contract customers with Vodacom device insurance (%)



How we're positioned for growth in insurance

- Our strong brand and good relationships with our customers makes us their preferred service provider.
- The re-launch of m-pesa and airtime wallets increases the number of customers we can market insurance products to.
- We will continue to use our customer value management ('CVM') system to market insurance products to our existing customer base.
- Customer demand for life and device insurance is growing.

MOBILE FINANCIAL SERVICES

What have we done well?

We soft-launched m-pesa in South Africa in August 2014 and revamped our old m-pesa to cater for the South African market. We are optimistic about our proposition as we have resolved a number of issues that inhibited take-up previously.

- Simplified registration and FICA process with self-registration for the basic services and easy registration for Visa card.
- 8 800 points of presence – 10 times more than when we first launched m-pesa.
- Integrated m-pesa into the banking system and retail points of sale. Customers can make online transfers to m-pesa from any bank and also have the option to obtain a Visa card linked to their m-pesa account.
- Designed a m-pesa voucher similar to a airtime voucher, which customers can buy from stores and load onto their accounts.
- Increased loyalty offers such as bonus airtime to incentivise behaviour.
- Our proposition of **"free to get, free to keep and free to load"** resonates well with our customers.

We are also partnering with other businesses that dispense cash to create an efficient ecosystem, for example, Eduloan who has started using m-pesa to disburse loans to students.

Where can we improve?

- Progress has been slower than we'd like, with one million registered m-pesa customers signing up since launch and 76 000 actively using the service. However, we will continue to increase our distribution and create an ecosystem, which will ensure customers can transact within the m-pesa system.

How we're positioned for growth in mobile financial services

- We have access to over 32 million customers in South Africa.
- We can leverage our existing distribution infrastructure.
- Ability to partner with various players to create an ecosystem within which customers can transact.
- Ability to incentivise use of m-pesa.

STRATEGY 2: GROWTH continued

SOUTH AFRICA GROWTH: New services (continued)

LOOKING FORWARD

Opportunity: South Africa

UNBANKED POPULATION

- 13 million people are unbanked
- 1/3 population receive wages in cash
- 9 million receive cash transfers
- Social grants paid in cash

E-COMMERCE

- Ecosystem through partnership
- Direct channel for airtime purchases

OTHER FINANCIAL SERVICES

- Lending and savings solutions
- Integrate our insurance proposition
- Ability to transact without a credit card
- Contactless payments via NFC

MACHINE-TO-MACHINE ('M2M')

What have we done well?

- M2M connections grew 15.9% to 1.7 million.
- 26.1% M2M revenue growth achieved (normalised for XLink) in South Africa.
- The Vodafone M2M platform provides us with a unique differentiator. The platform has been valuable to us in several highly competitive bids for large-scale M2M connectivity rollouts.
- During the year, we consolidated XLink, a trusted technology leader in M2M, enabling point-of-sale communication in 12 countries in Africa. This gives us the capacity to focus beyond retail and payments to tackle the opportunity in fast-growing M2M verticals such as energy and water solutions, asset management and security solutions.

LOOKING FORWARD

The focus so far has been on connectivity. We are expanding our ability to offer full converged solutions across verticals that include hardware and software to further drive ARPU.

How we're positioned for growth in M2M

- Leverage Vodafone's position as the global market leader in M2M and its resources in Africa, including its dedicated M2M platform, its automotive capabilities and its remote monitoring and control services platform.
- Leverage the Vodacom Enterprise Business Unit to deliver M2M solutions to its customers, including efficiency, productivity and regulatory-related solutions. We can also leverage our sales channels, build segment and industry-specific solutions and combine M2M with our core business managed services.
- Leverage XLink's expert capabilities, scalable connectivity and customised solutions in point-of-sale communication in 12 countries in Africa.

CONTENT

What have we done well?

- In South Africa, we launched Deezer, a music streaming service with access to 35 million tracks, for R59 per month.
- Our vouchercloud offers in South Africa are being accessed by over 2.7 million customers and have facilitated the sale of more than R170 million in goods.
- Launched the Vodacom rugby app with 1.3 million active sessions, winning the following two awards:
  - Discovery Sports Award: Best use of digital.
  - Gold at the New Generation Social and Digital Media Awards.

LOOKING FORWARD

We see great opportunity in content. Greater use of content over our network will drive data revenue:

- The distribution of content provides the opportunity to grow service revenue such as billing content and in-app purchases to a user's account, and provides infrastructure to service providers to distribute their services.
- Our relationship with Vodafone creates the opportunity to bring international content to local markets.

vouchercloud

STRATEGY 2: GROWTH continued

SOUTH AFRICA GROWTH: Enterprise

Vodacom Business has made great progress in 2015, particularly in the SMEs segment, and in our converged product strategy. Vodacom Business now contributes 18.4% (including Nashua) of Group service revenue.

What have we done well?

- Reduced enterprise churn by 1.3 ppts to 7.8%.
- Increased our customer base by 9.7% (excluding Nashua).
- Completed our programme to transform our business support systems ('BSS') and operational support systems ('OSS') to serve our SME customers better. This gives us the ability to seamlessly deliver converged services to the SME segment at scale. We grew SME revenue by 11.1%.
- Our strategy to partner with IT value-added resellers as channels to market, started to pay off through the traction we gained in delivering converged propositions to the SME segment.
- Continued to invest in online and digital channels to ensure greater accessibility of our products and services to the SME segment.
- Progressed our converged product strategy, giving customers the benefits of integrated services and economies of scale. This is based on moving voice call control from premises-based PBX systems to hosted multi-tenanted PBX platforms, and moving IT infrastructure from premises-based servers to large-scale hosted and cloud-based platforms.
- Saw good momentum in large enterprise segments with a number of customers awarding use over 80 site VPN networks, showing confidence in our ability to deliver to their sophisticated requirements.
- Our innovative hosted call centre and hosted PBX propositions continued to motivate customers to choose Vodacom Business as their provider.
- To underpin our cloud and hosting strategy, we expanded our capacity by launching another 2 000 m^2 data centre in Midrand.
- Won major contracts for hosted ERP systems, including SAP HANA.
- Continued to invest in network security, data security and mobile device security capabilities to ensure that our customers' infrastructure and services are secure.
- Improved our delivery capability significantly due to increased network capillarity, which has resulted from our investment in self-provided transmission for our radio network.
- South African multinationals expanding outside the country, continued to select us as their preferred pan-African ICT services provider thanks to our continent-wide MPLS network and Vodafone global enterprise footprint.
- Our M2M acceleration strategy continued to deliver results, with 26.1% (excluding XLink) growth in revenue and 15.9% growth in the number of managed connected devices. For more information on M2M refer to page 43.
- Vodafone's Global Service Development Platform ('GSDP') continues to be a big differentiator for us. This platform enables us to deliver device insights and connectivity seamlessly across geographic boundaries and across networks.
- We took a significant share of the growth in the automobile connectivity market, and won major contracts in smart metering and point-of-sale devices.

Where can we improve?

- Accelerate the fulfilment of customer orders in fixed-line services.
- Focusing on improving our turnaround times for quotations and service proposals to reduce the time it takes customers to reach a decision.
- Continuing to simplify our contract management framework to improve the overall customer experience.

How we're positioned for growth

We've continued to strengthen our proposition as a total communications provider in the Enterprise market by:

- Deepening our understanding of the business requirements of our customers.
- Investing in our underlying capabilities, including systems, processes, account management and customer service.
- Developing relevant and innovative products and services.
- Strengthening our capability to deliver rich services to multinationals and global enterprises.
- Connecting over 80% of our BTS sites to our self-provisioned transmission network, which has given us the necessary network footprint and capability to win in the market for fixed services.

LOOKING FORWARD

Some of our main focus areas aimed at improving the overall customer experience will be to:

- Improve our customer engagement across all touchpoints.
- Make ongoing improvements to our processes and service models.
- Significantly improve our turnaround times to fulfil customer orders and restore services.

Other opportunities for growth in our Enterprise business includes:

- The SME market for total communications, which continues to present a big opportunity for Vodacom. With fixed-line services at under 7% penetration, most SMEs remain under-served in terms of high-speed broadband. We have launched a suite of smart broadband access products for this market, which includes broadband connectivity through LTE/4G, wireless and fibre. Combined with our enhanced indirect channel capability, these products will accelerate our converged services penetration in the SME market.
- Developing new propositions to address the specific needs of the SME segment. To date we have launched managed time and attendance solutions for the construction sector and a hospitality solution for guest houses and smaller hotels.
- Continuing to strengthen our converged services offering in the large enterprises segment by investing in a specialist solutions team that supports our account managers. We have also developed our cloud and hosting capabilities to give us a strategic advantage in the market. Stortech (in which we have a 51% stake) is a Cisco Gold partner that specialises in the management of private data centres and will augment our capabilities in this regard.
- We have invested in an enterprise mobility management platform to enable us to host applications for enterprise customers in a scalable and secure environment. Enterprise mobility management and security services will be a significant contributor to growth in mobile data and in value-added services.
- Grow our M2M offering in specific areas such as building information management, and industrialise the platform to gain scale in the usage-based insurance market. Extending the trading network to include the informal sector, within a sound economic model, will be another focus of our M2M growth strategy.

We will continue to drive growth in our enterprise business through focusing on the following growth areas:

Underpinned by our:

Extensive IP and LTE/4G network, brand, customer experience, innovation and security offering.

STRATEGY 2: GROWTH continued

GROWTH: International

Our International operations continue to grow and increase their contribution to the Group. Almost half of our active customers are now coming from our operations outside South Africa. International service revenue contributes 24.6% to Group service revenue, up from 22.4% a year ago. Data revenue contributes 19.9% to International service revenue, up from 16.5% a year ago.

Growth in our International operations was driven through:

DATA CUSTOMERS

28.7% ↑

2014	2015
7.7m	9.9m

1 **Increasing data penetration**

SITES

2G	3G
29.4% ↑	50.5% ↑

FY2015 yoy growth

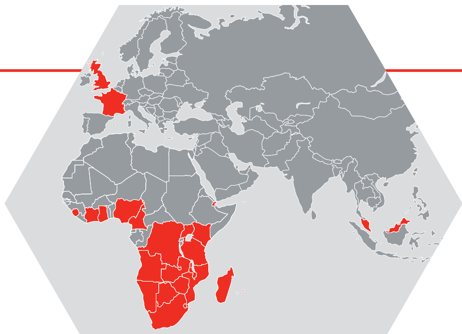
2 **Expanding coverage**

m-pesa CUSTOMERS

34.2.% ↑

2014	2015
6m	8m

3 **Increasing m-pesa penetration**



4 **Developing Enterprise**

What have we done well?

- #1 in headline NPS in Mozambique and Lesotho.
- We achieved mobile network NPS leadership in Lesotho, the DRC, Mozambique and joint best in Tanzania.
- Active data customers grew 28.7% to 9.9 million representing 33.4% of our International active customer base. We also introduced low-cost smart devices including the Vodacom-branded Kicka, which was well received in our markets.
- Data contributed 19.9% of service revenue (2014: 16.5%). Excluding m-pesa, mobile data revenue grew 37.7%.
- Growth in our International operations was supported by network investment; we spent 29.6% of revenue across our markets amounting to R4.7 billion (up 18.8%) as we continued to strengthen our network and service differentiation.
- In our International operations we increased our 2G and 3G footprint to over 5 500 sites and 3 000 sites respectively.
- 50% growth in 3G underpinned strong growth in data traffic of 185.9%, which supported strong growth in data revenue of 32.9%.
- We were the first to launch LTE/4G in Lesotho with great success, adding 10 LTE/4G sites.
- m-pesa continues to gain momentum in all our markets, with active customers up 34.2% to 8.0 million. In Tanzania, we partnered with Commercial Bank of Africa to introduce m-pawa, the country's first savings and loans product. We also launched International Money Transfer ('IMT') services. We now have 1.8 million customers actively using m-pawa services since launch in September 2014.
- Uptake of m-pesa in the DRC improved, where the system has been running for the longest period outside Tanzania. In Mozambique, we are building a wider agent network and we are showing good traction in the number of customers signing up monthly.
- During the year, we increased our stake in Vodacom Tanzania from 65% to 82.2%.

What factors impacted our performance during the year

- Slowdown in underlying service revenue and EBITDA growth in Tanzania and the DRC due to pricing pressures.
- The write-off of current assets in the DRC negatively impacted EBITDA by R405 million.
- Network outages in the DRC together with delayed network roll-out affected performance.
- Flooding in Mozambique impacted service and caused some damage to network infrastructure.

Where can we improve?

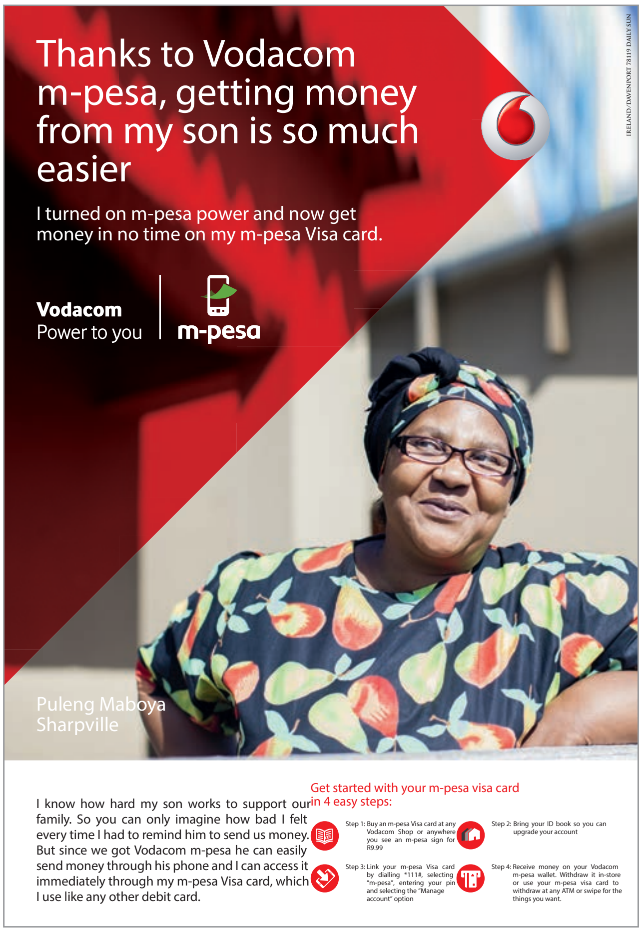
- Improve our NPS score in Tanzania and the DRC to achieve #1 position with a clear lead.
- Expanding network coverage.
- Increase active data users in our International markets through increased sales of low-cost smart devices.

LOOKING FORWARD

Opportunity

We will continue to drive growth through:

- Increased data usage:
  - Data penetration is currently very low in the countries we operate in; and
  - Only 33.4% of our customers are using data.
- Expanding coverage; 2G and 3G coverage are relatively low in our operating countries. Our three-year accelerated capex programme will support expansion in our network over the medium-term.
- Increase m-pesa penetration:
  - The ability to market m-pesa to our existing customer base of 29.5 million. Only 27.1% of customers are currently using m-pesa;
  - In Tanzania, we will continue to add more sophisticated financial services products as we have now achieved scale in the number of m-pesa users. m-pawa and IMT services are still in their infancy and we will focus on growing these services, which have been well received;
  - In other countries, we will continue to focus on adding more transaction partners, which will assist in driving activity and acceptance of the payment method; and
  - There is significant opportunity to further drive Enterprise in our International operations.



How we're positioned for growth

- We are the market leader in all countries we operate in.
- Focused on sustaining our network investment to maintain leadership in coverage and quality.
- We have got the formula of running m-pesa successfully in Tanzania right and have the ability to implement those lessons in other countries and leverage existing distribution, while expanding m-pesa distribution to within 300 metres from customers.
- Excellent management teams with experience in Africa.
- Our International operations have access to Vodacom and Vodafone expertise and resources.
- Suitable acquisitive growth opportunities in sub-Saharan Africa are limited; however, we believe there is opportunity for in-market consolidation.
- We continue to actively look for opportunities in sub-Saharan Africa.

STRATEGY 2: GROWTH continued

GROWTH: International (continued)

Vodacom Business AFRICA

We service multinational corporations and global enterprises across the African continent, delivering services to enterprises in over 40 countries through Vodacom-owned and partner network points of presence ('POPs'). In the countries in which we have mobile network operations (Tanzania, Mozambique, the DRC and Lesotho), as well as in Nigeria and Zambia, we provide end-to-end services to private and public sector customers.

We have adopted a demand led pan-African MPLS network expansion strategy, using partner POPs until in-country demand for services reaches a threshold that justifies investing in our own POPs.

Vodacom's pan-African MPLS network

› MPLS POPs deployed in 27 countries

23 COUNTRIES IN AFRICA

2 IN EUROPE (UK and France)

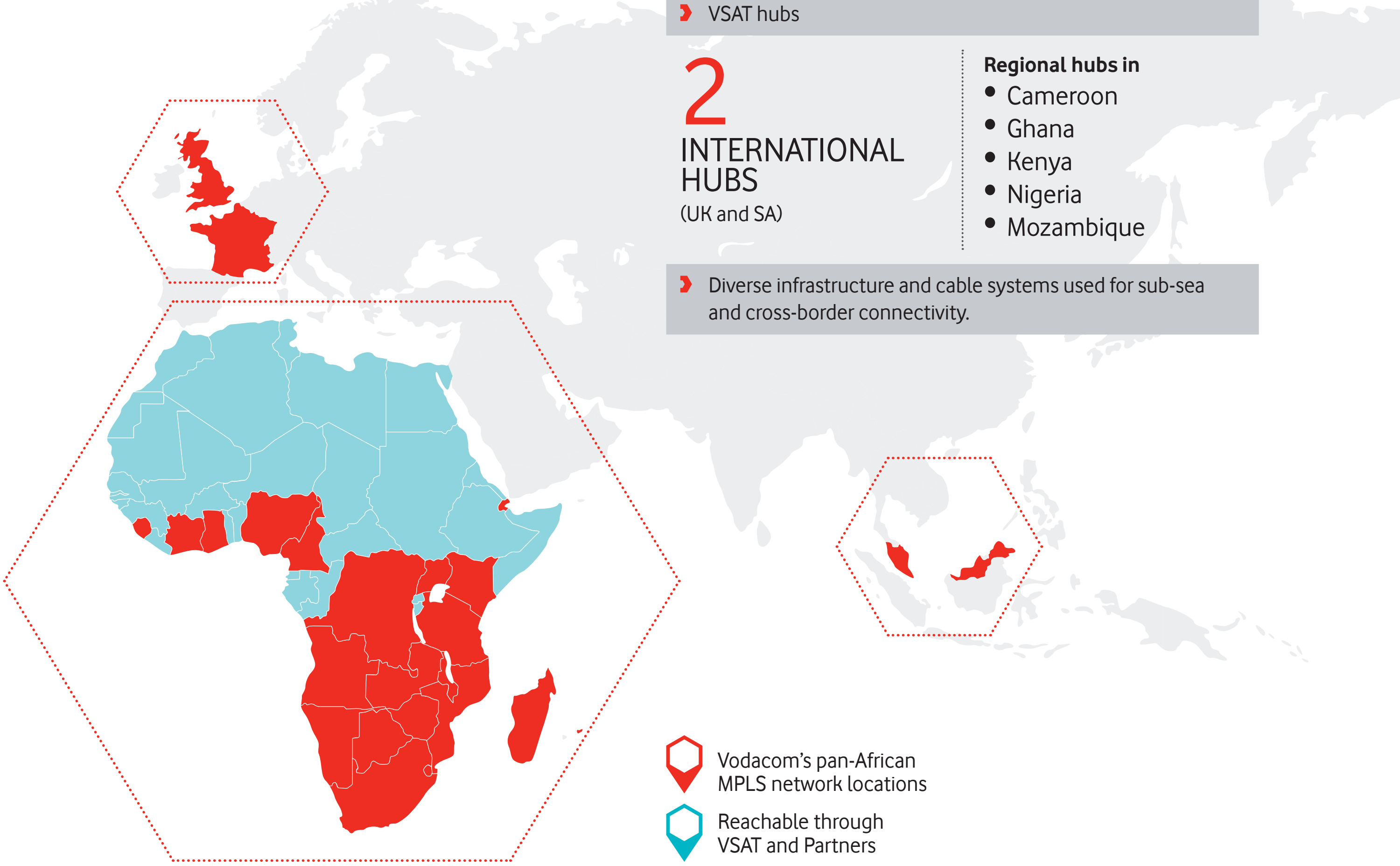
2 IN ASIA (Malaysia and Singapore)

› VSAT hubs

2 INTERNATIONAL HUBS (UK and SA)

Regional hubs in
- Cameroon
- Ghana
- Kenya
- Nigeria
- Mozambique

› Diverse infrastructure and cable systems used for sub-sea and cross-border connectivity.



Vodacom's pan-African MPLS network locations

Reachable through VSAT and Partners

What have we done well?

- We widened our pan-African MPLS network and increased our POPs to 27.
- We harmonised and aligned our IP-VPN network to Vodafone's, which extended the global IP-VPN to the African continent. The benefits of this investment are increased network resilience and an enhanced value proposition for our multinational and global customers.
- We have made progress in building products and services to meet the demands of the Enterprise market, in our mobile network operators.
- In Nigeria, we launched hosting and cloud services, through our Ikeji data centre.
- In Zambia, we successfully completed our network modernisation programme to be able to deliver a better quality of service to our Enterprise customers.
- To improve customer experience, we improved our engagement model with a dedicated team focused on serving our multinational and global Enterprise customers. This has simplified the process of managing global communications and cost control by having a single global service level agreement ('SLA').
- We expanded our global Enterprise team in key markets in Africa, enabling us to engage with our customers in more of the markets they operate in.

Factors that impacted our performance during the year

- A number of external factors, including the Ebola outbreak, ongoing regional unrest and war, impacted revenue particularly in West Africa.
- The significant reduction in the price of oil that normally contributes significantly (50% to 70%) to the economies in the region also impacted performance of those economies.
- Downward pressure in the price of access and core network services remained. This was also compounded by the increasing number of competitors and the growing service proposition across the continent.
- West African currencies also weakened materially to the USD, which depressed USD-based results.

Where can we improve?

- We need to continue reviewing and improving the architecture of our MPLS network and partner network providers to ensure optimal intra-Africa connectivity.
- We need to review all third-party network access infrastructures to ensure we remain the best value for money ICT provider on the continent.

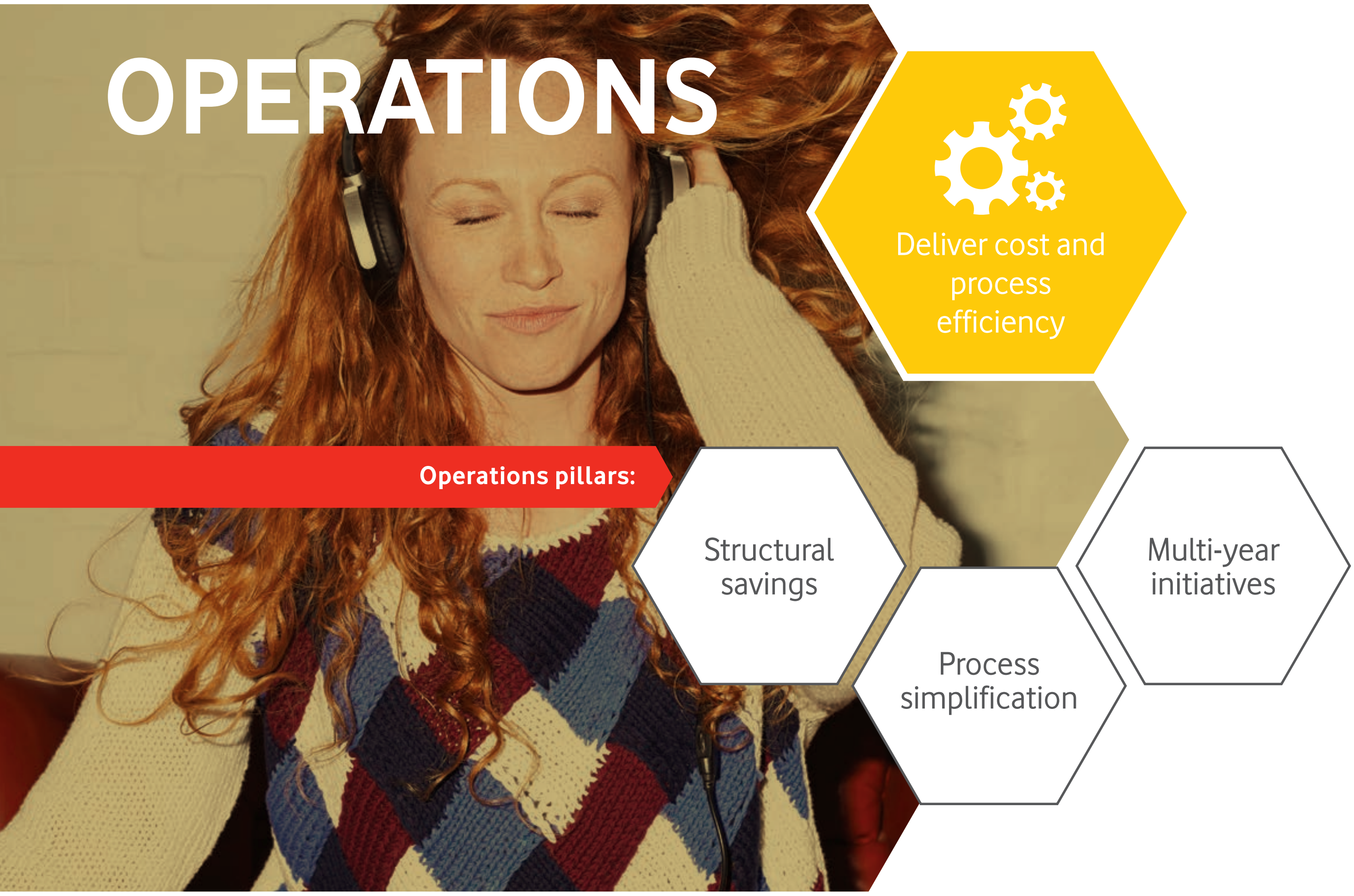
How we're positioned for growth in the International enterprise space

- We own capacity on East and West Coast cabling systems and are invested in redundant cabling systems such as, EASSy, WACS, SAT3, SAFE and SEACOM.
- On the ground resources in 16 countries.
- Strong, local expertise in providing fully managed MPLS-based services.
- Ability to self-provision last-mile access in multiple countries and the ability to provide end-to-end SLAs.
- Centralised Account Management, Service Management and Network Management through the Vodacom Customer Service Operations Centre ('CSOC').
- QoS-enabled network-wide.
- Access to extended billing capabilities, including local billing in eight markets and options for centralised billing in the United Kingdom and South Africa.
- Experienced, dedicated project implementation teams.
- Dedicated 24/7 Customer Service Operations Centre in South Africa.
- International product expertise and best practice operational methodologies.
- Best-in-class marketing organisation, providing sales teams with tools for success and building the Vodacom brand in Africa.

LOOKING FORWARD

- We will build out capability to accelerate M2M in Tanzania, the DRC, Mozambique, Lesotho, Nigeria and Zambia leveraging the Vodafone Global Data Service Platform ('GDSP').
- Public sector business remains our major success story. We will focus on driving mobility in government services and partnering with the state information technology agency to help government gain greater agility through the use of technology.

HOW WE'VE PERFORMED AGAINST OUR STRATEGIES
STRATEGY 3



The challenging economic, regulatory and competitive environment we faced this year placed pressure on our revenue growth. Inflationary pressure as well as the depreciation in the rand put upward pressure on our cost base. Our continued network expansion to support growing data and voice traffic means higher operating costs in the form of property rentals, electricity and maintenance agreements. Against this background, we must continue to find ways to improve operating efficiency and simplify and standardise processes for customers.

OPERATIONS: together driving operational excellence

What have we done well?

- Group opex to service revenue was stable at 25.7% (excluding MTR impact, One-Offs, foreign exchange and at a constant currency).
- Substantially reduced the volume of calls to our call centres by an additional 15%.
- Increased our procurement through the Vodafone Procurement Company to 37.3% up from 35.0% a year ago.
- Completed our single RAN swap in South Africa.
- Reduced transmission costs through self-providing with 81% of our sites in South Africa self-provided and 88.7% in our International markets.
- Rollout of ultra-low-cost base stations in the DRC at almost half the cost of a normal base station.

Operational excellence was delivered through focusing on:

REDUCED CALL VOLUMES BY
15%

1ST
79%
FIRST CALL RESOLUTION

1 Effective and efficient systems and processes

CARBON DISCLOSURE PROJECT:

96%
SCORE RATING
RETAINING LEAD IN TELECOMS SECTOR

2 Reducing environmental impact

GROUP

2015 25.7%[1]

2014 25.2%[1]

3 Managing opex as a % of service revenue

1. Excluding MTR impact, One-Offs foreign exchange and at a constant currency (using current year as base).

58%
AVERAGE OVER THE PAST FIVE YEARS

4 Return on capital employed

What have we done well? continued

- Reduced net acquisition and retention costs.
- Introduced initiatives such as "1000 small things" and "closed loop" to simplify our business processes and reduce costs.
- Rationalised our property portfolio in South Africa.
- Achieved a 96% score in the Carbon Disclosure Project, retaining our lead in the telecoms sector.
- Achieved best performer in the JSE's Socially Responsible Investment Index three times in four years.

What factors impacted our performance during the year?

- The rand devalued further against key currencies. This affected both the translation of our International operations and impacted the non-rand denominated expenses in South Africa.
- Network operating expenses increased after achieving flat opex over the past three years due to our accelerated capex programme.
- Wage inflation and a slight increase in staff headcount due to hiring into our business growth areas resulted in higher payroll expenses.

Where can we improve?

- Further drive self-care and online adoption in our customer base.
- Simplify more customer experience journeys.
- Simplification of our tariffs and improved end-to-end order processing times from the launch of Customer 3D, our new billing system.
- Increased savings from procurement through new closed-loop procurement focus.
- Further reduce non-customer facing costs through our "1000 small things" multi-year programme.
- Optimising distribution further and renegotiate distribution contracts to be performance-based.

STRATEGY 3: OPERATIONS continued

Simplifying processes

Simplifying our processes especially around customer interactions is important to achieve the best turnaround times and to make it easier to do business with us.

- We try to measure everything that really matters: how long it takes to answer a call, to repair a phone or deliver one. We set targets to improve in all these areas, knowing we can always do better. We continuously focus on how we can simplify and speed up the way we do things, as this will ultimately benefit our customers and reduce our costs.
- During the year, we managed to improve our first call resolution to 79% and reduce calls to the call centres by an additional 15%. This not only means happier customers but reduced overall costs as well.
- We've identified the online channel as a strategic opportunity to drive operational excellence both in improving our customers' interactions with us and fulfilling their needs. The number of unique visits to our website increased 20% to 2.7 million.

PG 36 for more information on how we have improved processes for our customers.

Systems and processes are an important tool in running our business and we are always looking for ways to streamline, simplify and integrate these.

Another huge benefit of being part of Vodafone is the access it gives us to their global procurement programme. Vodafone has strategic agreements with some of the world's leading companies to deliver innovative products and services. Handsets, network and IT equipment are for the most part negotiated and bought centrally through the Vodafone Procurement Company ('VPC'). We make use of these centralised benefits wherever we can but with due consideration of local procurement requirements and targets, such as those included under BBBEE in South Africa.

Besides the pricing benefits that come with Vodafone's scale, other benefits of VPC include:

- Access to world-class methods and standards that help us improve our processes;
- Less administration as some of our global suppliers are managed directly by VPC; and
- A stronger focus on working with our suppliers as strategic partners.

Since we started our supplier performance programme, we have seen real improvements in the service we've had from global suppliers managed by VPC. In South Africa, 44 of our key suppliers have migrated to VPC. We continue to consolidate and optimise our supplier base across the Vodacom companies in the markets in which we operate.

Enhancing structural efficiencies

Our network is the backbone to our business, allowing us to connect customers across the globe. As we accelerate our network investment to improve coverage in all our Operations, we need to find ways to do this smarter to ensure we retain our best network advantage.

Our substantial network investment not only brings greater benefits to our customers but it also focuses on applying new technology to improve efficiency. Although our total number of sites across our footprint increased by 13.4% to 16 242, we looked at ways to bring down average site costs.

- We have been at the forefront of single RAN technology that enables the combination of 2G, 3G and LTE/4G technologies into the same radio equipment. Our SA network is now 100% complete, and International is 89.4% complete. This has a number of cost benefits, including reduced floor space requirements on-site, which reduces our site rentals, and efficient power technology provides savings on our energy bill.
- We now have 81% of our sites in SA and 88.7% in International on our own transmission, which reduces our network running costs, allowing us to carry data at a far lower cost than leasing it, with the added benefit of being able to expand our data network for very little incremental cost.
- Where possible we passively share our network sites, or utilise the sites of other parties, to reduce operating expenses, to reduce the impact on the environment and to ease the pressure on planning authorities. Network sharing is pursued in all our markets. In South Africa, more than half of the sites occupied by Vodacom are shared sites. Furthermore, in South Africa and Tanzania, we participate in national roaming agreements.

We continue to invest in subsidising phones for our customers to allow them cheaper access to our network, as well as investing in our wide distribution.

During the year in South Africa, we spent some R7.5 billion or about 16.0% of our service revenue in acquiring and retaining our customers as well as remunerating our channels. But as our customers want more expensive high-tier devices, we have needed to maintain a discipline on the handset subsidies we pay as well as look to shift some of our commissions to better align to our value objectives. This year, we have improved our overall commercial efficiencies through various initiatives such as:

- Purchasing our customer base back from Nashua, allowing us to directly service our customers and reduced the ongoing commissions.
- Increased the selling price of prepaid SIM cards in the market and reducing the production cost of SIM cards.
- Renegotiating some of the channel incentives to better align to our targets.
- Improving our commercial investment returns on devices by steering subsidy to those with better ARPUs.

Multi-year initiatives

We continually look for opportunities to reduce non-customer facing costs through our initiatives like "1000 small things", a project that encourages employees to develop cost saving initiatives, identify wastage and use resources more efficiently.

During the year, publicity expenses decreased 4.2% through further optimisation of our sponsorship properties and retail publicity spend. We have realised some savings from the rationalisation of our corporate offices property portfolio and have also reduced the delivery cost per device through savings on packaging and enhanced logistics management.

We are working closely with our stakeholders to find ways to lessen our total carbon footprint, which often allows us to also operate more efficiently.

Managing our environmental impact

- We have installed a heating, ventilation and air conditioning ('HVAC') plant that is powered using excess energy from the photovoltaic array at our offices in Century City. This project aims to reduce electricity consumption by about 52 166 kWh per month with an annual cost saving of approximately R890 000.
- Our hybrid power systems, which combine diesel generators with batteries for greater fuel efficiency, use smart controls to cut diesel use by up to 70% at sites that depend on diesel generators for primary or back-up power in areas with limited access to reliable grid electricity.
- Our network team is planning to implement free cooling at approximately 1 000 sites, which substantially reduces the energy consumed by air conditioners.
- The number of solar sites in Lesotho stands at 53 – approximately 21% of the total network. These sites are in remote locations with no access to grid power.

1000 SMALL THINGS
SIMPLE CHANGES FOR BETTER BUSINESS

LOOKING FORWARD

We aim to keep cost growth below revenue growth by continually looking for opportunities to simplify our process, partner with Vodafone and make structural changes to achieve savings across all expense lines, no matter how small.

HOW WE'VE PERFORMED AGAINST OUR STRATEGIES
STRATEGY 4

Our people are a key determinant of our success. We remain focused on growing and developing the talent, skills and diversity we need, and on ensuring our people feel engaged, well-managed and included.

Why is this so important to us?

Our people need to perform at their best to deliver on our strategic priorities. To deliver the best experience to our customers we need technical skills (best network), product development and financial expertise (best value) and great customer-facing employees (best service). To capacitate the new services pillar of our growth strategy, we often look outside our industry to find diverse skills that bring new ways of thinking to our business.

To ensure all our people are aligned when it comes to delivering on our strategy, during the year, our CEO visited all our regions in South Africa as part of the annual roadshow, and engaged with employees to help them understand our strategy and what is expected of them in terms of the three-year goals we have set for each of our five strategic focus areas.

TARGET

Achieve an engagement score of: **80**

Enhancing diversity

Driving diversity gives us the benefit of different life experiences, perspectives and ideas that help us serve our customers better.

The representation of women remains a challenge for our business and for the broader telecommunications industry. Less than 50% of our employees are women, and this difference becomes more pronounced at higher management levels. We are committed to increasing the representation of women at all levels in our business. At a senior level, key appointments in the year contributed in some way to addressing this challenge. Yolanda Cuba moved from our Board to our executive team as Chief Officer: Strategy and Development, Murielle Lorilloux was appointed as the first woman Managing Director of our DRC operation and Lilian Barnard was appointed as Chief Sales Officer: Enterprise Business Unit in South Africa.

We have grown black representation at senior management level to 53% and increased the representation of women in senior management to 32%. We continue to work on improving our diversity. In the Group 74% of our employees are black and 44% are female. At an Executive Committee level 58% of our members are black and 17% are female, making this Executive Committee the most transformed Executive Committee Vodacom has ever had.

Refer to our human capital report for our targets and how we are progressing, and our transformation report for more on employment equity.

Our Female Leaders in Waiting programme is a key initiative to help achieve our target of 45.2% women representation at senior management level. Run in partnership with the Gordon Institute of Business Science, this one-year programme supports high-potential black women outside of Vodacom to build a talent pipeline. This year the programme was extended to women employees within Vodacom. Participants are offered unique access to our executives through quarterly engagement sessions, mentorship as well as business insights. Seven of the 12 participants in the 2014 programme were placed in various roles in Vodacom.

Developing skills

The telecommunications industry is evolving fast and so are the skills we need. One of our strategic focus areas is on providing new services, which means we need to attract skills from outside our traditional business areas to ensure that we have the right talent to take our business into the future.

Graduates form an important pipeline to meet future core needs. This year, we appointed a dedicated resource to enhance the effectiveness of our two-year Graduate programme. For the 2015 intake, 77 high-calibre and diverse graduates were selected. Of the 35 graduates from our 2013 programme, 12 were placed in permanent positions this year.

Growing talent

One of the ways we invest in people is through our talent programmes. One such programme is our International Assignee programme through which we second employees to other Vodafone operations and bring Vodafone employees to our Operations. This helps develop global thinking and gives our people broader perspectives.

We manage talent through our Performance Dialogue programme, which involves monitoring performance against yearly goals and setting training and development objectives. The programme also forms the basis for nurturing high-potential employees and identifying candidates for succession.

Through the Succession and International Assignee programme, Matimba Mbungela was promoted to Chief Human Resources Officer and Godfrey Motsa was promoted to Chief Officer: Consumer Business Unit, succeeding Phil Patel.

For more information on our talent development programmes refer to our human capital report online.

HEALTH AND SAFETY

We had no fatalities among our employees in any of our markets during the year. However, we had two fatalities in our supplier network and the necessary steps were taken against the suppliers. Our suppliers are contractually obliged to adhere to our absolute rules on safety.

Road accidents remain our biggest safety issue with 80% of all incidents being road-related. During the year, we revised our occupational driving standard and its application has been extended to all suppliers. The standard focuses on daily pre-trip inspections, mandatory driver training, live vehicle tracking and monitoring, and fit-for-purpose vehicles (including closed bakkies for transporting people). We also launched a programme in which all Executive Committee members regularly call a random sample of our contractors and staff reminding them about safety.

W8_2send

The **W8_2send (wait to send)** campaign was launched in all our operating companies during the year. The aim of the campaign is to raise awareness on the dangers of texting and driving.

STRATEGY 4: PEOPLE continued

MEASURING PERFORMANCE

Our annual People Survey, conducted by independent consultants, tracks how engaged, well-managed and included our employees feel. Our scores are compared to a high-performing peer group and to other Vodafone Group companies. We use the Engagement Index measure from the survey to check if, overall, we're creating the right environment for our people to excel and grow.

The survey gives us an opportunity to listen to what our people are saying about our organisation and our managers. Not only that, it gives us an opportunity to do something about things that are frustrating and get in the way of doing our best. By listening to this feedback and taking action we have the opportunity to make a real difference to the engagement and ultimately, the profitability and brand of our organisation.

Vodacom has an employee-elected Consultative Committee, which serves as a platform to interact, share information and manage employee concerns proactively.

The results of the People Survey have shown a significant gain in the employee NPS – a key measure in our people's confidence in our products and services. What our people think of our products and services is a critical determinant of customer experience. We are working to improve our overall scores across all markets in the year ahead, and are well on track to achieve our goal of an overall Engagement Index score of 80 by the end of the 2018 financial year.

How we've done on employee engagement

%	2015	2014	% change
Engagement Index	76^	75~	1 point

^ This item was included as part of the assurance process this year.
~ Restated due to the change in the methodology in how the scores are calculated.

HOW WE'VE PERFORMED AGAINST OUR STRATEGIES
STRATEGY 5

What we do changes people's lives. We can deepen the contribution our business makes to society by partnering with our stakeholders across the continent, and by working for the common good. Our reputation as a proactive and trustworthy corporate citizen is so much more than social investment – it's fundamental to our sustainability.

MAINTAINING LEADERSHIP

During the year Vodacom won a number of key external awards, thereby underpinning our focus on building stakeholder trust:

- Vodacom won a Frost and Sullivan Award for South African e-Education Technology Innovation Leadership.
- We are recognised as a best performer on the JSE's SRI Index. This is the sixth year we've been included and our third as a best performer.
- We were ranked first in the telecoms sector and third overall in the 2014 Top Companies Reputation Index published by Plus 94 Research.
- We were awarded first place in both the consumer and business telecoms categories in the Sunday Times Top Brands 2014.
- We have retained our Level 2 BBBEE rating.
- In the annual Carbon Disclosure Project ('CDP') we retained our lead in the telecoms sector in South Africa with a score of 96%.
- We were ranked as the Coolest Telecoms Provider in the Sunday Times Annual Generation Next Survey.

STRATEGY 5: REPUTATION continued

REPUTATION SURVEY

Over the last four years we have used our annual Reputation Survey, conducted across key internal and external stakeholders, to track our progress in managing our reputation and benchmarking our performance against our competitors and other leading brands.

Conducting this survey has given us insight into the key drivers of our reputation. Our Operations are focusing on improving performance in the drivers of reputation where there are gaps.

For the current financial year, our research focus was on measuring the significant socioeconomic contribution Vodacom makes to the societies within which it operates. We will conduct the Reputation Survey in FY2016.

MANAGING REPUTATION

Maintaining our good reputation among stakeholders is a key business asset that requires regular assessment and proactive management. To this end, since August 2014, we have worked with our Operations to establish Reputation Steering Committees to oversee the design and execution of reputation strategies.

SOCIOECONOMIC IMPACT

In the year, we extended our research to measure the socioeconomic impact of our Operations over the past three years. The intention was to retrospectively measure Vodacom's impact and contribution to society as an operator supporting economic development, a contributor as a taxpayer and a corporate citizen.

For details of the results of the socioeconomic impact assessment refer to our stakeholder report online.

The table below summarises the results of the socioeconomic impact assessment for the three year period 2012 – 2015.

	South Africa	Tanzania	DRC	Mozambique	Lesotho
Contribution to the economy (R billion)	164	12.5	8	5.7	1.8
Jobs created (direct and indirect) ('000)	119	22	11	7.5	1.4
Taxes paid (R billion)	38	5.9	4.3	0.6	0.5
Total spent on Corporate Social Investment ('CSI') (R million)	243	22	10.4	8.9	0.9

Making a positive impact to transform society

Driving economic growth

There is a direct correlation between the provision of ICT services and economic growth:

- For every 10% increase in mobile penetration there is an approximately 1% uplift in GDP[1].
- Governments are prioritising the rollout of broadband services to all. To deliver on this objective we need access to spectrum, and we are working closely with governments in all our markets in this regard.

We aim to proactively engage with government and other stakeholders to further the broadband goals of the countries in which we operate in, and contribute to initiatives, which positively impact society.

1. World Bank – Economic Impact of Broadband 2009.

Contributing to public finances

We contribute to public finances both directly and indirectly through taxes and other fees. We also make a significant contribution through the taxes paid by our employees and suppliers, as well as through taxes collected on behalf of governments such as VAT and excise duties.

Our tax strategy is to integrate tax efficiencies into all business processes and decisions, thus maximising shareholder value, while our moral tax obligation remains to pay the fair amount of tax legally due in any territory, in accordance with rules set by those governments.

We have retained a Level 2 BBBEE contributor status. We view BBBEE as a strategic imperative given the pressing need to address the unequal distribution of wealth and access to opportunity in South Africa's economy. It is for this reason that BBBEE forms an integral part of how we do business, beyond compliance. The Department of Trade and Industry has extended the ICT sector code to 31 October 2015 to allow for harmonisation with the revised codes. We are unable to determine the effect of the changes until we have the draft revised ICT sector code.

TO FIND OUT MORE

Refer to our Public Finances report online.

For details on our targets refer to our Transformation report online.

For more on YeboYethu and trading in these shares visit **www.yeboyethu.co.za**

INNOVATOR TRUST

We established the Innovator Trust in 2014 with a loan facility of R750 million over five years at a lower than prime interest rate. This funding is used to equip black entrepreneurs in the ICT sector with the necessary business skills to work with the corporate sector.

The Trust's mandate is two-fold:

- Acquire YeboYethu shares and use the dividend yield to empower black-owned and black women-owned SMEs in the ICT sector.
- Provide business training to these SMEs.

As at 31 March 2015, the Innovator Trust had acquired more than 540 000 YeboYethu shares and successfully incubated 18 SMEs as part of a two-year business training programme.

Vodacom Foundation

The Vodacom Foundation continues to focus on education, health and safety. We partner with governments and NGOs in delivering key projects utilising our technology and expertise.

Education

Together with the Department of Basic Education ('DBE') we launched Vodacom e-school, which gives all grade 8 to 12 learners in South Africa access to classroom content. Vodacom e-school is zero rated for all Vodacom customers on a mobile device. The interactive portal supports the DBE in broadening access to study material and assessment tools.

In partnership with the DBE, Microsoft and Cisco, we provide teachers throughout South Africa with better access to quality instruction resources and IT. During the year we connected an additional 20 ICT resource centres, bringing the total number of centres to 61 across all nine provinces. This has enabled us to train over 20 000 teachers on how to use ICT to improve their teaching in maths and science and integrate ICT in the classroom. We've also trained ISO centre managers and 45 e-learning specialists on ICT integration.

We continue to support education initiatives in our International operations:

- In the DRC we donated 1 500 desks to schools, and our ICT centres at the universities of Kinshasa and Lubumbashi have delivered over 100 computers with free internet access.
- In Lesotho, we have invested in the iSchool project, which encourages more effective teaching through integrating tablets in classrooms.
- In Tanzania, we launched the Samsung Smart School project, which aims to enhance teaching and learning at each school by supplying computers and training teachers.

TO FIND OUT MORE

Visit our learning portal http://myeducation.secure.vodacom.co.za/vodaschool/default.aspx

For more on our education initiatives refer to our Communities report online.

STRATEGY 5: REPUTATION continued

Health

Using ICT technology we work together with our partners to drive better health outcomes.

- Our mobile application solution to manage the availability of chronic disease medication is now in its second year and being piloted by over 1 900 clinics. Health workers have been trained to use mobile phones to manage stock levels of chronic medication and avoid shortages at clinics.
- Our partnership with the Smile Foundation enables the organisation to provide cleft palate and facial reanimation surgeries. In total, 27 children benefitted from this project in the past year.
- In Lesotho, we're working on a project to get more HIV-positive children onto care and treatment programmes. In addition, we are working with pregnant HIV-positive women to prevent mother-to-child transmission. The project uses a text-to-treatment model to facilitate initiation of and adherence to antiretroviral therapy and uses m-pesa to facilitate transport for patients. We have undertaken similar projects in Tanzania and Mozambique by utilising the SMS platform to send reminders to patients about their appointments and when to take their medication.
- This year has been a ground-breaking year for the fitsula campaign in Tanzania. We introduced a text-to-treatment programme that has seen a significant increase in the number of fitsula patients being referred for surgery. To date, 713 women have received surgery and are now rebuilding their lives.

Safety

The national gender-based violence command centre in South Africa was awarded the Best Technology Innovation Award by the Contact Centre Management Group. The centre provides support and counselling to victims of gender-based violence. The Vodacom Foundation funded the development of the technology used by the command centre. The resulting integrated solution was developed in collaboration with our subsidiaries Afrigis and Mezzanine.

We are supporting the Memeza Shout crime prevention initiative to manufacture and pilot low-cost alarms in the Diepsloot township. The project, a partnership between Vodacom, Diepsloot Police Station, the Centre for Public Service Innovation and the Innovation Hub was launched in February 2015 and will involve the installation of 600 low-cost alarm systems in homes across the township. Developed by Memeza Shout with the support of the Innovation Hub, the alarm system includes sensors and panic buttons to alert the police, medical personnel and the fire department to emergencies.

TO FIND OUT MORE

For more on our health initiatives refer to our Communities report online.

For more on our safety initiatives refer to our Communities report online.


Empowerment
is at the heart
of everything we do
and touches
every part
of our business.

Creating long-term shareholder value, which requires that we continue to deliver value to our customers, is an important consideration in allocating our capital efficiently. Our strong return on capital employed ('ROCE') is evidence of our efficient use of capital. We allocate our capital efficiently to projects that will create long-term value for shareholders.

Q&A WITH THE CFO

IVAN DITTRICH

WHAT WERE THE FEATURES OF THE GROUP'S PERFORMANCE IN FY2015?

A **The Group delivered a solid performance in a very tough operating environment.** In South Africa, the 50% cut in MTRs significantly affected us, with the weak economic environment and aggressive competition adding to the impact. Higher inflation and interest rates pushed costs up and the depreciation in the currency drove up expenses not denominated in rand and also resulted in trading foreign exchange losses. In Tanzania and the DRC, severe pricing pressures hampered our performance.

Service revenue and revenue grew 0.2% (-1.0%*) and 2.1% (1.1%*) respectively. Excluding the impact of the major cut in MTRs, Group revenue was up 4.8% (3.7%**) and Group service revenue was 3.4% (2.2%**) higher. The Group EBITDA margin contracted by 1.3% to 34.8% and remained relatively flat at 35.4%, excluding the MTR impact.

We invested over R13 billion in capex, representing 17.2% of our revenue. The increased capital intensity was in line with our three-year accelerated capex programme. This is focused on widening voice and data coverage and capacity, and continually improving network quality as a key differentiator. The investment programme, which is mostly debt financed, resulted in an increase in depreciation and finance charges. For the year, we updated our medium-term (three-year) capital intensity guidance to between 14% and 17% from 11% and 13%, with FY2015 the first year of higher investment.

Our net debt to EBITDA ratio remains low at 0.6 times, giving us sufficient capacity to finance our capex programme and to take advantage of any merger and acquisition opportunities.

In addition to investing significantly in the future growth of our business, **we paid a final dividend per share of 400 cents** taking our total dividend for the year to 775 cents. We continue to return cash to shareholders according to our dividend payout policy of at least 90% of HEPS.

WHAT WERE THE KEY ASPECTS OF EACH SEGMENT'S PERFORMANCE FOR THE YEAR?

A **In South Africa, service revenue was down 2.7% on a reported basis due to a 4.2% drag from the impact of MTRs. Excluding the impact, service revenue grew 1.5%.** Service revenue performance benefitted from a One-Off adjustment of R325 million in the first-half, relating to a change in the accounting estimate for revenue recognition of airtime vouchers and a consolidation in the second-half of XLink of R164 million.

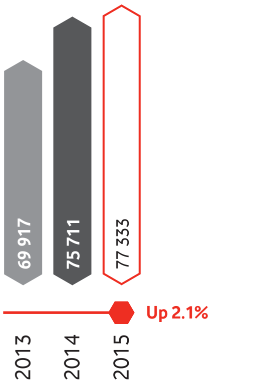
Data revenue grew 23.4% supported by more affordable devices, increased bundles sold and greater coverage. Data and equipment revenue was up strongly in the fourth quarter, each growing more than 30% compared to the same quarter in the prior year. Our low-cost smartphones and device financing programme underpinned this pleasing result.

Excluding the impact of MTRs, which had a 5.3 ppt drag, EBITDA grew 4.2% and the margin expanded by 0.2 ppts to 37.6%. Including the MTR impact, EBITDA declined 1.1% with the EBITDA margin contracting slightly by 0.6 ppts to 36.8%.

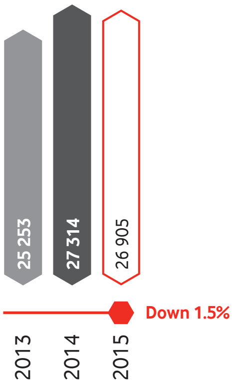
Our International operations delivered service revenue growth of 10.0% (4.5%*). Mozambique and Lesotho performed very well, offset by Tanzania and the DRC, which experienced significant pricing pressure during the year. EBITDA declined 3.6% (-7.6%*) and the EBITDA margin contracted by 3.5 ppts to 26.1%, largely due

Financial highlights

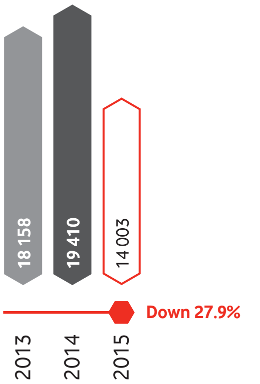
Revenue (Rm)



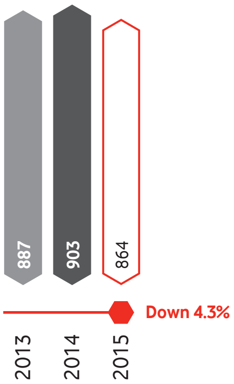
EBITDA (Rm)



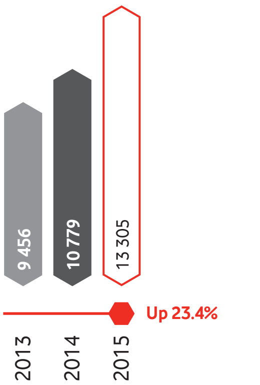
Operating free cash flow (Rm)



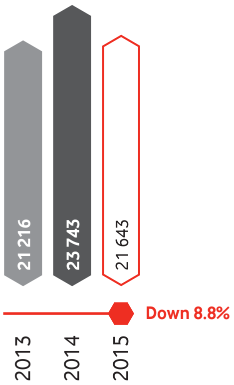
EPS (cents)



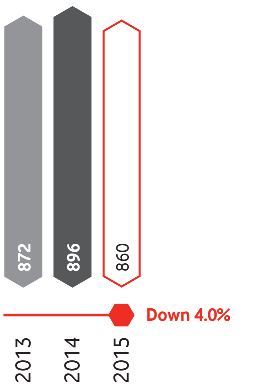
Capital expenditure (Rm)



Net asset value (Rm)



HEPS (cents)



DPS[1] (cents)

to the R405 million write-off of current assets in the DRC. Excluding the One-Off impact of the write-off, EBITDA grew 5.9% (1.4%***) at an EBITDA margin of 28.6%. The International operations contributed 15.3% to Group EBITDA.

Strong performances from both segments in the fourth quarter indicate good momentum going into the next year.

HOW WILL YOU MAINTAIN COST EFFICIENCY?

A **It was especially important to maintain cost discipline in the year to help offset the impact of lower MTRs.** Over the past four years, we've managed our costs very tightly in South Africa. In FY2015, we continued to scrutinise each line of opex to find opportunities to take out costs and increased our procurement through the Vodafone Procurement Company, which gives us the benefits of global purchasing power on network equipment, devices and opex. We also managed to lower transmission costs, with 81.3% of our transmission being self-provided, reduced publicity costs, rationalised our property portfolio and achieved savings in commissions. These cost savings helped us absorb cost increases due to higher network operating expenses, a trading foreign exchange loss and an increase in other operating costs due to the weaker rand. We will continue to manage costs tightly in the year ahead.

Over the medium-term we aim to keep cost growth lower than revenue growth. We will continue to look for opportunities to cut costs across all expense lines in each of our core mobile businesses. We will look closely at our acquisition and retention costs by ensuring our channels are optimised and our agreements are performance-based as they come up for renewal.

We've launched a project to optimise internal costs called "1000 Small Things", which looks at simplifying our business through end-to-end process improvement and encouraging employees to develop savings initiatives. We will also continue to build our own transmission network and optimise network costs and channel costs, and consolidate more office buildings across regions.

Notes:
1. Total dividend declared for the year.
* Normalised growth adjusted for trading foreign exchange and at a constant currency (using current year as base) (collectively 'foreign exchange').
** Growth adjusted for foreign exchange and the MTR impact in South Africa.
*** Growth adjusted for foreign exchange, the MTR impact in South Africa, the release of un-recharged vouchers due to a change in accounting estimate, service revenue impact R325 million and EBITDA impact R309 million and the consolidation of XLink effective 1 April 2014 (South Africa only), service revenue impact R164 million and EBITDA impact R79 million and the write-off of current assets (International only), EBITDA impact R405 million.

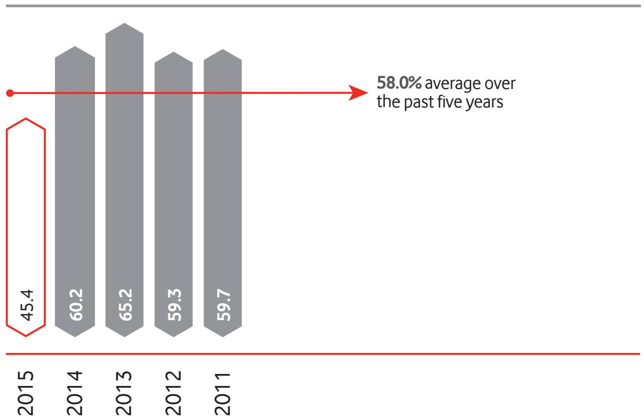
All growth rates quoted are year-on-year growth rates unless stated otherwise.

Q&A WITH THE CFO continued

WHAT ARE YOUR THOUGHTS ON CAPITAL ALLOCATION?

A Creating long-term shareholder value, which requires that we continue to deliver value to our customers, is an important consideration in allocating our capital efficiently. Our strong ROCE is evidence of our efficient use of capital. We allocate our capital efficiently to projects that will create long-term value for shareholders.

Return on capital employed (%)



Moving into a three-year period of increased capital intensity will impact our return on capital in the short term, as was the case in FY2015. ROCE decreased to 45.4% from 60.2% in the prior year due to an increase in assets with a corresponding higher depreciation and interest charge. The effect is lower ROCE until the benefits of the increased investments start coming through in revenue and cost savings. We have already started to see the benefits of our accelerated capital investment programme in the fourth quarter, where data monetisation and efficiency improved with data revenue in South Africa increasing 31.0% and data traffic growing 47.5%. This was supported by the doubling of the number of LTE/4G sites to 2 600 and increasing 3G sites by 21.4% to 8 802 sites.

Our efficient allocation of capital has enabled us to pay out over R45 605 million in dividends over the past five years, maintaining an average dividend yield of 6.3%, while our share price has risen 138.7% over the same period.

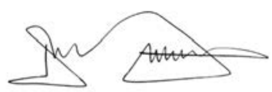
WHAT ARE YOUR EXPECTATIONS FOR THE YEAR AHEAD?

A We faced many headwinds in our major markets in FY2015; however, looking forward, the improvement in the fourth quarter gives us cause for cautious optimism. Our medium-term (three-year) guidance remains unchanged at low single digit service revenue growth, mid single digit EBITDA growth and capex of between 14% to 17% of Group revenue. Our guidance excludes the impact of acquisitions.

In South Africa the major impact of the cut in MTRs is now behind us. Our pricing transformation in our contract customer base is nearly complete, which should help to stabilise ARPUs.

In our International operations, fourth quarter performance in Tanzania and the DRC also showed signs of improvement. In the DRC, all operators are adhering to the new price floor. In Tanzania, in the fourth quarter, we have reached the lapping effect of the initial price reductions.

In the three-year period starting in FY2016 we aim to drive the contributions of data and Enterprise revenue to 40% and 30% of Group service revenue respectively, with International and new services targeted to contribute 30% and 5% of Group service revenue respectively.



Ivan Dittrich
Chief Financial Officer

OPERATING RESULTS

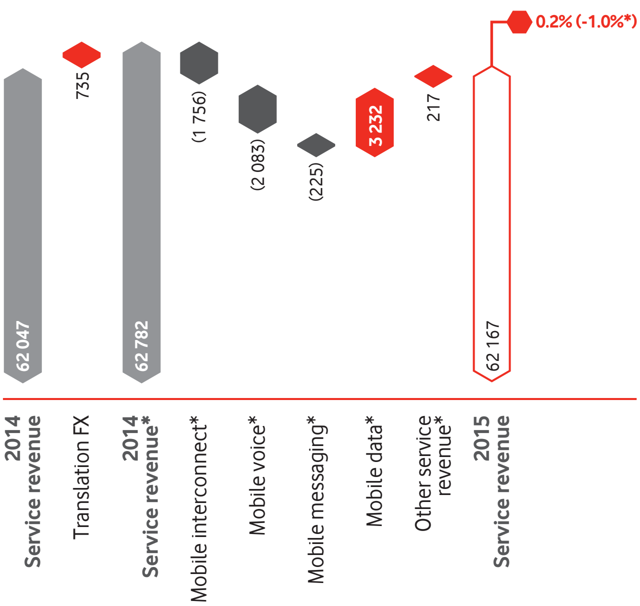
Revenue

Group revenue increased by 2.1% (1.1%*) to R77 333 million and service revenue by 0.2% (-1.0%*) to R62 167 million. Group revenue benefitted from encouraging growth of 12.7% in equipment revenue for the year, which was boosted by device financing and increased low-cost device sales. Sales in Vodacom-branded low-cost devices, Smart Kicka and Smart Tab added to the positive momentum, exiting the fourth quarter with 33.6% equipment revenue growth, compared to the same quarter last year. Equipment revenue now contributes 18.5% of Group revenue compared to 16.7% a year ago.

In South Africa, service revenue declined 2.7% due to a 50% cut in MTRs. Excluding the impact of MTRs, service revenue grew 1.5%, due to a 23.4% rise in data revenue growth, an increase in other service revenue of 10.8% and the positive impact of the SA One-Off[1].

In our International operations service revenue grew 10.0% (4.5%*) as a result of a 32.9% increase in data revenue and an increase in voice revenue of 8.0%. These operations now contribute 24.6% of Group service revenue, up from 22.4% a year ago.

Group service revenue normalised growth by category (Rm)



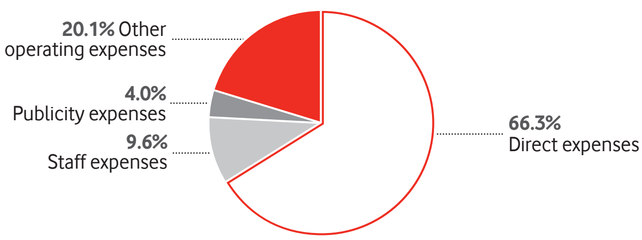
Total expenses[2]

Notwithstanding expenses increasing ahead of revenue growth, we tightly managed Group expenses in a challenging environment fuelled by rising wages, fuel and electricity costs as well as our accelerated capex programme.

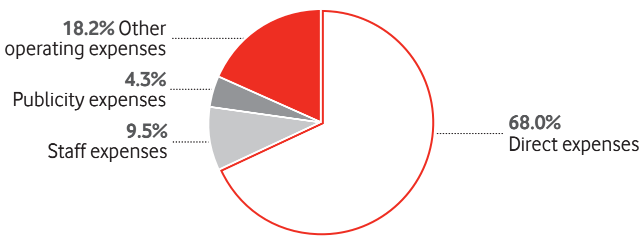
In South Africa, the 1.7% increase in total expenses was driven by higher network operating costs as a result of our accelerated capex programme, an exchange-rate driven increase in operating costs not denominated in South African rand and a trading foreign exchange loss of R114 million compared to a gain of R172 million in the prior year. Excluding the impact of foreign exchange, total expenses increased by only 1.0%* due to tight cost control, which achieved savings in publicity, commissions and transmission lease costs.

Expenses in the International operations increased by 14.0% (7.9%*) as a result of increases in direct costs, network costs and bad debts. Excluding the International One-Off[1] impact, total expenses increased 4.1%***, below service revenue growth of 4.5%***.

Composition of total expenses 2015 (%)



Composition of total expenses 2014 (%)



Notes:
1. Service revenue benefitted from a One-Off adjustment of R325 million relating to a change in the accounting estimate of un-recharged vouchers reported in the first-half of the year and R164 million due to the consolidation of XLink in the second-half.
2. Excluding depreciation, amortisation, impairment losses and BBBEE charge income/charge.

OPERATING RESULTS continued

EBITDA

Group EBITDA declined 1.5% (-1.1%*) with the Group EBITDA margin contracting 1.3 ppts to 34.8%. Excluding the impact of MTRs, SA One-Off, International One-Off and foreign exchange, adjusted EBITDA growth was 3.4%*** with an EBITDA margin of 35.9%***.

South Africa's EBITDA declined 1.1%, negatively impacted by MTRs, with EBITDA margin contracting slightly to 36.8% (2014: 37.4%). Adjusted growth in EBITDA for the year, excluding the impact of MTRs, SA One-Off and trading foreign exchange, expanded 3.8%*** with an EBITDA margin of 37.4%***.

In our International operations, EBITDA declined 3.6% (-7.6%*), with an EBITDA margin of 26.1%. Excluding the International One-Off[1] impact and foreign exchange, EBITDA grew 1.4%*** with an EBITDA margin of 29.0%***.

Note:
1. EBITDA was impacted by a One-Off adjustment of R405 million relating to the write-off of current assets in the DRC ('International One-Off').

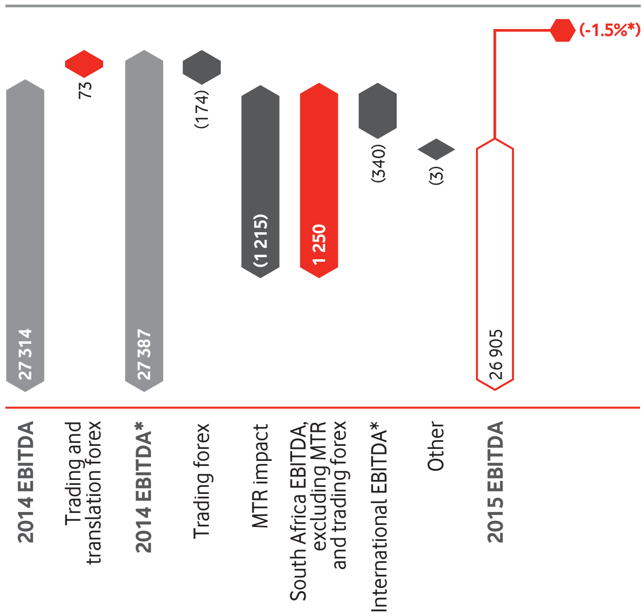
* Normalised growth adjusted for trading foreign exchange and at a constant currency (using current year as base) (collectively 'foreign exchange').

** Growth adjusted for foreign exchange and the MTR impact in South Africa.

*** Growth adjusted for foreign exchange, the MTR impact in South Africa, the release of un-recharged vouchers due to a change in accounting estimate, service revenue impact R325 million and EBITDA impact R309 million and the consolidation of XLink effective 1 April 2014 (South Africa only), service revenue impact R164 million and EBITDA impact R79 million and the write-off of current assets (International only), EBITDA impact R405 million.

All growth rates quoted are year-on-year growth rates unless stated otherwise.

Group EBITDA (Rm)



Operating profit

Rm	Year ended 31 March 2015	2014	2013	% change 14/15	13/14
South Africa	17 699	18 246	17 640	(3.0)	3.4
International	1 569	2 171	1 177	(27.7)	84.5
Corporate and eliminations	(33)	(23)	80	(43.5)	(128.8)
Operating profit	19 235	20 394	18 897	(5.7)	7.9

Group operating profit decreased 5.7% to R19 235 million mainly due to lower EBITDA, an 11.7% increase in depreciation and amortisation as a result of our accelerated capex programme, as well as a loss of R180 million recognised from associates. Operating profit in South Africa decreased 3.0% to R17 699 million due to lower EBITDA and an increase in depreciation and amortisation as a result of a 26.1% increase in capex. International operations' operating profit decreased 27.7% to R1 569 million due to lower EBITDA, an increase in depreciation and amortisation as a result of an 18.8% increase in capex and a R180 million loss recognised from associates.

Net finance charges

Rm	Year ended 31 March 2015	2014	2013	% change 14/15	13/14
Finance income	346	333	117	3.9	184.6
Finance costs	(1 737)	(1 051)	(927)	65.3	13.4
Net gain/(loss) on remeasurement and disposal of financial instruments	7	(91)	123	107.7	(174.0)
Net finance charges	(1 384)	(809)	(687)	71.1	17.8

During the year, average debt increased as a result of debt financing capex, working capital requirements, refinancing existing short-term borrowings and funding the acquisition of an additional 17.2% interest in Tanzania. Average cost of debt also increased by 0.4 ppts to 7.1%. These resulted in finance costs increasing 65.3% to R1 737 million, partially offset by gains on derivatives as a result of the weakening of the rand exchange rate to other currencies.

Taxation

The tax expense of R5 341 million is 9.7% lower than the prior year (2014: R5 918 million). The Group's effective tax rate decreased slightly from 30.2% to 29.9%. In the prior year, the effective tax rate was higher due to the non-deductible BBBEE expenditure incurred.

Group tax reconciliation

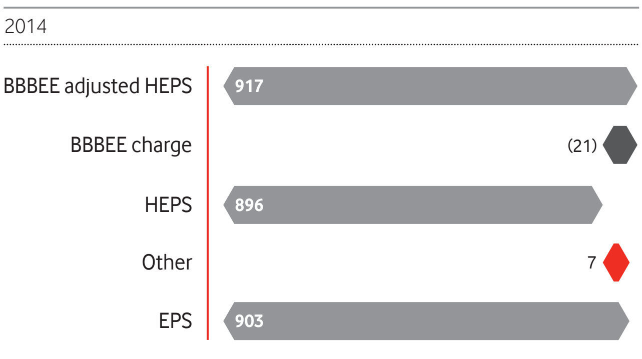
	2015 Rm	2015 Rate %	2014 Rm	2014 Rate %
Profit before tax	17 851		19 585	
Expected income tax expense	4 998	28.0	5 484	28.0
Non-deductible interest expenditure	165	0.9	127	0.6
Withholding tax	141	0.8	136	0.7
Other	37	0.2	171	0.9
Total income tax expense/effective tax rate	5 341	29.9	5 918	30.2

www For more detail on tax and our total economic distribution refer to our online report at www.vodacom.com

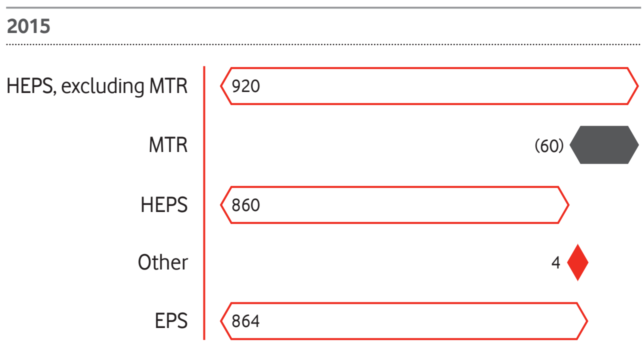
Earnings

HEPS decreased 4.0% to 860 cents and EPS decreased by 4.3% to 864 cents. The decline in both HEPS and EPS stems largely from MTR cuts in South Africa, increased depreciation and finance charges as a result of accelerated capex funded largely through debt, offset by a lower tax charge and lower minority interest. Minority interest for the year decreased due to losses in the DRC, lower net profit in Tanzania and the acquisition of an additional 17.2% interest in Tanzania.

Headline earnings per share (cents per share)



Headline earnings per share (cents per share)



OPERATING RESULTS continued

Segment performance

South Africa

Rm	Year ended 31 March 2015	2014	2013	% change 14/15	13/14
Mobile voice	25 855	28 135	29 151	(8.1)	(3.5)
Mobile interconnect	2 142	3 848	4 916	(44.3)	(21.7)
Mobile messaging	2 522	2 675	3 027	(5.7)	(11.6)
Mobile data	13 538	10 974	8 882	23.4	23.6
Other service revenue	2 975	2 684	2 183	10.8	23.0
Service revenue	47 032	48 316	48 159	(2.7)	0.3
Equipment revenue	14 058	12 526	9 740	12.2	28.6
Non-service revenue	947	964	708	(1.8)	36.2
Revenue	62 037	61 806	58 607	0.4	5.5
Direct expenses	(28 073)	(27 975)	(25 433)	0.4	10.0
Staff expenses	(3 143)	(3 047)	(3 062)	3.2	(0.5)
Publicity expenses	(1 249)	(1 418)	(1 438)	(11.9)	(1.4)
Other operating expenses	(6 759)	(6 126)	(6 249)	10.3	(2.0)
BBBEE income/(charge)	47	(232)	–	(120.3)	n/a
Depreciation and amortisation	(5 161)	(4 765)	(4 750)	8.3	0.3
Profit from associate	–	3	–	(100.0)	n/a
Impairment losses	–	–	(35)	n/a	(100.0)
Operating profit	17 699	18 246	17 640	(3.0)	3.4
EBITDA	22 837	23 087	22 408	(1.1)	3.0
EBITDA margin (%)	36.8	37.4	38.2		
Operating profit margin (%)	28.5	29.5	30.1		
New disclosure					
Mobile contract revenue	21 292	21 105	21 119	0.9	(0.1)
In-bundle	14 766	13 644	13 333	8.2	2.3
Out-of-bundle	6 526	7 461	7 786	(12.5)	(4.2)
Mobile prepaid revenue	20 024	20 229	19 272	(1.0)	5.0
In-bundle	2 913	2 296	1 125	26.9	104.1
Out-of-bundle	17 111	17 933	18 147	(4.6)	(1.2)
Customer service revenue	41 316	41 334	40 391	–	2.3
Mobile interconnect	2 142	3 848	4 916	(44.3)	(21.7)
Other service revenue	3 574	3 134	2 852	14.0	9.9
Service revenue	47 032	48 316	48 159	(2.7)	0.3

Note:
Effective from 1 April 2013, Vodacom and Vodafone changed the classification within service revenue from voice, messaging and data revenue to mobile customer revenue, separating in- and out-of-bundle customer revenue for both prepaid and contract customers, mobile incoming revenue and other service revenue. This information is presented on this new basis for the 2013, 2014 and 2015 financial years.

As a result of the above changes certain reclassifications have been made between service revenue and revenue, prior periods have been restated.

Revenue grew 0.4% to R62 037 million, with a notable improvement in the fourth quarter growth of 4.7% compared to the same quarter last year. Strong data and equipment revenue growth, especially in the fourth quarter, were the main contributors. Equipment revenue represented 22.7% (2014: 20.3%) of total revenue, up 12.2% for the year. We sold ten million devices in the year, supported by device financing and more affordable device price points, as part of our strategy to put data capable devices into the hands of more customers. More than three million low-cost smart devices were sold, including Vodacom-branded Smart Kicka and Smart Tab, which sold over one million since launch in the third quarter.

Service revenue declined 2.7% to R47 032 million impacted by a 50% cut in MTRs in April 2014. Excluding the MTR impact of R2.0 billion, service revenue grew 1.5% and returned to growth in the fourth quarter. Growth in data and in our enterprise business were the main drivers of service revenue. Service revenue benefitted from a One-Off adjustment of R325 million relating to a change in the accounting estimate of un-recharged vouchers reported in the first-half of the year and R164 million due to the consolidation of XLink in the second-half (collectively 'SA One-Off').

Customer service revenue was flat at R41 316 million, despite a 17.7% reduction in the blended average effective price per minute as a result of our pricing transformation programme. This was offset by growth in outgoing voice traffic of 12.5% and growth in data traffic of 63.1%. Our strategy of offering best value to customers was executed through targeting a clear segmented approach, offering bundles at affordable and competitive prices, together with delivering worry-free integrated plans to customers.

Contract active customers, excluding M2M, increased 2.5% to 4.9 million. Higher gross connections and a 2.6 ppt reduction in churn to 9.2%, supported by a proactive retention campaign, were the main drivers of this growth. Contract pricing transformation is nearing completion, with 77.9% of contract customers migrated from voice centric plans to integrated plans. Contract in-bundle spend increased to 69.3% (2014: 64.6%), reducing exposure to out-of-bundle prices and protecting us from competing services. Hybrid contract transformation is gaining traction, with 54.8% of hybrid customers switching to uChoose packages, which give customers access to integrated plans with an option to access prepaid promotions on an ad hoc basis. ARPUs declined 2.3% year-on-year to R380; excluding the impact of interconnect revenue, ARPUs were flat year-on-year.

Prepaid active customers increased 1.8% to 27.2 million customers. This was largely due to shifting customers to value-based offers, resulting in a higher proportion of prepaid voice revenues generated from voice bundle offers. Pricing transformation has made us more competitive, with 6.3 million customers now engaged in bundles. In the fourth quarter, we sold an average of 53 million voice bundles a month. Our customer value management system, which helps us understand customers' needs, was used effectively to target customers with affordable offers below the line, move customers from legacy plans to new prepaid price plans, and engage customers before they become inactive.

Data revenue grew 23.4% to R13 538 million (21.9% excluding the XLink adjustment), supported by more affordable devices, increased bundles sold and greater coverage. Data monetisation and efficiency improved in the fourth quarter, with data revenue growth of 31.0% (of which 5.6 ppts related to the XLink adjustment) and data traffic growth of 47.5%, compared to the same quarter last year. Data now makes up 28.8% of service revenue (2014: 22.7%), with active data customers up 9.4% to 16.6^ million customers and M2M customers up 15.9% to 1.7 million. The number of active smart data devices on the network increased 29.7% to 11.6 million (of which 9.3 million are smartphones, 1.1 million are tablets and 1.2 million are modems), fuelled by more affordable devices. The average amount of data used per month increased 37.9% to 342MB on smartphones and 12.3% to 829MB on tablets. The launch of affordable daily and hourly "bite size" data bundles (e.g. R3 for 50MB and R10 for 100MB) drove data adoption and supported the shift of prepaid customers to bundle usage, with prepaid data bundle sales up 139.2%.

New services, which include m-pesa, financial services, M2M and content have been identified as a new growth pillar. m-pesa is slowly gaining traction in South Africa, with one million registered m-pesa customers signing up since launch and 76 000[#] actively using the service. Revenue from our insurance business grew 36.0%, boosted by an increase in device insurance. To build scale in M2M, we leveraged off the Vodafone global M2M platform to launch additional applications in target industries.

EBITDA declined 1.1% to R22 837 million, with a slight contraction in EBITDA margin of 0.6 ppts to 36.8%. Excluding the impact of MTRs, EBITDA grew 4.2%. EBITDA benefitted from the SA One-Off of R387 million. Higher network operating costs due to our accelerated capex programme, a trading foreign exchange loss and an exchange rate driven increase in other operating costs not denominated in South African rand offset tight cost management, with savings in publicity, commissions and transmission lease costs. Solid operational execution in the second-half of the year delivered H2 EBITDA growth of 2.8% (compared to the same period last year) with a margin of 37.6%.

Capex grew 26.1% to R8 646 million. This was as a result of our accelerated capex programme, which focused on coverage, capacity and network quality. To support data growth and give customers the best data experience, we increased the number of 3G sites by 21.4% to 8 802 sites, covering 96% of the South African population. The number of LTE/4G sites more than doubled to 2 600 sites, covering 35% of the population. A six-year project to upgrade the radio access network ('RAN') with LTE/4G ready equipment was completed during the year with self-provided high-speed transmission extended to 81.3% of sites. Fibre to the business and fibre to the home services were soft-launched during the year.

\# Number of unique customers who have generated revenue related to any m-pesa activities in relation to m-pesa revenue in the past 90 days, of these 42 000 have been active in the past 30 days in South Africa.

^ These items were included as part of our assurance process this year.

OPERATING RESULTS continued

Segment performance

International

Rm	Year ended 31 March 2015	2014	2013	% change 14/15	13/14
Mobile voice	8 479	7 849	6 259	8.0	25.4
Mobile interconnect	1 539	1 517	1 067	1.5	42.2
Mobile messaging	573	615	433	(6.8)	42.0
Mobile data	3 046	2 292	1 117	32.9	105.2
Other service revenue	1 654	1 622	2 382	2.0	(31.9)
Service revenue	15 291	13 895	11 258	10.0	23.4
Equipment revenue	267	214	137	24.8	56.2
Non-service revenue	189	247	188	(23.5)	31.4
Revenue	15 747	14 356	11 583	9.7	23.9
Direct expenses	(5 573)	(5 157)	(5 161)	8.1	(0.1)
Staff expenses	(1 408)	(1 264)	(1 034)	11.4	22.2
Publicity expenses	(742)	(664)	(513)	11.7	29.4
Other operating expenses	(3 846)	(3 061)	(2 129)	25.6	43.8
Depreciation and amortisation	(2 429)	(2 039)	(1 590)	19.1	28.2
Impairment reversal	–	–	21	n/a	(100.0)
Loss from associate	(180)	–	–	n/a	n/a
Operating profit/(loss)	1 569	2 171	1 177	(27.7)	84.5
EBITDA	4 104	4 256	2 739	(3.6)	55.4
EBITDA margin (%)	26.1	29.6	23.6		
Operating profit margin (%)	10.0	15.1	10.2		
New disclosure					
Mobile contract revenue	961	883	555	8.8	59.1
In-bundle	237	248	89	(4.4)	178.7
Out-of-bundle	724	635	466	14.0	36.3
Mobile prepaid revenue	11 125	9 869	7 243	12.7	36.3
In-bundle	1 785	1 118	124	59.7	> 200.0
Out-of-bundle	9 340	8 751	7 119	6.7	22.9
Customer service revenue	12 086	10 752	7 798	12.4	37.9
Mobile interconnect	1 539	1 517	1 067	1.5	42.2
Other service revenue	1 666	1 626	2 393	2.5	(32.1)
Service revenue	15 291	13 895	11 258	10.0	23.4

Note:
Effective from 1 April 2013, Vodacom and Vodafone changed the classification within service revenue from voice, messaging and data revenue to mobile customer revenue, separating in- and out-of-bundle customer revenue for both prepaid and contract customers, mobile incoming revenue and other service revenue. This information is presented on this new basis for the 2013, 2014 and 2015 financial years.

South Africa key performance indicators

	Year ended 31 March			% change	
	2015	**2014**	**2013**	**14/15**	**13/14**
Active customers[1] (thousand)	**32 115**	31 520	29 190	**1.9**	8.0
Prepaid	**27 202**	26 726	24 404	**1.8**	9.5
Contract	**4 913**	4 794	4 786	**2.5**	0.2
Active data customers[2] (thousand)	**16 595^**	15 172	n/a	**9.4**	n/a
Machine-to-machine customers (thousand)	**1 672**	1 443	1 159	**15.9**	24.5
Traffic[3] (millions of minutes)	**48 519**	43 537	37 480	**11.4**	16.2
Outgoing	**38 531**	34 250	28 349	**12.5**	20.8
Incoming	**9 988**	9 287	9 131	**7.5**	1.7
MOU per month[4]	**126**	121	106	**4.1**	14.2
Prepaid	**116**	109	90	**6.4**	21.1
Contract	**187**	182	189	**2.7**	(3.7)
Total ARPU[5] (rand per month)	**113**	125	128	**(9.6)**	(2.3)
Prepaid	**66**	75	76	**(12.0)**	(1.3)
Contract	**380**	389	403	**(2.3)**	(3.5)
Messaging (million)	**4 384**	5 768	6 071	**(24.0)**	(5.0)
Estimated mobile penetration (%)	**153**	146	140		
Number of employees	**5 228**	4 829	5 006	**8.3**	(3.5)

Notes:

1. Active customers are based on the total number of mobile customers using any service during the last three months. This includes customers paying a monthly fee that entitles them to use the service even if they do not actually use the service and those customers who are active while roaming.
2. Active data customers are a number of unique users who have generated revenue related to any data activities in the reported month (this excludes SMS and MMS messaging users). A unique user is a customer who needs to be counted once regardless of what data services they have utilised. A user is defined as a count of all active customers that have generated data revenue for a contractual monthly fee for this service or have used the service during the reported month.
3. Traffic comprises total traffic registered on Vodacom's mobile network, including bundled minutes, promotional minutes and outgoing international roaming calls, but excluding national roaming calls, incoming international roaming calls and calls to free services.
4. Minutes of use ('MOU') per month is calculated by dividing the average monthly minutes (traffic) during the period by the average monthly active customers during the period.
5. Total ARPU is calculated by dividing the average monthly service revenue by the average monthly active customers during the period. Prepaid and contract ARPU only include service revenue generated from Vodacom mobile customers.

^ These items were included as part of our assurance process this year.

OPERATING RESULTS continued

Service revenue grew 10.0% (4.5%*) to R15 291 million, underpinned by strong customer growth of 13.7% to 29.5 million customers. Challenges were encountered in Tanzania and the DRC due to aggressive pricing pressures. In Tanzania, corrective action was taken to repair pricing, resulting in better revenue growth in the fourth quarter. The suspension of data and SMS services in the DRC as a result of unrest, negatively affected performance in the fourth quarter. However, voice pricing stabilised, with all operators adhering to the new price floor, which became effective on 1 March 2015. Mozambique and Lesotho delivered solid performances for the year.

Data revenue grew 32.9% with data contributing 19.9% of service revenue (2014: 16.5%) supported by a 28.7% increase in active data customers to 9.9 million, representing 33.4% of the customer base.

m-pesa continues to gain momentum in all of our markets, with active customers of 8.0 million[#], up 34.2% and revenue growth of 27.5%. In Tanzania, we launched m-pawa in partnership with the Commercial Bank of Africa, a savings and loans product based on a mobile platform. We also launched International Money Transfer services. 1.8 million customers are actively using m-pawa.

EBITDA declined 3.6% (-7.6%*) to R4 104 million and EBITDA margin contracted by 3.5 ppts to 26.1% (2014: 29.6%). A One-Off adjustment of R405 million relating to the write off of current assets in the DRC ('International One-Off') was the main contributor to the decline.

Excluding the International One-Off impact, EBITDA grew 5.9% at an EBITDA margin of 28.6%. The International operations contributed 15.3% to Group EBITDA.

Capex grew 18.8% to R4 654 million as we continued to invest significantly in all our markets to differentiate our offering in terms of network coverage and performance. To support wider voice coverage and significant data growth, 2G and 3G sites were increased by 29.4% and 50.5% respectively. Vodacom was the first operator to launch LTE/4G services in Lesotho.

During the year, the Group acquired an additional 17.2% stake in Tanzania for R2.6 billion, which was funded through debt.

Number of unique customers who have generated revenue related to any m-pesa activities in relation to m-pesa revenue in the past 90 days, of these 5.6 million have been active in the past 30 days in International.

International key performance indicators

	Year ended 31 March			% change	
	2015	**2014**	**2013**	**14/15**	**13/14**
Active customers[1] (thousand)	**29 533**	25 969	21 327	**13.7**	21.8
Tanzania	**12 172**	10 284	9 468	**18.4**	8.6
DRC	**11 216**	10 008	7 706	**12.1**	29.9
Mozambique	**4 877**	4 333	3 045	**12.6**	42.3
Lesotho	**1 268**	1 344	1 108	**(5.7)**	21.3
Active data customers[2] (thousand)	**9 878**	7 675	4 117	**28.7**	86.4
Tanzania	**5 265**	3 788	1 674	**39.0**	126.3
DRC	**2 338**	2 218	1 410	**5.4**	57.3
Mozambique	**1 879**	1 368	840	**37.4**	62.9
Lesotho	**396**	301	193	**31.6**	56.0
MOU per month[3]					
Tanzania	**149**	125	85	**19.2**	47.1
DRC	**41**	35	45	**17.1**	(22.2)
Mozambique	**113**	103	77	**9.7**	33.8
Lesotho	**59**	41	31	**43.9**	32.3
Total ARPU[4] (rand per month)					
Tanzania	**42**	45	35	**(6.7)**	28.6
DRC	**32**	35	33	**(8.6)**	6.1
Mozambique	**52**	58	55	**(10.3)**	5.5
Lesotho	**53**	46	53	**15.2**	(13.2)
Total ARPU[4] (local currency per month)					
Tanzania (TZS)	**6 530**	7 213	6 516	**(9.5)**	10.7
DRC (USD)	**2.9**	3.4	3.8	**(14.7)**	(10.5)
Mozambique (MZN)	**149**	172	186	**(13.4)**	(7.5)
Estimated mobile penetration (%)					
Tanzania	**64**	57	55		
DRC	**41**	35	28		
Mozambique	**41**	39	32		
Lesotho	**75**	82	65		
Number of employees	**2 372**	2 210	2 115	**7.3**	4.5

Notes:
1. Active customers are based on the total number of mobile customers using any service during the last three months. This includes customers paying a monthly fee that entitles them to use the service even if they do not actually use the service and those customers who are active while roaming.
2. Active data customers are a number of unique users who have generated revenue related to any data activities in the reported month (this excludes SMS and MMS messaging users). A unique user is a customer who needs to be counted once regardless of what data services they have utilised. A user is defined as a count of all active customers that have generated data revenue for a contractual monthly fee for this service or have used the service during the reported month.
3. Minutes of use ('MOU') per month is calculated by dividing the average monthly minutes (traffic) during the period by the average monthly active customers during the period.
4. Total ARPU is calculated by dividing the average monthly service revenue by the average monthly active customers during the period. ARPU has been restated to only include service revenue generated from Vodacom mobile customers.

OPERATING RESULTS continued

Reconciliation of normalised and adjusted growth

March 2015 %	Reported[1] % change	Foreign exchange Trading FX[2] ppt	Foreign exchange Translation FX[3] ppt	Normalised(*) % change	MTR impact[4] ppt	Adjusted after foreign exchange and MTR(**) % change	SA One-Off and International One-Off[5] ppt	Cumulatively adjusted (***) % change
Revenue								
Group	2.1	–	(1.0)	1.1	2.6	3.7	(0.6)	3.1
Group excluding only the MTR change	2.1	n/a	n/a	n/a	2.7	4.8	n/a	n/a
International	9.7	–	(5.7)	4.0	–	4.0	–	4.0
South Africa	0.4	–	–	0.4	3.2	3.6	(0.8)	2.8
Service revenue								
Group	0.2	–	(1.2)	(1.0)	3.2	2.2	(0.8)	1.4
Group excluding only the MTR change	0.2	n/a	n/a	n/a	3.2	3.4	n/a	n/a
International	10.0	–	(5.5)	4.5	–	4.5	–	4.5
South Africa	(2.7)	–	–	(2.7)	4.2	1.5	(1.1)	0.4
Data revenue								
South Africa	23.4	–	–	23.4	–	23.4	(1.5)	21.9
Total cost								
International	14.0	0.4	(6.5)	7.9	–	7.9	(3.8)	4.1
South Africa	1.7	(0.7)	–	1.0	2.0	3.0	(0.3)	2.7
EBITDA								
Group	(1.5)	1.0	(0.6)	(1.1)	4.4	3.3	0.1	3.4
International	(3.6)	(0.5)	(3.5)	(7.6)	–	(7.6)	9.0	1.4
International excluding only the One-Off adjustment	(3.6)	n/a	n/a	n/a	–	n/a	9.5	5.9
South Africa	(1.1)	1.3	–	0.2	5.3	5.5	(1.7)	3.8
South Africa excluding only the MTR change	(1.1)	n/a	n/a	n/a	5.3	4.2	n/a	n/a

Note:
* Normalised growth adjusted for trading foreign exchange and at a constant currency (using current year as base) (collectively 'foreign exchange').
** Growth adjusted for foreign exchange and the MTR impact in South Africa.
*** Growth adjusted for foreign exchange, the MTR impact in South Africa, the release of un-recharged vouchers due to a change in accounting estimate, service revenue impact R325 million and EBITDA impact R309 million and the consolidation of XLink effective 1 April 2014 (South Africa only), service revenue impact R164 million and EBITDA impact R79 million and the write-off of current assets (International only), EBITDA impact R405 million.

Reconciliation of normalised and adjusted growth

March 2015 Rm	Reported[1]	Foreign exchange Trading FX[2]	Translation FX[3]	Normalised(*)	MTR impact[4]	Adjusted after foreign exchange and MTR(**)	SA One-Off and International One-Off[5]	Cumulatively adjusted (***)
Revenue								
Group	77 333	–	–	77 333	1 990	79 323	(489)	78 834
Group excluding only the MTR change	77 333	n/a	n/a	n/a	1 990	79 323	n/a	n/a
International	15 747	–	–	15 747	–	15 747	–	15 747
South Africa	62 037	–	–	62 037	1 990	64 027	(489)	63 538
Service revenue								
Group	62 167	–	–	62 167	1 990	64 157	(489)	63 668
Group excluding only the MTR change	62 167	n/a	n/a	n/a	1 990	64 157	n/a	n/a
International	15 291	–	–	15 291	–	15 291	–	15 291
South Africa	47 032	–	–	47 032	1 990	49 022	(489)	48 533
Data revenue								
South Africa	13 538	–	–	13 538	–	13 538	(164)	13 374
Total cost								
International	11 569	(53)	–	11 516	–	11 516	(405)	11 111
South Africa	39 224	(114)	–	39 110	775	39 885	(102)	39 783
EBITDA								
Group	26 905	174	–	27 079	1 215	28 294	18	28 312
International	4 104	53	–	4 157	–	4 157	405	4 562
International excluding only the One-Off adjustment	4 104	n/a	n/a	n/a	n/a	n/a	405	4 509
South Africa	22 837	114	–	22 951	1 215	24 166	(387)	23 779
South Africa excluding only the MTR change	22 837	n/a	n/a	n/a	1 215	24 052	n/a	n/a

OPERATING RESULTS continued

Reconciliation of normalised and adjusted growth (continued)

March 2014 Rm	Reported[1]	Trading FX[2]	Translation FX[3]	Normalised (*)
Revenue				
Group	75 711	–	787	76 498
Group excluding only the MTR change	75 711	n/a	n/a	n/a
International	14 356	–	787	15 143
South Africa	61 806	–	–	61 806
Service revenue				
Group	62 047	–	735	62 782
Group excluding only the MTR change	62 047	n/a	n/a	n/a
International	13 895	–	735	14 630
South Africa	48 316	–	–	48 316
Data revenue				
South Africa	10 974	–	–	10 974
Total cost				
International	10 146	(80)	610	10 676
South Africa	38 566	172	–	38 738
EBITDA				
Group	27 314	(88)	161	27 387
International	4 256	80	161	4 497
International excluding only the One-Off adjustment	4 256	n/a	n/a	n/a
South Africa	23 087	(172)	–	22 915
South Africa excluding only the MTR change	23 087	n/a	n/a	n/a

The reconciliation represents cumulatively adjusted growth excluding the impact of foreign exchange gains/losses and at a constant currency (using current year as base), MTR cuts, SA One-Off and International One-Off. The presentation of the pro-forma information is the responsibility of the directors of Vodacom Group Limited. The purpose in 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, and results of operations or cash flows of Vodacom Group Limited. This pro-forma information has been reviewed and reported on by the Group's auditors, being PricewaterhouseCoopers Inc. Their unqualified reporting accountant's report thereon is available for inspection at the Company's registered address.

Notes:

1. The reported percentage change relates to the year-on-year percentage growth from 31 March 2014 to 31 March 2015. The Group's presentation currency is the South African rand. Our International operations include functional currencies mainly in United States dollar, Tanzanian shilling and Mozambican metical. The prevailing exchange for the current and comparative periods is disclosed below.
2. Trading foreign exchange ('FX') 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 ('FX') arises from the translation of the results, at average rates, of subsidiaries' functional currencies to Vodacom's presentation currency, being the South African 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 year) to prior year numbers, thereby giving a user a view of the performance, which excludes exchange variances. The prevailing exchange rates for the current and comparative periods are disclosed below.
4. The mobile termination rate impact on revenue is calculated by using the current year's mobile incoming voice minutes at last year's MTR rate and the impact on costs is calculated by using the current year's mobile outgoing voice minutes at last year's MTR rate. The EBITDA impact is calculated as the net effect of the impact on revenue less the impact of costs.
5. The SA One-Off impact was calculated as the sum of the impact of the change in the accounting estimate of un-recharged vouchers reported in the first-half of the year and the impact of the consolidation of XLink in the second-half. The International One-Off impact relates to the write off of current assets in the DRC.

Exchange rates

	Average					Closing				
	31 March			% change		31 March			% change	
	2015	2014	2013	14/15	13/14	2015	2014	2013	14/15	13/14
USD/ZAR	11.07	10.13	8.51	9.3	19.0	12.14	10.52	9.25	15.4	13.7
ZAR/MZN	2.89	3.01	3.42	(4.0)	(12.0)	3.03	2.98	3.33	1.7	(10.5)
ZAR/TZS	154.72	160.44	187.30	(3.6)	(14.3)	152.63	155.69	174.90	(2.0)	(11.0)
EUR/ZAR	13.99	13.59	10.97	2.9	23.9	13.03	14.49	11.86	(10.1)	22.2

FINANCIAL POSITION AND RESOURCES

Statement of financial position

Rm	As at 31 March 2015	2014	Movement 14/15
Property, plant and equipment	35 959	30 802	5 157
Intangible assets	7 603	5 369	2 234
Other non-current assets	2 392	1 783	609
Current assets	25 353	22 787	2 566
Total assets	**71 307**	60 741	**10 566**
Equity attributable to owners of the parent	22 062	23 057	(995)
Non-controlling interests	(419)	686	(1 105)
Total equity	**21 643**	23 743	**(2 100)**
Borrowings	25 659	13 750	11 909
Non-current	20 308	9 683	10 625
Current	5 351	4 067	1 284
Tax liabilities	1 940	1 630	310
Other non-current liabilities	984	735	249
Other current liabilities	21 081	20 883	198
Total liabilities	**49 664**	36 998	**12 666**
Total equity and liabilities	**71 307**	60 741	**10 566**

Assets

Property, plant and equipment

Property, plant and equipment increased by 16.7% to R35 959 million, mainly due to net additions of R11 087 million and a foreign currency translation gain totalling R395 million, partially offset by a depreciation charge of R6 334 million.

Intangible assets

At 31 March 2015, intangible assets were R7 603 million (2014: R5 369 million) with software comprising the largest element at R3 977 million (2014: R2 913 million) followed by goodwill at R2 304 million (2014: R1 856 million) and customer bases at R816 million (2014: R45 million). During the year, the Group capitalised R2 100 million additions, comprising mainly computer software and recognised amortisation of R1 247 million in profit and loss. Effective 11 November 2014, the Group acquired its customer base from Nashua for R1 018 million and recognised the fair value of the customer base of R800 million as well as related goodwill of R442 million as part of intangible assets.

Other non-current assets

Other non-current assets include financial assets, investments in associate and joint venture, trade and other receivables, finance lease receivables and deferred tax. Other non-current assets grew by R609 million to R2 392 million at 31 March 2015 and mainly relate to an increase in the equity investment in the Group's associate, Helios Towers Tanzania Limited ('Helios'), resulting from the transfer of sites to HTT Infraco Limited ('HTT'), a subsidiary of Helios, as well as additional funding to Helios. In the current year the Group's share of losses from Helios amounted to R180 million, which were recognised against the investment. In addition, the Innovator Trust, established to acquire YeboYethu shares from the black public, invested R173 million in equity-linked notes while loans and receivables of R85 million were recognised following the deconsolidation of the Group's self-insurance vehicle. Finance lease receivables increased by R105 million as a result of an increase in device financing.

FINANCIAL POSITION AND RESOURCES continued

Capital expenditure

Rm	Year ended 31 March 2015	2014	2013	% change 14/15	13/14
South Africa	8 646	6 858	6 967	26.1	(1.6)
International	4 654	3 919	2 864	18.8	36.8
Corporate and eliminations	5	2	(375)	150.0	100.5
Capital expenditure	13 305	10 779	9 456	23.4	14.0
Capital intensity[1] (%)	17.2	14.2	13.5		

Note:
1. Capital expenditure as a percentage of revenue.

Current assets

Current assets consist of financial assets, inventory, trade and other receivables, non-current assets held for sale, finance lease receivables, tax receivable and cash and cash equivalents. At 31 March 2015, current assets increased by R2 566 million to R25 353 million compared to the prior year. The largest contributor to the increase was an increase in cash and cash equivalents of R3 123 million on the prior year. Financial assets increased by R194 million due to an increase in deposits from m-pesa customers and a decrease in investments held for insurance purposes totalling R600 million, partially offset by the receipt of repayment on a loan receivable during the current year of R406 million. Non-current assets held for sale reduced by R475 million as assets were transferred to HTT as part of the tower deal concluded in the prior year. Trade and other receivables were in line year-on-year. The inventory holding at year end was higher compared to the prior year driven by acquisitions of recently launched high-end handsets.

Total equity

Total equity decreased from R23 743 million at 31 March 2014 to R21 643 million at 31 March 2015, contributed by R12 510 million net profit for the year, a R278 million favourable foreign currency translation movement and an increase in the share-based payment reserve of R99 million being offset by dividends of R11 909 million and the repurchase, sale and vesting of shares of R168 million. Included in the favourable foreign exchange movement is a R269 million profit (2014: R380 million profit), net of tax, relating to foreign-denominated loans to subsidiaries classified as part of the net investments in these foreign operations. The Group acquired an additional 17.2% interest in Vodacom Tanzania Limited, resulting in a R2 576 million impact on equity for the year. Also during the year, the Group advanced BBBEE through direct shareholding in YeboYethu Limited ('YeboYethu') by the establishment of the Innovator Trust. The Innovator Trust utilised the loan funding obtained from Vodacom (Pty) Limited to acquire YeboYethu shares from the black public. As a result, the Group reclassified R322 million from equity to liability in terms of IFRS 2: Share-based payments.

Liabilities

Borrowings

Total borrowings increased from R13 750 million at 31 March 2014 to R25 659 million at 31 March 2015. The increase is attributable to an increase in the facility with Vodafone Investments Luxemburg s.a.r.l. of R10 576 million, of which R2 576 million was utilised for the acquisition of an additional 17.2% interest in Vodacom Tanzania Limited. The remainder was utilised to finance capex and working capital requirements and to refinance existing short-term borrowings. Additionally, the Group refinanced a R3 000 million facility with Vodafone Luxemburg s.a.r.l. that became payable during the current financial year. The Group also secured external funding to the value of US$75 million in Vodacom Congo (RDC) SA to finance capex and working capital requirements and to repay short-term borrowings.

Tax liabilities

Tax liabilities increased from R1 630 million in the prior year to R1 940 million at 31 March 2015. Deferred tax liabilities increased by R166 million, primarily due to an increase in capital allowances in South Africa and Mozambique, as well as the decrease in tax losses due to utilisation in Mozambique. Current tax liabilities increased by R144 million due to under-estimate of provisional taxes. This liability is expected to be settled by 30 September 2015.

Other non-current liabilities

Other non-current liabilities comprising trade and other payables and provisions of R984 million at 31 March 2015 increased by R249 million from last year, mainly as a result of the reallocation of the BEE liability from equity following the establishment of the Innovator Trust to acquire YeboYethu shares from the black public. Provisions declined due to the conversion of a portion of the employee benefit provisions to shares in the share-ownership scheme and settling of other sundry provisions.

Other current liabilities

Other current liabilities consist of trade and other payables, provisions, dividends payable and bank overdrafts. At 31 March 2015, other current liabilities increased to R21 081 million from R20 883 million in the prior year. The increase in trade and other payables can be attributed to an increase in capex creditors of R395 million in line with investment roll-out while deferred revenue declined by R205 million, mostly due to a change in estimate regarding revenue recognition of un-recharged vouchers in South Africa, as well as a change in carry-over rules of unused bundles. Provisions reduced by R78 million, mainly from a reduction in long-term employee incentive provisions due to vesting and settlement of historical schemes.

Creating long-term shareholder value, which requires that we continue to deliver value to our customers, is an important consideration in allocating our capital efficiently.

LIQUIDITY AND CAPITAL RESOURCES

Net debt increased by R8 708 million to R16 760 million. The main contributors to the increase in net debt was the acquisition of an additional 17.2% stake in Tanzania, the acquisition of Vodacom's customer base from Nashua and increased capex as a result of our accelerated capex programme.

Compared to the same period last year, 92.3% (2014: 93.7%) of debt was denominated in rand. R5 731 million (2014: R4 402 million) of debt matures in the next 12 months and 87.6% (2014: 77.5%) of interest bearing debt (including bank overdrafts) was at floating rates.

During the year a loan with a nominal value of R2 576 million was raised from Vodafone Investments Luxembourg s.a.r.l. ('Vodafone') to finance an additional stake of 17.2% in Tanzania. The loan which is unsecured, matures on 25 April 2019 and bears interest payable quarterly at three-month JIBAR plus 1.2%. An additional loan was raised from Vodafone with a nominal value of R8 000 million, to finance capex, working capital requirements and refinance existing short-term borrowings, extending our debt maturity profile. The loan is repayable on 26 November 2019 and bears interest quarterly at three-month JIBAR plus 1.5%. The DRC raised external loans totalling US$75 million to fund capex, working capital requirements and to repay short-term borrowings. The loans are repayable between 2 October 2019 and 12 December 2019 and bear interest quarterly at three-month LIBOR plus 2.45% to approximately 3.10%.

Net debt

	Year ended 31 March			Movement	
Rm	**2015**	**2014**	**2013**	**14/15**	**13/14**
Bank and cash balances	9 250	6 127	6 528	3 123	(401)
Bank overdrafts	(380)	(335)	(340)	(45)	5
Borrowings and net derivative financial instruments	(25 630)	(13 844)	(14 195)	(11 786)	351
Net debt	(16 760)	(8 052)	(8 007)	(8 708)	(45)
Net debt/EBITDA (times)	0.6	0.3	0.3		

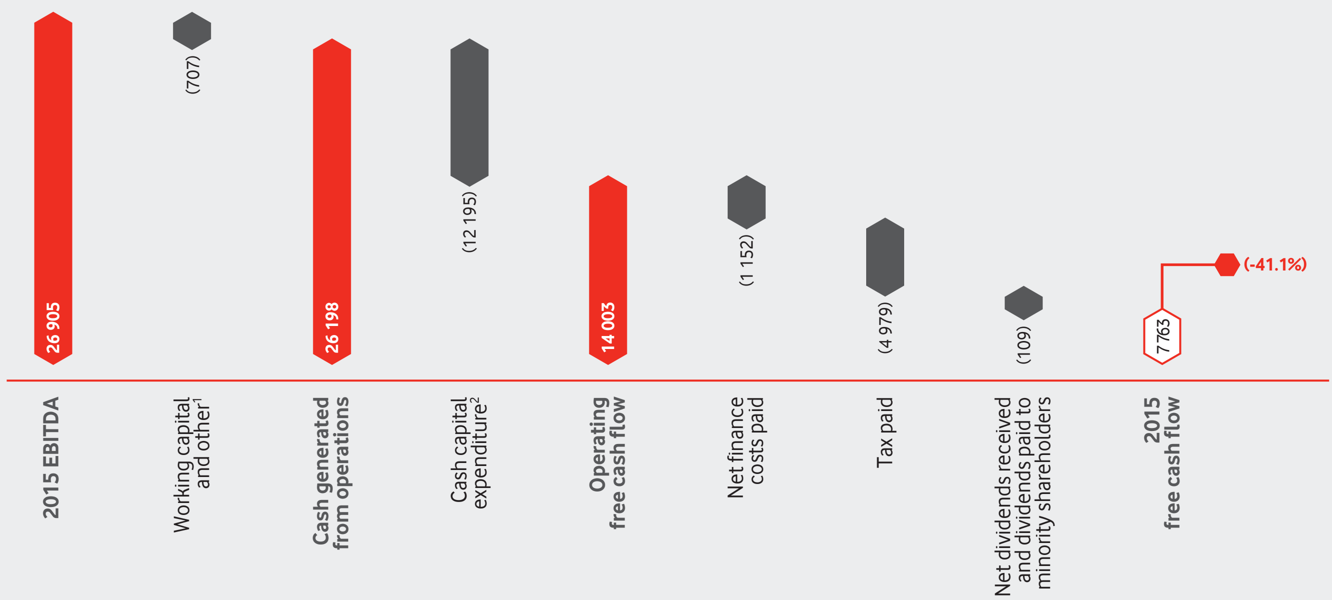
Cash flow

Free cash flow

	Year ended 31 March			% change	
Rm	**2015**	**2014**	**2013**	**14/15**	**13/14**
Cash generated from operations	26 198	28 901	25 320	(9.4)	14.1
Cash capital expenditure[1]	(12 195)	(9 491)	(7 162)	28.5	32.5
Operating free cash flow	14 003	19 410	18 158	(27.9)	6.9
Tax paid	(4 979)	(5 298)	(5 323)	(6.0)	(0.5)
Net finance costs paid	(1 152)	(892)	(667)	29.1	33.7
Net dividends paid to minority shareholders	(109)	(35)	(32)	>200.0	9.4
Free cash flow	7 763	13 185	12 136	(41.1)	8.6

Operating free cash flow declined by 27.9% to R14 003 million. Operating free cash flow was impacted by lower EBITDA, increased capex, and timing differences associated with accounts payable in South Africa. Free cash flow decreased by 41.1% as a result of the decline in operating free cash flow, as well as increased net finance costs due to an increase in average net debt for the year.

Group free cash flow (Rm)



Notes:

1. Working capital includes R511 million favourable cash flow movement due to an increase in amounts due to m-pesa account holders.
2. Cash capital expenditure comprises the purchase of property, plant and equipment and intangible assets, other than licence and spectrum payments, net of cash flow from disposals.

FIVE-YEAR HISTORIC REVIEW

	2015	2014	2013	2012	2011	Compound growth %
Summarised income statement (Rm)						
Revenue	77 333	75 711	69 917	66 929	61 197	6.0
Operating profit	19 235	20 394	18 897	16 617	13 696	8.9
Net finance charges	(1 737)	(809)	(687)	(684)	(1 058)	13.2
Profit before tax	17 851	19 585	18 434	15 933	12 638	9.0
Taxation	(5 341)	(5 918)	(5 210)	(5 730)	(4 659)	3.5
Net profit	12 510	13 667	13 224	10 203	7 979	11.9
Non-controlling interest	(162)	424	233	47	(266)	(11.7)
EBITDA	26 905	27 314	25 253	22 763	20 594	6.9
Summarised statement of financial position (Rm)						
Non-current assets	45 954	37 954	34 434	30 678	27 982	13.2
Current assets	25 353	22 787	21 157	17 552	13 453	17.2
Equity and reserves	21 643	23 743	21 216	18 930	16 180	7.5
Non-current liabilities	23 050	12 010	9 620	10 932	8 743	27.4
Current liabilities	26 614	24 988	24 755	18 368	16 512	12.7
Net debt	16 760	8 052	8 007	7 667	9 458	15.4
Capital expenditure	13 305	10 779	9 456	8 662	6 311	20.5
Summarised statement of cash flows (Rm)						
Cash generated from operations	26 198	28 901	25 320	24 502	21 385	5.2
Tax paid	(4 979)	(5 298)	(5 323)	(5 192)	(4 982)	–
Net cash flows from operating activities	21 219	23 603	19 997	19 310	16 403	6.6
Net cash flows utilised in investing activities	(13 131)	(9 375)	(7 154)	(8 002)	(6 581)	18.9
Net cash flows utilised in financing activities	(5 043)	(14 719)	(10 096)	(8 556)	(10 119)	(16.0)
Net increase/(decrease) in cash and cash equivalents	3 045	(491)	2 747	2 752	(297)	n/a
Cash and cash equivalents at end of the year	8 870	5 792	6 188	3 372	539	101.4
Performance per ordinary share (cents)						
Basic earnings per share	864	903	887	694	561	11.4
Headline earnings per share	860	896	872	709	656	7.0
Diluted headline earnings per share	840	894	870	706	654	6.5
Net asset value per share	1 470	1 612	1 441	1 286	1 099	7.5
Dividends per share[1]	775	825	785	710	460	13.9
Profitability and returns (%)						
EBITDA margin	34.8	36.1	36.1	34.0	33.7	
Operating profit margin	24.9	26.9	27.0	24.8	22.4	
Effective tax rate	29.9	30.2	28.3	36.0	36.9	
Net profit margin	16.2	18.1	18.9	15.2	13.0	
Return on equity[2]	56.2	60.4	66.1	59.5	56.2	
Return on capital employed[3]	45.4	60.2	65.2	59.3	59.7	
Liquidity and debt leverage (times)						
Interest cover[4]	11.1	19.3	20.4	22.2	15.9	
Net debt to EBITDA	0.6	0.3	0.3	0.3	0.5	
Current ratio[5]	1.0	0.9	0.9	1.0	0.8	
Quick ratio[6]	0.9	0.9	0.8	0.9	0.8	

Notes:
1. Total dividend declared for the year.
2. Return on equity is calculated by dividing net profit attributable to equity shareholders by shareholders' equity.
3. Return on capital employed is calculated by dividing net profit by average net assets less goodwill.
4. Interest cover ratio is calculated by dividing earnings before interest and tax for the year by finance costs for the year.
5. The current ratio is calculated by dividing current assets by current liabilities.
6. The quick ratio is calculated by dividing current assets, excluding inventory, by current liabilities.

FIVE-YEAR HISTORIC REVIEW PER SEGMENT

	2015	2014	2013	2012	2011	Compound growth %
South Africa						
Revenue (Rm)	**62 037**	61 806	58 607	56 932	53 371	3.8
EBITDA (Rm)	**22 837**	23 087	22 408	21 254	19 653	3.8
Capital expenditure (Rm)	**8 646**	6 858	6 967	5 100	4 573	17.3
EBITDA margin (%)	**36.8**	37.4	38.2	37.3	36.8	
Capex intensity (%)	**13.9**	11.1	11.9	12.3	9.6	
Active customers[1] (thousand)	**32 115**	31 520	29 190	28 009	n/m	n/a
Number of employees	**5 228**	4 829	5 006	5 065	n/m	n/a
Total ARPU[2] (rand per month)	**113**	125	128	153	n/m	n/a
Estimated mobile penetration (%)	**153**	146	140	128	n/m	
International						
Revenue (Rm)	**15 747**	14 356	11 583	10 426	8 196	17.7
EBITDA (Rm)	**4 104**	4 256	2 739	1 461	840	48.7
Capital expenditure (Rm)	**4 654**	3 919	2 864	1 679	1 208	40.1
EBITDA margin (%)	**26.1**	29.6	23.6	14.0	10.2	
Capex intensity (%)	**29.6**	27.3	24.7	16.1	14.7	
Active customers[1] (thousand)	**29 533**	25 969	21 327	18 894	13 939	20.6
Number of employees	**2 372**	2 210	2 115	2 076	1 997	4.4
Total ARPU[2] (rand per month)						
Tanzania	**42**	45	35	24	n/m	n/a
DRC	**32**	35	33	35	n/m	n/a
Mozambique	**52**	58	55	49	n/m	n/a
Lesotho	**53**	46	53	68	n/m	n/a
Total ARPU[2] (local currency per month)						
Tanzania (TZS)	**6 530**	7 213	6 516	5 251	n/m	n/a
DRC (USD)	**2.9**	3.4	3.8	4.7	n/m	n/a
Mozambique (MZN)	**149**	172	186	180	n/m	n/a
Estimated mobile penetration (%)						
Tanzania	**64**	57	55	49	37	
DRC	**41**	35	28	21	16	
Mozambique	**41**	39	32	32	29	
Lesotho	**75**	82	65	57	49	

Notes:
1. Active customers are based on the total number of mobile customers using any service during the last three months. This includes customers paying a monthly fee that entitles them to use the service even if they do not actually use the service and those customers who are active while roaming.
2. Total ARPU is calculated by dividing the average monthly service revenue by the average monthly active customers during the period. Prepaid and contract ARPU only include service revenue generated from Vodacom mobile customers.

SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

These summarised consolidated financial statements comprise a summary of the audited consolidated annual financial statements of Vodacom Group Limited, its subsidiaries, joint venture, associate and special purpose entities ('the Group') for the year ended 31 March 2015, that were approved by the Board on 29 May 2015. The preparation of the summarised financial statements was supervised by the Chief Financial Officer, IP Dittrich CA(SA) and they have been audited by the independent auditors, PricewaterhouseCoopers Inc. ('PwC'), whose unmodified audit report is presented on the next page.

The summarised consolidated financial statements are not the Group's statutory accounts and do not contain all the disclosures required by International Financial Reporting Standards ('IFRS'). Reading the summarised consolidated financial statements, therefore, is not a substitute for reading the audited consolidated annual financial statements of the Group, as they do not contain sufficient information to allow for a complete understanding of the results and state of affairs of the Group. The audited consolidated annual financial statements are available online at **www.vodacom.com**, or can be obtained from the Company Secretary.

Basis of preparation

These summarised consolidated financial statements have been prepared in accordance with the framework concepts, the recognition and measurement criteria of IFRS and in accordance with and containing the information required by International Accounting Standard 34: Interim Financial Reporting as issued by the International Accounting Standards Board ('IASB'), the Financial Reporting Guides as issued by the South African Institute of Chartered Accountants ('SAICA') Accounting Practices Committee, Financial Pronouncements as issued by the Financial Reporting Standards Council, the JSE Limited ('JSE') Listings Requirements and the requirements of the Companies Act 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 year, except as disclosed below. 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.

Changes in accounting policies and estimates

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 2014, none of which had any material impact on the Group's financial results for the year.

Full details on changes in accounting policies will be disclosed in the Group's consolidated annual financial statements for the year ended 31 March 2015, which will be available online by 12 June 2015.

The Group changed its estimate regarding revenue recognition of un-recharged vouchers in South Africa from a fixed period after the vouchers were sold, to a period that based on evidence, more reasonably and objectively reflects the performance period of the Group. The One-Off impact of the change amounted to an adjustment of R325 million to revenue for the year.

INDEPENDENT AUDITOR'S REPORT ON SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

To the shareholders of Vodacom Group Limited

The summarised consolidated financial statements of Vodacom Group Limited, set out on pages 86 to 94 of the integrated report, which comprise the summarised consolidated statement of financial position as at 31 March 2015, the summarised consolidated income statement, summarised consolidated statement of comprehensive income, summarised consolidated statement of changes in equity and summarised consolidated statement of cash flows for the year then ended, and related notes, are derived from the audited consolidated financial statements of Vodacom Group Limited for the year ended 31 March 2015. We expressed an unmodified audit opinion on those consolidated financial statements in our report dated 29 May 2015. Our auditor's report on the audited consolidated financial statements contained an 'other matter' paragraph: 'Other reports required by the Companies Act' (refer below).

The summarised consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards and the requirements of the Companies Act of South Africa as applicable to annual financial statements. Reading the summarised consolidated financial statements, therefore, is not a substitute for reading the audited consolidated financial statements of Vodacom Group Limited.

Directors' responsibility for the summarised consolidated financial statements

The directors are responsible for the preparation of these summarised consolidated financial statements in accordance with the requirements of the JSE Limited Listings Requirements for preliminary reports, set out in the 'Basis of preparation' paragraph on page 84 of the integrated report, and the requirements of the Companies Act of South Africa as applicable to summarised financial statements, and for such internal control as the directors determine is necessary to enable the preparation of summarised consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the summarised consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810, Engagements to Report on Summary Financial Statements.

Opinion

In our opinion, the summarised consolidated financial statements derived from the audited consolidated financial statements of Vodacom Group Limited for the year ended 31 March 2015 are consistent, in all material respects, with those consolidated financial statements, in accordance with the requirements of the JSE Limited Listings Requirements for preliminary reports, set out in the 'Basis of preparation' paragraph on page 84 of the integrated report, and the requirements of the Companies Act of South Africa as applicable to summarised financial statements.

Other reports required by the Companies Act

The 'Other reports required by the Companies Act' paragraph in our audit report dated 29 May 2015 states that as part of our audit of the consolidated financial statements for the year ended 31 March 2015, we have read the Directors' report, report of the Audit, Risk and Compliance Committee and the certificate by the Company Secretary for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated financial statements. These reports are the responsibility of the respective preparers. The paragraph states that, based on reading these reports, we have not identified material inconsistencies between these reports and the audited consolidated financial statements. The paragraph furthermore states that we have not audited these reports and accordingly do not express an opinion on these reports. The paragraph does not have an effect on the summarised consolidated financial statements or our opinion thereon.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: D.B. von Hoesslin
Registered Auditor
Pretoria
29 May 2015

SUMMARISED CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH

Rm	Notes	2015	2014	2013
Revenue	1	77 333	75 711	69 917
Direct expenses		(33 422)	(32 866)	(30 385)
Staff expenses		(4 836)	(4 563)	(4 349)
Publicity expenses		(2 008)	(2 095)	(1 960)
Other operating expenses		(10 118)	(8 779)	(7 948)
Broad-based black economic empowerment income/(charge)		47	(232)	–
Depreciation and amortisation		(7 581)	(6 785)	(6 364)
Impairment losses		–	–	(14)
(Loss)/profit from associate and joint venture		(180)	3	–
Operating profit		19 235	20 394	18 897
Profit on sale of subsidiary		–	–	224
Finance income		346	333	117
Finance costs		(1 737)	(1 051)	(927)
Net gain/(loss) on remeasurement and disposal of financial instruments		7	(91)	123
Profit before tax		17 851	19 585	18 434
Taxation		(5 341)	(5 918)	(5 210)
Net profit		12 510	13 667	13 224
Attributable to:				
Equity shareholders		12 672	13 243	12 991
Non-controlling interests		(162)	424	233
		12 510	13 667	13 224

Cents	Notes	2015	2014	2013
Basic earnings per share	2	864	903	887
Diluted earnings per share	2	845	902	885

SUMMARISED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH

Rm	2015	2014	2013
Net profit	12 510	13 667	13 224
Other comprehensive income[1]	278	820	815
Foreign currency translation differences, net of tax	279	794	823
(Loss)/Gain on hedging instruments in cash flow hedges, net of tax	(1)	26	(8)
Total comprehensive income	12 788	14 487	14 039
Attributable to:			
Equity shareholders	13 259	14 165	13 982
Non-controlling interests	(471)	322	57
	12 788	14 487	14 039

1. Other comprehensive income can subsequently be recognised in profit or loss on the disposal of foreign operations and/or when the hedged item is recognised in profit or loss.

SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH

Rm	Note	2015	2014	2013
Assets				
Non-current assets		45 954	37 954	34 434
Property, plant and equipment		35 959	30 802	27 741
Intangible assets		7 603	5 369	5 332
Financial assets		605	141	198
Investment in associate		306	367	–
Investment in joint venture		4	3	–
Trade and other receivables		763	659	196
Finance lease receivables		696	591	726
Deferred tax		18	22	241
Current assets		25 353	22 787	21 157
Financial assets		2 016	1 822	1 170
Inventory		1 189	1 069	861
Trade and other receivables		11 559	11 557	10 971
Non-current assets held for sale		94	569	–
Finance lease receivables		1 122	1 284	1 437
Tax receivable		123	359	190
Cash and cash equivalents		9 250	6 127	6 528
Total assets		71 307	60 741	55 591
Equity and liabilities				
Fully paid share capital		*	*	*
Treasury shares		(1 606)	(1 589)	(1 389)
Retained earnings		23 378	22 506	21 342
Other reserves		290	2 140	847
Equity attributable to owners of the parent		22 062	23 057	20 800
Non-controlling interests		(419)	686	416
Total equity		21 643	23 743	21 216
Non-current liabilities		23 050	12 010	9 620
Borrowings	6	20 308	9 683	7 881
Trade and other payables		759	472	222
Provisions		225	263	536
Deferred tax		1 758	1 592	981
Current liabilities		26 614	24 988	24 755
Borrowings	6	5 351	4 067	6 290
Trade and other payables		20 589	20 357	17 780
Provisions		91	169	283
Tax payable		182	38	46
Dividends payable		21	22	16
Bank overdrafts		380	335	340
Total equity and liabilities		71 307	60 741	55 591

* Fully paid share capital of R100.

SUMMARISED 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 2012	18 530	400	18 930
Total comprehensive income	13 982	57	14 039
Dividends	(11 770)	(41)	(11 811)
Repurchase, vesting and sale of shares	(88)	–	(88)
Share-based payments	146	–	146
31 March 2013	20 800	416	21 216
Total comprehensive income	14 165	322	14 487
Dividends	(12 098)	(48)	(12 146)
Repurchase, vesting and sale of shares	(338)	–	(338)
Share-based payments	544	–	544
Acquisition of additional interest in subsidiary	(16)	(4)	(20)
31 March 2014	**23 057**	**686**	**23 743**
Total comprehensive income	**13 259**	**(471)**	**12 788**
Dividends	**(11 800)**	**(109)**	**(11 909)**
Repurchase, vesting and sale of shares	**(168)**	**–**	**(168)**
Share-based payments	**99**	**–**	**99**
Reclassification of BBBEE reserve to liability	**(322)**	**–**	**(322)**
Changes in subsidiary holdings	**(2 063)**	**(525)**	**(2 588)**
31 March 2015	**22 062**	**(419)**	**21 643**

SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH

Rm	Note	2015	2014	2013
Cash flows from operating activities				
Cash generated from operations		**26 198**	28 901	25 320
Tax paid		**(4 979)**	(5 298)	(5 323)
Net cash flows from operating activities		**21 219**	23 603	19 997
Cash flows from investing activities				
Net additions to property, plant and equipment and intangible assets		**(12 282)**	(9 535)	(7 286)
Business combinations and disposal of subsidiaries		**(1 018)**	–	357
Other investing activities		**169**	160	(225)
Net cash flows utilised in investing activities		**(13 131)**	(9 375)	(7 154)
Cash flows from financing activities				
Movement in borrowings, including finance costs paid		**9 610**	(2 235)	1 809
Dividends paid		**(11 909)**	(12 142)	(11 817)
Repurchase and sale of shares		**(168)**	(342)	(88)
Acquisition of additional interest in subsidiary	7	**(2 576)**	–	–
Net cash flows utilised in financing activities		**(5 043)**	(14 719)	(10 096)
Net increase/(decrease) in cash and cash equivalents		**3 045**	(491)	2 747
Cash and cash equivalents at the beginning of the year		**5 792**	6 188	3 372
Effect of foreign exchange rate changes		**33**	95	69
Cash and cash equivalents at the end of the year		**8 870**	5 792	6 188

NOTES
TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH

Rm	2015	2014	2013
1. Segment analysis			
External customer segment revenue	77 333	75 711	69 917
South Africa	61 710	61 484	58 464
International	15 623	14 227	11 423
Corporate	–	–	30
EBITDA	26 905	27 314	25 253
South Africa	22 837	23 087	22 408
International	4 104	4 256	2 739
Corporate and eliminations	(36)	(29)	106
Reconciliation of segment results			
EBITDA	26 905	27 314	25 253
Depreciation, amortisation and impairment losses	(7 581)	(6 785)	(6 378)
Broad-based black economic empowerment income/(charge)	47	(232)	–
(Loss)/profit from associate and joint venture	(180)	3	–
Other	44	94	22
Operating profit	19 235	20 394	18 897
Profit on disposal of subsidiary	–	–	224
Net finance charges	(1 384)	(809)	(687)
Finance income	346	333	117
Finance costs	(1 737)	(1 051)	(927)
Net gain/(loss) on remeasurement and disposal of financial instruments	7	(91)	123
Profit before tax	17 851	19 585	18 434
Taxation	(5 341)	(5 918)	(5 210)
Net profit	12 510	13 667	13 224
Total assets	71 307	60 741	55 591
South Africa	46 354	37 929	35 360
International	21 861	18 787	15 035
Corporate and eliminations	3 092	4 025	5 196
Total liabilities	(49 664)	(36 998)	(34 375)
South Africa	(39 112)	(32 547)	(30 126)
International	(14 438)	(12 305)	(11 049)
Corporate and eliminations	3 886	7 854	6 800

Cents		2015	2014	2013
2.	**Per share calculations**			
2.1	**Earnings and dividends per share**			
	Basic earnings per share	**864**	903	887
	Diluted earnings per share	**845**	902	885
	Headline earnings per share	**860**	896	872
	Diluted headline earnings per share	**840**	894	870
	Dividends per share	**805**	825	805

Million		2015	2014	2013
2.2	**Weighted average number of ordinary shares outstanding for the purpose of calculating:**			
	Basic and headline earnings per share	**1 466**	1 466	1 464
	Diluted earnings and diluted headline earnings per share	**1 468**	1 468	1 468
2.3	**Ordinary shares for the purpose of calculating:**			
	Dividends per share	**1 488**	1 488	1 488

Vodacom Group Limited acquired 1 578 018 shares in the market during the year at an average price of R131.30 per share. Share repurchases did not exceed 1% of Vodacom Group Limited's issued share capital. Dividends per share calculations are based on a dividend declared of R11 978 million (2014: R12 275 million; 2013: R11 978 million) of which R50 million (2014: R46 million; 2013: R78 million) was offset against the forfeitable share plan reserve, R5 million (2014: R4 million; 2013: R6 million) expensed as staff expenses and R124 million (2014: R127 million; 2013: R124 million) paid to Wheatfields Investments 276 (Pty) Limited, a wholly-owned subsidiary holding treasury shares on behalf of the Group.

Rm		2015	2014	2013
2.4	**Headline earnings reconciliation**			
	Earnings attributable to equity shareholders for basic earnings per share	**12 672**	13 243	12 991
	Adjusted for:			
	Profit on sale of subsidiary	**–**	–	(224)
	Net profit on disposal of property, plant and equipment and intangible assets	**(110)**	(147)	(22)
	Impairment losses	**–**	–	14
		12 562	13 096	12 759
	Tax impact of adjustments	**32**	41	7
	Non-controlling interests in adjustments	**10**	(4)	4
	Headline earnings for headline earnings per share	**12 604**	13 133	12 770
	Adjusted for:			
	Dilutive effect of potential ordinary shares in subsidiary	**(268)**	–	–
	Headline earnings for diluted headline earnings per share	**12 336**	13 133	12 770

3. Related parties

The amounts disclosed in notes 3.1 and 3.2 include significant balances and transactions with the Group's joint venture, associate and parent, including entities in its group.

	Rm	2015	2014	2013
3.1	**Balances with related parties**			
	Borrowings	**21 201**	10 532	6 024
3.2	**Transactions with related parties**			
	Dividends declared	**(7 786)**	(7 979)	(7 786)
	Finance costs	**(1 103)**	(536)	(207)

3.3 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 consolidated annual financial statements for the year ended 31 March 2015, which will be available online by 12 June 2015.

Ms YZ Cuba resigned as an independent non-executive director on 31 October 2014, and Ms BP Mabelane was appointed as an independent non-executive director on 1 December 2014.

	Rm	2015	2014	2013
4.	**Capital commitments**			
	Capital expenditure contracted for but not yet incurred	**2 205**	2 390	3 254
5.	**Capital expenditure incurred**			
	Capital expenditure additions, including software	**13 305**	10 779	9 456

6. Borrowings

6.1 Vodafone Investments Luxembourg s.a.r.l.

During the year, loans with nominal values of R2 576 million and R8 000 million were raised to finance capital expenditure, the additional 17.2% interest in Vodacom Tanzania Limited and working capital requirements and to refinance existing short-term borrowings. The loans bear interest payable quarterly at three-month JIBAR plus 1.20% and 1.50% respectively. They are both unsecured. The loans have a five-year term and are ultimately repayable on 25 April 2019 and 26 November 2019 respectively.

A loan with a nominal value of R3 000 million matured during the year and was refinanced. The repayment term was extended from the original repayment date of 23 November 2014 to 24 November 2017 and the new interest rate is three-month JIBAR plus 1.15%.

6.2 Standard Bank of South Africa Limited

During the year, loans with nominal values of US$35 million and US$40 million were raised in favour of Vodacom Congo (RDC) SA to finance capital expenditure and working capital requirements and to repay short-term borrowings. The loans bear interest payable quarterly at three-month LIBOR plus 2.45% and LIBOR plus approximately 3.10% respectively. Both have a five-year term and are ultimately repayable on 2 October 2019 and 12 December 2019 respectively. The Group has issued guarantees for these borrowings (Note 8.1).

7. Business combinations and acquisition of additional interest in subsidiary

7.1 Nashua Mobile (Pty) Limited

Effective 11 November 2014, the Group acquired Vodacom's customer base from Nashua Mobile (Pty) Limited for R1 018 million. The fair value of the net identifiable asset acquired was R576 million, resulting in goodwill of R442 million.

7.2 Acquisition of a further 17.2% interest in Vodacom Tanzania Limited ('VTL')

The Group entered into an agreement in terms of which it has acquired an additional 17.2% interest in VTL for R2 576 million, resulting in the Group increasing its total interest in VTL from 65% to 82.2%. The effective date of the transaction was 29 April 2014. The Group reclassified the cash outflow disclosed as investing activities for the period ended 30 September 2014, to financing activities for the year ended 31 March 2015.

8. Contingent liabilities

8.1 Guarantees

The Group issued various guarantees, relating to external financial obligations of its subsidiaries, which amounted to R113 million (2014: R93 million; 2013: R65 million).

Foreign denominated guarantees amounting to R911 million (2014 and 2013: RNil) were issued in support of Vodacom Congo (RDC) SA relating to liabilities included in the consolidated statement of financial position.

8.2 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.

8.3 Legal contingencies

The Group is currently involved in various legal proceedings and has, in consultation with its legal counsel, assessed the outcome of these proceedings. Following this assessment, the Group's management has determined, after assessing recoverability, that no provision is required in respect of these legal proceedings as at 31 March 2015. Litigations, current or pending, are not likely to have a material adverse effect on the Group.

9. Other significant matters

9.1 Vodacom Congo (RDC) SA ('Vodacom Congo')

The Group obtained a favourable outcome against Congolese Wireless Network s.a.r.l ('CWN') on 6 September 2013 in the arbitration proceedings before the International Chamber of Commerce ('ICC') arbitral tribunal. The Group is appealing against the order of court obtained by CWN in the Kinshasa/Matete Commercial Court, denying the Group the ability to enforce the ICC arbitral award in the DRC. The Group is in ongoing discussions with the shareholders of CWN with the purpose of finding an amicable settlement to this matter.

9.2 Mobile termination rates ('MTR')

The Independent Communications Authority of South Africa ('Icasa') promulgated final MTR regulations on 30 September 2014. The MTRs are 20 cents per minute for the periods 1 October 2014 to 30 September 2015, 16 cents per minute for the periods 1 October 2015 to 30 September 2016 and 13 cents per minute for the periods 1 October 2016 to 30 September 2017, for Vodacom and MTN, with asymmetrical rates for smaller mobile service providers at 31 cents, 24 cents and 19 cents per minute, for the aforementioned periods.

On 15 December 2014 Cell C (Pty) Limited ('Cell C') filed an application with the High Court of South Africa to review the call termination rates. The Group subsequently opposed Cell C's application. The matter is still to be heard.

9. Other significant matters continued

9.3 Proposed acquisition of Neotel (Pty) Limited ('Neotel')

The transaction remains subject to the fulfilment of a number of conditions precedent, foremost of which, are the regulatory approvals.

9.4 VM, SA option

Options held by non-controlling parties over the shares of VM, SA were exercised on 26 August 2014 by way of a funding arrangement, subject to approval by the Bank of Mozambique, which is still pending. The transaction will be recognised once the suspensive conditions have been met.

9.5 Competition Commission complaint lodged by Cell C

The Group received a complaint from the Competition Commission in which it is alleged that the Group's South African segment has abused their market dominance in contravention of Section 8 of the Competition Act of 1998. The Competition Commission is investigating this complaint and the Group has complied with information requests in this regard.

10. 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 year, other than the following:

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

A final dividend of R5 952 million (400 cents per ordinary share) for the year ended 31 March 2015, was declared on 14 May 2015, payable on 29 June 2015 to shareholders recorded in the register at the close of business on 26 June 2015. The net dividend after taking into account dividend withholding tax for those shareholders not exempt from dividend withholding tax is 340.00000 cents per share.

11. Financial instruments' fair value

The Group holds money market investments, foreign forward exchange contracts, interest rate swaps, unlisted investments and unit trusts at fair value, none of which have a material fair value as at 31 March 2015. Fair value related disclosure will be made in the Group's consolidated annual financial statements for the year ended March 2015. As the investments in unit trusts are actively traded in an exchange market, they are classified as level one in the fair value hierarchy. Unlisted investments are classified as level three. All other mentioned financial assets and liabilities are classified as level two.

BUSINESS PRINCIPLES

The 11 business principles underlying the Vodacom Code of Conduct are:

1 Complying with all relevant laws, standards and principles.

How we should act to achieve compliance with all relevant laws.

2 Basing business decisions on economic, social and environmental criteria and maintaining financial integrity.

How we spend Company money, keep accurate records, manage contracts, consider health and safety when contracting suppliers and minimise our impact on the environment.

3 Voicing our opinions on industry issues while taking an apolitical stance.

How we are proactive and are thought leaders in our engagement with governments and other stakeholders, but do not make political party contributions.

4 Communicating openly with stakeholders while maintaining commercial confidentiality.

How we communicate clearly and promptly, with guidelines on protecting and sharing confidential information, dealings with competitors and receiving unsolicited business information.

5 Valuing our customers' trust and safeguarding their personal information.

How we respect and protect customer privacy and guard against inappropriate or unwanted communication or spam.

6 Basing employee relationships on respect for individuals and their human rights.

How we provide equal opportunities, forbid harassment and bullying, prohibit alcohol and drugs in the workplace, and protect employee privacy.

7 Protecting the environment and improving the environmental and social benefits of products and services.

How we require employees to be familiar with environmental laws, look for opportunities to reduce waste and dispose of materials carefully, limit travelling and make the most of online options.

8 Building trust within communities and investing in social upliftment.

How we are sensitive to the needs of communities, listen to and actively communicate with them and get involved in social development through the Vodacom Foundation in each country we operate in.

9 Protecting the health and safety of our customers, employees, partners and communities.

How we require all employees to comply with the Vodacom Absolute Rules, report all infringements and act quickly to investigate and recommend improvements.

10 Acting with honesty, integrity and fairness in all our dealings.

How we avoid conflicts of interest, manage gifts and hospitality and extend our business principles to our business partners and suppliers.

11 Ensuring adherence to the Vodacom Way and Code of Conduct.

How employees make sure their own and others' actions are in accordance with our values and business principles and report violations of the Code of Conduct.

RISK MANAGEMENT REPORT

"Vodacom's risk and control procedures are well-developed and enhanced on an ongoing basis. The risk management framework was updated during the past year to align with ISO 31000 and other risk management best practices. The updated framework is being rolled out across the Group, which will make up-to-date risk management information and dash boards available to management. All updates of operational and tactical risks are currently being done on the new risk management system."

JOHAN VAN GRAAN CHIEF RISK OFFICER

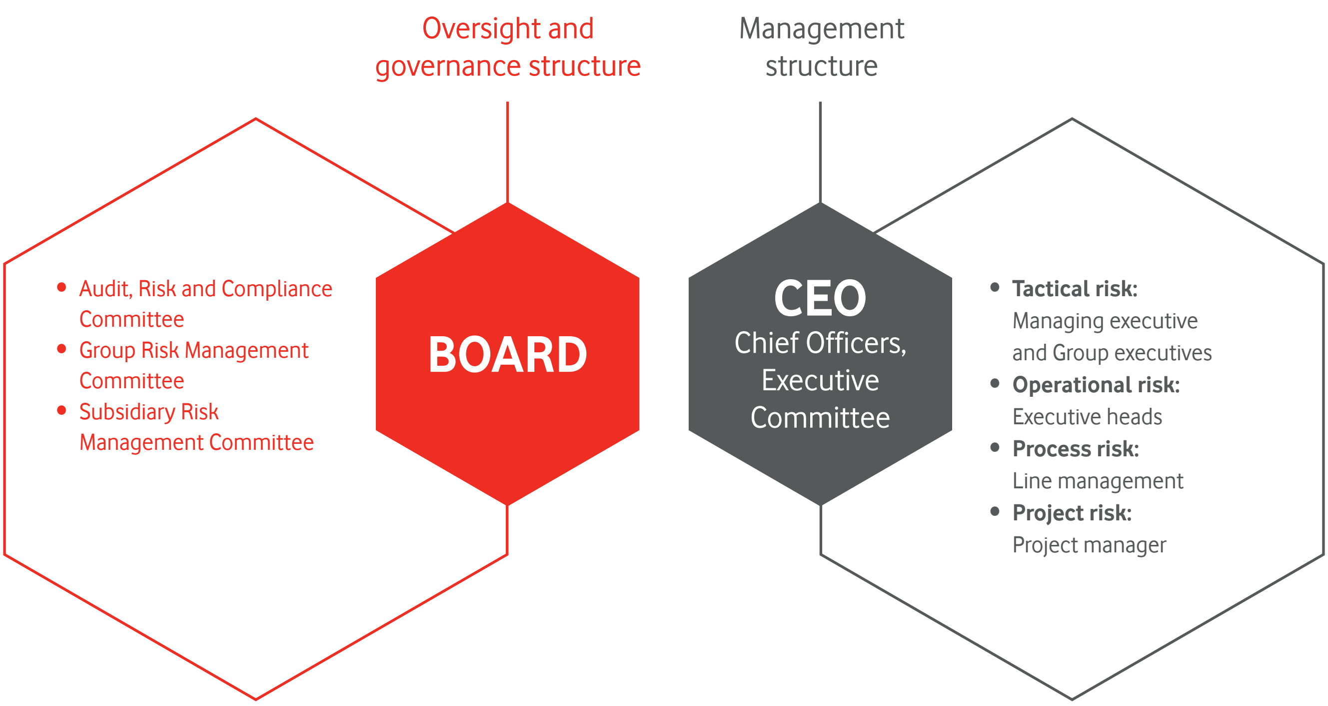
The Board reviews the critical and high strategic risks regularly and approves the Group's risk appetite yearly. Directors consider strategic risks when they formulate strategy, approve budgets and monitor progress against business plans.

The Group's Audit, Risk and Compliance Committee ('ARC Committee') is responsible for monitoring the risk management function and processes, and assessing significant risks facing the Group. This includes monitoring the technology governance framework and associated risks.

The Group Risk Management Committee ('GRMC') is responsible for managing risk and implementing appropriate controls. The Chief Risk Officer chairs the GRMC and it includes Group Executive Committee members and Managing Directors of each operating company. Certain specialised risks, such as health and safety, technology security and electromagnetic frequency, have separate structures that monitor the processes and projects related to managing these risks. These structures report to the GRMC.

Line management throughout the Group are responsible for managing risk. The Risk Group, which reports to the Chief Risk Officer, guides and assists them.

Risk Management Committees in each operation oversee the process. The respective Managing Directors chair these committees, which include the Executive Committee members in each country.



The process we follow:

Define the risks 1

Various levels of management in each operating company define risks at project, process, operational, tactical and strategic levels.

Assess their impact 2

Risks are assessed based on their potential impact on the operation (customers, business systems and employees), financial position and reputation (stakeholders and brand). At level 1 the risk impact is seen as insignificant and at level 5 as catastrophic. For example, if more than half of our customers would be impacted by the risk, the impact would be classified as level 5.

Assess their likelihood 3

Risks are assessed based on the likelihood of them happening after taking into account the controls that are already in place to mitigate them. Again we use a scale from 1 to 5, where 1 is "never" and 5 is "almost certain". When we rate a risk likelihood as "5", it means the controls in place will not prevent the risk from happening due to factors outside our control or the control effectiveness is poor.

Classify the risk 4

We classify risks as critical, high, medium and low based on the impact and likelihood score. Where a risk has a high likelihood of occurring and the impact on our operations, financial position or reputation is also high it would be considered critical.

Treat the risk 5

Management reviews all critical and high risks to determine which of these need additional treatment to reduce the risk to a medium or low. One such type treatment is the implementation of additional controls.

Monitor and report 6

All risks are captured on the newly implemented risk management system. Risks are monitored continually and reviewed every six months. Quarterly risk reports are provided to the GRMC, the ARC Committee and the Board.

RISK MANAGEMENT REPORT continued

RISK	Regulatory decisions and changes in regulation	Increased competition	Unpredictable political, economic and legal risks
Context	We comply with a wide range of requirements that regulate the licensing, construction and operation of our networks in our operating countries. In particular, the decisions of regulators on granting spectrum licences as well as wholesale and retail tariffs may affect us negatively.	We are facing increased competition in all our markets. Our ability to compete effectively depends on network quality, capacity and coverage, pricing of services and devices, quality of customer services, developing new and improved products and services in response to customer demands, new technologies, the reach and quality of our sales and distribution channels, and capital resources. In particular, driving down prices to stay competitive, along with increased capital investment to support growth in traffic, may negatively impact our financial performance.	The value of our investments in our markets may be negatively affected by political, economic, tax and legal developments beyond our control or due to public sector corruption. In particular, the mobile communications industry can often be subject to unpredictable, higher direct and indirect taxes in the countries we operate in.
Mitigating factors	› We have specialist regulatory and government relations teams. › We participate actively through written submissions and formal hearings on legislative and regulatory changes. › We have access to best practice and international debate through Vodafone. › We conduct detailed scenario planning on an ongoing basis.	› We continue to invest in network coverage and quality. › We continue to expand distribution. › We're focused on improving the customer experience across all touchpoints. › We offer a wide range of devices at competitive prices. › We continue to offer more value to customers through our pricing transformation.	› We have a comprehensive stakeholder relations strategy in place in all the countries we operate in. › Vodacom has implemented an anti-corruption, anti-money laundering and anti-terrorist financing programme to prevent the giving and receiving of bribes and other corrupt acts. › We have a specialised tax management capability and seek expert tax advice as needed. › We will consider litigation to enforce compliance with legislation among competitors.

Major network and billing infrastructure failures	Complying with competition legislation	Customer privacy	Consumer protection
We operate complex mobile networks that rely on third parties to provide power or transmission. Network and billing infrastructure may also be damaged by natural disasters or terrorism. In particular, network outages may negatively impact customer usage, revenue and our reputation.	The South African competition authorities have been actively targeting different industry sectors, with the Competition Commission launching full-scale enquiries into non-competitive practices. We may face penalties, reputational damage, or lose stakeholder and shareholder confidence if we do not comply with the requirements of the South African Competition Act.	Our ability to protect sensitive customer information is material to building trust with our customers and to our reputation. The POPI Act, was signed into law in South Africa in December 2013, provides for a one-year implementation period. POPI impacts almost all business areas and requires significant changes in the way in which electronic and paper records are collected and processed. We may be subject to regulatory intervention and reputational harm if we fail to comply with POPI within the stipulated timeframe.	The National Consumer Commission ('NCC') has focused on the interpretation of specific provisions of the Consumer Protection Act ('CPA'), relating to prohibiting the forfeit of unused minutes and data, handset subsidies, international roaming costs and subscriber fixed-term contractual terms. Adverse interpretation of certain provisions and non-compliance with the CPA may result in regulatory intervention with associated financial losses and reputational harm.
› We have comprehensive business continuity and disaster recovery plans in place. › We invest in maintaining and upgrading our networks on an ongoing basis. › We are self-providing transmission links on critical routes in our networks to reduce reliance on external parties. › We are making investments to ensure adequate redundancy capabilities where feasible. › We have comprehensive insurance in place. › We continue to consider dual generator and alternative energy supply solutions where feasible.	› All new products and services are reviewed for compliance with all applicable laws, including the Competition Act, before being approved for launch. › Detailed evaluations of the impact of new products and services, promotions, campaigns and tariff enhancements are done in terms of the Electronic Communications Act. › All distribution channel agreements have been updated to comply with legislative changes.	› We have implemented the Vodafone Global Privacy Framework and toolkit in all our markets. › We are responding to the requirements for South Africa through an enterprise project across all areas of business. Awareness and training form part of the project. › Regulatory Affairs continues to engage with key stakeholders as we implement the necessary processes to comply with POPI.	› We have made changes to our customer agreements to ensure they are compliant with the CPA. › Engagement continues with the NCC on other provisions of the CPA that are unclear. › We participate in industry bodies that aim to resolve such issues for the benefit of the industry.

ABRIDGED CORPORATE GOVERNANCE REPORT

The Board conducts its meetings with professionalism and integrity together with open and robust debate.

STATEMENT OF COMPLIANCE

Vodacom is committed to the highest standards of business integrity, ethics and professionalism.

The Board recognises the need to conduct the business in accordance with the principles of the King Code of Corporate Practices and Conduct ('King III'). These principles include discipline, independence, responsibility, fairness, social responsibility, transparency and the accountability of directors to all stakeholders.

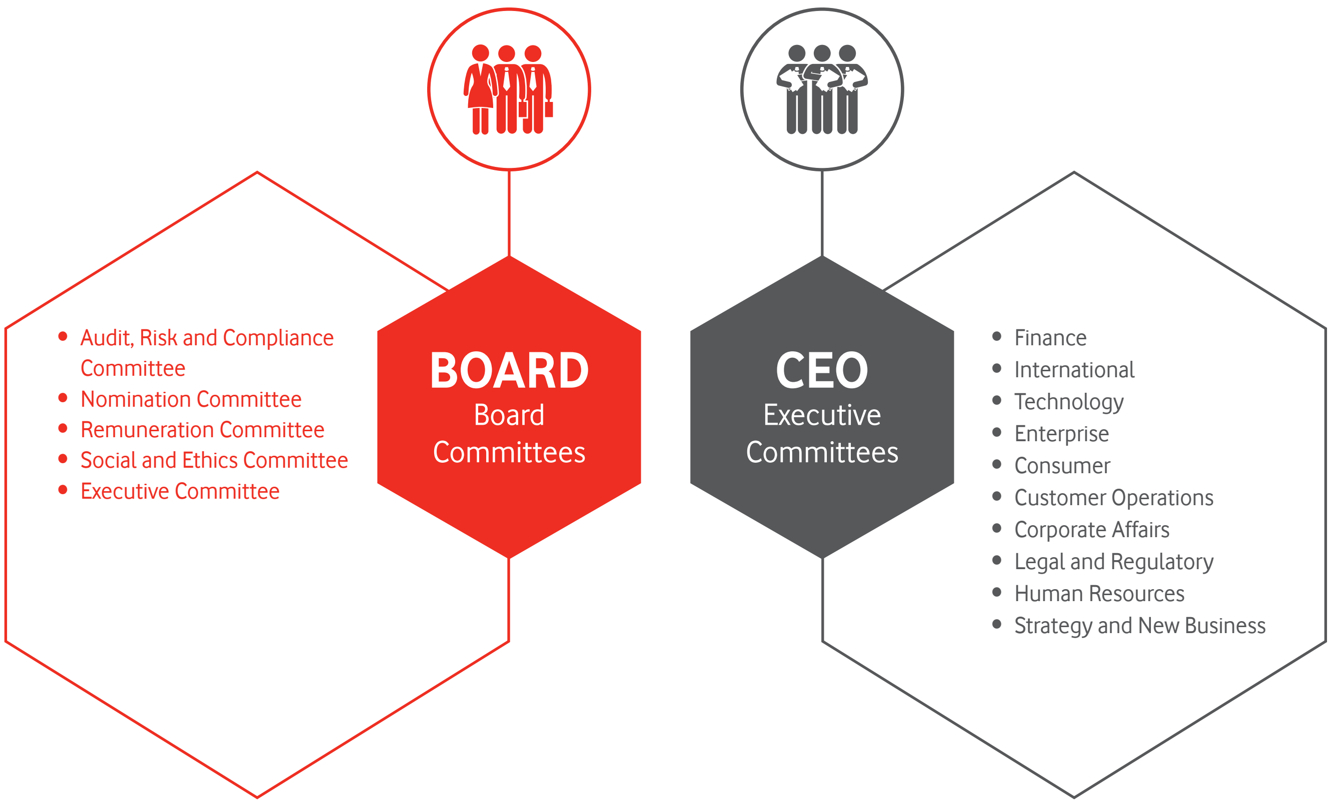
A number of these principles are entrenched in the Group's internal controls, policies and procedures governing corporate conduct.

The Board is satisfied that every effort has been made in the financial year to 31 March 2015 ('the year') to comply in all material aspects with King III. Where we do not comply, this is stated and explained.

Our King III assessment register is available online at **www.vodacom.com**

Corporate governance structure

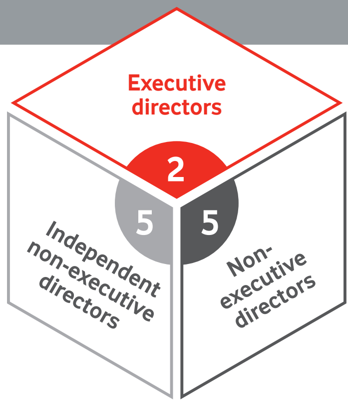
The following diagram shows the Group's governance structures as at 31 March 2015:



Board leadership and committees

Board

Vodacom has a unitary Board of 12 directors, of whom five (including the Chairman) are independent non-executive directors, five are non-executive (but not independent as they represent Vodafone) and two are executive directors. Although King III recommends that more than half of non-executive directors are independent, the Board is satisfied that the balance of power and objectivity on the Board is sufficient and does not require additional independent voices.



Accountability

The Board takes overall responsibility for Vodacom's success. Its role is to exercise leadership and sound judgement in directing Vodacom to achieve sustainable growth and act in the best interests of shareholders.

In line with best practice, the roles of Chairman and Chief Executive Officer are separate. The Chairman is responsible for leading the Board and the Chief Executive Officer for the operational management of the Group.

Directors

Vodacom's memorandum of incorporation specifies that non-executive directors have no fixed term of appointment. Executive directors are subject to standard employment terms and conditions and a six-month notice period. Directors are subject to retirement by rotation and re-election by shareholders at least once every three years. Any director appointed to fill a temporary vacancy must retire at the first annual general meeting following their appointment.

Chairman

The memorandum of incorporation requires the Board to re-elect the Chairman annually, in line with King III. Peter Moyo was re-elected on the anniversary of his appointment in May 2015.

Independent advice

The Board recognises that there may be occasions where directors consider it necessary to take independent professional advice. This is done at the Company's expense according to agreed procedure.

ABRIDGED CORPORATE GOVERNANCE REPORT continued

Board meetings

The Board holds a minimum of four meetings, two teleconferences and a strategy session every year. Special Board meetings are convened when necessary. No special Board meetings were convened during the year.

The table below records the attendance of directors at Board meetings for the year. Attendance of meetings was exemplary for the year.

Name of director	16 May 2014	23 July 2014 Telecon	11 Sep 2014	6 Nov 2014	3 Feb 2015 Telecon	31 Mar 2015
MP Moyo	✓	✓	✓	✓	✓	✓
MS Aziz Joosub	✓	✓	✓	✓	✓	✓
DH Brown	✓	✓	✓	✓	✓	✓
YZ Cuba[1]	✓	✓	✓	✓	–	–
IP Dittrich	✓	✓	✓	✓	✓	✓
HMG Dowidar	✓	✓	✓	✓	✓	✓
M Joseph	✓	✓	✓	✓	✓	✓
PB Mabelane[2]	–	–	–	–	✓	✓
TM Mokgosi-Mwantembe	✓	✓	✓	✓	✓	✓
PJ Moleketi	✓	✓	✓	✓	✓	✓
JWL Otty	✓	✓	✓	✓	✓	✓
RAW Schellekens	✓	✓	✓	✓	✓	✓
S Timuray	✓	✓	✓	✓	✓	✓

Notes:
1. YZ Cuba resigned 31 October 2014.
2. PB Mabelane appointed 1 December 2014.

Board Committees

The non-executive directors contribute their extensive experience and knowledge to the Board's committees. All committees operate under Board-approved terms of reference, which are updated from time to time to stay abreast of developments in corporate law and governance best practice.

EXECUTIVE COMMITTEE

During the year, the Executive Committee included the Chief Executive Officer (Chairman), Chief Financial Officer, Chief Human Resources Officer, Chief Officer: Corporate Affairs, Executive Director: Finance Vodacom South Africa, Chief Operating Officer: International, Chief Technology Officer, Chief Officer: Legal and Regulatory, Chief Officer: Strategy and New Business, Chief Officer: Consumer Business Unit, Chief Officer: Customer Operations and Chief Officer: Enterprise Business Unit.

The committee is responsible for managing the Group's operations, developing strategy and policy proposals for the Board's consideration and implementing the Board's directives. It has a properly constituted mandate and terms of reference.

The committee's other responsibilities include:
- Leading executives, management and employees;
- Developing the annual budget and business plans for the Board's approval; and
- Developing, implementing and monitoring policies and procedures, internal controls, governance, risk management, ethics and authority levels.

AUDIT, RISK AND COMPLIANCE COMMITTEE

Current members:
DH Brown (Chairman), PB Mabelane, PJ Moleketi.

Further details of the activities of the Audit, Risk and Compliance Committee can be found in its standalone report in the audited annual financial statements online at **www.vodacom.com**

REMUNERATION COMMITTEE

Current members:
TM Mokgosi-Mwantembe (Chairman), DH Brown, RAW Schellekens, S Timuray.

The Remuneration Committee, in consultation with executive management, ensures that the Group's senior executives are fairly rewarded for their individual contributions to overall performance and in line with Vodacom's remuneration policy.

The membership of the Remuneration Committee does not comply fully with King III or the JSE Listings Requirements, which advocate a majority of independent non-executive directors. Of the non-executive directors on the committee, only half are independent. Thoko Mokgosi-Mwantembe, the Chairman of the committee, and David Brown are independent non-executive directors. The Board is satisfied that Vodafone's representation on this committee is appropriate given the valuable contribution of the Vodafone directors. Serpil Timuray, the Vodafone Regional CEO for Africa, Middle East and Asia Pacific, has oversight over Vodacom, and Ronald Schellekens who is the Vodafone Human Resources Director. To address non-compliance with the JSE Listings Requirements, it was agreed with the JSE that the Chairman of the committee would have a casting vote in the event of any deadlock or dispute that could arise. The mandate of the committee was revised accordingly.

In the year, the Remuneration Committee met four times with attendance as follows:

Name of director	15 May 2014	18 Aug 2014 Telecon	5 Nov 2014	30 Mar 2015
TM Mokgosi-Mwantembe	✓	✓	✓	✓
RAW Schellekens	✓	✓	✓	✓
DH Brown	✓	✓	✓	✓
S Timuray	✓	✓	✓	✓

PG 106 More detail on the activities of the Remuneration Committee can be found in the remuneration report.

NOMINATION COMMITTEE

Current members:
MP Moyo (Chairman), TM Mokgosi-Mwantembe, RAW Schellekens, S Timuray.

The Nomination Committee's duties include identifying and evaluating suitable potential candidates for appointment to the Board, as well as candidates for the position of Chief Executive Officer and Chief Financial Officer. The authority to appoint directors remains a function of the Board. The committee also makes recommendations on the composition of the Board in terms of the mix of skills, size and the number of committees required; and reviews and approves executive succession.

The membership of the Nomination Committee does not comply fully with King III or the JSE Listings Requirements, which advocate a majority of independent non-executive directors. Of the non-executive directors on the committee, only half are independent. Peter Moyo, the Chairman of the committee, and Thoko Mokgosi-Mwantembe are independent non-executive directors. The Board is satisfied that Vodafone's representation on this committee is appropriate given the valuable contribution of the Vodafone directors. Serpil Timuray, the Vodafone Regional CEO for Africa, Middle East and Asia Pacific, has oversight over Vodacom, and Ronald Schellekens who is the Vodafone Human Resources Director. To address non-compliance with the JSE Listings Requirements, it was agreed with the JSE that the Chairman of the committee would have a casting vote in the event of any deadlock or dispute that could arise. The mandate of the committee was revised accordingly.

In the year, the Nomination Committee met four times with attendance as follows:

Name of director	15 Mar 2014	10 Sep 2014	5 Nov 2014	30 Mar 2015
MP Moyo	✓	✓	✓	✓
TM Mokgosi-Mwantembe	✓	✓	✓	✓
RAW Schellekens	✓	✓	✓	✓
S Timuray	✓	✓	✓	✓

The committee's key focus areas during the year included:

- Succession planning in respect of the senior leadership team;
- Review of the independence of those directors categorised as independent. The committee concluded that they remained independent. This review will be conducted on an annual basis for the future;
- Developing a CEO competency profile; and
- Identifying a successor to Ms YZ Cuba who stepped down from the Board at end October to join Vodacom in an executive capacity as Chief Officer: Strategy and New Business with effect from 1 November 2014.

ABRIDGED CORPORATE GOVERNANCE REPORT continued

SOCIAL AND ETHICS COMMITTEE

Current members:
PJ Moleketi (Chairman), MP Moyo, RAW Schellekens, MS Aziz Joosub

There were no changes to the composition of the Social and Ethics Committee during the year. Key executives attend meetings by invitation but have no vote, including the Chief Risk Officer, Group Company Secretary (Ethics Officer), Chief Human Resources Officer, Chief Officer: Corporate Affairs, Chief Officer: Legal and Regulatory and Chief Officer: Customer Operations.

As required by the Companies Act, No 71 of 2008, as amended and King III, this committee oversees and monitors Vodacom's activities in relation to:

- Social and economic development, including the principles of the United Nations Global Compact, BBBEE, Employment Equity and the Organisation for Economic Co-operation and Development's ('OECD') recommendations on corruption;
- Good corporate citizenship which includes promotion of equality, prevention of unfair discrimination, corporate social responsibility, ethical behaviour and managing environmental impacts;
- Consumer relations;
- Labour and employment, including skills development; and
- Safety, health and environmental issues.

The Social and Ethics Committee met four times during the year with attendance as follows:

Name of director	15 May 2014	26 Aug 2014	27 Oct 2014	4 Mar 2015
PJ Moleketi	✓	✓	✓	✓
MP Moyo	✓	✓	✓	✓
RAW Schellekens	✓	✓	✓	✓
MS Aziz Joosub	✓	✓	✓	✓

The committee's key focus areas during the year included:

- Reputation drivers;
- Social impact of sponsorships;
- BBBEE;
- Customer service; and
- Diversity in the workplace.

The Social and Ethics Committee report is available online at **www.vodacom.com**

Board evaluation

A Board evaluation led by the Chairman was conducted during the year. Overall consensus was that the Board is working well, has a good mix of directors and that there is a high commitment to work in the best interest of Vodacom. The Board as a whole demonstrates uniform clarity over the purpose of Vodacom and the ability to be satisfied to the external environment. Although no significant weaknesses were identified, improvement areas which will be addressed going forward include greater focus on scenario planning, as well as on the International business.

Company Secretary

All directors have access to the advice and services of the Group Company Secretary, Sandi Linford, who is responsible to the Board for ensuring compliance with procedures and applicable statutes and regulations. For the Board to function effectively, all directors have full and timely access to information that helps them do their duties properly. This includes corporate announcements, investor communications and information about developments that may affect Vodacom and its operations. Directors have full access to management as required.

The Group Company Secretary is responsible for director training. The Group Company Secretary and Chief Executive Officer induct new directors, which includes briefings on their fiduciary and statutory responsibilities, as well as on the Group's operations as required.

Share dealings

Vodacom has a share dealing policy requiring all directors, senior executives and the Group Company Secretary to obtain prior written consent from either the Chairman or Chief Executive Officer to deal in Vodacom Group shares. The Chairman has to obtain prior written clearance from the Chairman of the Audit, Risk and Compliance Committee. Closed periods are implemented as per JSE Listings Requirements, during which the Group's directors, executives and employees are not allowed to deal in Vodacom Group shares. Additional closed periods are enforced should Vodacom be subject to any corporate activity requiring a cautionary announcement.

Shareholder relations

Vodacom proactively communicates its strategy and activities to shareholders through a planned investor relations programme which includes:

- Formal presentations of annual and interim results;
- Briefing meetings with major institutional shareholders after the release of results; and
- Hosting investor and analyst sessions.

Risk management

Management continuously develops and enhances its risk and control procedures to improve risk identification, assessment and monitoring. The Board considers business risks when setting strategies, approving budgets and monitoring progress against budgets.

A division reporting to the Chief Risk Officer assists in identifying, assessing and recording the strategic risks facing the Group and, where appropriate, monitors mitigating actions.

Risks are managed at three distinct levels: Risk Management Committees ('RMCs'), the Risk Group and line management.

PG 96 The major strategic risks identified in the year are detailed in the risk management report.

Internal control

Management implements internal controls, which comprise policies, procedures and processes, to provide reasonable assurance in safeguarding assets, preventing and detecting errors, the accuracy and completeness of accounting records, and the reliability of financial statements. Internal audit provides independent, objective assurance of the system of internal controls within the Group.

Stakeholder engagement

The Board has delegated to management the responsibility to deal with stakeholder relationships in a proactive and constructive manner. There is an approved stakeholder policy in place and the initiatives and activities for the year are more fully reported in the Social and Ethics Committee report.

Refer to our stakeholder report online.

Technology governance

In line with King III, technology governance forms part of our governance structures, policies and procedures. It forms part of the Group's strategic and business processes and is managed by the Chief Technology Officer.

The Vodacom Technology Governance Framework and charter, which is mapped to the IT governance principles of King III, has been further extended this year. Each framework element is substantiated through demonstrable processes to align technology strategy and business needs, deliver value and manage performance, and to strengthen information security management, information management, risk management, business continuity management and compliance.

A specific focus area has been on managing our software licensing and defining a process for gaining independent assurance over the controls implemented by vendors. Both of these elements require a revision of contracts and in some instances building capacity to govern these new terms. The new POPI Act and bringing our operational processes in line with best practice frameworks have also received substantial focus.

REMUNERATION REPORT

Feedback from the Remuneration Committee Chairman

I am pleased to present the 2015 annual remuneration report on behalf of the Board and the Remuneration Committee.

This past financial year has been challenging with regulatory changes that have impacted the business, including the change of MTRs. The Board is ultimately responsible for both the setting and implementation of the Group's remuneration philosophy and the Remuneration Committee ('RemCo') is mandated to manage this task. I report back to the Board after each RemCo meeting highlighting issues of material or governance consequence for the Board's attention.

RemCo consists of independent non-executive directors. The Chief Executive Officer, Chief Human Resources Officer and executives responsible for the Group's remuneration attend the meetings by invitation, but recuse themselves for discussions and decisions regarding their own remuneration.

As the Chairman of RemCo and in line with King III, I attend the annual general meeting ('AGM') of Vodacom Group Limited and will respond to questions from shareholders regarding remuneration matters. During the past year, Vasdex Associates advised RemCo on remuneration matters.

For the 2016 financial year, there will be an increased focus on the customer, which will result in management's short-term incentive scheme having a higher weighting on the strategic measure of customer appreciation.

Thoko Martha Mokgosi-Mwantembe
Chairman of the Remuneration Committee

OUR KEY RESPONSIBILITIES AS REMCO ARE TO:

- Determine, agree and develop the Group's remuneration policy and philosophy;
- Determine and agree the remuneration and overall compensation package for the CEO, CFO and any other executive director on the Board;
- Ensure that competitive reward strategies and programmes are in place to facilitate the recruitment, motivation and retention of high-performance staff at all levels in support of realising corporate objectives and to safeguard stakeholder interests;
- Review and recommend to the Board the relevant criteria necessary to measure the performance of executives;
- Consider other special benefits or arrangements of a substantive financial nature;
- Review employment policies,
- Ensure compliance with applicable laws and codes; and
- Regularly monitor the application of the Group's remuneration policy to ensure it is appropriate, fair and reasonable from both an internal business perspective as well as an external market perspective.

Introduction

This report sets out Vodacom's remuneration policy for non-executive directors, executive directors and prescribed officers. It describes how the policy has been implemented and discloses payments made to non-executive and executive directors and prescribed officers during the year under review.

The Board reviews the fees for non-executive directors annually and recommends these fees to shareholders for approval at the AGM.

The Group's RemCo determines the policy for remunerating executive directors and prescribed officers.

Vodacom reward framework

Vodacom's reward framework comprises financial and non-financial elements and is applied to all employees, including the Group's executive directors and prescribed officers.

The objective of Vodacom's reward programme is to support the Group in:

- Attracting and retaining high quality talent;
- Motivating individual and team performance that drives stakeholder value;
- Containing the total cost of employment; and
- Addressing diverse employee needs across differing cultures and age groups.

REMUNERATION REPORT continued

SECTION 1

Remuneration policy

We aim to attract, retain and motivate executives of the highest calibre, while giving careful consideration to aligning remuneration with shareholders' interests and market and industry best practice.

Our executives are rewarded for their contribution to our strategic, operating and financial performance and to ensure that our remuneration is conducive to developing and retaining top talent, critical skills and intellectual capital.

We adopt a holistic approach to reward encompassing the following elements:

- A guaranteed package;
- Short- and long-term incentives;
- Various recognition programmes;
- Growth and development opportunities for all our employees;
- Progressive talent management programmes; and
- Well-designed wellness programmes.

Our overall reward philosophy ensures that executive directors and other executives are fairly rewarded for their individual contribution to the Group's operating and financial performance. Individual performance is determined through our talent and performance management processes, the outcome of which influences the award of short- and long-term incentives.

Each element of our remuneration structure is aligned to shareholder value and appropriately linked to our business strategy.

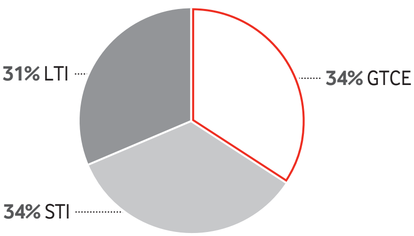
Summary of executive remuneration structure

ELEMENTS	Strategic intent	Operation
Guaranteed package ('GP')	To attract and retain the best talent. Internal and external equity. Provides competitive pay and rewards performance.	Fixed and delivered in 12 payments. Reflects the scope and nature of the role. Reviewed annually on 1 July.
Short-term incentive ('STI')	To drive a high-performance culture. Motivates and rewards achievement of business and individual performance. Keeps employees focused on the defined business imperatives.	Variable – usually paid in cash in June each year for performance over the prior financial year. Directly linked to both business and individual performance.
Long-term incentive ('LTI')	Drives sustainable longer term performance. Retention of key skills by linking performance to long-term value creation. Encourages loyalty and ownership, by aligning the interests of executives to those of the Group and its shareholders. Wealth creation.	Variable in the form of forfeitable shares and dividends, which vest over a three-year period.
Flexible benefit programmes	Our flexible benefit programmes offer employees a variety of choice to meet personal needs and positions us as an employer of choice. Integrated approach to drive employee engagement.	Provide quality health and wellness benefits. Financial protection in the event of illness, disability or death. Retirement benefit, pension and/or provident fund which are part of the GP.
Recognition programmes	Programmes designed as a platform for employee recognition.	Formal recognition programmes that recognises employees for living the Vodacom Way.
Other programmes	Position Vodacom as an employer of choice.	Access to lifestyle benefits such as staff discounts, preferential insurance rates, etc.

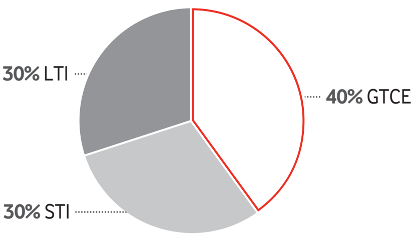
RemCo reviews the total pay mix of executives every year and decides on the proportion of total remuneration paid as part of the guaranteed package, or as short- and long-term incentives. Each element is linked to creating shareholder value and the strategic progress made in the year. RemCo reviews targets and the on-target values for each element annually to ensure that it remains relevant, drives the right behaviours and to ensure that we enhance overall shareholder value.

The on-target pay mix for executive directors and prescribed officers is shown below:

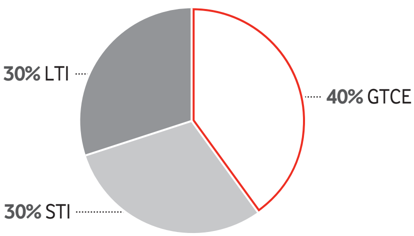
CEO



Executive directors



Prescribed officers



Reward benchmarking

Fair and competitive reward is vital to being an employer of choice. RemCo reviews peer group data from the JSE telecommunications and ICT sectors and other listed companies, using a weighted combination of market capitalisation, turnover, capital assets and number of employees, when setting the total remuneration and the guaranteed packages of executives.

Drawing comparisons with these sectors mitigates the risk of losing skilled executives to competitors and are useful in setting Vodacom's remuneration strategy.

Guaranteed package ('GP')

Vodacom adheres to a total cost to company philosophy referred to as the guaranteed package. All employees, including executive directors, receive a GP based on their roles, individual performance and Group performance. All contributions to retirement, risk and insured benefits and healthcare benefits are included in the GP.

Increases in the GP for employees are based on a review of market data, consideration of their individual performance and pay levels, and the business priorities of the Group.

All permanent employees, including executive directors and prescribed officers, are required to join the Vodacom Group Pension Fund, which is a defined contribution pension scheme. Executives also participate in the Vodacom Group Executive Provident Fund, a defined contribution provident scheme. Employees have the option to choose their level of contribution to the pension fund and also have the option to choose where they would like their money to be invested based on their own individual risk profile.

Besides the retirement fund contributions, lump sum contributions may also be made as part of the short-term incentive payment.

Normal retirement age for executive directors and other executives is 60 years. For all other employees it is 65 years.

Employees can choose to participate in a nominated medical aid scheme. We do not offer post-retirement medical benefits and have no such liabilities.

In the unfortunate event of an employee's death, a lump sum amount of three times annual pensionable salary (core cover) is paid to the beneficiaries. If the employee had a qualifying spouse and/or qualifying children upon death, a spouse's pension of 40% of monthly pensionable salary and a child's pension of 10% of monthly pensionable salary becomes payable.

All employees have the option to select additional death cover of up to seven times their annual pensionable salary, inclusive of the compulsory core cover of three times annual pensionable salary. These additional contributions are calculated as a percentage of pensionable salary.

REMUNERATION REPORT continued

Short-term incentives ('STIs')

All employees, including executive directors and prescribed officers, with the exception of those employees who are on a commission, quarterly or bi-annual bonus structure, participate in an annual short-term incentive plan. Bonus payments are discretionary and payments made under the plan are dependent on both business and personal performance. Payments are delivered in cash in June each year after finalisation of Vodacom's consolidated annual financial results and no deferral is applied.

Where annual targets are achieved in full, 100% of the on-target bonus will be paid. In instances where target goals are exceeded, more than 100% of the on-target bonus is paid, but in all cases the cash bonus is capped at a percentage of the GP. Where the bonus targets are not achieved in full, a pro rata bonus is paid only if the threshold performance level has been achieved.

The on-target and bonus cap percentages are set out below:

Role	On-target %	Maximum %
CEO	100%	200%
Executive director	75%	200%
Prescribed officers	50% – 60%	150% – 180%

The formula for determining the CEO's cash bonus is:

GP × On-target incentive 100% × Business performance multiplier 0% to 200%

The formula for determining the cash bonus for the executive directors[1] is:

GP × On-target incentive 75% × Business performance multiplier 0% to 200% × Personal multiplier 0% to 150%

The formula for determining the cash bonus for the other prescribed officers is:

GP × On-target incentive 50% to 60% × Business performance multiplier 0% to 200% × Personal multiplier 0% to 150%

Note:

1. Bonus for executive directors is capped at 200%.

The business performance multiplier ranges from 0% to 200% and the personal multiplier from 0% to 150%. The personal performance multipliers are based on the performance of executives relative to their objectives. For the CEO only a business multiplier is applied and follows the approach adopted by Vodafone for large market CEO's within the Vodafone Group. The financial and non-financial targets, as set by RemCo, are used for the calculation of the business performance multiplier.

For the FY2015/2016 there will be significant focus on customer experience and customer obsession, therefore, it was agreed at RemCo that the competitive performance measure in the STI framework be replaced with customer appreciation, furthermore the weighting for the four performance measures for the 2015/2016 GSTIP will be 20% for each of the three financial measures and 40% on the non-financial strategic measure.

The weighting for each measure is detailed below and for 2015/16 there will be an adjustment to the weighting and measures as detailed in the following table.

% weighting	2015	2016
Service revenue	25%	20%
EBITDA	25%	20%
Operating free cash flow	25%	20%
Competitive performance[1]	25%	40%

Note:

1. Change to customer appreciation for 2015/2016.

These weightings align short-term incentives to our strategic focus on revenue growth and market performance. The Group business performance multiplier is used for the CEO and executive directors. For prescribed officers the business performance multiplier is based on a weighted average of the multipliers for the relevant operating company and the Group.

Long-term incentives ('LTIs')

It is critical for the Company to retain skills, motivate and incentivise executive directors and other employees over the longer term. LTIs support the Company to meet these objectives, which are crucial to sustainable performance.

Vodacom Forfeitable Share Plan ('FSP')

The FSP was introduced in 2009 and this is our main long-term incentive plan. Although it is focused on executives and senior management, other employees may be selected to participate. Non-executive directors are not eligible to participate.

The purpose of the FSP is to provide executives and other selected employees with the opportunity to earn shares in Vodacom Group Limited, by way of a forfeitable share award. This means that participants receive shares (including dividend and voting rights) on the date of the award but those shares are subject to restrictions and risk of forfeiture during a three-year vesting period. FSP awards are granted annually.

A portion of the forfeitable award is subject to meeting the following performance targets:

Performance period	Measures applied
2012 – 2015	Cumulative operating free cash flow
2013 – 2016	Cumulative operating free cash flow (70%)
	Total shareholder return (30%)
2014 – 2017	Cumulative operating free cash flow (70%)
	Total shareholder return (30%)
2015 – 2018	Cumulative operating free cash flow (70%)
	Total shareholder return (30%)

The vesting of awards with performance conditions up to the 2012 – 2015 period was on a sliding scale of 20% at threshold, 60% at target, and up to 100% at maximum performance. This changed in 2013 to 20% at threshold, 50% at target, and up to 100% at maximum performance.

For the CEO, executive director and prescribed officers, the standard on-target value of FSP awards (as a percentage of GP at target level) is reflected in the next table. For executive directors and prescribed officers the standard awards may be multiplied by 0% to 200% to set an annual award, based on the performance and potential of the individual.

Role	On-target value %
CEO[1]	90%
Executive directors	60%
Prescribed officers	45% – 60%

Notes:
1. Further long-term incentives, in addition to the standard annual award above are offered to Mr Aziz Joosub provided that he meets an annual co-investment requirement, which are all subject to performance conditions. The additional incentives offered and associated conditions are:
   – An additional award of Vodacom performance shares with an on-target value of 50% of his GP, provided that he invests in Vodacom shares to the value of 50% of his GP; and
   – An additional award of Vodafone performance shares with an on-target value of 50% of his GP, provided that he invests in Vodafone shares to the value of 50% of his GP. Mr Aziz Joosub may only take advantage of the additional Vodafone share award if he has met the full Vodacom co-investment requirement. His investment in both Vodacom and Vodafone shares must be on an ever-increasing basis to qualify for the additional awards.

Vodafone Performance Share Plan

The CEO and the prescribed officers who have been seconded from Vodafone (Messrs Gough, Patel and Streichert) participate in the Vodafone Performance Share Plan. This plan has two performance conditions: adjusted free cash flow and relative total shareholder return ('TSR') against a peer group median. Vesting is based on meeting these conditions after a three-year performance period.

Executive directors and other prescribed officers

Share allocation are as follows:

- 33% awarded as Vodacom retention FSP shares;
- 33% awarded as Vodacom performance FSP shares; and
- 33% awarded as Vodafone performance shares.

This is to provide alignment and synergy with the Group's parent Company Vodafone Plc., which RemCo believes is also in the interests of the Vodacom Group's shareholders. The portion of total variable pay (STI and LTI) related to Vodafone performance is not excessive for the prescribed officers and the Group's own performance remains the critical driver of variable pay.

Shareholding guidelines

The Board wishes to encourage individual shareholding in the Company by executives, as a tangible demonstration of their commitment to the Group and to align with shareholder interests. Executives are thus required to hold the following minimum personal shareholdings:

Role	Minimum holding
Executive director	100% x GP
Prescribed officers	50% x GP

REMUNERATION REPORT continued

The CEO is required to make substantial investments in Company shares to qualify for his co-investment share awards, as described previously, and as a result he is not covered by these shareholding guidelines.

As an incentive to exceed the minimum requirements, additional awards of FSP performance shares will be made to executives who exceed the minimum requirements over a three-year vesting cycle, being six years. The participants will be granted a performance share for every three additional shares held. This award will be capped so that holdings of no more than double the minimum requirements will be recognised. The time period over which the executives are permitted to build up this shareholding is based on the vesting of three cycles of the annual awards under the FSP plan.

Executive contracts and policies

Executives have permanent employment contracts with six-month notice periods, which came into effect in November 2009. Prior to this, executives had a two-year rolling contract, entitling them to one year's guaranteed pay for every four years of service up to a maximum of 16 years on termination of employment (conditional benefit). This benefit was subject to a 12-month notice period.

The benefit that accrued up to 26 November 2009 was based on the number of years of service payable on termination of employment. Apart from money market interest, no further termination benefits accrued after this date.

Executives who have a conditional benefit in terms of their previous service contract had the option to convert a portion or all of their benefit to shares for the purpose of meeting the shareholding guidelines. These shares ('restricted shares') are subject to the same conditions as those of the underlying conditional benefit. The majority of our executives have converted their benefits.

The YeboYethu Employee Participation Trust ('YeboYethu')

In July 2008, YeboYethu acquired 3.44% of Vodacom South Africa in our R7.5 billion BBBEE transaction. All permanent South African employees were able to participate in the Trust. Of the 1.875 billion units available to the Trust, 75% was allocated to employees on 1 September 2008. The remaining 25% was set aside for future employees on a sliding scale over the next five years. On 1 September 2014, the last of the available units were allocated to employees.

The allocation is weighted 70/30 in favour of black employees. The Trust's seven-year maturity period ends in August 2015.

The units will be converted into YeboYethu shares in March 2019.

Following this date, we will aim to facilitate the sale of these shares to qualifying members of the South African public through the online YeboYethu Limited trading platform, which was launched for black South Africans in February 2014.

Non-executive directors

Our business benefits from active non-executive directors who do a lot more than attend meetings. Non-executive directors therefore receive a yearly fee for their services on the Board and committees rather than a fee for meetings attended.

The Board considered the King III recommendation that fees for non-executive directors comprise a base fee, as well as an attendance fee per meeting. In light of the current non-executives' attendance record it has been decided not to change the current policy of a set annual fee. This policy will be reviewed annually with due consideration of attendance records.

If non-executive directors are requested to leave there is no contractual compensation for loss of office. Non-executive directors do not receive short- or long-term incentives.

A sub-committee of the Nomination Committee, comprising the directors from Vodafone who do not benefit personally from the fees, reviews directors' fees against market benchmarks and recommends fee levels to the Board.

Our memorandum of incorporation states that shareholders must approve these fees at the AGM.

The annual fee paid to the Chairman of the Board includes all committee fees.

Shareholdings

Details of the beneficial interests of directors and prescribed officers in the Company's ordinary shares, excluding interests in the long-term incentive plans are set out in the directors' report online on **www.vodacom.com**.

Funding of share plans and dilution

Details of the shares used for the FSP and the related dilution are set out in the consolidated annual financial statements and the directors' report, which is available on **www.vodacom.com**. All awards granted under the FSP are settled through the purchase of treasury shares or shares purchased in the market and not by newly issued shares.

SECTION 2

Annual guaranteed packages and increases

The annual GPs for executive directors in the year are set out in the table below. These amounts are based on the annualised value of the monthly package in March 2015

Executive directors	2015 R	2014 R	Increase %
MS Aziz Joosub	7 300 000	6 950 000	5.0
IP Dittrich	4 750 000	4 554 000	4.3

The annual GPs for our prescribed officers in the year are set out in the table below:

Prescribed officers	2015 R	2014 R	Increase %
ADJ Delport	4 100 000	3 865 000	6.1
R Kumalo	3 650 000	3 450 000	5.8
V Jarana	3 650 000	3 400 000	7.4
M Makanjee	2 800 000	2 652 000	5.6
NC Nyoka	3 600 000	3 434 130	4.8
M Nkeli[1]	2 675 033	2 675 033	–
G Hagel (€)	166 894	161 500	3.3
G Hagel	1 000 000	1 000 000	–
N Gough[5] (£)	293 520	288 171	1.9
P Patel (HK$)[6]	2 950 000	2 856 000	3.3
M Mbungela[2]	2 600 000	–	–
YZ Cuba[3]	4 450 000	–	–
T Streichert[4] (£)	200 200	–	–

Notes:
1. Resigned from 30 April 2014.
2. Appointed as Chief Human Resources Officer from 1 May 2014.
3. Appointed as Chief Officer: Strategy and New Business from 1 November 2014.
4. Appointed from 1 April 2014.
5. Stepped down on 31 October 2014.
6. Resigned 31 March 2015.

The average increase in GPs paid to executive directors and prescribed officers in 2015 was 4.7%, compared to 5% paid to the rest of our employees.

Business performance multiplier for short-term incentives for 2015

The business multiplier for short-term incentives for 2015 was 50.9%.

REMUNERATION REPORT continued

Remuneration tables[1]

R	GP	Other[2]	Short-term incentive[3]	Total
2015				
Executive directors				
MS Aziz Joosub	7 212 500	4 800	3 715 700	10 933 000
IP Dittrich	4 701 000	4 800	1 541 316	6 247 116
Prescribed officers				
ADJ Delport	4 041 250	–	1 919 169	5 960 419
R Kumalo	3 600 000	4 800	655 620	4 260 420
V Jarana	3 587 500	4 800	1 545 812	5 138 112
M Makanjee	2 763 000	3 228	1 040 200	3 806 428
NC Nyoka	3 558 533	4 643	1 685 124	5 248 300
M Nkeli[4]	222 919	2 675 034	–	2 897 953
G Hagel (€)	165 546	–	74 401	239 947
G Hagel	1 000 000	600 000	445 800	2 045 800
N Gough[8] (£)	169 883	71 434	51 880	293 197
N Gough[8]	–	1 099 524	–	1 099 524
P Patel (HK$)[9]	2 926 500	2 927 410	1 117 844	6 971 754
P Patel[9]	–	1 474 530	–	1 474 530
M Mbungela[5]	2 383 333	4 400	1 062 490	3 450 223
YZ Cuba[6]	1 854 167	4 450 000	688 823	6 992 990
T Streichert[7] (£)	193 350	55 487	79 037	327 874
T Streichert[7]	–	1 088 296	–	1 088 296

R	GP	Other	Short-term incentive	Total
2014				
Executive directors				
MS Aziz Joosub	6 887 500	4 800	6 088 200	12 980 500
IP Dittrich	4 515 500	4 800	3 021 898	7 542 198
Prescribed officers				
ADJ Delport	3 828 000	–	2 484 577	6 312 577
R Kumalo	3 393 500	4 800	1 063 483	4 461 783
V Jarana	3 337 386	4 800	1 877 677	5 219 863
M Makanjee	2 626 500	2 137	1 239 863	3 868 500
NC Nyoka	3 405 098	4 536	2 047 044	5 456 678
M Nkeli	2 665 150	–	1 563 289	4 228 439
G Hagel (€)	40 375	200 375	24 480	265 230
G Hagel	250 000	50 000	146 100	446 100
N Gough (£)	286 811	49 555	120 918	457 284
N Gough	–	831 358	–	831 358
P Patel (HK$)	2 842 000	207 169	1 669 046	4 718 215
P Patel	–	613 890	–	613 890
J Dennelind	331 648	–	–	331 648
J Dennelind (€)	89 284	–	–	89 284

Notes:
1. This table excludes settlement of long-term incentives and accruals.
2. This includes a mobile phone benefit, a sign-on bonus and termination benefit. For assignees this amount includes the gross value of assignment allowances, accommodation, car benefits and education benefit for children.
3. These amounts relate to the bonus payable in June 2015, for the year ended 31 March 2015.
4. Resigned 30 April 2014.
5. Appointed 1 May 2014.
6. Appointed 1 November 2014.
7. Appointed 1 April 2014.
8. Stepped down on 31 October 2014.
9. Resigned 31 March 2015.

Long-term incentives and benefits

Details of the conditional benefits and long-term incentives granted under the FSP, the deferred bonus incentive scheme and YeboYethu units held by executive directors and prescribed officers at 31 March 2015 are disclosed below:

Year awarded	Number allocated	Number settled in current year	Number forfeited in current year	Closing number	Settlement date	Settlement value	Current[1] unit value (R)	Estimated value (R)
MS Aziz Joosub								
Conditional benefit – restricted shares								
2014	208 610	–		208 610		–	132.69	27 680 461
Deferred bonus incentive scheme								
2008	4 591	4 591		–	July 2014	3 650 442	–	–
FSP – with Company performance conditions								
2014	193 182	–	–	193 182		–	66.35	12 817 626
2015	**148 570**	**–**		**148 570**		**–**	**66.35**	**9 857 620**
YeboYethu units								
2008	2 628 498	–		2 628 498		–	0.170	446 845
IP Dittrich								
FSP – no Company performance conditions								
2013	52 493	–	–	52 493		–	132.69	6 965 296
2014	5 809	–	–	5 809		–	132.69	770 796
2015	**4 936**	**–**	**–**	**4 936**		**–**	**132.69**	**654 958**
FSP – with Company performance conditions								
2013	19 436	–	–	19 436		–	66.35	1 289 579
2014	11 618	–	–	11 618		–	66.35	770 854
2015	**9 871**	**–**	**–**	**9 871**		**–**	**66.35**	**654 941**
YeboYethu units								
2012	788 229	–	–	788 229		–	0.170	133 999

Note:

1. For FSP with Company performance conditions, a vesting percentage of 50% is applied.

REMUNERATION REPORT continued

Long-term incentives and benefits (continued)

Year awarded	Number allocated	Number settled in current year	Number forfeited in current year	Closing number	Settlement date	Settlement value	Current[1] unit value (R)	Estimated value (R)
ADJ Delport								
Conditional benefit – restricted shares								
2014	112 321	–	–	112 321		–	132.69	14 903 873
Deferred bonus incentive scheme								
2008	2 226	2 226	–	–	July 2014	1 769 959	–	–
FSP – no Company performance conditions								
2012	8 481	8 481	–	–	July 2014	1 108 467	–	–
2013	5 438	–	–	5 438		–	132.69	721 568
2014	4 907	–	–	4 907		–	132.69	651 110
2015	**4 189**	**–**	**–**	**4 189**		**–**	**132.69**	**555 838**
FSP – with Company performance conditions								
2012	17 523	16 016	1 507	–	July 2014	2 093 291	–	–
2013	10 213	–	–	10 213		–	66.35	677 633
2014	16 257	–	–	16 257		–	66.35	1 078 652
2015	**8 378**	**–**	**–**	**8 378**		**–**	**66.35**	**555 880**
YeboYethu units								
2008	1 287 774	–	–	1 287 774		–	0.170	218 922
V Jarana								
Conditional benefit								**7 469 152**
Conditional benefit – restricted shares								
2014	26 208	–	–	26 208		–	132.69	3 477 540
Deferred bonus incentive scheme								
2008	1 659	1 659	–	–	April 2014	1 067 832	–	–
FSP – no Company performance conditions								
2012	39 715	39 715	–	–	July 2014	5 190 751	–	–
2013	5 236	–	–	5 236		–	132.69	694 765
2014	6 534	–	–	6 534		–	132.69	866 996
2015	**3 789**	**–**	**–**	**3 789**		**–**	**132.69**	**502 762**
FSP – with Company performance conditions								
2012	11 622	10 623	999	–	July 2014	1 388 426	–	–
2013	9 833	–	–	9 833		–	66.35	652 420
2014	18 736	–	–	18 736		–	66.35	1 243 134
2015	**7 577**	**–**	**–**	**7 577**		**–**	**66.35**	**502 734**
YeboYethu units								
2008	1 567 336	–	–	1 567 336		–	0.170	266 447

Note:
1. For FSP with Company performance conditions, a vesting percentage of 50% is applied.

Year awarded	Number allocated	Number settled in current year	Number forfeited in current year	Closing number	Settlement date	Settlement value	Current[1] unit value (R)	Estimated value (R)
R Kumalo								
Conditional benefit – restricted shares								
2013	26 166	–	–	26 166		–	132.69	3 471 967
2014	6 435	–	–	6 435		–	132.69	853 860
Deferred bonus incentive scheme								
2008	1 659	1 659	–	–	July 2014	1 319 121	–	–
FSP – no Company performance conditions								
2012	41 278	41 278	–	–	July 2014	5 395 035	–	–
2013	4 010	–	–	4 010		–	132.69	532 087
2014	6 081	–	–	6 081		–	132.69	806 888
2015	**3 844**	**–**	**–**	**3 844**		**–**	**132.69**	**510 060**
FSP – with Company performance conditions								
2012	12 423	11 355	1 068	–	July 2014	1 484 099	–	–
2013	7 531	–	–	7 531		–	66.35	499 682
2014	17 912	–	–	17 912		–	66.35	1 188 461
2015	**7 689**	**–**	**–**	**7 689**		**–**	**66.35**	**510 165**
YeboYethu units								
2008	1 567 336	–	–	1 567 336		–	0.170	266 447

Year awarded	Number allocated	Number settled in current year	Number forfeited in current year	Closing number	Settlement date	Settlement value	Current[1] unit value (R)	Estimated value (R)
NC Nyoka								
Conditional benefit – restricted shares								
2014	15 852	–	–	15 852		–	132.69	2 103 402
Deferred bonus incentive scheme								
2008	2 042	2 042	–	–	July 2014	1 623 655	–	–
FSP – no Company performance conditions								
2012	8 974	8 974	–	–	July 2014	1 172 902	–	–
2013	3 322	–	–	3 322		–	132.69	440 796
2014	3 755	–	–	3 755		–	132.69	498 251
2015	**2 752**	**–**	**–**	**2 752**		**–**	**132.69**	**365 163**
FSP – with Company performance conditions								
2012	18 541	16 946	1 595	–	July 2014	2 214 842	–	–
2013	6 238	–	–	6 238		–	66.35	413 891
2014	13 234	–	–	13 234		–	66.35	878 076
2015	**5 504**	**–**	**–**	**5 504**		**–**	**66.35**	**365 190**
YeboYethu units								
2008	1 928 567	–	–	1 928 567		–	0.170	327 856

Note:

1. For FSP with Company performance conditions, a vesting percentage of 50% is applied.

REMUNERATION REPORT continued

Long-term incentives and benefits (continued)

Year awarded	Number allocated	Number settled in current year	Number forfeited in current year	Closing number	Settlement date	Settlement value	Current[1] unit value (R)	Estimated value (R)
M Makanjee								
FSP – no Company performance conditions								
2013	5 811	–	–	5 811		–	132.69	771 062
2014	2 525	–	–	2 525		–	132.69	335 042
2015	**2 125**	**–**	**–**	**2 125**		**–**	**132.69**	**281 966**
FSP – with Company performance conditions								
2013	3 637	–	–	3 637		–	66.35	241 315
2014	5 050	–	–	5 050		–	66.35	335 068
2015	**4 251**	**–**	**–**	**4 251**		**–**	**66.35**	**282 054**
YeboYethu units								
2012	944 229	–	–	944 229		–	0.170	160 519
YZ Cuba								
FSP – no Company performance conditions								
2015	**54 562**	**–**	**–**	**54 562**		**–**	**132.69**	**7 239 832**
M Mbungela								
Conditional benefit – restricted shares								
2014	27 589	–	–	27 589		–	132.69	3 660 784
FSP – no Company performance conditions								
2012	5 206	5 206	–	–	July 2014	680 424	–	–
2013	7 293	–	–	7 293		–	132.69	967 708
2014	5 965	–	–	5 965		–	132.69	791 496
2015	**5 556**	**–**	**–**	**5 556**		**–**	**132.69**	**737 226**
FSP – with Company performance conditions								
2012	3 586	3 278	308	–	July 2014	428 435	–	–
2013	4 565	–	–	4 565		–	66.35	302 888
2014	6 044	–	–	6 044		–	66.35	401 019
2015	**11 113**	**–**	**–**	**11 113**		**–**	**66.35**	**737 348**
YeboYethu units								
2008	1 073 929	–	–	1 073 929		–	0.170	182 568

Note:

1. For FSP with Company performance conditions, a vesting percentage of 50% is applied.

Payments to non-executive directors

Name	Director fee (R)	ARCC Chairman (R)	ARCC member (R)	RemCo Chairman (R)	RemCo member (R)	Nomination Committee member (R)	Social and Ethics Committee Chairman (R)	Social and Ethics Committee member (R)	Other committees (R)	Total (R)
2015										
MP Moyo	1 900 000	–	–	–	–	–	–	–	–	1 900 000
DH Brown^	330 000	243 333	–	–	120 000	–	–	–	50 000	743 333
YZ Cuba°^[1]	188 334	–	84 167	–	–	–	–	–	–	272 501
HMG Dowidar†	330 000	–	–	–	–	–	–	–	75 000	405 000
M Joseph†	330 000	–	–	–	–	–	–	–	125 000	455 000
BP Mabelane°^[2]	113 334	–	50 000	–	–	–	–	–	–	163 334
TM Mokgosi-Mwantembe^	330 000	–	–	210 000	–	110 000	–	–	–	650 000
PJ Moleketi^	330 000	–	146 667	–	–	–	183 333	–	–	660 000
JWL Otty†	330 000	–	–	–	–	–	–	–	125 000	455 000
RAW Schellekens†	330 000	–	–	–	120 000	110 000	–	106 667	–	666 667
S Timuray†	330 000	–	–	–	120 000	110 000	–	–	125 000	685 000
	4 841 668	243 333	280 834	210 000	360 000	330 000	183 333	106 667	500 000	7 005 835

Notes:

° Fees for a portion of the year.

† Fees paid to Vodafone and not the individual director.

^ Independent non-executive directors received an amount of R2 000 in April 2014 and R3 000 in March 2015, for incidental expenses while travelling to Board meetings held in Turkey and the United Kingdom respectively.

1. YZ Cuba resigned 31 October 2014.
2. BP Mabelane appointed 1 December 2014.

Name	Director fee (R)	ARCC Chairman (R)	ARCC member (R)	RemCo Chairman (R)	RemCo member (R)	Nomination Committee member (R)	Social and Ethics Committee Chairman (R)	Social and Ethics Committee member (R)	Other committees (R)	Total (R)
2014										
MP Moyo	1 666 667	–	–	–	–	–	–	–	–	1 666 667
DH Brown	306 667	161 371	40 283	–	108 334	–	–	–	91 667	708 322
YZ Cuba[1]	217 957	–	98 414	–	–	–	–	–	–	316 371
HMG Dowidar[2]°†	47 054	–	–	–	–	–	–	–	–	47 054
M Joseph°†	306 667	–	–	–	–	–	–	–	66 667	373 334
A Kekana[3]	89 517	68 630	–	–	–	–	–	–	–	158 147
TM Mokgosi-Mwantembe	306 667	–.	–	188 334	–	93 334	–	–	–	588 335
PJ Moleketi	306 667	–	138 334	–	–	–	166 667	–	25 000	636 668
JWL Otty°†	306 667	–	–	–	–	–	–	–	91 667	398 334
NJ Read[4]°†	259 613	–	–	–	91 638	78 155	–	–	51 488	480 894
RAW Schellekens°†	306 667	–	–	–	108 334	93 334	–	100 000	25 000	633 335
S Timuray°†	306 667	–	–	16 696	–	15 179	–	–	15 179	353 721

Notes:

° Fees for a portion of the year.

† Fees paid to Vodafone and not the individual director.

1. YZ Cuba appointed 18 July 2013.
2. HMG Dowidar appointed 5 February 2014.
3. A Kekana resigned 18 July 2013.
4. NJ Read resigned 5 February 2014.

ASSURANCE

Combined assurance

The Group has adopted a combined assurance model which identifies the key risk areas affecting the Group and maps the level of assurance being provided by the different lines of defence. This assessment has been compiled with input from the risk management and internal audit functions. This model is being rolled out into the business to improve the assessments regarding the levels of assurance provided.

Extent of assurance in this report

Financial information

Our consolidated annual financial statements were audited by our external auditors, PricewaterhouseCoopers Inc. The scope of their audit was limited to the information in the consolidated annual financial statements and did not include any financial or operating indicators in the integrated report. Their report can be found online as part of the consolidated annual financial statements.

Non-financial information: Integrated performance indicators

We identified five key strategies to ensure the organisation is sustained well into the future, for our shareholders, customers, employees, communities and the countries that we operate in. As part of each strategy, we determined a measurable index and associated goal detailed in this report.

We have engaged with Ernst & Young to provide "limited assurance" on the key measures for each strategy for the year ended 31 March 2015 with a view of identifying any deficiencies or management controls that need to be in place to ensure a "reasonable assurance" opinion from auditors.

Non-financial information: BBBEE

The South African BBBEE information was verified by Empowerlogic.

Non-financial information: ISO

Our South African operations are ISO 9001 certified by British Standards Institute.

Our South African business management system is ISO 14001 certified by Tuv Rheinland.

Vodacom Business Nigeria is ISO 9001 certified by DQS (Pty) Limited.

DIRECTORS' RESPONSIBILITY STATEMENT

The Board acknowledges its responsibility to ensure the integrity of the integrated report. The Board has applied its mind to the integrated report and believes that it addresses all material issues, and presents fairly the integrated performance of the organisation and its impacts. The integrated report has been prepared in line with best practice and the recommendations of King III (Principle 9.1).

The integrated report was approved by the Board on 2 June 2015 and signed on its behalf:

MP Moyo Chairman	**MS Aziz Joosub** Chief Executive Officer	**IP Dittrich** Chief Financial Officer

INDEPENDENT ASSURANCE REPORT

TO THE DIRECTORS OF VODACOM GROUP LIMITED for the year ended 31 March 2015

We have completed our independent assurance engagement to enable us to express our limited assurance conclusions on whether anything has come to our attention that causes us to believe that the specified Key Performance Indicators ('KPIs') contained in the Vodacom Group Limited Integrated Report ('the Report') for the year ended 31 March 2015, have not been prepared, in all material respects, in accordance with the basis of measurement identified by Vodacom Group Limited and is provided where the specified KPIs are reported (management's sustainability criteria):

1. The percentage achieved in the Net promoter score as disclosed on page 30 of the Report;
2. The percentage achieved in the Brand leadership score as disclosed on page 30 of the Report;
3. New Services Revenue as a % of Service Revenue as disclosed on page 31 of the Report;
4. Data Revenue as a % of Service Revenue as disclosed on pages 3 and 31 of the Report;
5. Enterprise Revenue as a % of Service Revenue as disclosed on page 31 of the Report;
6. Revenue from Non-South African entities as a % of Service Revenue as disclosed on page 31 of the Report;
7. The percentage achieved in the Total Cost Growth vs. Revenue Growth as disclosed on page 31 of the Report;
8. Tonnes of CO_2 (Scope 1 Emissions) arising from South African diesel usage at the office buildings, generators and company owned vehicles (including petrol usage for company owned vehicles) as disclosed in the online version of the 2015 Integrated Report;
9. Tonnes of CO_2 (Scope 2 Emissions) arising from South African electricity consumption of access and core network, data centres and buildings nationwide as disclosed in the online version of the 2015 Integrated Report;
10. Tonnes of CO_2 (Scope 3 Emissions) arising from South African business travel which includes air travel, hotel accommodation and car rental as disclosed in the online version of the 2015 Integrated Report;
11. The percentage achieved in the Engagement index as disclosed on pages 3, 31 and 56 of the Report;
12. The percentage achieved in the Market Share for South Africa and International Operating Companies as disclosed on pages 15 and 30 of the Report; and
13. The Number of Active Data Customers as disclosed on pages 69 and 71 of the Report.

The specified KPIs noted above have been highlighted for identification purposes in the Report through the symbol "^".

Our responsibility in performing our independent limited assurance engagement is to Vodacom Group Limited only and in accordance with the terms of reference for this engagement as agreed with them. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Vodacom Group Limited, for our work, for this report, or for the conclusions we have reached.

Directors' responsibility

The directors are responsible for implementing a stakeholder engagement process to identify all relevant stakeholders, to identify key issues, to respond appropriately to key issues identified, to determine those key performance indicators which may be relevant and material to the identified stakeholders, and to design and presentation of the Report and the information and assessments contained in the Report in accordance with the relevant criteria. This responsibility includes: designing, implementing and maintaining appropriate performance management and systems to record, monitor and improve the accuracy, completeness and reliability of the sustainability data and to ensure that the information and data reported meet the requirements of the relevant criteria, and contains all relevant disclosures that could materially affect any of the conclusions drawn.

The directors are also responsible for the preparation of the specified greenhouse gas emissions in accordance with the Greenhouse Gas Protocol: A corporate accounting and reporting standard (GHG Protocol).This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of the specified greenhouse gas emissions that is free from material misstatement, whether due to fraud or error. The quantification of the specified carbon emissions is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emissions factors and the values needed to combine emissions of different gases.

INDEPENDENT ASSURANCE REPORT continued

Our independence and quality control

We have complied with the *Code of Professional Conduct for Registered Auditors* issued by the Independent Regulatory Board for Auditors (IRBA), which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

In accordance with International Standard on Quality Control, Ernst & Young Inc. maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Assurance provider's responsibility

Our responsibility is to express our limited assurance conclusions on the specified KPIs in the Report based on our independent limited assurance engagement. Our independent limited assurance engagement was performed in accordance *The International Framework for Assurance Engagements and International Standards on Assurance Engagements 3000: Assurance Engagements Other Than Audits or Reviews of Historical Financial Information (ISAE 3000)* developed by the *International Auditing and Assurance Standards Board* and in accordance with *The International Standard on Assurance Engagements 3410: Assurance Engagements on Greenhouse Gas Statements* under the auspices of the *International Federation of Accountants (IFAC)*. This standard requires us to comply with ethical requirements and to plan and perform our engagements to obtain limited assurance regarding the specified KPIs contained in the Report.

Basis of work and limitations

The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the subject matter and the purpose of our engagement. In making these assessments, we have considered internal control relevant to the entity's preparation and presentation of the Report and the information contained therein, in order to design procedures appropriate for gathering sufficient appropriate assurance evidence to determine that the information in the Report is not materially misstated or misleading as set out in the summary of work performed below. Our assessment of relevant internal control is not for the purpose of expressing a conclusion on the effectiveness of the entity's internal controls.

We planned and performed our work to obtain all the information and explanations that we considered necessary to provide a basis for our limited assurance conclusion pertaining to the specified KPIs, expressed below.

Where a limited assurance conclusion is expressed, our evidence gathering procedures are more limited than for a reasonable assurance engagement, and therefore less assurance is obtained than in a reasonable assurance engagement.

Non-financial performance information is subject to more inherent limitations than financial information, given the characteristics of the subject matter and the methods used for determining, calculating, sampling and estimating such information. The absence of a significant body of established practice on which to draw allows for the selection of different but acceptable measurement techniques which can result in materially different measurements and can impact comparability. Qualitative interpretations of relevance, materiality and the accuracy of data are subject to individual assumptions and judgements. The precision of different measurement techniques may also vary. Furthermore, the nature and methods used to determine such information, as well as the measurement criteria and the precision thereof, may change over time. It is important to read the Report in the context of the criteria applied for the specified KPIs that are identified by Vodacom Group Limited, and which are provided where the specified KPIs are reported.

Our report does not extend to providing assurance on any prior periods' information or any other information specifically excluded from the scope of the engagement.

Summary of work performed

Set out below is a summary of the procedures performed pertaining to the specified KPIs which were included in the scope of our limited assurance engagement.

- We obtained an understanding of:
  - The entity and its environment;
  - Entity-level controls;
  - The stakeholder engagement process;
  - The selection and application of sustainability reporting policies;
  - How management has applied the principle of materiality in preparing the Report and the specified KPIs;
  - The significant reporting processes including how information is initiated, recorded, processed, reported and incorrect information is corrected, as well as the policies and procedures within the reporting processes.
- We made such enquiries of management, employees and those responsible for the preparation of the Report and the specified KPIs, as we considered necessary.
- We inspected relevant supporting documentation and obtained such external confirmations and management representations as we considered necessary for the purposes of our engagement.
- We performed analytical procedures and limited tests of detail responsive to our risk assessment and the level of assurance required, including comparison of judgementally selected information to the underlying source documentation from which the information has been derived.
- We evaluated whether Vodacom methods for developing estimates are appropriate and had been consistently applied. However, our procedures did not include testing the data on which the estimates are based or separately developing our own estimates against which to evaluate Vodacom estimates.

We believe that the evidence obtained as part of our limited assurance engagement, is sufficient and appropriate to provide a basis for our limited assurance conclusions expressed below.

Conclusions

Based on the work performed and subject to the limitations described above, nothing has come to our attention that causes us to believe that the specified KPIs have not been prepared, in all material respects, in accordance with management's sustainability criteria for the year ending 31 March 2015.

Other matter

The maintenance and integrity of Vodacom Group Limited's reporting website is the responsibility of Vodacom Group Limited's management. Our procedures did not involve consideration of these matters and, accordingly we accept no responsibility for any changes to either the information in the Report or our assurance report that may have occurred since the initial date of presentation on Vodacom Group Limited's reporting website.

Ernst & Young Inc.

Ernst & Young Inc
Director – Jeremy Grist
Registered Auditor
Chartered Accountant (SA)

102 Rivonia Road
Sandton
2196
3 June 2015


We believe that investing in our networks contributes to the creation of shareholder value, and Vodacom has delivered a TSR of 261% since listing.

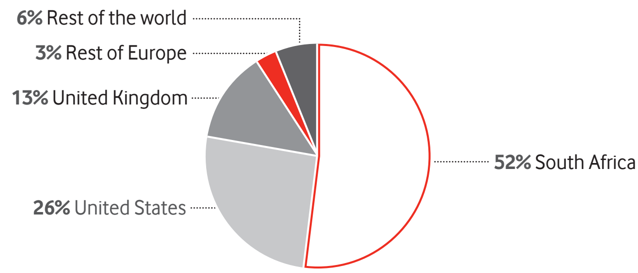
SHARE INFORMATION

Total shareholding

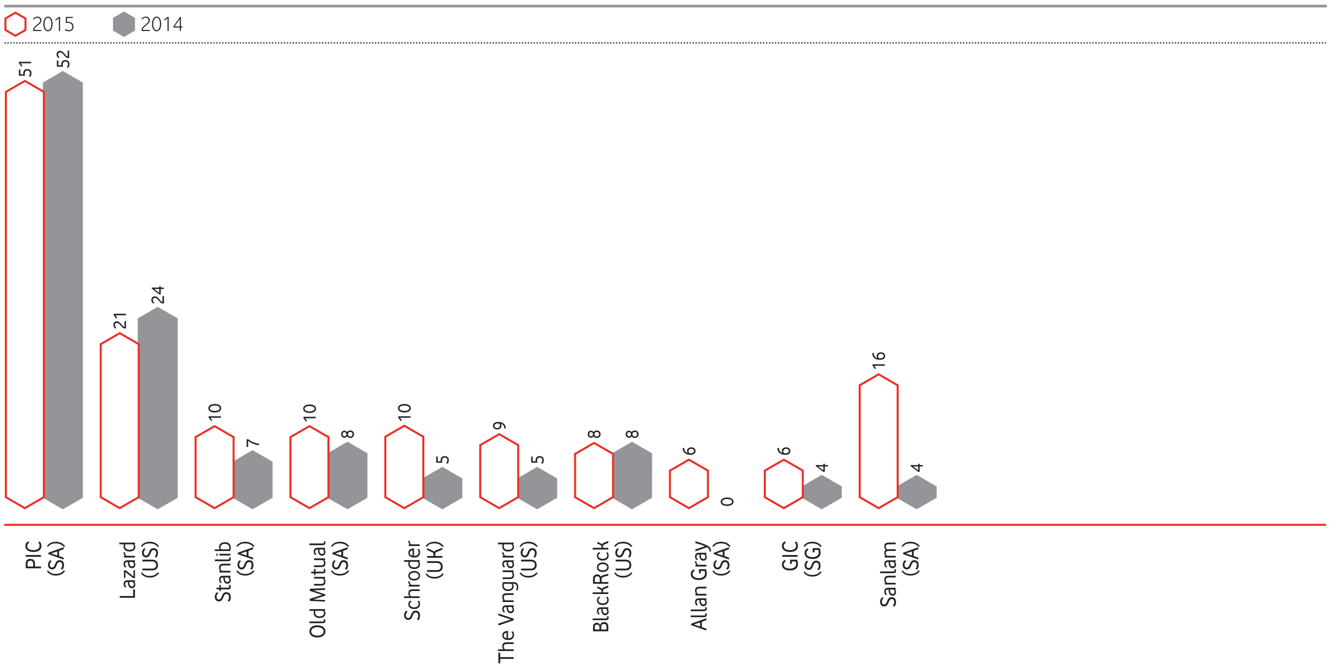
	March 2015	
	# of shares	% holding
Vodafone Investments SA (Pty) Limited	967 170 100	65.00
Government of South Africa	207 038 059	13.91
Wheatfield Investments 276 (Pty) Limited	15 421 231	1.04
Institutional investors	235 886 266	15.85
Retail positions	31 942 774	2.15
Other	30 495 570	2.05
Total	1 487 954 000	100.00

Institutional shareholding

Ownership overview



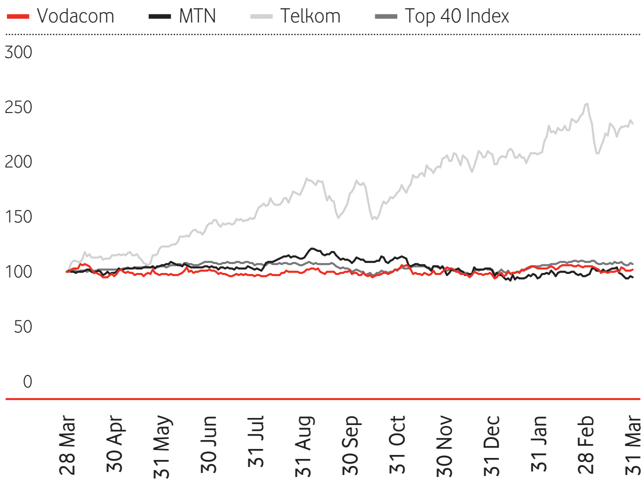
Top ten institutional investors as at 31 March (millions of shares)



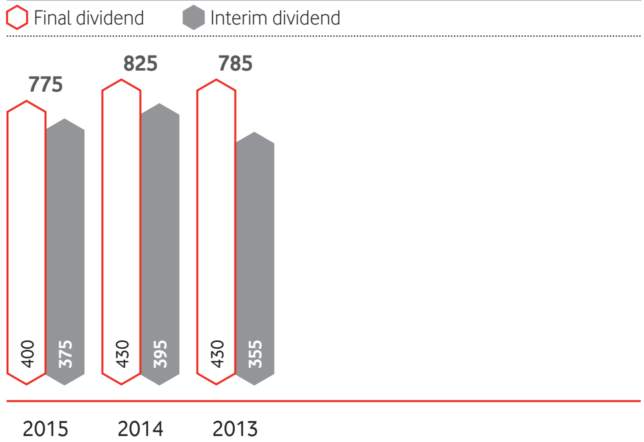
SHARE INFORMATION continued

Shareholder return for the year ended 31 March 2015

Relative share price performance



Dividend declared per share (cents per share)



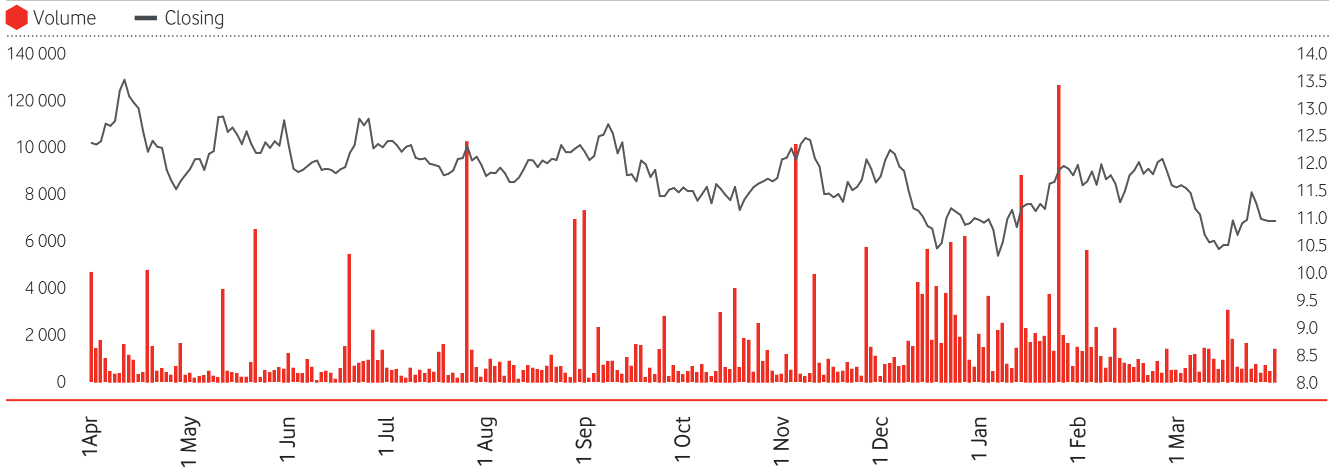
Commentary

- Vodacom share price increased 2.1% for the year to close at R132.69 on 31 March 2015 with a high of R139.20 on 10 April 2014 and a low of R121.63 on 5 January 2015.

8.6% Total shareholder return

Source: Bloomberg

American Depository Receipts ('ADR')



Commentary

- Vodacom American Depository Receipts (ADR) was converted to sponsored ADR Level 1 from 1 July 2013.

2015 Investor relations calendar

16 July 2015	
Vodacom Group AGM	
23 July 2015	
Quarterly results for the quarter ended 30 June 2015	
09 November 2015	
Interim results for the six months ended 30 September 2015	

NON-IFRS INFORMATION

The auditor's report does not necessarily cover all of the information contained in this report. 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 report contains certain non-IFRS 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 IFRS measures.

Normalised growth

All amounts in this report marked with an '*' represents normalised growth adjusted for foreign exchange and at a constant currency (using current year as base) (collectively 'foreign exchange'). We believe that normalised growth, which is not intended to be a substitute for or superior to reported growth, provides useful and necessary information to investors and other interested parties for the following reasons:

- It provides additional information on underlying growth of the business without the effect of certain factors unrelated to the operating performance of the business;
- It is used for internal performance analysis; and
- It facilitates comparability of underlying growth with other companies, although the term normalised is not a defined term under IFRS and may not, therefore, be comparable with similarly titled measures reported by other companies.

TO FIND OUT MORE

PG 90
for the reconciliation of EBITDA to the closest equivalent IFRS measure, operating profit, is provided in note 1 of the summarised consolidated annual financial statements.

PG 91
for the reconciliations of headline earnings per share and adjusted headline earnings per share to the respective closest equivalent IFRS measure, basic earnings per share.

PG 89
for the reconciliation of cash generated by operations, the closest equivalent IFRS measure, to operating free cash flow and free cash flow.

PG 121
for the auditor's report on the KPIs linked to the strategies.

PG 76
for the reconciliation of reported normalised growth.

CORPORATE INFORMATION

Vodacom Group Limited

(Incorporated in the Republic of South Africa)
(Registration number 1993/005461/06)
(ISIN: ZAE000132577 Share code: VOD)
(ISIN: ZAG000106063 JSE code: VOD008)
(ISIN: US92858D2009 ADR code: VDMCY)
('Vodacom')

Secretary and registered office of Vodacom Group Limited

Sandi Linford
Vodacom Corporate Park
082 Vodacom Boulevard
Midrand 1685, South Africa
(Private Bag X9904, Sandton 2146, South Africa)
Telephone: +27 11 653 5000
Email: companysecretary@vodacom.co.za

Sponsor

UBS South Africa (Pty) Limited
(Registration number 1995/011140/07)
64 Wierda Road East
Wierda Valley, Johannesburg 2196
South Africa
(PO Box 652863, Benmore 2010, South Africa)

Debt sponsor

Absa Bank Limited
(acting through its Corporate and
Investment Banking Division)
15 Alice Lane
Sandton 2196
South Africa

Auditors

PricewaterhouseCoopers Inc.
32 Ida Street
Menlo Park
Pretoria 0881
South Africa
(PO Box 35296, Menlo Park 0102, South Africa)

ADR depository bank

Deutsche Bank Trust Company Americas
c/o Ast and Trust Co
Peck Slip Station
(PO Box 2050, New York NY, 10272 – 2050)

Commercial bankers

First National Bank (a division of FirstRand Bank Limited)
(Registration number 1966/010753/06)
Corporate Banking
4 First Place, Corner of Pritchard and Simmonds Streets
Johannesburg 2001
South Africa
(PO Box 7791, Johannesburg 2000, South Africa)

The Standard Bank of South Africa Limited
(Registration number 1962/000738/06)
Corporate and Investment Banking
3 Simmonds Street
Johannesburg 2001, South Africa
(PO Box 61344, Marshalltown 2107, South Africa)

Citibank, N.A.
(Registration number 1995/007396/10 Registered Bank)
(Incorporated under the National Banking Act
of the United States of America)
145 West Street
Sandown
Sandton 2196
(PO Box 1800, Saxonwold 2132, South Africa)

Transfer secretaries

Computershare Proprietary Limited
(Registration number 2000/006082/07)
70 Marshall Street
Johannesburg 2001
South Africa
(PO Box 61051, Marshalltown 2107, South Africa)

Group investor relations

Telephone: +27 11 653 5000
Email: investorrelations@vodacom.co.za
Website: www.vodacom.com/main_ir.php

Group media relations

Telephone: +27 11 653 5000
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DISCLAIMER

Trademarks

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Forward-looking statements

This integrated report, which sets out the annual results for Vodacom Group Limited for the year ended 31 March 2015, 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.

All subsequent oral or written forward-looking statements attributable to the Group or any member thereof or any persons acting on their behalf are expressly qualified in their entirety by the cautionary statements above and below. Vodacom expressly disclaims any liability in respect of the content of any forward looking statement and also expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements contained herein or to reflect any change in their expectations with regard thereto or any change in events, conditions or circumstances on which any such forward-looking statement is based.

GLOSSARY

*	All amounts in this integrated report marked with an '*' represent normalised growth adjusted for foreign exchange and at a constant currency (using current year as base) (collectively 'foreign exchange'). Also refer to the normalised growth reconciliation on page 74.
#	Information pertaining to South Africa only.
‡	These items were included as part of our assurance process for the current year.
2G	2G networks are operated using global system for mobile ('GSM') technology which offer services such as voice, text messaging and basic data. In addition, the entire Group's controlled networks support general packet radio services ('GPRS'), often referred to as 2.5G. GPRS allows mobile devices to access internet protocol ('IP') based data services such as the internet and email.
3G	A cellular technology based on wideband code division multiple access ('CDMA') delivering voice and data services.
LTE/4G	4G or long-term evolution ('LTE') technology offers even faster data transfer speeds than 3G/HSPA.

A

Active customers‡
Active customers are based on the total number of mobile customers using any service during the last three months. This includes customers paying a monthly fee that entitles them to use the service even if they do not actually use the service and those customers who are active while roaming.

Active data customers‡
Number of unique customers who have generated revenue related to any data activities in relation to mobile data revenue (this excludes SMS and MMS messaging users) in the reported month. A user is defined as being active if they are paying for a contractual monthly fee for this service or have used the service during the reported period.

ARPU
Total ARPU is calculated by dividing the average monthly service revenue by the average monthly active customers during the period.

B

BBBEE
Broad-based Black Economic Empowerment is a programme launched by the South African Government to redress the inequalities by giving previously disadvantaged groups opportunities previously not available to them. It includes measures such as employment equity, skills development, ownership, management, socioeconomic development and preferential procurement.

Black
Black has the meaning for present purposes being Africans, Coloureds, Indians and Chinese who are natural persons and who are South African citizens by (i) birth or descent, or (ii) naturalisation occurring (a) prior to 27 April 1994, being the commencement date of the Constitution of the Republic of South Africa of 1993, or (b) after that date but who would have qualified for naturalisation prior to that date if it were not for the apartheid policies in place in South Africa.

Brand leadership
The Brand and Campaign tracking study provides an understanding into category behaviours and attitudes towards telecom brands. One of the key objectives is to ascertain where our brand is positioned against our personality and differentiation pillars as per the brand framework. Brand consideration is the key indicator which drives brand adoption and usage. While brand preference is a key indicator of brand loyalty.

Broadband
Broadband is a method of measuring the capacity of different types of transmission. Digital bandwidth is measured in the rate of bits transmitted per second ('bps'). For example, an individual ISDN channel has a bandwidth of 64 kilobits per second ('kbps'), meaning that it transmits 64 000 bits (digital signals) every second.

Business travel emissions (Scope 3)‡
Tonnes of CO_2 arising from business travel which includes air travel, hotel accommodation and car rental (Scope 3 business travel emissions) for the 12 months ended 31 March 2015. Scope 3 emissions are indirect emissions, other than purchased electricity, which can be described as relevant to the activities of the reporting Company such as air travel, hotel accommodation and car rental. The measurement basis is based on the actual number of:

1. Kilometres travelled for car hire;
2. Air miles travelled (air travel); and
3. Hotel nights.

‡ Measurement criteria for assured KPIs.

C

Churn

Churn is calculated by dividing the annualised number of disconnections during the period by the average monthly customers during the period.

E

EBITDA

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

EDGE

In most of our networks we also provide an advanced version of GPRS called enhanced data rates for GSM evolution ('EDGE'). This provides download speeds of over 200 kilobits per second ('kbps') to customers.

Electricity emissions (Scope 2)‡

Tonnes of CO_2 arising from electricity consumption of access and core network, data centres and buildings nationwide (Scope 2 electricity emissions) for the 12 months ended 31 March 2015. Scope 2 emissions are associated with the consumption of purchased electricity from a source that is not owned or controlled by the reporting Company. Under the GHG Protocol, "Indirect" sources are those emissions related to the Company's activities that are emitted from sources owned or controlled by another Company.

Engagement Index‡

The Engagement Index is based on the percentage of people who responded to seven questions included in the People Survey:

1. Overall, how do you rate Vodacom as a place to work compared to other organisations you know about?
2. I'm proud to work for Vodacom.
3. I'm proud to work for my local market/Group function.
4. Considering everything, how satisfied are you at Vodacom at the present time?
5. I feel motivated to do more than is expected of me to get the job done.
6. Would you recommend Vodacom to family or friends as a place to work?
7. Given my choice, I plan to continue working for Vodacom for ... years.

The measurement basis for calculating the Engagement Index is based on a geometric mean of the seven questions. On a scale from 1 to 5, a rating is attached by translating each score to a specific weighting, which is then divided by the total number of respondents.

F

Fibre rings

The fibre rings have come to be used in many fibre networks as they provide more network resiliency; if there is a failure along a route and a ring is broken, the direction of the traffic can be reversed and the traffic will still reach its final destination.

Fibre to the X (FTTx)

The number of fixed line connections in South Africa which includes Fibre to the Home ('FTTH') and Fibre to the Business ('FTTB').

FICA

Financial Intelligence Centre Act, 38 of 2001.

Free cash flow

Cash generated from operations less additions to property, plant and equipment and intangible assets, proceeds on disposal of property, plant and equipment and intangible assets, tax paid, net finance charges paid and net dividends received/paid to minority shareholders.

Fuel emissions (Scope 1)‡

Tonnes of CO_2 arising from diesel usage at the office buildings, generators and Company-owned vehicles (including petrol usage for Company-owned vehicles) (Scope 1 fuel emissions), for the 12 months ended 31 March 2015. Scope 1 emissions are from sources owned or controlled by the reporting Company in relation to diesel consumption relating to generators used and Company owned vehicles (including petrol usage).

G

GSMA

Groupe Speciale Mobile Association.

H

HEPS

Headline earnings per share. Refer to page 67 for HEPS reconciliation.

HSPA

High-speed packet access or third generation ('3G') is a wireless technology operating wideband code division multiple access ('W-CDMA') technology, providing customers with voice, video telephony, multimedia messaging and high-speed data services.

‡ Measurement criteria for assured KPIs.

GLOSSARY continued

I

ICT
Information and communications technology includes any communication device or application, encompassing: radio, television, mobile phones, computer and network hardware and software, satellite systems and so on, as well as the various services and applications associated with them, such as video conferencing and distance learning.

IFRS
International Financial Reporting Standards.

Interconnect
Refers to the joining of two or more telecommunications networks. Networks need to interconnect to enable traffic to be transmitted to and from destinations. The amounts paid and received by the operators vary according to distance, time, the direction of traffic, and the type of networks involved.

International
International comprises the segment information relating to the non-South African-based cellular networks in Tanzania, the Democratic Republic of Congo, Mozambique and Lesotho, as well as the operations of Vodacom International Limited, Vodacom Business Africa and Gateway Carrier Services.

J

JIBAR
Johannesburg Interbank Agreed Rate.

JSE
JSE Limited.

K

King III
King Report on Governance in South Africa 2009.

L

LTE
Long-term evolution technology is an LTE/4G technology which offers even faster data transfer speeds than 3G/HSPA, increases network capacity and is able to deliver sustained customer throughputs of between 6 – 12 mbps in real network conditions.

M

Microwave
Radio transmission using very short wavelengths.

Minutes of use ('MOU')
MOU per month is calculated by dividing the average monthly minutes (traffic) during the period by the average monthly active customers during the period.

Mobile broadband devices
All broadband connection devices, including data cards, dongles and embedded modems.

Mobile internet
Browser based access to the internet or web applications using a mobile device, such as a smartphone, connected to a wireless network.

Mobile termination rate ('MTR')
A per minute charge paid by a telecommunications network operator when a customer makes a call to another mobile or fixed-line network operator.

m-pawa
A savings and loans product based on a mobile platform.

m-pesa
A mobile payment solution that enables customers to complete simple financial transactions by mobile phone.

MPLS
Multiprotocol label switching ('MPLS') is a standards-approved technology for speeding up network traffic flow and making it easier to manage.

M2M
Machine-to-machine. M2M communications, or telemetry, enable devices to communicate with one another via built-in mobile SIM cards.

N

n/a
Not applicable.

n/m
Not measured.

Net Promoter Score‡
Net Promoter Score is a measure of the relationship between customers and brand that is predictive of growth. The Net Promoter Score is based on customer recommendation in the form of the question: "Would you recommend your operator to family/friends/colleague?" The likelihood to recommend is measured on a 1 to 10 scale for which a median score is calculated and expressed as a percentage of customers who participated with "5" being introduced as a neutral point.

O

Operating expenses to service revenue‡
Operating expenses to service revenue is calculated using the total operating expenses for the year, excluding direct expenses, depreciation, amortisation and trading foreign exchange as a percentage of service revenue as disclosed in the financial results for the year ended 31 March 2015.

Operating free cash flow
Cash generated from operations less additions to property, plant and equipment and intangible assets other than licence and spectrum payments and purchases of customer bases, net of proceeds on disposal of property, plant and equipment and intangible assets, other than licence and spectrum payments and disposals of customer bases.

‡ Measurement criteria for assured KPIs.

P

Penetration
Number of SIMs in a country as a percentage of the country's population. Penetration can be in excess of 100% due to customers owning more than one SIM.

R

RAN
Radio access network is part of a mobile telecommunications system which conceptually sits between the mobile phone and the base station.

Reputation Index
The index reflects the definition of reputation which is a measure of the overall levels of reputation and trust. Stakeholders are asked to provide a score (i.e. feedback) on both overall reputation and trust. The measurement basis for calculating the Reputation Index is based on the average mean calculated per country based on a rating scale of 1 to 10 for which a median score is calculated and expressed as a percentage of stakeholders who participated in the survey. A total average is then calculated by totalling each country's individual average and dividing it by the total number of countries. The questions used in the survey relate to the overall impression and trust that stakeholders have for Vodacom.

Roaming
Allows our customers to make calls on other operators' mobile networks while travelling abroad.

S

Simplicity Score‡
Simplicity Score % is based on the percentage of people who have responded favourably to the People Survey question of: "My local market/group function operates with simplicity." The measurement basis for calculating the Simplicity Score is based on an average mean calculated using the total favourable responses divided by the total number of respondents. Only scores that have been rated "strongly agree" and "agree" are used in this calculation.

SIM penetration
Number of SIMs in a country as a percentage of the country's population. Penetration can be in excess of 100% due to customers owning more than one SIM.

Smartphone
A smartphone is a mobile phone offering advanced capabilities, including access to email and the internet.

Smart devices
Smart devices include smartphones, tablets and modems.

South Africa
Vodacom South Africa is commonly referred to as South Africa in the integrated report. It relates to Vodacom (Pty) Limited, a private limited liability company duly incorporated in accordance with the laws of South Africa and its subsidiaries, joint ventures and SPVs.

Spectrum
The radio frequency bands and channels assigned for telecommunication services.

Speed Score‡
Speed Score % is based on the percentage of people who have responded favourably to the People Survey question: "My local market/group function operates with speed." The measurement basis for calculating the Speed Score is based on an average mean calculated using the total favourable responses divided by the total number of respondents. Only scores that have been rated "strongly agree" and "agree" are used in this calculation.

Switch
A computer that acts as a conduit and director of traffic. It is a means of sharing resources on a network.

T

Tablet
A tablet is a slate-shaped, mobile or portable, casual computing device equipped with a finger-operated touchscreen or stylus, for example, the Apple iPad.

TSR
Total shareholder returns consist of the aggregate share price appreciation and dividend yield.

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

V

Vodafone
Vodafone Group Plc ultimately controls the Vodacom Group and owns 65.0% of the issued shares through Vodafone Holdings SA (Pty) Limited and Vodafone Investments SA (Pty) Limited. Vodafone Group Plc is incorporated and domiciled in the United Kingdom.

‡ Measurement criteria for assured KPIs.

NOTICE OF ANNUAL GENERAL MEETING

VODACOM GROUP LIMITED

(Incorporated in the Republic of South Africa)
(Registration number 1993/005461/06)
(ISIN: ZAE000132577 Share code: VOD)
(ISIN: ZAG000106063 JSE code: VOD008)
(ISIN: US92858D2009 ADR code: VDMCY)
('Vodacom' or 'the Company')

Notice is hereby given that the twentieth annual general meeting of the Company will be held on Thursday 16 July 2015, at Vodacom World, 082 Vodacom Boulevard, Midrand, Johannesburg, South Africa at 10:00 to conduct the following business:

1. Adoption of audited consolidated annual financial statements

To receive and consider the audited consolidated annual financial statement for the year ended 31 March 2015.

Ordinary resolution number 1

"RESOLVED THAT the audited consolidated annual financial statements of the Company and its subsidiaries, together with the auditor's, Audit, Risk and Compliance Committee and directors' reports for the year ended 31 March 2015, be and are hereby received and adopted."

Copies of the full audited consolidated annual financial statements for the year ended 31 March 2015 are obtainable from the Company's website **www.vodacom.com**.

2. Election of directors

To elect by way of separate resolutions:

2.1 Ms BP Mabelane as a director, having been appointed since the last annual general meeting of the Company is in accordance with the provisions of the Company's memorandum of incorporation, obliged to retire at this annual general meeting.

Ordinary resolution number 2

"RESOLVED THAT Ms BP Mabelane be and is hereby elected as a director of the Company."

2.2 Messrs DH Brown, IP Dittrich and M Joseph are obliged to retire by rotation at this annual general meeting in accordance with the provisions of the Company's memorandum of incorporation. Having so retired, Messrs DH Brown, IP Dittrich and M Joseph are eligible for re-election as directors.

Ordinary resolution number 3

"RESOLVED THAT Mr DH Brown be and is hereby re-elected as a director of the Company."

Ordinary resolution number 4

"RESOLVED THAT Mr IP Dittrich be and is hereby re-elected as a director of the Company."

Ordinary resolution number 5

"RESOLVED THAT Mr M Joseph be and is hereby re-elected as a director of the Company."

The profiles of the directors up for re-election appear in this notice of annual general meeting:

BAFELEANG PRISCILLAH MABELANE (41)

BCom (Hons), CA(SA), Dip in Tax

Independent non-executive director
Member of the Audit, Risk and Compliance Committee

Priscillah Mabelane is currently the Chief Financial Officer of BP Southern Africa ('BPSA'), a position she has held since 2011. Prior to joining BPSA, Priscillah was the Executive Director of Finance at the Airports Company of South Africa ('ACSA'), responsible for the development and implementation of financial strategies for the Group. She has held senior management roles in a number of large companies. These include Ernst & Young where she was a Tax Director, Eskom Holdings Limited where she held various roles in Finance, Tax and General Management. She also served as a Non-Executive Director at ACSA. Priscillah was appointed to the Vodacom Group Board in December 2014.

DAVID HUGH BROWN (52)

BCom, CTA (UCT), CA(SA)

Independent non-executive director
Chairman of the Audit, Risk and Compliance Committee and a member of the Remuneration Committee

David was appointed as Chief Executive Officer of Coal of Africa Limited effective from February 2014. He was previously the non-executive Chairman from August 2012 and then the executive Chairman and is a non-executive director of Edcon Holdings Limited as well as Chairman of the Audit and Risk Committee. He is the former CEO of Impala Platinum Holdings Limited ('Implats') and was Chairman of Impala Platinum Limited and Zimplats Holdings Limited, the two major operating subsidiaries within the Implats group. David was CEO from 2006 to 2012 and before that, he served as Chief Financial Officer from 1999. Prior to that, David worked in the Information Technology sector for four years and for the Exxon Mobil Corporation in Europe for five years. He served his articles with Ernst & Young. David was appointed to the Vodacom Group Board in January 2012.

IVAN PHILIP DITTRICH (42)

BCom Accounting Honours, CTA, CA(SA)

Chief Financial Officer and executive director of Vodacom Group
Member of the Vodacom Group Executive Committee
Non-executive Director of Vodacom South Africa

Ivan joined the Group on 15 June 2012 from Datatec where he had been Chief Financial Officer since May 2008 and executive director on the board of Datatec since March 2008. Ivan held a number of senior executive positions at Datatec, including that of group corporate director, corporate finance manager and Company Secretary, in a career that spanned over 13 years. He successfully managed Datatec's dual listing in London in 2006. Prior to joining Datatec, Ivan worked for PricewaterhouseCoopers in London and Deloitte in South Africa.

MICHAEL JOSEPH (69)

BSc (UCT), Member of the Institute of Electrical Engineering and Electronic Engineers,
Honorary Doctorate Letters from Africa Nazarene University

Non-executive director
Michael Joseph is employed by Vodafone Group Services Limited as the Director of Mobile Money. Previously, Michael was the CEO of Safaricom Limited from July 2000 when the company was re-launched as a joint venture between Vodafone UK and Telkom Kenya until his retirement in November 2010. He has extensive international experience in company start-ups, the implementation and operation of large wireless and fixed-line networks, including operations in Hungary, Spain, Brazil, Peru, Argentina, Korea, the USA, Australia and the Middle East. Michael has been the recipient of many awards, including CEO of the Year awarded by the Kenya Institute of Management, the Moran of the Order of the Burning Spear and the Elder of the Order of the Burning Spear (awards given by the President of Kenya to those who have made a positive impact in Kenya). He was appointed to the Vodacom Group Board in May 2009.

NOTICE OF ANNUAL GENERAL MEETING continued

3. Appointment of PricewaterhouseCoopers Inc. as auditors of the Company

To appoint PricewaterhouseCoopers Inc., as nominated by the Company's Audit, Risk and Compliance Committee, as independent auditors of the Company, to hold office until the conclusion of the next annual general meeting of the Company. It is noted that the individual registered auditor who will undertake the audit during the financial year ending 31 March 2016 is Mr D von Hoesslin.

Ordinary resolution number 6

"RESOLVED THAT PricewaterhouseCoopers Inc. be and are hereby appointed as the auditors of the Company to hold office until the conclusion of the next annual general meeting."

4. Approval of the remuneration philosophy

To consider and approve the remuneration philosophy as contained in the Remuneration report for the year ended 31 March 2015 as set out on pages 108 to 109 of the integrated report.

Ordinary resolution number 7

"RESOLVED THAT the remuneration philosophy for the year ended 31 March 2015 be and is hereby approved."

Shareholders are reminded that in terms of King III, the passing of this ordinary resolution is by way of a non-binding vote.

5. Appointment of the members of the Audit, Risk and Compliance Committee

To elect, by way of separate resolutions, the following independent non-executive directors, as members of the Company's Audit, Risk and Compliance Committee:

Ordinary resolution number 8

"RESOLVED THAT Mr DH Brown be and is hereby re-elected as a member of the Company's Audit, Risk and Compliance Committee."

Ordinary resolution number 9

"RESOLVED THAT Mr PJ Moleketi be and is hereby re-elected as a member of the Company's Audit, Risk and Compliance Committee."

Ordinary resolution number 10

"RESOLVED THAT Ms BP Mabelane be and is hereby elected as a member of the Company's Audit, Risk and Compliance Committee."

The profiles of the directors up for membership appear in this notice of annual general meeting:

PHILLIP JABULANI MOLEKETI (JABU) (57)

Postgraduate Diploma in Economic Principles (London), AMP (Harvard), MSc (London)

Independent non-executive director
Chairman of the Social and Ethics Committee
Member of the Audit, Risk and Compliance Committee

Jabu is the non-executive Chairman of Brait SA and the Development Bank of South Africa. He is a former non-executive director of Nedbank and former member of the Local Organising Committee 2010 FIFA World Cup. He is a former Deputy Minister of Finance (2004 – 2008) and former MEC of Financial and Economic Affairs in the Gauteng Provincial Government (1994 – 2004). He is a director of several companies listed on the JSE Limited. Jabu was appointed to the Vodacom Group Board in November 2009.

6. Special business

6.1 General authority to repurchase shares in the Company

Special resolution number 1

"RESOLVED THAT the Company, or any of its subsidiaries, be and they are hereby authorised, by way of a general authority, to acquire ordinary shares in the Company, subject to the provisions of the Companies Act, No 71 of 2008, as amended ('the Act'), and the Listings Requirements of the JSE Limited ('the JSE'), provided that:

(a) the general authority in issue shall be valid only until the Company's next annual general meeting and shall not extend beyond 15 (fifteen) months from the date of this resolution;

(b) any general repurchase by the Company and/or any of its subsidiaries of the Company's ordinary shares in issue shall not in aggregate in one financial year exceed 5% (five percent) of the Company's issued ordinary share capital at the time that the authority is granted;
(c) no acquisition may be made at a price more than 10% (ten percent) above the weighted average of the market price of the ordinary shares for 5 (five) business days immediately preceding the date of such acquisition;
(d) the repurchase of the ordinary shares are effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the Company and the counterparty (reported trades are prohibited);
(e) the Company may only appoint one agent at any point in time to effect any repurchase(s) on the Company's behalf;
(f) the authorisation thereto is given by the Company's memorandum of incorporation;
(g) the Company or its subsidiary may not repurchase shares during a prohibited period unless it has in place a repurchase programme where the dates and quantities of securities traded during the relevant period are fixed (not subject to any variation) and has been submitted to the JSE in writing. The Company must instruct an independent third party, which makes its investment decisions in relation to the Company's securities independently and uninfluenced by the Company, prior to the commencement of the prohibited period to execute the repurchase programme submitted to the JSE;
(h) the general authority may be varied or revoked by special resolution of the members prior to the next annual general meeting of the Company; and
(i) should the Company or any subsidiary cumulatively repurchase, redeem or cancel 3% (three percent) of the initial number of the Company's ordinary shares in terms of this general authority and for each 3% (three percent) in aggregate of the initial number of that class thereafter in terms of this general authority, an announcement shall be made in terms of the Listings Requirements of the JSE."

Having considered the effect on the Company of the maximum repurchase under this annual general authority, the directors are of the opinion that:

- the Company shall meet a solvency and liquidity test as contemplated in the Act;
- the Company and the Group will be able to pay its debts for a period of 12 (twelve) months after the date of this notice of annual general meeting;
- the assets of the Company and the Group will be in excess of the liabilities of the Company and the Group for a period of 12 (twelve) months after the date of this notice of annual general meeting which assets and liabilities have been valued in accordance with the accounting policies used in the audited consolidated annual financial statements of the Group for the year ended 31 March 2015;
- the share capital and reserves of the Company and the Group will be adequate for the ordinary course of business purposes for a period of 12 (twelve) months after the date of this notice of annual general meeting; and
- the working capital of the Company and Group are considered adequate for ordinary business purposes for a period of 12 (twelve) months after the date of this notice of annual general meeting.

Reason for and effect of special resolution number 1

The reason for the special resolution is to grant the Company a general authority or permit a subsidiary Company to acquire ordinary shares in the Company. The effect of this special resolution is to confer a general authority on the Company or a subsidiary to repurchase ordinary shares in the Company which are in issue from time to time.

The Board has considered the impact of a repurchase of up to 5% (five percent) of the Company's shares, being within the maximum permissible under a general authority in terms of the JSE Listings Requirements. Should the opportunity arise and should the directors deem it in all respects to be advantageous to the Company to repurchase such shares, it is deemed appropriate that the Company or a subsidiary be authorised to repurchase the Company's shares. Any shares that may be repurchased for the time being shall be in connection with awards made in the normal course in respect of the Company's Forfeitable Share Plan. During financial 2015, the Company acquired 1 529 808 shares in the market for purposes of awards of the Forfeitable Share Plan.

NOTICE OF ANNUAL GENERAL MEETING continued

Disclosure in terms of section 11.26 of the JSE Listings Requirements

The JSE Listings Requirements require the following disclosures, which are disclosed in the audited consolidated annual financial statements and this integrated report as set out below:

	Page
Major shareholders	125

Share capital

Authorised

4 000 000 000 ordinary shares of no par value

Issued

1 487 954 000 ordinary shares of no par value

Directors' responsibility statement

The directors, whose names appear on page 22 collectively and individually accept full responsibility for the accuracy of the information pertained to this special resolution and certify to the best of the their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading and that all reasonable enquiries to ascertain such facts have been made and this special resolution contains all the information required by the JSE Listings Requirements.

Material change

There has been no material change in the affairs of or financial position of the Company and its subsidiaries since year end.

6.2 Increase in non-executive directors' fees

Special resolution number 2

"RESOLVED THAT the level of non-executive directors' fees be increased with effect from 1 August 2015 on the basis set out as follows:

	Current fee R	Proposed fee R	Increase %
Chairman of the Board*	2 000 000	2 100 000	5.0
Member of the Board	340 000	360 000	5.9
Chairman of the Audit, Risk and Compliance Committee	250 000	300 000	20.0
Member of the Audit, Risk and Compliance Committee	150 000	160 000	7.0
Chairman of the Remuneration Committee	220 000	230 000	4.5
Member of the Remuneration Committee	125 000	130 000	4.0
Chairman of the Nomination Committee	200 000	210 000	5.0
Member of the Nomination Committee	115 000	120 000	4.3
Chairman of the Social and Ethics Committee	190 000	200 000	5.3
Member of the Social and Ethics Committee	110 000	115 000	4.5
Other**	100 000	100 000	–

* This is an all in fee. The Chairman does not earn any other fees other than this despite being the Chairman of the Nomination Committee and member of the Social and Ethics Committee.

** Other fees are for payment of attendance of ad hoc committees that may be set up from time to time to deal with special items requiring attention by the Board. Instead of convening a full Board meeting, these ad hoc committees then meet to review the matter concerned."

Reason for and effect of special resolution number 2

The reason for proposing special resolution number 2 is to ensure that the level of fees paid to non-executive directors remain competitive to enable the Company to attract and retain persons of the calibre required in order to make a meaningful contribution to the Company, having regard to the appropriate capability, skills and experience required.

The effect of special resolution number 2 is the level of fees as set out above is increased with effect from 1 August 2015.

6.3 Section 45 Approval – financial assistance to related and inter-related companies

Special resolution number 3

"RESOLVED THAT the Board of the Company is hereby authorised in terms of Section 45(3)(a)(ii) of the Companies Act No 71 of 2008, as amended ('the Act'), as a general approval (which approval will be in place for a period of two years from the date of adoption of this special resolution 1), to authorise the Company to provide any direct or indirect financial assistance ("financial assistance" will herein have the meaning attributed to such term in section 45(1) of the Act) that the Board may deem fit to any related or inter-related company of the Company ("related" and "inter-related" will herein have the meaning as attributed to those terms in section 2 of the Act), on the terms and conditions and for the amounts that the Board may determine."

Reason for and effect of special resolution number 3

The main purpose for this authority is to grant the Board the authority to provide inter-Group loans and other financial assistance for purposes of funding the activities of the Group. The Board undertakes that it will not adopt a resolution to authorise such financial assistance, unless the directors are satisfied that:

- Immediately after providing the financial assistance, the Company would satisfy the solvency and liquidity test as contemplated in the Act; and
- The terms under which the financial assistance is proposed to be given are fair and reasonable to the Company.

Notice in terms of Section 45(5) is hereby given that any financial assistance contemplated in special resolution number 3 will in all likelihood exceed one-tenth of one percent of the Company's net worth at the date of adopting such a resolution. This notice is also relevant for any trade union representing any employees of the Company.

Record date

The record date for shareholders to be registered in the books of the Company for purposes of being entitled to attend, speak and vote at the twentieth annual general meeting is Friday 10 July 2015.

In accordance with the Act, shareholders attending the annual general meeting will need to present reasonable satisfactory identification such as an identity book, passport or driver's licence.

Participation by way of electronic means

Shareholders or their proxies may participate in the annual general meeting by way of electronic means. Such shareholder (or proxy) will need to contact Mr Lebogang Mogoane at Vodacom on +27 11 653 5922 by no later than 09:00 on Monday 13 July 2015 so that the Company can provide for a teleconference dial-in-facility. Shareholders must ensure that, when such shareholder intends to participate via teleconference, that the voting proxies are sent through to the transfer secretaries, Computershare Proprietary Limited by no later than 10:00 on Wednesday 15 July 2015. Participants must dial the following number, five (5) minutes prior to start of the annual general meeting +27 11 535 3600.

NOTICE OF ANNUAL GENERAL MEETING continued

Voting and proxies

Ordinary shareholders are entitled to attend, speak and vote at the annual general meeting.

Ordinary shareholders may appoint a proxy to attend, speak and vote in their stead. A proxy need not be a shareholder of the Company.

In accordance with the Company's memorandum of incorporation, voting shall be by ballot only.

Special resolutions to be adopted at this annual general meeting require approval from 75% of the shares represented in person or by proxy at this meeting. Ordinary resolutions to be adopted only require approval of a simple majority.

Shareholders holding dematerialised shares, but not in their own name must furnish their Central Securities Depositary Participant ('CSDP') or broker with their instructions for voting at the annual general meeting. If your CSDP or broker, as the case may be, does not obtain instructions from you, it will be obliged to act in accordance with your mandate furnished to it, or if the mandate is silent in this regard, complete the form of proxy enclosed.

Unless you advise your CSDP or broker, in terms of the agreement between you and your CSDP or broker by the cut off time stipulated therein, that you wish to attend the annual general meeting or send a proxy to represent you at this annual general meeting, your CSDP or broker will assume that you do not wish to attend the annual general meeting or send a proxy.

If you wish to attend the annual general meeting or send a proxy, you must request your CSDP or broker to issue the necessary letter of authority to you. Shareholders holding dematerialised shares, and who are unable to attend the annual general meeting and wish to be represented thereat, must complete the form of proxy enclosed in accordance with the instructions therein and lodge it with or mail to the transfer secretaries.

Forms of proxy (which form may be found enclosed) should be forwarded to reach the transfer secretaries, Computershare Proprietary Limited by no later than 10:00 on Wednesday 15 July 2015.

The completion of a form of proxy does not preclude any shareholder attending the annual general meeting.

By order of the Board

Sandi Linford
Group Company Secretary
12 June 2015

FORM OF PROXY

VODACOM GROUP LIMITED

(Incorporated in the Republic of South Africa)
(Registration number 1993/005461/06)
(ISIN: ZAE000132577 Share code: VOD)
(ISIN: ZAG000106063 JSE code: VOD008)
(ISIN: US92858D2009 ADR code: VDMCY)
('Vodacom' or 'the Company')

For use by certified and dematerialised shareholders who have "own name" registration of securities at the annual general meeting to be held at 10:00 at Vodacom World, 082 Vodacom Boulevard, Midrand, Johannesburg, South Africa on Thursday 16 July 2015.

I/We (Please print full names) ______________________________

being the holders of ______________________________ shares in the Company, hereby appoint (see Note 1)

1. ______________________________ or failing him/her,

2. ______________________________ or failing him/her,

the Chairman of the annual general meeting as my/our proxy to attend and speak and vote for me/us on my/our behalf at the annual general meeting which will be held for the purpose of considering and, if deemed fit, passing the ordinary and special resolutions to be proposed and at each adjournment of the meeting and to vote for or against the ordinary and special resolutions or to abstain from voting in respect of the shares in the issued capital of the Company registered in my/our name/s, in accordance with the following instructions (see note 2).

Insert an 'X' or the number of shares (see note 2)

		Number of ordinary shares		
		For	**Against**	**Abstain**
1.	**Ordinary resolution number 1** Adoption of audited consolidated annual financial statements			
2.	**Ordinary resolution number 2** Election of Ms BP Mabelane as a director			
3.	**Ordinary resolution number 3** Re-election of Mr DH Brown as a director			
4.	**Ordinary resolution number 4** Re-election of Mr IP Dittrich as a director			
5.	**Ordinary resolution number 5** Re-election of Mr M Joseph as a director			
6.	**Ordinary resolution number 6** Appointment of PricewaterhouseCoopers Inc. as auditors of the Company			
7.	**Ordinary resolution number 7** Approval of the remuneration philosophy			
8.	**Ordinary resolution number 8** Re-election of Mr DH Brown as a member of the Audit, Risk and Compliance Committee of the Company			
9.	**Ordinary resolution number 9** Re-election of Mr PJ Moleketi as a member of the Audit, Risk and Compliance Committee of the Company			
10.	**Ordinary resolution number 10** Election of Ms BP Mabelane as a member of the Audit, Risk and Compliance Committee of the Company			
11.	**Special resolution number 1** General authority to repurchase shares in the Company			
12.	**Special resolution number 2** Increase in non-executive directors' fees			
13.	**Special resolution number 3** Section 45 Approval – financial assistance to related and inter-related companies			

(Indicate with an 'X' or the relevant number of shares, in the applicable space, how you wish your votes to cast). Unless otherwise directed the proxy will vote as he/she thinks fit.

Signed at ______________________________ on ______________________________ 2015

Signature ______________________________ Assisted by me (where applicable)

Completed forms of proxy must be lodged with Computershare Proprietary Limited by no later than 10:00 on Wednesday 15 July 2015.

Please read the notes on the reverse side of this proxy form.

NOTES TO THE FORM OF PROXY

1. A shareholder may insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space/s provided, with or without deleting "the Chairman of the annual general meeting" but any such deletion must be initialled by the shareholder. The person whose name stands first on the form of proxy and who is present at the annual general meeting will be entitled to act as proxy to the exclusion of those whose names follow.
2. Please insert an 'X' in the relevant space according to how you wish your votes to be cast. However, if you wish to cast your votes in respect of a lesser number of shares than you own in the Company, insert the number of shares held in respect of which you wish to vote. Failure to comply with the above will be deemed to authorise the proxy to vote or to abstain from voting at the annual general meeting as he/she deems fit in respect of all the shareholder's votes exercisable at the meeting. A shareholder or his/her proxy is not obliged to use all the votes exercisable by the shareholder or by his/her proxy, but the total of the votes cast and in respect of which abstention is recorded may not exceed the total of the votes exercisable by the shareholder or by his/her proxy.
3. Forms of proxy must be received by the transfer secretaries, Computershare Proprietary Limited ('Computershare'), 70 Marshall Street, Johannesburg 2001 (PO Box 62053, Marshalltown 2107) by no later than 10:00 on Wednesday 15 July 2015. You may also email a completed form of proxy to proxy@computershare.co.za.
4. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the annual general meeting and voting in person at the meeting to the exclusion of any proxy appointed in terms of this form of proxy.
5. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by Computershare or waived by the Chairman of the annual general meeting.
6. Any alterations or corrections made to this form of proxy must be initialled by the signatory/ies.
7. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by Computershare.
8. The Chairman of the annual general meeting may accept any form of proxy which is completed other than in accordance with these notes if he is satisfied as to the manner in which the shareholder wishes to vote.

Transfer secretaries:
Computershare Proprietary Limited
70 Marshall Street
Johannesburg 2001
PO Box 62053, Marshalltown 2107
Telephone: 011 370 5000
Call Centre: 086 110 0918

Vodacom
Power to you