



**vodacom**

# **Interim results**

For the six months ended  
30 September 2013

**Power to you**

## Shameel Aziz Joosub,

Vodacom Group CEO commented:



A cornerstone of our strategy is sustained investment in network capacity. With increased capacity, we're able to offer better value and support higher usage without impacting quality.

In South Africa, we invested R3.1 billion in the network during the period and increased 3G coverage to 88.9% of the population. On the voice side, our prepaid average effective price per minute came down 16.9% to 59 cents. As a result, our prepaid customer base increased by 927 000 active customers and outgoing voice traffic increased 21.2%. When looking at changes to mobile termination rates, we are hopeful that the regulator will consider the crucial role that continued investment plays in facilitating further price reductions.

In our International operations, our customer base increased 22.4% to 23.7 million. Data revenues in these operations increased 100.6%. This was driven by a 41.0% increase in the number of active data customers. Our International operations now account

for 21.6% of Group service revenue, increasing from 19.0%\* a year ago.

Driven by lower handset prices and reduced data costs, smartphone adoption is growing rapidly across all of our operations. In South Africa, average data usage per smartphone increased 79% and for the Group, data traffic is more than 80% higher than a year ago. To cater for continued growth, we plan to accelerate network investment and we are currently in the process of determining the investment allocation per country.”

53.8

million

Group active customers

5.6

million

M-Pesa  
customers in  
International

727  
LTE sites  
in South Africa

6.6

million

Smartphones in  
South Africa

21.1

million

Group data customers

## Highlights

**Group revenue** up **6.6%** (7.5%\*) and service revenue up 2.0% (3.2%\*); strong growth in International operations and improved growth trends in South Africa.

**Group active customers** increased **9.7%** to 53.8 million; with net connections of 949 000 for South Africa and 2.3 million in our International operations for the six months period.

**Group data revenue** growth of **29.0%**; driven by bundle sales and integrated offers.

**South Africa revenue** up **6.0%**; supported by 41.2% increase in equipment sales and data revenue growth of 20.6%.

**International operations** (excluding Gateway Carrier Services<sup>1</sup>) maintaining strong growth momentum; service revenue up **34.7%** (17.2%\*) and EBITDA growth of 39.2% (24.8%\*).

**Group EBITDA** grew **9.6%** at top end of guidance.

**Capital investment** of **R4.9 billion**, supporting a 23.8% increase in outgoing voice traffic and increase in data usage of more than 80%.

**Headline earnings per share** up **10.9%** as a result of strong operating profit growth.

**Interim dividend** per share of **395 cents**

Rm	Six months ended 30 September		Year on year % change	
	2013	2012	Reported	Normalised*
Revenue	36 688	34 426	6.6	7.5
Service revenue	30 213	29 632	2.0	3.2
EBITDA	13 221	12 060	9.6	7.3
Operating profit	9 998	8 970	11.5	
Capital expenditure	4 850	4 713	2.9	
Operating free cash flow	6 308	6 156	2.5	
Free cash flow	3 178	3 432	(7.4)	
Headline earnings per share (cents)	439	396	10.9	

1. The Group disposed of its subsidiary group, Gateway Carrier Services, during the previous reporting period, effective 31 August 2012.

\* Represents normalised growth at constant currency (using current year as base) from on-going operations. Refer to page 30 for a reconciliation of normalised growth.

All comparative information refers to the current six months period compared to the same period in the prior year, unless otherwise stated.

---

## Operating review

### South Africa

Revenue increased 6.0% to R30 134 million driven by a 41.2% growth in equipment revenue from smartphone and tablet sales. The growth in equipment revenue was achieved through increased device financing which underpins our strategy of putting data capable devices into our customers' hands by making devices affordable for more of our customers. This has supported the growth in active data customers of 13.4% to 15.1 million customers.

Service revenue growth trends stabilised in the period, an improvement following declines in prior quarters. Excluding the impact of lower mobile termination rates (MTRs), service revenue increased 2.9%. The improvement was driven by successful execution of our pricing transformation strategy which resulted in data revenue growth of 20.6% and positive growth of both contract and prepaid customer revenue. Service revenue growth was offset by a 23.6% reduction in interconnect revenue from lower MTRs.

Contract mobile customer revenue was flat year on year at R10 639 million. Contract customers grew 2.2% to 4.8 million. Contract customer ARPU decreased 3.2% to R393 per month due to a higher prevalence of data only customers with lower ARPU and the decline in out-of-bundle spend. The decline in ARPU was largely offset by increased data spend as we move customers to better value integrated price plans and data enabled devices. Contract ARPU decline has slowed from previous quarters as we continue to transform the base from voice centric contracts to integrated price plans which incorporate voice, data and messaging at better value. 41.8% of our voice contract base (excluding top up) is now on the integrated Vodacom Smart and Vodacom Red price plans with in bundle spend of 63.8% up from 62.7% in previous year.

Including M2M connections, our contract customer base increased 6.2% to 6.1 million M2M customers increased 24.1% to 1.3 million as we continue to leverage the Vodafone global M2M technical platform. We also continue to launch M2M applications as this market evolves.

Our programme to simplify price plans and offer more value has been well received by customers, resulting in a net gain in active prepaid customers of 927 000 in the six months, up 1.2%. The pricing transformation programme has delivered price declines of 16.9% in effective price per minute to 59 cents. We have increased prepaid customer ARPU by 1.4% to R74 as a result of increased take up of prepaid data bundles and 19.3% growth in minutes of use, offsetting declines in price.

Data revenue increased 20.6% to R5 096 million, contributing 21.5% (2012: 17.8%) to service revenue. We have further reduced pricing on all our bundles during this period resulting in a 108.4% growth in the number of bundles sold. The effective price per megabyte has reduced by 16.3%. Focus on handset financing to drive smartphone penetration has led to a 24.0% growth of these devices, with 6.6 million now active on the network. The average monthly usage has also increased 78.9% to 220 MB per device and active data customers increased by 13.4% to 15.1 million.

EBITDA grew 5.9% to R11 421 million with margin of 37.9%. Margins were impacted by low margin equipment sales which now contribute higher proportionate levels of EBITDA. We have maintained margins through operating cost savings, by increasing self-help channels and early resolution of top ten problems to reduce incoming calls to our customer care operations by 10%. We have also achieved savings in network operating expenses from energy and maintenance efficient new equipment and lower leased transmission costs.

Capital investment during the period was R3 058 million. Our investment concentrated on increasing the reach of our data network and improving network capacity and resilience through self-provided high speed transmission. Our 3G data network now covers 88.9% of the population from 83.6% in the prior year. Our site roll out continues with the addition of 407 sites to total 6 574 3G sites and our LTE network now comprises 727 sites. We have self-provided an additional 536 sites (69% of sites are now on self-provided transmission) to increase capacity for future traffic demands and to reduce our transmission costs. We also improved voice capacity with the addition of 283 sites to our 2G network.

### International

Our International operations' service revenue excluding Gateway Carrier Services (GCS) grew 34.7% (17.2%\*) to R6 516 million. Service revenue growth was supported by a 22.4% increase in customers to 23.7 million. Our bundle offers continue to show good elasticity and resulted in a 44.2% increase in outgoing traffic, more than offsetting the effective reduction in prices. International operations increased its contribution to Group service revenue from 19.0%\* (excluding GCS) to 21.6%.

Data revenue grew 100.6% driven by 41.0% growth in active data customers to 6.1 million. Our data bundle propositions in all our markets stimulated further demand; we now have 25.6% of the customer base using data compared to 22.2% a year ago. Mobile financial services continue to grow in Tanzania contributing 18.7% (2012: 12.6%) to service revenue. M-Pesa customers grew 29.4% to 5.5 million, more than half of the customer base in Tanzania. M-Pesa was launched in DRC, Mozambique and Lesotho in the period and is already gaining traction in these markets.

Our International operations EBITDA (excluding GCS) is up 39.2% (24.8%\*) to R1 806 million and EBITDA margin increased to 26.9% (2012: 25.5%), excluding the impact of movements in foreign currency. EBITDA margin improved by 1.8 percentage points as a result of our continued focus on cost containment. International operations contribution of 13.7% to Group EBITDA increased from 11.8%\* a year ago.

Capital investment increased by 74.1% to R1 781 million (26.5% of revenue) as we continue to expand our voice and data network coverage and capacity to extend our network leadership. RAN renewal projects for all operations, except Tanzania, are expected to be completed by March 2014. We were the first operator to connect to the WACS undersea cable in DRC, improving overall data experience in this market.

---

## Disclosure clarification

The definition of contract customers in South Africa has been restated to exclude M2M connections in order to improve disclosure of the underlying performance of the contract base. As a result, contract ARPU, churn and minutes of use ('MOU') have been restated. M2M customers typically do not include voice usage and consequently generate substantially less revenue per connection than the rest of the contract customer base.

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. The information is presented on this new basis (refer page 22 for the six month ended 30 September 2013 and [www.vodacom.com](http://www.vodacom.com) for the historic quarters).

Mobile customer revenue refers to revenue generated from billing our customers directly for mobile services. Other service revenue comprises visitor roaming, national roaming, wholesale messaging, M2M, advertising revenue and business managed services.

As a result of the above changes to customer service revenue, the following revenue reclassifications have been made:

- M2M revenue has been reclassified to other service revenue within the new disclosure format (H1 2014: R106 million; H1 2013: R104 million);
- Wholesale messaging revenue has been reclassified to other service revenue within the new disclosure format (H1 2014: R272 million; H1 2013: R326 million);
- Handset insurance, loyalty and value added services revenue has been reclassified from other service revenue to mobile customer revenue (H1 2014: R190 million; H1 2013: R115 million); and
- Tower sharing revenue has been reclassified from other service revenue to non-service revenue (H1 2014: R0 million; H1 2013: R43 million).

Our traditional disclosure of voice, messaging and data was not changed.

The above revenue reclassifications impacted ARPU calculations which have been restated retrospectively to align to the new disclosure.

## Strategic update

Our customer strategy is to build a brand with clear differentiation through delivery of competitive value, best network experience and best service.

We have led with pricing transformation in all our markets to offer clear value to our customers. We launched Vodacom Smart and Vodacom Red integrated plans which offer more minutes, data and SMS in Q4 2013 in South Africa. Our focus in this period now shifts to migrating our contract customers from legacy price plans to these new plans. We continue to lower prices for the benefit of prepaid customers through new price plans and bundle offers resulting in effective price per minute reducing by 16.9% year on year to 59 cents in South Africa.

Our customer experience strategy requires us to build sufficient network capacity to cater for increased voice and data traffic. In South Africa, we have increased LTE coverage to 727 sites and increased 3G base stations to cover 88.9% of the population. Independent benchmarking indicates that we offer the best quality network in South Africa, where we have an outright lead in lowest dropped call ratio and best smartphone data performance. In our International operations, we accelerated roll out in our operations adding 318 3G and 438 2G base stations, built more fibre and we were the first operator to connect to the WACS undersea cables in DRC to improve our data performance.

To improve our service proposition we have completed 23 of our new retail stores as part of our three year plan to refresh all branded stores in South Africa. The stores are geared to offer better customer experience and hassle-free smartphone set up. We will also be refreshing our shop layout and retail processes in our International operations with DRC and Mozambique well underway.

The above have resulted in achieving our goal of being #1 in overall net promoter score in all our markets.

To deliver on growth we have significantly increased our level of investment in our International operations with capital intensity above 25%; which has resulted in market share gains. International operations' contribution to the overall Group service revenue increased to 21.6% (2012:19.0%\*) and EBITDA increased to 13.7% (2012: 11.8%\*).

Mobile data is one of the biggest opportunities with smartphone and tablet penetration still at low levels in all our markets. In South Africa handset financing underpins our strategy of putting data capable devices into our customers' hands. The number of active customers with smartphones increased to 21.8% (2012: 17.8%) of our active customer base and there are 6.6 million active smartphones on the network. In our International operations we have integrated data into our prepaid bundle services thereby encouraging increased take up of data service. We now have 6.1 million customers using data, up 41.0%.

Financial services is another key driver of future revenue growth. Over half of our customers in Tanzania use M-Pesa, for money transfer, airtime purchases and third-party payments. We have extended the ecosystem to include banks to improve functionality and convenience to our customers. Leveraging on the success of M-Pesa in Tanzania, we launched the service in all our International operations. We have been focusing on widening the distribution network, extending the agent network and registering new customers.

We continue to invest substantially in our enterprise business to better support corporate as well as small and medium enterprises. We launched OneNet express, a virtual PABX system in South Africa during the quarter with encouraging initial take-up. It is in this context that we have also announced our intention to acquire Neotel, the country's second fixed line operator. If concluded successfully, the transaction would stimulate greater competition and accelerate the provision of high speed data links in the country. It would also result in the combined entity being able to offer an expanded product range including fibre to homes and to corporates.

We continue to work closely with the governments in our operations to align our investments to national development objectives to maximise the impact we can make. In South Africa, we have initiated and are participating in on-going collaborations with the Department of Education on connecting schools, the Department of Health on an integrated school health programme and the Department of Social Development on a national call centre to support victims of gender based violence. Similarly, across all our operating territories, we partner with governments on areas of national priority.

# Financial review

## Summary financial information

Rm	Six months ended 30 September			% change	
	2013	2012	2011	12/13	11/12
Service revenue	<b>30 213</b>	29 632	27 696	<b>2.0</b>	7.0
Revenue	<b>36 688</b>	34 426	31 747	<b>6.6</b>	8.4
EBITDA	<b>13 221</b>	12 060	10 535	<b>9.6</b>	14.5
Operating profit	<b>9 998</b>	8 970	7 302	<b>11.5</b>	22.8
Net profit	<b>6 631</b>	6 117	4 387	<b>8.4</b>	39.4
Operating free cash flow	<b>6 308</b>	6 156	6 930	<b>2.5</b>	(11.2)
Free cash flow	<b>3 178</b>	3 432	3 892	<b>(7.4)</b>	(11.8)
Capital expenditure	<b>4 850</b>	4 713	3 462	<b>2.9</b>	36.1
Net debt	<b>11 963</b>	11 572	10 654	<b>3.4</b>	8.6
Basic earnings per share (cents)	<b>443</b>	410	301	<b>8.0</b>	36.2
Headline earnings per share (cents)	<b>439</b>	396	324	<b>10.9</b>	22.2
Contribution margin (%)	<b>57.4</b>	56.1	55.0		
EBITDA margin (%)	<b>36.0</b>	35.0	33.2		
Operating profit margin (%)	<b>27.3</b>	26.1	23.0		
Effective tax rate (%)	<b>30.5</b>	30.8	37.8		
Net profit margin (%)	<b>18.1</b>	17.8	13.8		
Net debt/EBITDA (times)	<b>0.5</b>	0.5	0.5		
Capital intensity (%)	<b>13.2</b>	13.7	10.9		

## Service revenue

Rm	Six months ended 30 September			% change	
	2013	2012	2011	12/13	11/12
South Africa	<b>23 747</b>	23 757	23 449	<b>0.0</b>	1.3
International	<b>6 516</b>	5 992	4 390	<b>8.7</b>	36.5
Corporate and eliminations	<b>(50)</b>	(117)	(143)	<b>57.3</b>	18.2
<b>Service revenue</b>	<b>30 213</b>	29 632	27 696	<b>2.0</b>	7.0

Group revenue increased by 6.6% (7.5%\*) and service revenue by 2.0% (3.2%\*). The growth in revenue is mainly attributable to increased equipment revenue growth of 41.7% as a result of higher volumes from handset financing deals in South Africa. Service revenue growth reflects strong demand in data services and solid growth in our International operations. Trends in South African service revenue have improved, from declines in previous quarters, to flat growth in this half (2.9% excluding MTR impact). Growth in data revenue of 20.6% and positive growth in prepaid segment revenue was offset by a 23.6% decline in interconnect revenue coupled with poor performance by the independent service providers. Strong growth in customers and benefits from our accelerated investment programme in Mozambique supported service revenue growth of 8.7% (17.2%\*) in our International operations. International operations now contribute 21.6% of service revenue up from 20.2% (19.0%\*) a year ago.



### Total expenses<sup>1</sup>

Rm	Six months ended 30 September			% change	
	2013	2012	2011	12/13	11/12
South Africa	18 634	17 677	17 660	5.4	0.1
International	4 915	4 887	3 859	0.5	26.6
Corporate and eliminations	(160)	(162)	(228)	2.4	28.9
<b>Total expenses<sup>1</sup></b>	<b>23 389</b>	<b>22 402</b>	<b>21 291</b>	<b>4.4</b>	<b>5.2</b>

Group total expenses increased by 4.4% to R23 389 million. This is below revenue growth of 6.6%. In South Africa savings in payroll of 4.3% and other operating expenses of 2.4% was partially offset by increased cost from direct expenditure as a result of higher equipment sales. International operations expenses continue to benefit from scale in operations and lower interconnect expenses as a result of MTR cuts and on-net promotions.

### EBITDA

Rm	Six months ended 30 September			% change	
	2013	2012	2011	12/13	11/12
South Africa	11 421	10 789	9 832	5.9	9.7
International	1 806	1 269	660	42.3	92.3
Corporate and eliminations	(6)	2	43	(<200%)	(95.3)
<b>EBITDA</b>	<b>13 221</b>	<b>12 060</b>	<b>10 535</b>	<b>9.6</b>	<b>14.5</b>

Group EBITDA increased 9.6% (7.3%\*) and margin improved to 36.0% (2012: 35.0%). In South Africa margins remained flat as a result of higher contribution from low margin equipment sales which contribute higher proportionate levels of EBITDA. International EBITDA increased 42.3% (24.8%\*), with margins expanding 6.3 ppts (1.8 ppts\*) to 26.9%. Contribution to Group EBITDA improved to 13.7% from 11.8%\* a year ago.

### Operating profit

Rm	Six months ended 30 September			% change	
	2013	2012	2011	12/13	11/12
South Africa	9 147	8 456	7 539	8.2	12.2
International	843	525	(267)	60.6	> 200.0
Corporate and eliminations	8	(11)	30	172.7	(136.7)
<b>Operating profit</b>	<b>9 998</b>	<b>8 970</b>	<b>7 302</b>	<b>11.5</b>	<b>22.8</b>

Group operating profit increased 11.5% to R9 998 million. Operating profit in South Africa increased 8.2% due to growth in EBITDA and lower growth of 2.3% in depreciation and amortisation. International operations operating profit grew 60.6% to R843 million up from R525 million as a result of solid growth across all operations. Mozambique has moved from a loss to a profit position in the current period.

1. Excluding depreciation, amortisation and impairment losses.

## Net finance charges

Rm	Six months ended 30 September			% change	
	2013	2012	2011	12/13	11/12
Finance income	219	67	90	>200	(25.6)
Finance costs	(533)	(476)	(340)	12.0	40.0
Remeasurement of loans	(13)	(10)	(18)	30.0	44.4
Gain/(loss) on remeasurement	44	21	(61)	109.5	134.4
(Loss)/gain on derivatives	(171)	43	82	<200	(47.6)
<b>Net finance charges</b>	<b>(454)</b>	<b>(355)</b>	<b>(247)</b>	<b>27.9</b>	<b>43.7</b>

Net finance charges increased 27.9% to R454 million. This was mainly as a result of loss on derivatives and increased finance costs as a result of higher net debt during the period. The losses were partially offset by increased finance income from cash balances on hand. During the period we implemented hedge accounting which impacted the accounting treatment of foreign exchange movements. The resulting effect is that for hedged exposures, both the foreign exchange on the exposure and the gain or loss on the associated hedging instrument are included within operating profit. Gains and losses from derivatives not in hedged relationships continue to be included in gains/(loss) on derivatives in net finance charges.

## Taxation

The tax expense of R2 913 million for the six months ended 30 September 2013 increased by 7.0% compared to the prior year. The increase is mainly due to increased profitability in South Africa, Tanzania and Mozambique (now profit making).

The Group's effective tax rate decreased from 30.8% in the prior period to 30.5% due to a decrease in disallowed expenditure.

## Earnings

HEPS increased 10.9% to 439 cents as a result of growth in operating profit, offset by higher net finance income. EPS increased by 8.0% to 443 cents. The slower growth in EPS is attributable to the profit on disposal of Gateway Carrier Services of R224 million recognised in the prior year.

## Capital expenditure

Rm	Six months ended 30 September			% change	
	2013	2012	2011	12/13	11/12
South Africa	3 058	3 214	3 015	(4.9)	6.6
International	1 781	1 023	444	74.1	130.4
Corporate and eliminations	11	476	3	(97.7)	> 200.0
<b>Capital expenditure</b>	<b>4 850</b>	<b>4 713</b>	<b>3 462</b>	<b>2.9</b>	<b>36.1</b>
<b>Capex intensity<sup>1</sup> (%)</b>	<b>13.2</b>	<b>13.7</b>	<b>10.9</b>		

The Group's capital expenditure for the period was R4 850 million, 2.9% higher than in the prior year. The capital investment in the period was concentrated on increasing the reach of our data network and on improving network capacity and resilience through self-provided high speed transmission. We have also invested on expanding our IT and billing infrastructure as we continue to improve customer service and retail offers in all our operations. International operations' capital expenditure increased 74.1% to R1 781 million.

### Statement of financial position

Property, plant and equipment increased by 3.9% to R28 830 million from 31 March 2013, comprising of net additions of R4 241 million and foreign currency translation adjustments totalling R796 million and reclassification of non-current assets held for sale of R1 256 million to current asset, relating to the sale and lease back agreement entered into with Helios Towers in Tanzania.

Net debt increased slightly to R11 963 million, compared to prior year and our gearing remained stable with net debt to EBITDA at 0.5 times. The Group's financial gearing increased in line with EBITDA growth, with the net debt to EBITDA remaining constant at 0.5 times compared to the same period last year. 90.3% (2012: 89.8%) of the debt<sup>1</sup> is denominated in rand. R2 740 million (2012: R3 843 million) of the debt<sup>1</sup> matures in the next 12 months and 74.5% (2012: 58.4%) of interest bearing debt (including bank overdrafts) is at floating rates.

During the period the Group obtained two additional loans with a combined value of R4.5 billion from Vodafone to finance capital expenditure and working capital requirements and to repay maturing long term debt. As part of our R10 billion domestic medium-term note programme, the Group rolled its R750 million three-month commercial paper in May 2013.

### Net debt

Rm	As at 30 September <b>2013</b>	As at 31 March 2013	Movement <b>Mar/Sep</b>	As at 30 September 2012
Bank and cash balances	3 392	6 528	(3 136)	1 533
Bank overdrafts	(720)	(340)	(380)	(1 788)
Borrowings and derivative financial instruments	(14 635)	(14 195)	(440)	(11 317)
<b>Net debt</b>	<b>(11 963)</b>	<b>(8 007)</b>	<b>(3 3956)</b>	<b>(11 572)</b>
<b>Net debt/EBITDA (times)</b>	<b>0.5</b>	<b>0.3</b>		<b>0.5</b>

### Cash flow

#### Free cash flow

Rm	Six months ended 30 September			% change	
	<b>2013</b>	2012	2011	<b>12/13</b>	11/12
Cash generated from operations	11 328	9 865	10 109	14.8	(2.4)
Cash capital expenditure <sup>2</sup>	(5 020)	(3 709)	(3 179)	(35.3)	16.7
<b>Operating free cash flow</b>	<b>6 308</b>	<b>6 156</b>	<b>6 930</b>	<b>2.5</b>	<b>(11.2)</b>
Tax paid	(2 696)	(2 413)	(2 713)	(11.7)	(11.1)
Net finance (costs paid)	(396)	(299)	(296)	(32.4)	1.0
Net dividends received/dividends paid to minority shareholders	(38)	(12)	(29)	<(200%)	(58.6)
<b>Free cash flow<sup>3</sup></b>	<b>3 178</b>	<b>3 432</b>	<b>3 892</b>	<b>(7.4)</b>	<b>(11.8)</b>

Operating free cash flow grew at 2.5% to R6 308 million supported by EBITDA growth of 9.6% but offset by higher cash capital expenditure. The improvement in operating free cash flow from prior years was also supported by refinancing of the current year portion of our handset financing book and aligning cash inflows and outflows for working capital. The increased tax paid is as a result of improved profitability in the prior year and also due to Tanzania paying tax after accumulated tax losses were fully utilised in the prior year.

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

---

### Declaration of final dividend No. 9 – payable from income reserves

Notice is hereby given that a gross interim dividend number 9 of 395.00000 cents per ordinary share in respect of financial year ending 31 March 2014 has been declared payable on Monday 2 December 2013 to shareholders recorded in the register at the close of business on Friday 29 November 2013. There is no secondary tax on company ('STC') credits available for utilisation. The number of ordinary shares in issue at date of this declaration is 1 487 954 000. The dividend will be subject to a local dividend withholding tax rate of 15% which will result in a net final dividend to those shareholders not exempt from paying dividend withholding tax of 335.750000 cents per ordinary share.

Last day to trade shares <i>cum</i> dividend	Friday 22 November 2013
Shares commence trading <i>ex</i> dividend	Monday 25 November 2013
Record date	Friday 29 November 2013
Payment date	Monday 2 December 2013

Share certificates may not be dematerialised or rematerialised between Monday 25 November 2013 and Friday 29 November 2013, both days inclusive.

On Monday 2 December 2013, the interim dividend will be electronically transferred into the bank accounts of all certificated shareholders where this facility is available. Shareholders who hold dematerialised shares will have their accounts at their CSDP or broker credited on Monday 2 December 2013.

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

### Regulatory

The Independent Communication Authority of South Africa (ICASA) announced proposed cuts to MTRs on 4 October 2013 (Gazetted on 11 October 2013) which are planned to take effect from 1 March 2014. ICASA has started a period of consultation and indicated final publication of the new rates during the third quarter. The proposed new rates are significantly lower than the rates that were published in previous years and a higher degree of asymmetry. The new rates will require adjustment of our forecasts including capital investment and operating expenses, if approved in the current year. They are also likely to impact our price transformation programme. We are actively participating in the consultation process, with the aim to get to a more reasonable outcome.

### Outlook

South Africa has delivered a solid performance, seeing a reversal of negative growth trends in prior quarters. This has been mainly from good execution of our pricing transformation program and strong data growth. Our International operations are still showing strong growth despite regulatory headwinds and intensified competition. The results of the past six months show that we are on track to deliver on our medium term guidance of low single digit service revenue growth, mid to high single digit EBITDA growth and capital intensity of 11 – 13%, communicated during May 2013.

It is the intention of the Board to accelerate its capital investment programme for the Group with the aim of establishing clear market leadership in the markets in which it operates. The Group intends to invest in new services, further enhancing the network and accelerate coverage roll-out. This accelerated capital investment is expected to increase capital intensity over the medium term to 14 – 17%, resulting in increased revenue and EBITDA growth.

This potential capital acceleration plan will be informed by the growth prospects in each market, as well as the outcome of the MTR process in South Africa.

The Board maintains our dividend policy of paying at least 90% of headline earnings per share.

For and on behalf of the Board

**Peter Moyo**  
Chairman

**Shameel Aziz Joosub**  
Chief Executive Officer

**Ivan Dittrich**  
Chief Financial Officer

8 November 2013

Midrand

## Condensed consolidated income statement

for the six months ended 30 September

Rm	Notes	Six months ended 30 September		Year ended 31 March
		Reviewed <b>2013</b>	Reviewed 2012	Audited 2013
<b>Revenue</b>	3	<b>36 688</b>	34 426	69 917
Direct expenses		<b>(15 635)</b>	(15 102)	(30 385)
Staff expenses		<b>(2 289)</b>	(2 260)	(4 349)
Publicity expenses		<b>(1 029)</b>	(923)	(1 960)
Other operating expenses		<b>(4 436)</b>	(4 117)	(7 948)
Depreciation and amortisation		<b>(3 301)</b>	(3 054)	(6 364)
Impairment losses	4	–	–	(14)
<b>Operating profit</b>		<b>9 998</b>	8 970	18 897
Profit on sale of subsidiary		–	224	224
Finance income		<b>218</b>	67	117
Finance costs		<b>(533)</b>	(476)	(927)
Net (loss)/profit on remeasurement and disposal of financial instruments		<b>(139)</b>	54	123
<b>Profit before tax</b>		<b>9 544</b>	8 839	18 434
Taxation		<b>(2 913)</b>	(2 722)	(5 210)
<b>Net profit</b>		<b>6 631</b>	6 117	13 224
<b>Attributable to:</b>				
Equity shareholders		<b>6 487</b>	5 996	12 991
Non-controlling interests		<b>144</b>	121	233
		<b>6 631</b>	6 117	13 224

Cents	Notes	Six months ended 30 September		Year ended 31 March
		Reviewed <b>2013</b>	Reviewed 2012	Audited 2013
Basic earnings per share	5	<b>442.5</b>	410.0	887.4
Diluted earnings per share	5	<b>441.9</b>	408.1	885.3

# Condensed consolidated statement of comprehensive income

for the six months ended 30 September

Rm	Six months ended 30 September		Year ended 31 March
	Reviewed	Reviewed	Audited
	<b>2013</b>	2012	2013
<b>Net profit</b>	<b>6 631</b>	6 117	13 224
<b>Other comprehensive income<sup>1</sup></b>	<b>629</b>	424	815
Foreign currency translation differences, net of tax	<b>621</b>	496	823
Gain/(loss) on hedging instruments in cash flow hedges, net of tax	<b>8</b>	(72)	(8)
<b>Total comprehensive income</b>	<b>7 260</b>	6 541	14 039
<b>Attributable to:</b>			
Equity shareholders	<b>7 153</b>	6 482	13 982
Non-controlling interests	<b>107</b>	59	57
	<b>7 260</b>	6 541	14 039

1. These items may be subsequently reclassified to profit or loss.

## Condensed consolidated statement of financial position

as at 30 September

Rm	Notes	Six months ended	Year ended	
		30 September	31 March	
		Reviewed	Reviewed	
		2013	2012	
			Audited	
			2013	
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment		28 830	26 115	27 741
Intangible assets		5 233	5 245	5 332
Financial assets		216	220	198
Investment in joint venture		2	–	–
Trade and other receivables		136	119	196
Finance lease receivables		542	588	726
Deferred tax		132	169	241
<b>Current assets</b>		<b>22 716</b>	<b>16 874</b>	<b>21 157</b>
Financial assets		1 469	1 070	1 170
Inventory		1 212	905	861
Trade and other receivables		13 445	12 087	10 971
Non-current asset held for sale	12	1 274	–	–
Finance lease receivables		1 346	1 028	1 437
Tax receivable		578	251	190
Cash and cash equivalents		3 392	1 533	6 528
<b>Total assets</b>		<b>57 807</b>	<b>49 330</b>	<b>55 591</b>
<b>Equity and liabilities</b>				
Fully paid share capital		*	*	*
Treasury shares		(1 563)	(1 614)	(1 389)
Retained earnings		21 544	19 885	21 342
Other reserves		1 578	105	847
Equity attributable to owners of the parent		21 559	18 376	20 800
Non-controlling interests		477	443	416
<b>Total equity</b>		<b>22 036</b>	<b>18 819</b>	<b>21 216</b>
<b>Non-current liabilities</b>				
Borrowings	10	12 553	9 151	7 881
Trade and other payables		127	327	222
Provisions		332	569	536
Deferred tax		1 542	1 202	981
<b>Current liabilities</b>		<b>21 217</b>	<b>19 262</b>	<b>24 755</b>
Borrowings	10	2 020	2 055	6 290
Trade and other payables		18 257	15 093	17 780
Provisions		144	244	283
Liabilities associated with non-current assets held for sale		5	–	–
Tax payable		49	69	46
Dividends payable		22	13	16
Bank overdrafts		720	1 788	340
<b>Total equity and liabilities</b>		<b>57 807</b>	<b>49 330</b>	<b>55 591</b>

\* Fully paid share capital of R100.

## Condensed consolidated statement of changes in equity

for the six months ended 30 September

Rm	Equity attributable to owners of the parent	Non-controlling interests	Total equity
<b>1 April 2013</b>	<b>20 800</b>	<b>416</b>	<b>21 216</b>
Total comprehensive income	7 153	107	7 260
Dividends	(6 300)	(42)	(6 342)
Repurchase and sale of shares	(121)	–	(121)
Share-based payments	46	–	46
Acquisition of additional interest in subsidiary	(16)	(4)	(20)
Investment in joint venture	(3)	–	(3)
<b>30 September 2013 – Reviewed</b>	<b>21 559</b>	<b>477</b>	<b>22 036</b>
<b>1 April 2012</b>	18 530	400	18 930
Total comprehensive income	6 482	59	6 541
Dividends	(6 580)	(16)	(6 596)
Repurchase and sale of shares	(92)	–	(92)
Share-based payments	36	–	36
<b>30 September 2012 – Reviewed</b>	<b>18 376</b>	<b>443</b>	<b>18 819</b>
<b>1 April 2012</b>	18 530	400	18 930
Total comprehensive income	13 982	57	14 039
Dividends	(11 770)	(41)	(11 811)
Repurchase and sale of shares	(88)	–	(88)
Share-based payments	146	–	146
<b>31 March 2013 – Audited</b>	<b>20 800</b>	<b>416</b>	<b>21 216</b>



## Condensed consolidated statement of cash flows

for the six months ended 30 September

Rm	Six months ended 30 September		Year ended 31 March
	Reviewed <b>2013</b>	Reviewed 2012	Audited 2013
<b>Cash flows from operating activities</b>			
Cash generated from operations	<b>11 328</b>	9 865	25 320
Tax paid	<b>(2 696)</b>	(2 413)	(5 323)
<b>Net cash flows from operating activities</b>	<b>8 632</b>	7 452	19 997
<b>Cash flows from investing activities</b>			
Net additions to property, plant and equipment and intangible assets	<b>(5 038)</b>	(3 833)	(7 286)
Disposal of subsidiaries	–	273	357
Other investing activities	<b>(10)</b>	(234)	(225)
<b>Net cash flows utilised in investing activities</b>	<b>(5 048)</b>	(3 794)	(7 154)
<b>Cash flows from financing activities</b>			
Movement in borrowings, including finance costs paid	<b>(509)</b>	(618)	1 809
Dividends paid	<b>(6 337)</b>	(6 603)	(11 817)
Repurchase and sale of shares	<b>(330)</b>	(112)	(88)
<b>Net cash flows utilised in financing activities</b>	<b>(7 176)</b>	(7 333)	(10 096)
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(3 592)</b>	(3 675)	2 747
Cash and cash equivalents at the beginning of the year	<b>6 188</b>	3 372	3 372
Effect of foreign exchange rate changes	<b>76</b>	48	69
<b>Cash and cash equivalents at the end of the year</b>	<b>2 672</b>	(255)	6 188

# Notes to the condensed consolidated interim financial statements

## 1. Basis of preparation

These condensed consolidated interim financial statements have been prepared in accordance with the framework concepts, the recognition and measurement criteria of International Financial Reporting Standards ('IFRS') and 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, the Johannesburg Stock Exchange 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 in Note 2. The significant accounting policies are available for inspection at the Group's registered office.

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

The preparation of these condensed consolidated interim financial statements was supervised by the Chief Financial Officer, IP Dittrich CA(SA).

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

## 2. Changes in accounting policies

The Group adopted the new, revised or amended accounting pronouncements as issued by the IASB, which were effective and applicable to the Group from 1 April 2013, 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 ending 31 March 2014, which will be available online.

Refer to note 12 for the application of fair value hedge accounting during the current period.

Rm	Six months ended 30 September		Year ended 31 March
	Reviewed <b>2013</b>	Reviewed 2012	Audited 2013

## 3. Segment analysis

	2013	2012	2013
<b>External customers segment revenue</b>	<b>36 688</b>	34 426	69 917
South Africa	<b>30 020</b>	28 350	58 464
International	<b>6 666</b>	6 060	11 423
Corporate	<b>2</b>	16	30
<b>EBITDA</b>	<b>13 221</b>	12 060	25 253
South Africa	<b>11 421</b>	10 789	22 408
International	<b>1 806</b>	1 269	2 739
Corporate and eliminations	<b>(6)</b>	2	106

Rm	Six months ended 30 September		Year ended 31 March
	Reviewed <b>2013</b>	Reviewed 2012	Audited 2013
<b>3. Segment analysis continued</b>			
<b>Reconciliation of segment results</b>			
<b>EBITDA</b>	<b>13 221</b>	12 060	25 253
Depreciation, amortisation and impairment losses	<b>(3 301)</b>	(3 054)	(6 378)
Other	<b>78</b>	(36)	22
<b>Operating profit</b>	<b>9 998</b>	8 970	18 897
Profit on sale of subsidiary	–	224	224
Net finance charges	<b>(454)</b>	(355)	(687)
Finance income	<b>218</b>	67	117
Finance costs	<b>(533)</b>	(476)	(927)
Net (loss)/profit on remeasurement and disposal of financial instruments	<b>(139)</b>	54	123
<b>Profit before tax</b>	<b>9 544</b>	8 839	18 434
Taxation	<b>(2 913)</b>	(2 722)	(5 210)
<b>Net profit</b>	<b>6 631</b>	6 117	13 224
<b>Total assets</b>	<b>57 807</b>	49 330	55 591
South Africa	<b>37 842</b>	35 337	35 360
International	<b>17 444</b>	13 283	15 035
Corporate and eliminations	<b>2 521</b>	710	5 196
<b>4. Impairment losses</b>			
Net impairment recognised is as follows:			
Property, plant and equipment	–	–	21
Available-for-sale financial assets carried at cost	–	–	(35)
<b>Impairment losses</b>	<b>–</b>	–	(14)

Cents	Six months ended 30 September		Year ended 31 March
	Reviewed	Reviewed	Audited
	<b>2013</b>	2012	2013

## 5. Per share calculations

### 5.1 Earnings and dividends per share

Basic earnings per share	<b>442.5</b>	410.0	887.4
Diluted earnings per share	<b>441.9</b>	408.1	885.3
Headline earnings per share	<b>438.8</b>	396.4	872.4
Diluted headline earnings per share	<b>438.1</b>	394.6	870.2
Dividends per share	<b>430.0</b>	450.0	805.0

Million	Reviewed	Reviewed	Audited
	<b>2013</b>	2012	2013

### 5.2 Weighted average number of ordinary shares outstanding for the purpose of calculating:

Basic and headline earnings per share	<b>1 466</b>	1 462	1 464
Diluted earnings and diluted headline earnings per share	<b>1 468</b>	1 469	1 468

### 5.3 Ordinary shares for the purpose of calculating:

Dividends per share	<b>1 488</b>	1 488	1 488
---------------------	--------------	-------	-------

Vodacom Group Limited acquired 3 407 749 shares in the market during the period at an average price of R111.89 per share. Share repurchases did not exceed 1% of Vodacom Group Limited's issued share capital. Dividend per share calculations are based on a dividend declared of R6 398 million (30 September 2012: R6 696 million; 31 March 2013: R11 978 million) of which R29 million (30 September 2012: R45 million; 31 March 2013: R78 million) was offset against the forfeitable share plan reserve, R3 million (30 September 2012: R4 million; 31 March 2013: R6 million) expensed as staff expenses and R66 million (30 September 2012: R69 million; 31 March 2013: R124 million) paid to Wheatfields Investments 276 (Pty) Limited, a wholly-owned subsidiary holding treasury shares on behalf of the Group.

Rm	Six months ended 30 September		Year ended 31 March
	Reviewed	Reviewed	Audited
	2013	2012	2013
<b>5. Per share calculations continued</b>			
<b>5.4 Headline earnings reconciliation</b>			
Earnings attributable to equity shareholders for basic and diluted earnings per share	6 487	5 996	12 991
Adjusted for:			
Profit on sale of subsidiary	–	(224)	(224)
Net (profit)/loss on disposal of property, plant and equipment and intangible assets	(77)	34	(22)
Impairment losses (Note 4)	–	–	14
	6 410	5 806	12 759
Tax impact of adjustments	21	(9)	7
Non-controlling interests in adjustments	–	–	4
Headline earnings for headline and diluted headline earnings per share	6 431	5 797	12 770

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

During the current period the Group allocated 1 627 613 (30 September 2012: 1 613 562; 31 March 2013: 1 680 373) shares to eligible employees under its FSP, an equity-settled share-based payment scheme in terms of IFRS 2: Share-based Payment.

**7. Related parties**

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

Rm	Six months ended 30 September		Year ended 31 March
	Reviewed	Reviewed	Audited
	2013	2012	2013
<b>7.1 Balances with related parties</b>			
Borrowings	(10 528)	(3 021)	(6 024)
<b>7.2 Transactions with related parties</b>			
Dividends declared	(4 159)	(4 352)	(7 786)
Finance costs	(193)	(104)	(207)

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

Compensation paid to the Group's Board, prescribed officers and key management personnel will be disclosed in the Group's consolidated annual financial statements for the year ended 31 March 2014, which will be available online. Ms YZ Cuba was appointed as an independent non-executive director on 18 July 2013, while Ms A Kekana resigned on the same day.

Rm	Six months ended 30 September		Year ended 31 March
	Reviewed	Reviewed	Audited
	<b>2013</b>	2012	2013
<b>8. Capital commitments</b>			
Capital expenditure contracted for but not yet incurred	<b>(4 139)</b>	(4 307)	(3 254)
<b>9. Capital expenditure incurred</b>			
Capital expenditure additions including software	<b>(4 850)</b>	(4 713)	(9 456)

## 10. Borrowings

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

During the current period two loans with nominal values of R3 000 million and R1 500 million respectively were raised to finance capital expenditure and working capital requirements and were also used to repay maturing long term debt. The loans bear interest payable quarterly at three-month JIBAR plus 1.15% and 1.35%, are unsecured, have a five year and seven year term and are ultimately repayable on 27 September 2018 and 28 September 2020.

## 11. Contingent liabilities

### 11.1 Guarantees

The Group issued various guarantees, relating to the financial obligations of its subsidiaries, which amounted to R87 million (30 September 2012: R65 million; 31 March 2013: R65 million).

Vodacom (Pty) Limited provides an unlimited guarantee for borrowings entered into by Vodacom Group Limited. There were no related outstanding borrowings on the statement of financial position at the end of the period (30 September 2012 and 31 March 2013: RNil).

### 11.2 Tax matters

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

### 11.3 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 that no provision is required in respect of these legal proceedings as at 30 September 2013. Litigations, current or pending, are not likely to have a material adverse effect on the Group.

## 12. Other significant matters

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

The Group obtained a favourable outcome in the final hearing with regards to the International Chamber of Commerce arbitration with Congolese Wireless Network s.p.r.l., the other shareholder in Vodacom Congo. At this stage the Group is still pursuing a settlement with that shareholder.

## 12.2 Vodacom Tanzania Limited ('VTL')

During the period VTL entered into a sale and leaseback arrangement with HTT Infracore Limited ('HTT') whereby VTL will sell its tower infrastructure to HTT and HTT will lease tower infrastructure to VTL. As part of the arrangement, VTL will obtain an equity stake in Helios Towers Tanzania Limited of 24.5%. The assets and directly associated liabilities have been reclassified as 'non-current assets held for sale' and 'liabilities associated with non-current assets held for sale', respectively. The sale is expected to be effective during the current financial year.

## 12.3 Fair value hedge accounting

During the current period the Group designated certain foreign exchange forward contracts as fair value hedges to hedge its exposure to variability in the fair value that is attributable to changes in foreign exchange rates.

## 13. Events after the reporting period

The Board is not aware of any matter or circumstance arising since the end of the reporting period, not otherwise dealt with herein, which significantly affects the financial position of the Group or the results of its operations or cash flows for the period, other than the following:

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

An interim dividend of R5 877 million (395.00000 cents per ordinary share) for the year ending 31 March 2014, was declared on Friday 8 November, payable on Monday 2 December 2013 to shareholders recorded in the register at the close of business on Friday 29 November 2013. The net dividend after taking into account dividend withholding tax for those shareholders not exempt from dividend withholding tax is 335.75000 cents per share.

### 13.2 Proposed acquisition of Neotel (Pty) Limited ('Neotel')

The Group announced on 30 September 2013 that it has entered into exclusive talks with the shareholders of Neotel on the potential acquisition of 100% equity interest in and related claims of Neotel. The transaction remains subject to, *inter alia*, finalising definitive transaction agreements and Board and regulatory approvals. The Group will advise shareholders of any developments in due course.

### 13.3 Draft call termination rates

On 11 October 2013 the Independent Communications Authority of South Africa ('ICASA') published draft call termination rate ('MTR') regulations proposing a decline in MTRs from R0.40 to R0.20 in March 2014, followed by another decline to R0.15 in 2015 and then dropping to R0.10 in 2016. These draft regulations also propose an increase in the level of asymmetry from 10% to 95% in March 2014, followed by 120% in 2015 and then increasing to 160% in 2016.

## 14. Financial instruments' fair value

The Group holds money market investments, foreign forward exchange contracts and interest rate swaps at fair value, none of which have a material fair value as at 30 September 2013. Fair value related disclosure will be made in the Group's consolidated annual financial statements for the year ended March 2014 which will be available online.

The above mentioned financial assets and liabilities are all classified as level two, being the classification used when valuation inputs used to determine fair value are observable, either directly as prices or indirectly when derived from prices. The Group has no level one or three financial instruments measured at fair value.

## Supplementary information

Operating results for the six months ended 30 September 2013

Rm	South Africa	% 12/13	Inter-national	% 12/13	Corporate/ Eliminations	Group	% 12/13
Mobile voice	14 122	(2.6)	3 883	27.1	–	18 005	2.6
Mobile interconnect	1 888	(23.6)	693	36.7	(21)	2 560	(12.8)
Mobile messaging	1 381	(9.7)	262	36.5	–	1 643	(4.6)
Mobile data	5 096	20.6	985	100.6	1	6 082	29.0
Other service revenue	1 250	22.1	693	(60.4)	(30)	1 923	(29.0)
<b>Service revenue</b>	<b>23 747</b>	<b>0.0</b>	<b>6 516</b>	<b>8.7</b>	<b>(50)</b>	<b>30 213</b>	<b>2.0</b>
Equipment revenue	6 043	41.2	109	81.7	(17)	6 134	41.7
Non-service revenue	344	(13.4)	95	(7.8)	(98)	341	(26.7)
<b>Revenue</b>	<b>30 134</b>	<b>6.0</b>	<b>6 720</b>	<b>9.2</b>	<b>(166)</b>	<b>36 688</b>	<b>6.6</b>
Direct expenses	(13 276)	8.8	(2 455)	(19.2)	96	(15 635)	3.5
Staff expenses	(1 508)	(4.3)	(644)	25.5	(137)	(2 289)	1.3
Publicity expenses	(693)	3.6	(329)	32.7	(8)	(1 029)	11.5
Other operating expenses	(3 157)	(2.4)	(1 487)	36.5	208	(4 436)	7.7
Depreciation and amortisation	(2 353)	2.3	(962)	29.8	15	(3 301)	8.1
<b>Operating profit/(loss)</b>	<b>9 147</b>	<b>8.2</b>	<b>843</b>	<b>60.6</b>	<b>8</b>	<b>9 998</b>	<b>11.5</b>
EBITDA	11 421	5.9	1 806	42.3	(6)	13 221	9.6
EBITDA margin (%)	37.9		26.9			36.0	
Operating profit/(loss) margin (%)	30.4		12.5			27.3	
<b>New disclosure</b>							
<b>Mobile contract revenue</b>	<b>10 639</b>	<b>0.4</b>	<b>433</b>	<b>95.0</b>	<b>(4)</b>	<b>11 068</b>	<b>2.4</b>
In bundle	6 785	2.2	120	>200	1	6 906	4.1
Out of bundle	3 854	(2.6)	313	36.7	(5)	4 162	(0.5)
<b>Mobile prepaid revenue</b>	<b>9 742</b>	<b>4.7</b>	<b>4 694</b>	<b>34.5</b>	<b>(1)</b>	<b>14 435</b>	<b>12.8</b>
In bundle	629	22.1	242	>200	(1)	870	52.1
Out of bundle	9 113	3.6	4 452	29.7	–	13 565	11.0
<b>Customer service revenue</b>	<b>20 381</b>	<b>2.4</b>	<b>5 127</b>	<b>38.1</b>	<b>(5)</b>	<b>25 503</b>	<b>8.0</b>
Mobile interconnect	1 888	(23.6)	693	36.7	(21)	2 560	(12.8)
Other service revenue	1 478	6.9	696	(60.7)	(24)	2 150	(30.3)
<b>Service revenue</b>	<b>23 747</b>	<b>0.0</b>	<b>6 516</b>	<b>8.7</b>	<b>(50)</b>	<b>30 213</b>	<b>2.0</b>

### Notes:

- Mobile in-bundle revenue: Represents revenue from bundles that include a specified number of minutes, messages or megabytes of data that can be used for no additional charge, with some expectation of recurrence.
- Mobile in-bundle revenue – Contract: Revenue from all bundles and add-ons lasting 30 days or more.
- Mobile in-bundle revenue – Prepaid: Revenue from bundles lasting seven days or more.
- Out-of-bundle: Revenue from minutes, messages or megabytes of data which are in excess of the amount included in customer bundles.



## Operating results for the six months ended 30 September 2012

Rm	South Africa	% 11/12	Inter-national	% 11/12	Corporate/ Eliminations	Group	% 11/12
Mobile voice	14 500	1.5	3 054	47.7	(4)	17 550	7.3
Mobile interconnect	2 471	(17.6)	507	46.1	(41)	2 937	(10.4)
Mobile messaging	1 530	(0.2)	192	58.7	–	1 722	4.1
Mobile data	4 224	13.5	491	140.7	–	4 715	20.2
Other service revenue	1 032	13.3	1 748	5.9	(72)	2 708	8.9
<b>Service revenue</b>	<b>23 757</b>	<b>1.3</b>	<b>5 992</b>	<b>36.5</b>	<b>(117)</b>	<b>29 632</b>	<b>7.0</b>
Equipment revenue	4 279	19.0	60	(7.7)	(10)	4 329	19.0
Non-service revenue	397	6.4	103	77.6	(35)	465	12.3
<b>Revenue</b>	<b>28 433</b>	<b>3.7</b>	<b>6 155</b>	<b>36.4</b>	<b>(162)</b>	<b>34 426</b>	<b>8.4</b>
Direct expenses	(12 200)	1.8	(3 038)	24.2	136	(15 102)	5.8
Staff expenses	(1 575)	3.0	(513)	23.9	(172)	(2 260)	9.7
Publicity expenses	(669)	(20.5)	(248)	18.7	(6)	(923)	(12.6)
Other operating expenses	(3 233)	(2.1)	(1 090)	38.0	206	(4 117)	5.6
Depreciation and amortisation	(2 300)	3.7	(741)	22.9	(13)	(3 054)	7.7
Impairment losses	–	–	–	(100.0)	–	–	(100.0)
<b>Operating profit</b>	<b>8 456</b>	<b>12.2</b>	<b>525</b>	<b>&gt; 200.0</b>	<b>(11)</b>	<b>8 970</b>	<b>22.8</b>
EBITDA	10 789	9.7	1 269	92.3	2	12 060	14.5
EBITDA margin (%)	37.9		20.6			35.0	
Operating profit margin (%)	29.7		8.5			26.1	
<b>New disclosure</b>							
<b>Mobile contract revenue</b>	<b>10 595</b>	<b>n/a</b>	<b>222</b>	<b>n/a</b>	<b>(4)</b>	<b>10 813</b>	<b>n/a</b>
In bundle	6 638	n/a	(7)	n/a	–	6 631	n/a
Out of bundle	3 957	n/a	229	n/a	(4)	4 182	n/a
<b>Mobile prepaid revenue</b>	<b>9 309</b>	<b>n/a</b>	<b>3 490</b>	<b>n/a</b>	<b>(1)</b>	<b>12 798</b>	<b>n/a</b>
In bundle	515	n/a	57	n/a	–	572	n/a
Out of bundle	8 794	n/a	3 433	n/a	(1)	12 226	n/a
<b>Customer service revenue</b>	<b>19 904</b>	<b>n/a</b>	<b>3 712</b>	<b>n/a</b>	<b>(5)</b>	<b>23 611</b>	<b>n/a</b>
Mobile interconnect	2 471		507		(41)	2 937	
Other service revenue	1 382	n/a	1 773	n/a	(71)	3 084	n/a
<b>Service revenue</b>	<b>23 757</b>	<b>1.3</b>	<b>5 992</b>	<b>36.5</b>	<b>(117)</b>	<b>29 632</b>	<b>7.0</b>

## Operating results for the six months ended 30 September 2011

Rm	South Africa	International	Corporate/ Eliminations	Group
Mobile voice	14 286	2 068	–	16 354
Mobile interconnect	2 999	347	(68)	3 278
Mobile messaging	1 533	121	–	1 654
Mobile data	3 720	204	–	3 924
Other service revenue	911	1 650	(75)	2 486
<b>Service revenue</b>	<b>23 449</b>	<b>4 390</b>	<b>(143)</b>	<b>27 696</b>
Equipment revenue	3 596	65	(24)	3 637
Non-service revenue	373	58	(17)	414
<b>Revenue</b>	<b>27 418</b>	<b>4 513</b>	<b>(184)</b>	<b>31 747</b>
Direct expenses	(11 988)	(2 446)	159	(14 275)
Staff expenses	(1 529)	(414)	(117)	(2 060)
Publicity expenses	(842)	(209)	(5)	(1 056)
Other operating expenses	(3 301)	(790)	191	(3 900)
Depreciation and amortisation	(2 219)	(603)	(14)	(2 836)
Impairment losses	–	(318)	–	(318)
<b>Operating profit/(loss)</b>	<b>7 539</b>	<b>(267)</b>	<b>30</b>	<b>7 302</b>
EBITDA	9 832	660	43	10 535
EBITDA margin (%)	35.9	14.6		33.2
Operating profit/(loss) margin (%)	27.5	(5.9)		23.0

## South Africa key performance indicators

	Six months ended 30 September			% change	
	2013	2012	2011	12/13	11/12
<b>Active customers (thousand)<sup>1</sup></b>	<b>30 139</b>	29 734	24 435	<b>1.4</b>	21.7
Prepaid	<b>25 331</b>	25 031	19 822	<b>1.2</b>	26.3
Contract	<b>4 808</b>	4 703	4 613	<b>2.2</b>	2.0
<b>Churn (%)<sup>2</sup></b>	<b>57.0</b>	43.6	41.3		
Prepaid	<b>63.7</b>	48.4	47.6		
Contract	<b>12.1</b>	11.1	9.8		
<b>Traffic (millions of minutes)<sup>3</sup></b>	<b>20 786</b>	18 597	17 327	<b>11.8</b>	7.3
Outgoing	<b>16 129</b>	14 093	13 129	<b>14.4</b>	7.3
Incoming	<b>4 657</b>	4 504	4 198	<b>3.4</b>	7.3
<b>MOU per month<sup>4</sup></b>	<b>118</b>	105	124	<b>12.4</b>	(15.3)
Prepaid	<b>105</b>	88	103	<b>19.3</b>	(14.6)
Contract	<b>183</b>	192	213	<b>(4.7)</b>	(9.9)
<b>Total ARPU (rand per month)<sup>5</sup></b>	<b>126</b>	126	160	<b>0.0</b>	(21.3)
Prepaid	<b>74</b>	73	94	<b>1.4</b>	(22.3)
Contract	<b>393</b>	406	434	<b>(3.2)</b>	(6.2)
<b>Messaging (million)<sup>6</sup></b>	<b>2 806</b>	3 033	3 268	<b>(7.5)</b>	(7.2)
<b>Estimated mobile penetration (%)</b>	<b>138</b>	143	113		
<b>Number of employees</b>	<b>4 957</b>	5 190	5 154	<b>(4.5)</b>	0.7

### Notes:

- 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 whilst roaming. As of 30 June 2013, this excludes M2M connections, prior periods have been restated. The number of M2M customers for the current period is 1 302 0000 (2012: 1 049 000; 2011: 826 000).
- Churn is calculated by dividing the annualised number of disconnections during the period by the average monthly customers during the period. Churn has been restated as a result of M2M connections excluded from active customers.
- 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.
- 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. MOU has been restated as a result of M2M connections excluded from active customers.
- 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. ARPU has been restated as a result of M2M connections excluded from active customers.
- Messaging includes SMS, MMS, premium rated SMS/MMS and excludes bulk messages.

## International key performance indicators

	Six months ended 30 September			% change	
	2013	2012	2011	12/13	11/12
<b>Active customers (thousand)<sup>1</sup></b>	<b>23 672</b>	19 341	16 225	<b>22.4</b>	19.2
Tanzania	<b>10 023</b>	8 968	8 432	<b>11.8</b>	6.4
DRC	<b>8 790</b>	6 696	4 782	<b>31.3</b>	40.0
Mozambique	<b>3 688</b>	2 734	2 275	<b>34.9</b>	20.2
Lesotho	<b>1 171</b>	943	736	<b>24.2</b>	28.1
<b>Churn (%)<sup>2</sup></b>					
Tanzania	<b>54.1</b>	75.3	39.2		
DRC	<b>88.2</b>	79.4	69.6		
Mozambique	<b>70.6</b>	57.2	77.6		
Lesotho	<b>41.6</b>	35.5	22.5		
<b>MOU per month<sup>3</sup></b>					
Tanzania	<b>119</b>	76	67	<b>56.6</b>	13.4
DRC	<b>37</b>	45	45	<b>(17.8)</b>	–
Mozambique	<b>94</b>	69	52	<b>36.2</b>	32.7
Lesotho	<b>31</b>	33	37	<b>(6.1)</b>	(10.8)
<b>Total ARPU (rand per month)<sup>4</sup></b>					
Tanzania	<b>45</b>	34	23	<b>32.4</b>	47.8
DRC	<b>35</b>	35	34	–	2.9
Mozambique	<b>59</b>	51	42	<b>15.7</b>	21.4
Lesotho	<b>45</b>	58	68	<b>(22.4)</b>	(14.7)
<b>Total ARPU (local currency per month)<sup>4</sup></b>					
Tanzania (TZS)	<b>7 401</b>	6 458	5 153	<b>14.6</b>	25.3
DRC (USD)	<b>3.6</b>	4.2	4.9	<b>(14.3)</b>	(14.3)
Mozambique (MZN)	<b>183</b>	173	173	<b>5.8</b>	–
<b>Estimated mobile penetration (%)</b>					
Tanzania	<b>57</b>	42	44		
DRC	<b>32</b>	25	19		
Mozambique	<b>38</b>	30	28		
Lesotho	<b>67</b>	51	52		
<b>Number of employees</b>	<b>2 177</b>	2 034	2 087	<b>7.0</b>	(2.5)

### Notes:

- 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 whilst roaming.
- Churn is calculated by dividing the annualised number of disconnections during the period by the average monthly customers during the period. During the quarter ended 30 June 2012, Tanzania, Mozambique and Lesotho changed their disconnection policy from 215 days to 90 days inactivity.
- 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.
- Total ARPU is calculated by dividing the average monthly service revenue by the average monthly active customers during the period.

## Exchange rates

	Average				Closing			
	30 September		% change	31 March	30 September		% change	31 March
	2013	2012		2013	2013	2012		2013
USD/ZAR	9.74	8.20	18.8	8.51	10.05	8.29	21.2	9.25
ZAR/MZN	3.10	3.43	9.6	3.42	2.97	3.47	14.4	3.33
ZAR/TZS	167.00	192.90	13.4	187.30	159.76	190.11	16.0	174.90
EUR/ZAR	12.82	10.39	23.4	10.97	13.59	10.67	27.4	11.86

## Historical key financial indicators for the quarters ended

### Revenue

Rm	September 2013	June 2013	March 2013	December 2012	September 2012	June 2012	March 2012
South Africa	15 585	14 549	14 699	15 475	14 426	14 007	14 379
International	3 655	3 065	2 553	2 875	3 058	3 097	2 930
Corporate and eliminations	(88)	(78)	(55)	(56)	(82)	(80)	(124)
<b>Revenue</b>	<b>19 152</b>	<b>17 536</b>	<b>17 197</b>	<b>18 294</b>	<b>17 402</b>	<b>17 024</b>	<b>17 185</b>

### Service revenue

Rm	September 2013	June 2013	March 2013	December 2012	September 2012	June 2012	March 2012
South Africa	12 069	11 678	11 894	12 507	12 055	11 702	12 134
International	3 538	2 978	2 480	2 786	2 964	3 028	2 848
Corporate and eliminations	(30)	(20)	(19)	(20)	(56)	(61)	(89)
<b>Service revenue</b>	<b>15 577</b>	<b>14 636</b>	<b>14 355</b>	<b>15 273</b>	<b>14 963</b>	<b>14 669</b>	<b>14 893</b>

## Historical key performance indicators for the quarters ended

### South Africa

	September <b>2013</b>	June 2013	March 2013	December 2012	September 2012	June 2012	March 2012
<b>Customers (thousand)</b>	<b>36 799</b>	36 730	36 526	37 419	<b>37 804</b>	36 662	33 375
Prepaid	<b>31 991</b>	31 936	31 741	32 658	<b>33 101</b>	31 976	28 677
Contract	<b>4 808</b>	4 794	4 785	4 761	<b>4 703</b>	4 686	4 698
<b>Active customers (thousand)<sup>1</sup></b>	<b>30 139</b>	29 282	29 190	29 474	<b>29 734</b>	29 971	28 009
Prepaid	<b>25 331</b>	24 488	24 404	24 712	<b>25 031</b>	25 284	23 312
Contract	<b>4 808</b>	4 794	4 786	4 762	<b>4 703</b>	4 687	4 687
<b>Churn (%)<sup>2</sup></b>	<b>58.4</b>	55.5	60.8	56.4	<b>48.1</b>	38.9	37.6
Prepaid	<b>65.3</b>	62.1	68.2	62.9	<b>53.3</b>	43.3	42.4
Contract	<b>12.6</b>	11.6	11.0	11.3	<b>11.8</b>	10.4	9.6
<b>Traffic (millions of minutes)<sup>3</sup></b>	<b>11 034</b>	9 752	9 252	9 631	<b>9 940</b>	8 657	8 690
Outgoing	<b>8 681</b>	7 448	7 018	7 238	<b>7 634</b>	6 459	6 471
Incoming	<b>2 353</b>	2 304	2 234	2 393	<b>2 306</b>	2 198	2 219
<b>MOU per month<sup>4</sup></b>	<b>124</b>	112	105	109	<b>111</b>	99	106
Prepaid	<b>112</b>	98	91	93	<b>95</b>	81	85
Contract	<b>183</b>	183	180	191	<b>193</b>	191	207
<b>Total ARPU (rand per month)<sup>5</sup></b>	<b>127</b>	125	127	133	<b>127</b>	126	140
Prepaid	<b>74</b>	74	76	80	<b>74</b>	73	82
Contract	<b>398</b>	387	391	409	<b>412</b>	402	416

## Historical key performance indicators for the quarters ended

### International

	September <b>2013</b>	June 2013	March 2013	December 2012	September 2012	June 2012	March 2012
<b>Customers (thousand)</b>	<b>23 672</b>	22 259	21 327	20 375	<b>19 341</b>	18 971	22 997
Tanzania	<b>10 023</b>	9 666	9 468	9 357	<b>8 968</b>	9 065	12 612
DRC	<b>8790</b>	8 129	7 706	7 086	<b>6 696</b>	6 240	5 643
Mozambique	<b>3 688</b>	3 310	3 045	2 861	<b>2 734</b>	2 700	3 701
Lesotho	<b>1 171</b>	1 154	1 108	1 071	<b>943</b>	966	1 041
<b>Active customers (thousand)<sup>1</sup></b>	<b>23 672</b>	22 259	21 327	20 375	<b>19 341</b>	18 971	18 894
Tanzania	<b>10 023</b>	9 666	9 468	9 357	<b>8 968</b>	9 065	9 665
DRC	<b>8790</b>	8 129	7 706	7 086	<b>6 696</b>	6 240	5 643
Mozambique	<b>3 688</b>	3 310	3 045	2 861	<b>2 734</b>	2 700	2 784
Lesotho	<b>1 171</b>	1 154	1 108	1 071	<b>943</b>	966	802
<b>Churn (%)<sup>2</sup></b>							
Tanzania	<b>51.5</b>	56.8	64.7	60.1	<b>78.7</b>	72.5	41.8
DRC	<b>88.8</b>	87.7	90.0	69.2	<b>83.0</b>	75.6	72.2
Mozambique	<b>71.4</b>	69.8	69.0	73.2	<b>61.1</b>	54.0	40.8
Lesotho	<b>39.5</b>	43.7	31.9	38.9	<b>50.5</b>	22.0	21.6
<b>MOU per month<sup>3</sup></b>							
Tanzania	<b>122</b>	116	83	102	<b>88</b>	66	57
DRC	<b>36</b>	39	44	48	<b>46</b>	43	40
Mozambique	<b>95</b>	92	84	86	<b>75</b>	63	56
Lesotho	<b>35</b>	26	26	34	<b>32</b>	35	40
<b>Total ARPU (rand per month)<sup>4</sup></b>							
Tanzania	<b>48</b>	41	34	39	<b>38</b>	30	25
DRC	<b>37</b>	33	28	35	<b>35</b>	34	35
Mozambique	<b>61</b>	57	54	62	<b>46</b>	55	50
Lesotho	<b>47</b>	44	41	57	<b>57</b>	60	65
<b>Total ARPU (local currency per month)<sup>5</sup></b>							
Tanzania (TZS)	<b>7 801</b>	6 992	6 092	7 066	<b>7 207</b>	5 761	5 153
DRC (USD)	<b>3.7</b>	3.5	3.1	4.0	<b>4.3</b>	4.1	4.5
Mozambique (MZN)	<b>184</b>	182	185	213	<b>158</b>	189	177

#### Notes:

- 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 whilst roaming. As of 30 June 2013, this excludes M2M connections, prior periods have been restated.
- Churn is calculated by dividing the annualised number of disconnections during the period by the average monthly customers during the period. During the quarter ended 30 June 2012, Tanzania, Mozambique and Lesotho changed their disconnection policy from 215 days to 90 days inactivity. Churn has been restated as a result of M2M connections excluded from active customers.
- 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.
- 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. MOU has been restated as a result of M2M connections excluded from active customers.
- 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. ARPU has been restated as a result of M2M connections excluded from active customers.

## Reconciliation of normalised growth

	Reported <sup>1</sup> % change <b>2013</b>	Gateway Carrier Services <sup>4</sup> ppt	Reported excluding GCS % change	Trading foreign exchange <sup>2</sup> ppt	Translation foreign exchange <sup>3</sup> ppt	Normalised % change <b>2013</b>
<b>Service revenue</b>						
Group	<b>2.0</b>	3.8	5.8		(2.6)	<b>3.2</b>
International	<b>8.7</b>	26.0	34.7	–	(17.5)	<b>17.2</b>
<b>Revenue</b>						
Group	<b>6.6</b>	3.4	10.0	–	(2.5)	<b>7.5</b>
International	<b>9.2</b>	25.2	34.4	–	(17.9)	<b>16.5</b>
<b>EBITDA</b>						
Group	<b>9.6</b>	(0.3)	9.3	(0.7)	(1.3)	<b>7.3</b>
International	<b>42.3</b>	(3.1)	392	1.6	(16.0)	<b>24.8</b>

The reconciliation represents normalised growth excluding foreign exchange gains/losses and at a constant currency (using current year as base) from on-going operations. The presentation of the pro-forma constant currency information from on-going operations is the responsibility of the directors of Vodacom Group Limited. The purpose to presenting this information is to assist the user in understanding the underlying growth trends in these segments. It has been prepared for illustrative purposes only and may not fairly present the financial position, changes in equity, results of operations or cash flows of Vodacom Group Limited. This information has not been reviewed and reported on by the Group's auditors.

### Notes:

1. The reported percentage change relates to the year on year percentage growth from 30 September 2012 to 30 September 2013. The Group's presentation currency is the South African rand. Our International operations include functional currencies in United States dollar, Tanzanian shilling and Mozambican metical. The prevailing exchange for the current and comparative periods are disclosed on page 27.
2. Trading foreign exchange are foreign exchange gains/losses on foreign denominated monetary assets and liabilities resulting from trading activities of entities within the Group.
3. Translation foreign exchange arises from the translation of the results, at average rates, of subsidiaries' functional currencies to Vodacom's presentation currency, being rand. The exchange variances are eliminated by applying the current period's average rate (which is derived by dividing the individual subsidiary's translated rand value with the functional currency for the six months period) to prior year numbers, thereby giving a user a view of the performance which excludes exchange variances. The prevailing exchange for the current and comparative periods are disclosed on page 27.
4. The Group disposed of its subsidiary, Gateway Carrier Services, during the previous reporting period, effective 31 August 2012. We have excluded Gateway Carrier Services from the above calculation to give the user insight into the underlying performance of our on-going operations.



## Corporate information

### 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’)

### Directors

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

### Company secretary

SF Linford

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

### Registered office

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

### Transfer secretary

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

### Media relations

Richard Boorman

### Investor relations

Thabeli Ralebiso

### Non-GAAP information

The auditor's report does not necessarily cover all of the information contained in this announcement. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's work they should obtain a copy of that report together with the accompanying financial information from the registered office of the company. This announcement contains certain non-GAAP financial information which has not been reviewed or reported on by the Group's auditors. The Group's management believes these measures provide valuable additional information in understanding the performance of the Group or the Group's businesses because they provide measures used by the Group to assess performance. However, this additional information presented is not uniformly defined by all companies, including those in the Group's industry. Accordingly, it may not be comparable with similarly titled measures and disclosures by other companies. Additionally, although these measures are important in the management of the business, they should not be viewed in isolation or as replacements for or alternatives to, but rather as complementary to, the comparable GAAP measures. Refer to page 16 and page 17 for detail relating to EBITDA and headline earnings per share.

### Trademarks

Vodafone, the Vodafone logo, Vodafone Mobile Broadband, Vodafone WebBox, Vodafone Passport, Vodafone live!, Power to You, Vodacom, Vodacom M-Pesa, Vodacom Millionaires, Vodacom 4 Less and Vodacom Change the World are trademarks of Vodafone Group Plc (or have applications pending). The trademarks RIM®, BlackBerry®, are owned by Research In Motion Limited and are registered in the US and may be pending or registered in other countries. Java® is a registered trademark of Oracle and/or its affiliates. Microsoft, Windows Mobile and ActiveSync are either registered trademarks or trademarks of Microsoft Corporation in the US and/or other countries. Google, Google Maps and Android are trademarks of Google Inc. Apple, iPhone and iPad are trademarks of Apple Inc., registered in the US and other countries. Other product and company names mentioned herein may be trademarks of their respective owners.

### Forward-looking statements

This announcement which sets out the interim results for Vodacom Group Limited for the six months ended 30 September 2013 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.

