

**Vodacom Proprietary Limited**

**Registration no. 1993/003367/07**

**Condensed consolidated interim financial statements  
for the six months ended 30 September 2016**

"The preparation of these condensed consolidated interim financial statements was supervised by the Financial Director, BB Williams CA (SA) and they have been reviewed by the independent auditor, PricewaterhouseCoopers Inc."

**Condensed consolidated interim financial statements  
for the six months ended 30 September 2016**

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**Directors' statement of responsibility**

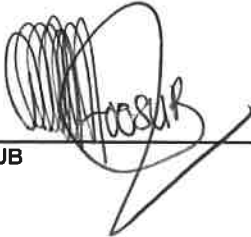
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The directors are responsible for the preparation, integrity and fair presentation of the condensed consolidated interim financial statements of Vodacom Proprietary Limited ('the Group').

These condensed consolidated interim financial statements have been reviewed by the independent auditing firm PricewaterhouseCoopers Inc. ('PwC') which was given unrestricted access to all financial records and related data, including minutes of meetings of shareholders, the Board and committees of the Board. The directors believe that all representations made to the independent auditors during their review were valid and appropriate. The auditor's review report is presented on page 1.

The condensed consolidated interim financial statements for the six months ended 30 September 2016 presented on pages 2 to 11 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 the International Accounting Standard 34: Interim Financial Reporting ('IAS 34') 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 and the requirements of the Companies Act of 2008, as amended. They are based on appropriate accounting policies which have been consistently applied and which are supported by reasonable and prudent judgements, including those involving estimations. The going concern basis has been adopted in preparing the condensed consolidated interim financial statements.

These condensed consolidated interim financial statements were approved by the board on 3 November 2016 and are signed on its behalf by:

  
\_\_\_\_\_  
**MS AZIZ JOOSUB**  
Director

  
\_\_\_\_\_  
**BB WILLIAMS**  
Director



## INDEPENDENT AUDITOR'S REVIEW REPORT ON THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

To the Shareholders of Vodacom Proprietary Limited

We have reviewed the condensed consolidated interim financial statements of Vodacom Proprietary Limited set out on pages 2 to 11, which comprise the condensed consolidated statement of financial position as at 30 September 2016 and the related condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six months then ended, and selected explanatory notes.

### *Directors' Responsibility for the Interim Financial Statements*

The directors are responsible for the preparation and presentation of these interim financial statements in accordance with the International Financial Reporting Standard, (IAS) 34: Interim Financial Reporting, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of interim financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express a conclusion on these interim financial statements. We conducted our review in accordance with International Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the interim financial statements are not prepared in all material respects in accordance with the applicable financial reporting framework. This standard also requires us to comply with relevant ethical requirements.

A review of interim financial statements in accordance with ISRE 2410 is a limited assurance engagement. We perform procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluate the evidence obtained.

The procedures in a review are substantially less than and differ in nature from those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these interim financial statements.

### *Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements of Vodacom Proprietary Limited for the six months ended 30 September 2016 are not prepared, in all material respects, in accordance with the International Financial Reporting Standard, (IAS) 34 Interim Financial Reporting, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and the requirements of the Companies Act of South Africa.

  
PricewaterhouseCoopers Inc.

Director: D.B. von Hoesslin  
Registered Auditor  
Pretoria  
3 November 2016

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Chief Executive Officer: T D Shango  
Management Committee: S N Madikane, J S Masondo, P J Mthibe, C Richardson, F Tonelli, C Volschenk  
The Company's principal place of business is at 2 Eglin Road, Sunninghill where a list of directors' names is available for inspection.  
Reg. no. 1998/012055/21, VAT reg.no. 4950174682

Condensed consolidated income statement  
for the six months ended 30 September 2016

	Note	Six months ended 30 September 2016	Six months ended 30 September 2015	Year end 31 March 2016
		Rm Reviewed	Rm Unaudited Restated	Rm Audited
Revenue	8	31 497.4	30 332.9	62 367.8
Direct expenses	8	(12 220.6)	(12 624.6)	(26 096.2)
Staff expenses		(1 772.8)	(1 555.7)	(3 372.4)
Publicity expenses		(614.8)	(596.8)	(1 256.8)
Other operating expenses		(3 879.7)	(3 316.8)	(6 709.5)
Depreciation and amortisation		(3 002.2)	(2 739.3)	(5 738.4)
Black economic empowerment charge		(29.8)	(46.1)	(61.9)
Profit from joint venture		0.4	0.3	0.9
<b>Operating profit</b>		<b>9 977.9</b>	<b>9 453.9</b>	<b>19 133.5</b>
Finance income		255.1	266.9	576.4
Finance costs		(1 162.3)	(969.1)	(2 016.2)
Net gain/(loss) on remeasurement and disposal of financial instruments		72.5	32.5	(395.4)
<b>Profit before tax</b>		<b>9 143.2</b>	<b>8 784.2</b>	<b>17 298.3</b>
Taxation		(2 513.3)	(2 528.5)	(5 060.5)
<b>Net profit</b>		<b>6 629.9</b>	<b>6 255.7</b>	<b>12 237.8</b>
<b>Attributable to:</b>				
Equity shareholders		6 625.9	6 256.0	12 226.3
Non-controlling interests		4.0	(0.3)	11.5
		<b>6 629.9</b>	<b>6 255.7</b>	<b>12 237.8</b>
		<b>Six months ended 30 September 2016</b>	<b>Six months ended 30 September 2015</b>	<b>Year end 31 March 2016</b>
		<b>Cents Reviewed</b>	<b>Cents Unaudited</b>	<b>Cents Audited</b>
Basic earnings per share	3	147	139	272
Diluted earnings per share	3	144	136	266

**Condensed consolidated statement of comprehensive income  
for the six months ended 30 September 2016**

	Six months ended 30 September 2016	Six months ended 30 September 2015	Year end 31 March 2016
	Rm Reviewed	Rm Unaudited	Rm Audited
<b>Net profit</b>	6 629.9	6 255.7	12 237.8
<b>Other comprehensive income</b>			
Gains on hedging instruments in a cash flow hedge, net of tax <sup>1</sup>	-	15.8	4.4
<b>Total comprehensive income</b>	<u>6 629.9</u>	<u>6 271.5</u>	<u>12 242.2</u>
<b>Attributable to:</b>			
Equity shareholders	6 625.9	6 271.8	12 230.7
Non-controlling interests	4.0	(0.3)	11.5
	<u>6 629.9</u>	<u>6 271.5</u>	<u>12 242.2</u>

Note:

1. Other comprehensive income can subsequently be recognised in profit or loss when the hedged item is recognised in profit or loss.

**Condensed consolidated statement of financial position  
as at 30 September 2016**

	As at 30 September 2016 Rm Reviewed	As at 30 September 2015 Rm Unaudited	As at 31 March 2016 Rm Audited
<b>Assets</b>			
<b>Non-current assets</b>	35 071.8	31 545.2	33 672.5
Property, plant and equipment	27 529.7	25 093.4	26 404.2
Intangible assets	6 054.4	4 922.9	6 128.3
Investments in joint venture	4.8	3.8	4.4
Financial assets	376.4	329.4	280.0
Finance receivables	888.1	971.1	760.7
Trade and other receivables	100.9	211.7	78.8
Deferred tax	117.5	12.9	16.1
<b>Current assets</b>	19 929.3	17 918.0	14 722.8
Financial assets	328.4	216.7	200.0
Finance receivables	1 602.6	1 570.9	1 390.1
Inventory	952.7	843.1	1 461.4
Trade and other receivables	11 170.2	11 053.2	10 039.8
Tax receivable	96.8	34.7	-
Overnight deposits	5 114.2	3 120.0	681.1
Cash and cash equivalents	664.4	1 079.4	950.4
<b>Total assets</b>	<u>55 001.1</u>	<u>49 463.2</u>	<u>48 395.3</u>
<b>Equity and liabilities</b>			
Fully paid share capital	*	*	*
Retained earnings	6 430.3	6 248.9	7 348.7
Forfeitable share plan advance distribution	(231.3)	(199.0)	(164.3)
Cash flow hedge reserve	-	11.3	-
Broad-based black economic empowerment participants	516.1	516.1	516.1
Equity attributable to owners of the parent	6 715.1	6 577.3	7 700.5
Non-controlling interest	8.6	40.8	29.5
<b>Total equity</b>	6 723.7	6 618.1	7 730.0
<b>Non-current liabilities</b>	27 659.0	20 157.0	23 397.8
Borrowings	25 307.4	18 189.2	21 310.1
Provisions	119.0	113.1	104.6
Trade and other payables	568.2	642.4	552.5
Deferred tax	1 664.4	1 212.3	1 430.6
<b>Current liabilities</b>	20 618.4	22 688.1	17 267.5
Borrowings	709.6	3 617.1	638.7
Provisions	83.8	63.8	77.6
Trade and other payables	13 151.1	13 453.7	15 239.3
Tax payable	9.8	22.2	110.0
Dividends payable	3.5	2.5	2.5
Overnight borrowings	6 634.8	5 526.1	1 049.2
Bank overdraft	25.8	2.7	150.2
<b>Total equity and liabilities</b>	<u>55 001.1</u>	<u>49 463.2</u>	<u>48 395.3</u>

(\*) Less than R50,000.

**Condensed consolidated statement of changes in equity  
for the six months ended 30 September 2016**

	Equity shareholders Rm	BBBEE participants (^) Rm	Non-controlling interest Rm	Total equity Rm
<b>1 April 2016</b>	7 184.4	516.1	29.5	7 730.0
Total comprehensive income	6 625.9	-	4.0	6 629.9
Dividends	(7 476.1)	-	(6.4)	(7 482.5)
Share-based payments	(70.1)	-	-	(70.1)
Changes in subsidiary holdings	(65.1)	-	(18.5)	(83.6)
<b>30 September 2016 - Reviewed</b>	<b>6 199.0</b>	<b>516.1</b>	<b>8.6</b>	<b>6 723.7</b>
<b>1 April 2015</b>	6 681.1	516.1	79.1	7 276.3
Total comprehensive income	6 271.8	-	(0.3)	6 271.5
Dividends	(6 858.8)	-	(11.3)	(6 870.1)
Share-based payments	(19.6)	-	-	(19.6)
Changes in subsidiary holdings	(13.3)	-	(26.7)	(40.0)
<b>30 September 2015 - Unaudited</b>	<b>6 061.2</b>	<b>516.1</b>	<b>40.8</b>	<b>6 618.1</b>
<b>1 April 2015</b>	6 681.1	516.1	79.1	7 276.3
Total comprehensive income	12 230.7	-	11.5	12 242.2
Dividends	(11 709.5)	-	(16.5)	(11 726.0)
Share-based payments	62.1	-	-	62.1
Changes in subsidiary holdings	(80.0)	-	(44.6)	(124.6)
<b>31 March 2016 - Audited</b>	<b>7 184.4</b>	<b>516.1</b>	<b>29.5</b>	<b>7 730.0</b>

(^ ) BBBEE participants - Broad-based Black Economic Empowerment participants.

**Condensed consolidated statement of cash flows  
for the six months ended 30 September 2016**

	Six months ended 30 September 2016 Rm Reviewed	Six months ended 30 September 2015 Rm Unaudited	Year end 31 March 2016  Rm Audited
<b>Cash flows from operating activities</b>			
Cash generated from operations	10 776.8	8 989.6	23 988.2
Tax paid	(2 577.2)	(2 412.3)	(4 753.5)
<b>Net cash flows from operating activities</b>	<b>8 199.6</b>	<b>6 577.3</b>	<b>19 234.7</b>
<b>Cash flows from investing activities</b>			
Net additions to property, plant and equipment and intangible assets	(4 626.4)	(3 741.7)	(8 313.7)
Business combinations	(149.6)	-	(573.5)
Other investing activities	54.0	421.9	604.2
<b>Net cash flows from investing activities</b>	<b>(4 722.0)</b>	<b>(3 319.8)</b>	<b>(8 283.0)</b>
<b>Cash flows from financing activities</b>			
Repurchase and sale of shares	(118.7)	(104.9)	(121.3)
Movement in borrowings, including finance costs paid	4 041.7	3 626.3	548.3
Dividends paid	(7 478.4)	(6 867.2)	(11 726.0)
Acquisition of additional interest in subsidiaries	(83.8)	(71.5)	(128.0)
<b>Net cash flows from financing activities</b>	<b>(3 639.2)</b>	<b>(3 417.3)</b>	<b>(11 427.0)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(161.6)</b>	<b>11.5</b>	<b>(176.2)</b>
Cash and cash equivalents in the beginning of the period/year	800.2	1 065.2	976.4
<b>Cash and cash equivalents at the end of the period/year</b>	<b>638.6</b>	<b>1 076.7</b>	<b>800.2</b>



**Notes to the condensed consolidated interim financial statements  
for the six months ended 30 September 2016**

**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 IFRS and in accordance with and containing the information required by IAS 34: Interim Financial Reporting as issued by the IASB, the Financial Reporting Guides as issued by the SAICA Accounting Practices Committee, Financial Pronouncements as issued by the Financial Reporting Standards Council 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, judgements, estimates and methods of computation are consistent in all material respects with those applied in the consolidated annual financial statements for the year ended 31 March 2016, except as disclosed in Note 2. The significant accounting policies are available for inspection at the Group's registered office.

These condensed consolidated interim financial statements have been reviewed by PwC whose unmodified review report is presented on page 1.

**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 2016, 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 2017.

**3. Per share calculations**

**3.1 Earnings and dividends per share**

	Six months ended 30 September 2016 Cents Reviewed	Six months ended 30 September 2015 Cents Unaudited	Year ended 31 March 2016 Cents Audited
Basic earnings per share	147	139	272
Diluted earnings per share	144	136	266
Headline earnings per share	147	139	272
Diluted headline earnings per share	144	136	266
Dividends per share	129	113	259

Earnings per share calculations are based on earnings and the weighted average number of ordinary shares outstanding as set out below:

	Six months ended 30 September 2016 Rm Reviewed	Six months ended 30 September 2015 Rm Unaudited	Year ended 31 March 2016 Rm Audited
<b>3.2 Diluted earnings reconciliation</b>			
Earnings attributable to equity shareholders for basic earnings per share	6 625.9	6 256.0	12 226.3
Adjusted for:			
Dilutive effect of potential ordinary shares	29.0	18.4	76.4
Earnings for Diluted earnings per share	<u>6 654.9</u>	<u>6 274.4</u>	<u>12 302.7</u>

Notes to the condensed consolidated interim financial statements  
for the six months ended 30 September 2016

3. Per share calculations (continued)

	Six months ended 30 September 2016 Rm Reviewed	Six months ended 30 September 2015 Rm Unaudited	Year ended 31 March 2016 Rm Audited
<b>3.3 Headline earnings reconciliation</b>			
Earnings attributable to equity shareholders, for basic earnings per share	6 625.9	6 256.0	12 226.3
Adjusted for:			
Net loss/(profit) on disposal of property, plant and equipment and intangible assets	2.0	(4.8)	9.2
Loss/(profit) on disposal of property, plant and equipment and intangible assets	2.8	(6.7)	12.7
Tax thereon	(0.8)	1.9	(3.5)
Net impairment losses	-	-	10.2
Impairment losses	-	-	14.1
Tax thereon	-	-	(3.9)
Headline earnings for headline earnings per share <sup>1</sup>	6 627.9	6 251.2	12 245.7
Dilutive effect of potential ordinary shares	29.0	18.4	76.4
Headline earnings for diluted headline earnings per share <sup>1</sup>	6 656.9	6 269.6	12 322.1

Note:

1. This disclosure is a requirement of the JSE Limited and is not a recognised measure under IFRS. It has been calculated in accordance with Circular 2/2015 as issued by SAICA.

	Six months ended 30 September 2016 Reviewed	Six months ended 30 September 2015 Unaudited	Year ended 31 March 2016 Audited
<b>Reconciliation of weighted average number of ordinary shares outstanding</b>			
For basic and headline earnings per share	4 500 000 000	4 500 000 000	4 500 000 000
Adjusted for:			
Dilutive effect of potential ordinary shares	130 674 798	124 645 161	129 926 263
For diluted earnings and diluted headline earnings per share	4 630 674 798	4 624 645 161	4 629 926 263

3.4 Dividends per share

Dividends per share calculations are based on a total dividend of R5 806.1 million (30 September 2015: R5 097.1 million, 31 March 2016: R11 641.4 million) and shares of 4 518 000 000 for all reporting periods. R5 782.9 million (30 September 2015: R5 076.8 million, 31 March 2016: R11 595.0 million) of the total dividend was paid to Vodacom Group Limited.

4. Related parties

The amounts disclosed in Notes 4.1 and 4.2 include significant balances and transactions with the Group's joint venture and parent, including entities in its group.

Notes to the condensed consolidated interim financial statements  
for the six months ended 30 September 2016

4. Related parties (continued)

	As at 30 September 2016 Rm Reviewed	As at 30 September 2015 Rm Unaudited	As at 31 March 2016 Rm Audited
<b>4.1 Balances with related parties</b>			
Borrowings	23 681.3	11 904.8	19 613.9
<b>4.2 Net transactions with related parties</b>			
Dividends declared	(7 457.4)	(6 844.3)	(11 688.1)
Prior financial year	(1 674.5)	(1 767.5)	(1 767.5)
Current financial year	(5 782.9)	(5 076.8)	(9 920.6)
Finance costs	(1 103.6)	(870.1)	(1 856.2)

Full details of balances and transactions with related parties were disclosed in the Group's consolidated annual financial statements for the year ending 31 March 2016.

4.3 Directors' and key management personnel remuneration

Compensation paid to the Group's Board, prescribed officers and key management personnel were disclosed in the Group's consolidated annual financial statements for the year ending 31 March 2016. MM Mbungela and FN Bhattay were appointed as Executive directors with effect from 1 March 2016 and 9 June 2016 respectively.

	As at 30 September 2016 Rm Reviewed	As at 30 September 2015 Rm Unaudited	As at 31 March 2016 Rm Audited
<b>5. Capital commitments</b>			
Capital expenditure contracted for but not yet incurred	6 102.0	3 561.1	3 356.9
<b>6. Capital expenditure incurred</b>			
Capital expenditure additions including software	4 062.2	4 048.9	8 747.2

7. Trade and other payables

The movement in trade and other payables for the six months ended 30 September 2016 relates primarily to the launch of new devices.

8. Borrowings and facilities

During the current period the Group drew on a facility from Vodafone Investments Luxembourg s.a.r.l. with a nominal value of R4,000.0 million, which will be used primarily for capital expenditure. The loan bears interest payable quarterly at three-month JIBAR plus 1.57%, is unsecured and repayable on 29 July 2021.

The movement in the overnight borrowings account with Vodacom Group Limited for the six months ended 30 September 2016, relates primarily to the capital expenditure incurred.

Cash receipts from customers are transferred to the overnight deposit account with Vodacom Group Limited to ensure sufficient funds are available for dividend and tax payments.

9. Prior period restatement

The Group historically recognised equipment revenue from finance deals on a gross basis with the corresponding cost in direct expenses. This accounting treatment was revisited in the prior year, and as a result, the Group has restated its consolidated income statement, leading to a decrease in equipment revenue and a corresponding decrease in direct expenses in previous financial years. The restatement has no impact on earnings or earnings per share. The amount of the correction was as follows:

**Notes to the condensed consolidated interim financial statements  
for the six months ended 30 September 2016**

**9. Prior period restatement (continued)**

**Six months ended  
30 September  
2015  
Rm**

Revenue	(1 404.3)
Direct expenses	1 404.3

**10. Contingencies**

**10.1 Guarantees**

The Group issued various guarantees, relating to external financial obligations of its subsidiaries, which amounted to R119.4 million (30 September 2015: R116.3 million; 31 March 2016: R112.9 million).

**10.2 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. The Group has made sufficient provision for any losses arising from tax exposures that are more likely to occur than not. The Group does not have any known uncertain tax positions as at 30 September 2016.

**10.3 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 30 September 2016. Litigations, current or pending, are not likely to have a material adverse effect on the Group.

**10.3.1 Kenneth Makate ('Mr Makate') vs Vodacom Proprietary Limited ('the Company')**

The Constitutional Court, inter alia, directed the Group to commence negotiations with Mr Makate in order to determine a reasonable compensation payable to him for a business idea that led to a product known as 'Please Call Me'. Negotiations have commenced and are ongoing.

**11. Other matters**

**11.1 Competition Commission complaint lodged by Cell C**

Investigations on this complaint are ongoing and the Group has complied with information requests in this regard.

**11.2 Radio frequency spectrum licences**

On 15 July 2016, the Independent Communications Authority of South Africa ('Icasa') gazetted an Invitation to Apply ('ITA') for spectrum licences to provide mobile broadband services in the 700MHz, 800MHz and 2600MHz bands. The Ministry of Telecommunications and Postal Services ('the ministry') launched a High Court application to have the implementation of the ITA interdicted, and on 30 September 2016, the Pretoria High Court granted the interdict which prevents Icasa from implementing the spectrum licencing process contemplated in the ITA, pending an outcome of review.

**11.3 Integrated information and communication technology ('ICT') Policy White Paper ('White Paper')**

The ministry published the White Paper, as approved by Cabinet, on 2 October 2016. The ministry intends to effect amendments to various acts, including the Electronic Communications Act ('ECA'), Broadcasting Act, Icasa Act, Electronic Communications and Transactions Act, and other affected legislation to bring it in line with the White Paper. For the White Paper to become effective, a number of new laws would need to be promulgated or existing laws amended, allowing for public participation and legal challenge. These acts can also be legally challenged. Any administrative actions by Icasa will also follow a consultation process as provided for in the ECA. This would allow for affected parties such as the Group to provide comments.

**11.4 Broad Based Black Economic Empowerment ('BBBEE') Act**

The revised draft ICT sector code published by the Department of Trade and Industry is expected to be finalised in October 2016, with the effective date being 1 April 2016.

**11.5 Increase in Xlink Proprietary Limited shareholding ('Xlink') to 100%**

Effective 27 June 2016, the Group purchased the remaining 26.77% share in Xlink for an amount of R74.7 million. The additional interest purchased in Xlink has increased the Group's shareholding to 100.0%.

**Notes to the condensed consolidated interim financial statements  
for the six months ended 30 September 2016**

**12. Events after 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.

**13. Financial instruments and risk management**

**13.1 Fair value hierarchy**

The table below sets out the valuation basis of financial instruments measured at fair value:

	As at 30 September 2016 Rm Reviewed	As at 30 September 2015 Rm Unaudited	As at 31 March 2016 Rm Audited
Level one <sup>1</sup>			
Financial assets and liabilities at fair value through profit or loss, classified as held for trading			
Unit trust investments	205.0	168.5	186.8
Level two <sup>2</sup>			
Derivatives designated as fair value hedging instruments			
Derivative financial assets	23.5	244.2	72.5
Derivative financial liabilities	(93.2)	(97.1)	(164.2)
Level three <sup>3</sup>			
Financial assets and liabilities at fair value through profit or loss, classified as held for trading			
Equity linked notes	-	172.9	172.9
	135.3	488.5	268.0
	135.3	488.5	268.0

The fair value of foreign exchange forward contracts are determined with reference to quoted market prices for similar instruments, being the mid forward rates as at the reporting date.

Notes:

<sup>1</sup> Level one classification is used when the valuation is determined using quoted prices in an active market.

<sup>2</sup> Level two classification is used when valuation inputs used to determine fair value are observable for the asset/(liability), either directly as prices or indirectly when derived from prices.

<sup>3</sup> Level three classification is used when unobservable valuation inputs are used to determine the fair value for the asset/(liability).