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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER

PURSUANT TO RULE 13a-16 OR 15d-16
UNDER THE SECURITIES EXCHANGE ACT OF 1934

For the month of: August 2006

001-31609
(Commission File Number)

Telkom SA Limited
(Translation of registrant’s name into English)

Telkom Towers North
152 Proes Street
Pretoria 0002
The Republic of South Africa
(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F |X| Form 40-F |_|

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): |_|

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): |_|

Indicate by check mark whether by furnishing the information contained on this Form, the registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes |_| No |X|

If “Yes” is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82-_____.

On June 5, 2006, Telkom SA Limited ("Telkom") issued summarized group annual results for the year ended March 31, 2006. A copy of the summarized group annual results is attached hereto as Exhibit 99.1 and is incorporated herein by reference. The summarized group annual results contain forward looking statements and include cautionary statements identifying important factors that could cause actual results to differ materially from those anticipated.

On June 5, 2006, Vodacom Group (Proprietary) Limited ("Vodacom") (unlisted), in which Telkom has a 50% holding, issued summarized annual results for the year ended March 31, 2006. A copy of the summarized annual results is attached hereto as Exhibit 99.2 and is incorporated herein by reference. The summarized annual results contain forward looking statements and include cautionary statements identifying important factors that could cause actual results to differ materially from those anticipated.

On July 17, 2006, Telkom announced the repurchase of a further 16,901,901 Telkom ordinary shares through the order book operated by the JSE Limited. A copy of the announcement is attached hereto as Exhibit 99.3 and is incorporated herein by reference.

On July 26, 2006, Vodacom announced its quarterly trading update for the three months ended June 30, 2006. A copy of the announcement is attached hereto as Exhibit 99.4 and is incorporated herein by reference.

On August 7, 2006, Telkom advised shareholders that its Form 20-F for the fiscal year ended March 31, 2006 was filed with the U.S. Securities and Exchange Commission on August 4, 2006. A copy of the announcement is attached hereto as Exhibit 99.5 and is incorporated herein by reference. The announcement contains forward looking statements and includes cautionary statements identifying important factors that could cause actual results to differ materially from those anticipated.

On August 10, 2006, Telkom advised Business Connexion Group Limited (“BCX”) shareholders that certain conditions precedent are not expected to be fulfilled by August 10, 2006, as anticipated in the BCX scheme document issued on May 19, 2006. A copy of the announcement is attached hereto as Exhibit 99.6 and is incorporated herein by reference.

SPECIAL NOTE REGARDING FORWARD LOOKING STATEMENTS

All statements contained herein and in the exhibits incorporated by reference herein, as well as oral statements that may be made by Telkom or Vodacom, or by officers, directors or employees acting on their behalf, that are not statements of historical facts, constitute or are based on forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995, specifically Section 27A of the U.S. Securities Act of 1933, as amended, and Section 21E of the U.S. Securities Exchange Act of 1934, as amended. Such forward-looking statements involve a number of known and unknown risks, uncertainties and other factors that could cause Telkom's or Vodacom's actual results and outcomes to be materially different from historical results or from any future results expressed or implied by such forward-looking statements. Among the factors that could cause Telkom's or Vodacom's actual results or outcomes to differ materially from their expectations are those risks identified in Item 3. "Key Information-Risk Factors" contained in Telkom's most recent annual report on Form 20-F filed with the U.S. Securities and Exchange Commission ("SEC") and Telkom's other filings and submissions with the SEC, which are available on Telkom's website at www.Telkom.co.za/ir, including, but not limited to, increased competition in the South African telecommunications market; developments in the regulatory environment; continued mobile growth and reductions in Vodacom's and Telkom's net interconnect margins; Vodacom's and Telkom's ability to expand their operations and make investments and acquisitions in other African countries and the general economic, political, social and legal conditions in South Africa and in other countries where Vodacom and Telkom invest; our ability to attract and retain key personnel; our inability to appoint a majority of Vodacom's directors and the consensus approval rights at Vodacom may limit our flexibility and ability to implement our preferred strategies; Vodacom's continued payment of dividends or distributions to us; our ability to improve and maintain our management information and other systems; our negative working capital; changes in technology and delays in the implementation of new technologies; our ability to reduce theft, vandalism, network and payphone fraud and lost revenue to non-licensed operators; our ability to improve our internal control over financial reporting; health risks to related mobile handsets, base stations and associated equipment; risks related to our control by the Government of the Republic of South Africa and major shareholders and the South African Government's other positions in the telecommunications industry; the outcome of regulatory, legal and arbitration proceedings, including tariff approvals, and the outcome of Telkom's hearings before the Competition Commission, its proceedings with Telcordia Technologies Incorporated and others; our ability to negotiate favorable terms, rates and conditions for the provision of interconnection services and facilities leasing services; our ability to implement and recover the substantial capital and operational costs associated with carrier pre-selection, number portability and the monitoring, interception and customer registration requirements contained in the South African Regulation of Interception of Communications and Provisions of Communication-Related Information Act; Telkom's ability to comply with the South African Public Finance Management Act and South African Public Audit Act and the impact of the Municipal Property Rates Act; fluctuations in the value of the Rand; the impact of unemployment, poverty, crime and HIV infection, labor laws and exchange control restrictions in South Africa; and other matters not yet known to Telkom or Vodacom or not currently considered material by them.

We caution you not to place undue reliance on these forward-looking statements. All written and oral forward-looking statements attributable to Telkom or Vodacom, or persons acting on their behalf, are qualified in their entirety by these cautionary statements. Moreover, unless Telkom or Vodacom is required by law to update these statements, they will not necessarily update any of these statements after the date of this report, either to conform them to actual results or to changes in their expectations.

Exhibit	Description
99.1	Summarized group annual results for the year ended March 31, 2006, issued by Telkom SA Limited ("Telkom") on June 5, 2006.
99.2	Summarized annual results for the year ended March 31, 2006, issued by Vodacom (Proprietary) Limited ("Vodacom") on June 5, 2006.
99.3	Announcement, dated July 17, 2006, issued by Telkom, notifying of Telkom's repurchase of a further 16,901,901 Telkom ordinary shares.
99.4	Announcement, issued by Vodacom on July 26, 2006, of its quarterly trading update for the three months ended June 30, 2006.
99.5	Announcement, dated August 7, 2006, advising shareholders that Telkom has filed its Form 20-F for the fiscal year ended March 31, 2006 with the U.S. Securities and Exchange Commission on August 4, 2006.
99.6	Announcement, dated August 10, 2006, advising Business Connexion Group Limited ("BCX") shareholders that certain conditions precedent are not expected to be fulfilled by August 10, 2006, as anticipated in the BCX scheme document issued on May 19, 2006.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

TELKOM SA LIMITED

By: /s/ Kaushik Patel
Name: Kaushik Patel
Title: Chief Financial Officer

Date: August 28, 2006

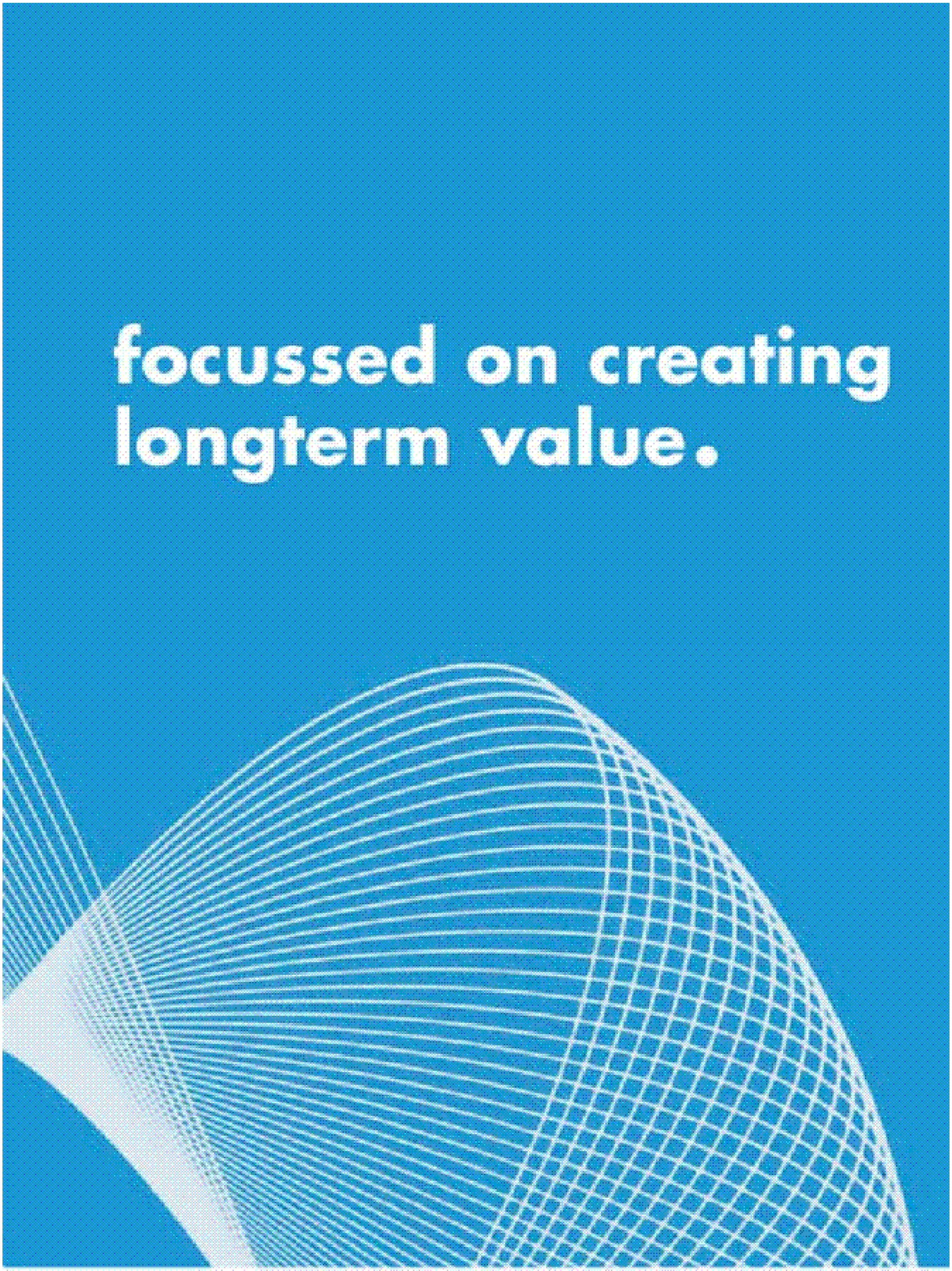
EXHI

Telkom Group annual results

for the year ended March 31, 2006

Telkom SA Limited

Registration no. 1991/005476/06
JSE and NYSE share code: TKG
ISIN: ZAE000044897


focussed on creating
longterm value.

This information is also available on Telkom's investor relations website http://www.telkom.co.za/ir

Telkom SA Limited is listed on the JSE Limited and the New York Stock Exchange. Information may be accessed on Reuters under the symbols TKG.J and TKG.N and on Bloomberg under the symbol TKG.JH.

index

1 Highlights

Johannesburg, South Africa – June 5, 2006, Telkom SA Limited (JSE and NYSE: TKG), South Africa's largest communications Group today announced group results for the year ended March 31, 2006. The Group delivered strong performance across both business segments primarily as a result of continued growth in the fixed-line and mobile business and cost reductions in the fixed-line business.

The Group declared an ordinary annual dividend of 500 cents per share on June 2, 2006, and a special dividend of 400 cents per share, payable on July 14, 2006, for shareholders registered on July 7, 2006.

GROUP FINANCIAL HIGHLIGHTS FOR THE YEAR ENDED MARCH 31, 2006

- Operating revenue up 10.3% to R47,625 million
- 30.3% growth in operating profit to R14,677 million
- 43.2% group EBITDA margin
- 1.6% net debt decrease to R6,828 million, and net debt to equity of 23.2%
- Headline earnings increased by 36.1% to 1,740.5 cents per share
- Basic earnings per share increased by 39.9% to 1,744.7 cents

Statement by Papi Molotsane, Chief Executive Officer:

"The Telkom Group has delivered another strong set of results with headline earnings per share growth of 36.1% to 1,740.5 cents per share. The fixed-line business performance was driven mainly from revenue growth of 4.1% and a decrease in operating expenses of 3.2% and the mobile business by customer growth achieving gross connections for the year of 11.8 million.

Telkom stands at an important point in its development in an industry undergoing fundamental changes.

Our customers require increasingly sophisticated products and services as technologies converge and the industry worldwide moves to an IP-based operating standard. In view of this, and with greater certainty in the loca regulatory dispensation following accelerated liberalisation of the market, management has redefined its strategy to compete across the ICT value chain.

In view of the opportunities in our dynamic environment, and fully appraised of where we need to improve to compete effectively, Telkom has set its sights on being a leading ICT solutions provider. Our strategy aims to create long-term value for all stakeholders through customer centricity, investing in our employees and our network, defending and growing revenues, playing a central role in South Africa's competitiveness and growth, and thereby, making healthy financial returns for our shareholders sustainable."

STRONG FINANCIAL PERFORMANCE

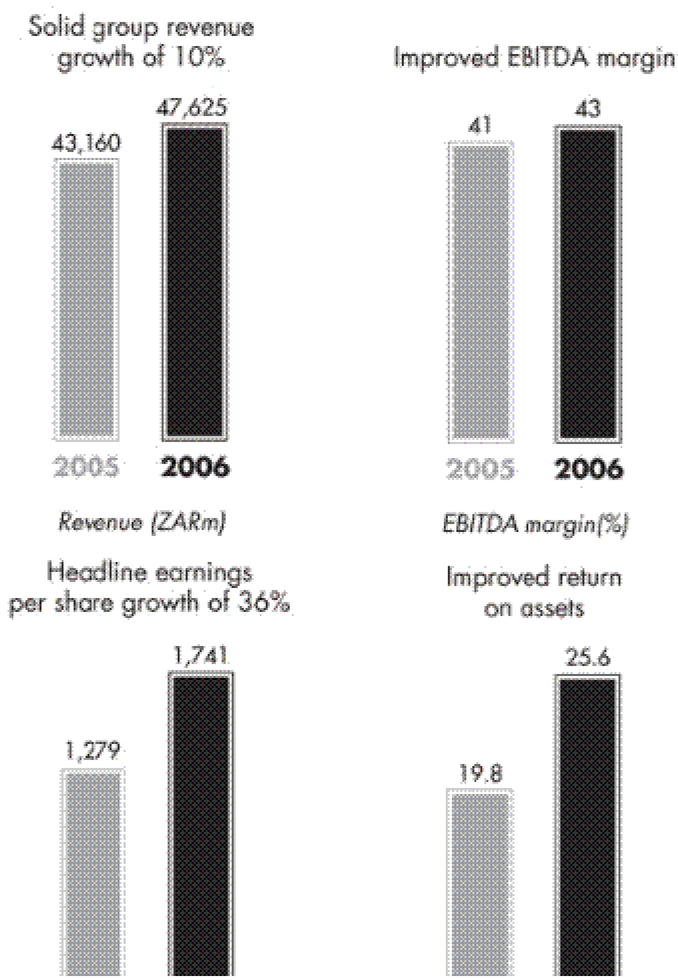
The Group has delivered a strong performance for the financial year ended March 31, 2006. Group operating revenue increased 10.3% to R47,625 million and operating profit increased 30.3% to R14,677 million. The Group earnings before interest, tax, depreciation and amortisation ("EBITDA") margin increased to 43.2% compared to 40.7%, at March 31, 2005, mainly due to fixed-line data revenue growth, lower fixed-line employee costs as a result of a workforce reduction and a consistent mobile business EBITDA margin of 34.7% from strong customer growth.

Headline earnings per share grew by 36.1% to 1,740.5 cents per share and basic earnings per share grew 39.9% to 1,744.7 cents per share. The strong growth in earnings was attributed to the increase in operating profit and a 27.3% reduction in finance charges.

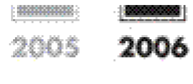
Cash generated from operations increased 5.9% to R19,724 million and facilitated capital expenditure of R7,396 million and the repurchase of 12,086,920 Telkom shares to the value of R1,502 million. Our net debt to equity ratio of 23.2% at March 31, 2006, is below the announced targeted range of between 50% and 70%.

SUMMARY GROUP FINANCIAL RESULTS

In ZAR millions	March 31, Restated 2005	**2006**	%
Operating revenue	43,160	**47,625**	10.3
Operating profit	11,261	**14,677**	30.3
EBITDA	17,549	**20,553**	17.1
Capital expenditure	5,850	**7,508**	28.3
Operating free cash flow	10,034	**7,104**	(29.2)
Net debt	6,941	**6,828**	(1.6)
Basic EPS (ZAR cents)	1,246.7	**1,744.7**	39.9
Headline EPS (ZAR cents)	1,279.0	**1,740.5**	36.1
Operating profit margin (%)	26.1	**30.8**	
EBITDA margin (%)	40.7	**43.2**	
Net debt to equity (%)	26.3	**23.2**	
After tax operating return on assets (%)	19.8	**25.6**	
Capex to revenue (%)	13.6	**15.8**	

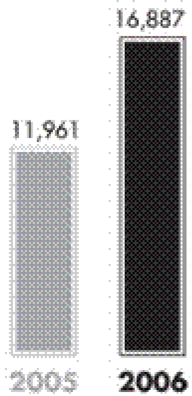


HEPS (ZAR cents)



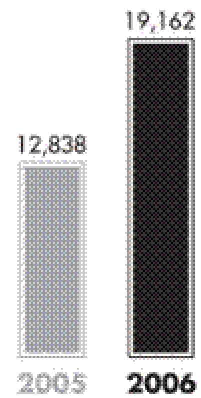
ROA (%)

41% growth in managed data network sites



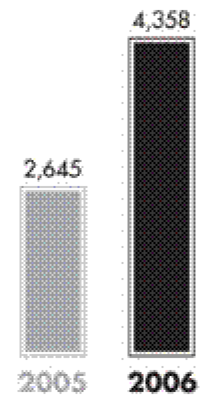
Number of managed data network sites

49% growth in SA mobile customers



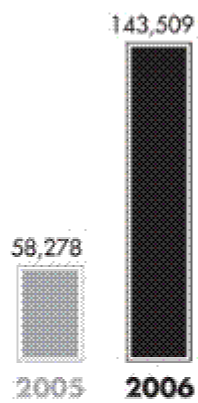
SA mobile customers ('000)

65% growth in Other African mobile customers



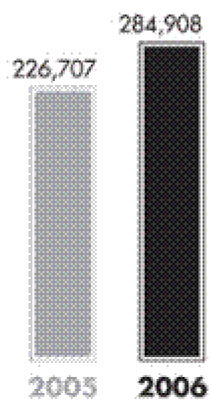
Mobile customers ('000)

146% growth in ADSL subscribers



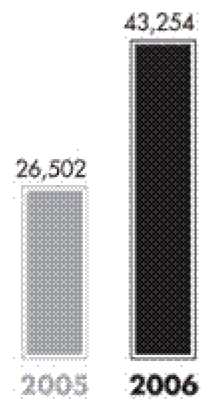
ADSL subscribers

26% growth in Internet subscribers

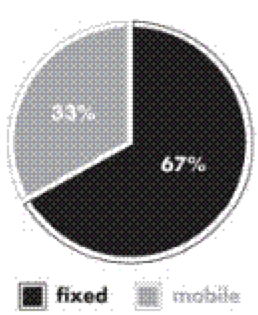


Internet subscribers

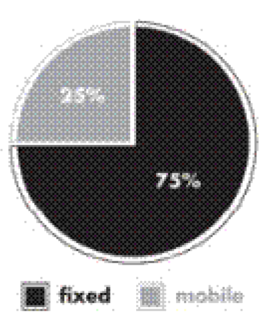
63% growth Cellular operator fixed links



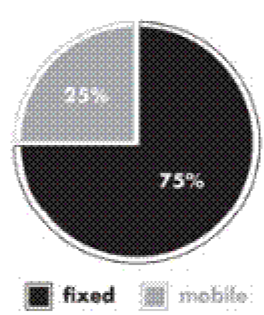
Number of cellular operator fixed links



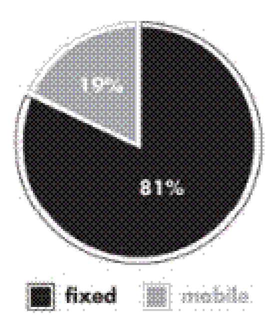
Operating revenue



Operating profit



EBITDA



Profit attributable to equity holders

After inter-segmental elimination

OPERATIONAL DATA

	March 31, 2005	2006	%
Fixed-line data			
Fixed access lines ('000)[1]	4,725	**4,708**	(0.4
Postpaid – PSTN	3,006	**2,996**	(0.3
Postpaid – ISDN channels	663	**693**	4.
Prepaid	887	**854**	(3.7
Payphones	169	**165**	(2.4
Fixed-line penetration rate (%)	10.1	**10.0**	(1.0
Revenue per fixed access line (ZAR)	5,245	**5,304**	1.
Total fixed-line traffic (millions of minutes)	31,706	**31,015**	(2.2
Local	19,314	**18,253**	(5.5
Long distance	4,453	**4,446**	(0.2
Fixed-to-mobile	3,911	**4,064**	3.
International outgoing	415	**515**	24.1
International VoIP	89	**83**	(6.7
Interconnection	3,524	**3,654**	3.
Mobile interconnection	2,206	**2,299**	4.
International interconnection	1,318	**1,355**	2.
Managed data networks	11,961	**16,887**	41.
Internet customers [3]	226,707	**284,908**	25.
ADSL [2]	58,278	**143,509**	146.
Fixed-line employees (excluding subsidiaries)	28,972	**25,575**	(11.7
Fixed-line employees (including subsidiaries)	29,544	**26,156**	(11.5
Fixed-lines per fixed-line employee	163	**184**	12.
Mobile data [4]			
Total customers ('000)	15,483	**23,520**	51.
South Africa			
Mobile customers ('000)	12,838	**19,162**	49.
Contract	1,872	**2,362**	26.
Prepaid	10,941	**16,770**	53.
Community services telephones	25	**30**	20.
Mobile churn (%)	27.1	**17.7**	(34.7
Contract	9.1	**10.0**	9.
Prepaid	30.3	**18.8**	(38.0
Mobile market share (%)	55.7	**57.9**	3.
Mobile penetration (%)	49.5	**70.6**	26.
Total mobile traffic (millions of minutes)	14,218	**17,066**	20.
Mobile ARPU (ZAR)	163	**139**	(14.7
Contract	624	**572**	(8.3
Prepaid	78	**69**	(11.5
Community services	2,321	**1,796**	(22.6
Mobile employees	3,954	**4,148**	4.
Mobile customers per mobile employee	3,247	**4,620**	42.
Other African countries			
Mobile customers (thousands)	2,645	**4,358**	64.
Mobile employees	1,039	**1,154**	11.
Mobile customers per mobile employee	2,546	**3,776**	48.

1. Excludes Telkom internal lines of 103,740

(2005: 108,521)
2. Excludes Telkom internal lines of 249
(2005: 254)
3. Includes Telkom Internet ADSL, satellite
and dial-up subscribers
4. 100% of Vodacom data

2 Operational Overview

DELIVERED TO ALL STAKEHOLDERS

The Group delivered on its strategic intent during the financial year to March 31, 2006, by striving to fulfil custome needs, introducing innovative products and delivering impressive financial returns to shareholders.

The fixed-line revenue continues to exceed expectations, improving 4.1% despite tariff reductions across our product range and the loss of dial-up minutes due to our ADSL rollout. The tariff reductions were offset by strong volume growth in data services, increased revenue from mobile outgoing calls and rental and service fees. Operating margins improved mainly due to a reduction in employee expenses and lower depreciation due to the extension of useful lives of certain assets.

Mobile South African customers increased 49.3% during the year, reinforcing Vodacom's market leadership position in South Africa. Exceptional customer growth and improved efficiencies in the mobile business resulted i a stable EBITDA margin at 34.7% against a declining ARPU due to lower income segment customer connections

INCREASING IMPORTANCE OF DATA REVENUE

The fixed-line business achieved a 14.4% increase in data revenue for the year ended March 31, 2006, with goo growth in all data revenue categories.

ADSL adoption in the consumer and small and medium size business segment increased in the year ended March 31, 2006, 146% from 58,278 to 143,509 services as at March 31, 2006, due to our focused roll-out strateg to achieve ADSL penetration of 15% – 20% of fixed access lines by 2010 and the introduction of new service offerings and price reductions.

The explosion of broadband demand during the year has resulted in strong growth in leased line and other data service revenue of 11.1%. Revenue from cellular operator fixed links have increased from R1,056 million to R1,367 million for the year ended March 31, 2006, as a result of the roll out of cellular operators' 3G networks.

Telkom has successfully trialled WIMAX (IEEE 802 16e) and has been allocated frequency Spectrum by ICASA. Telkom will now begin deploying a wireless broadband network to complement the ADSL rollout.

Telkom's vision is to become an ICT solutions partner for corporate and business customers, moving up the valu chain, providing higher level products and services to our traditional voice and data products. This strategy has been validated by our success in winning large corporate customer accounts and delivering to their ICT requirements from voice products and services to network management. Our VPN Supreme and Customer Network Care products aimed mainly at the medium to large sized business have enjoyed success through alignment with customers' requirements.

Vodacom's data revenue increased by 52.1% to R1,019 million (50% share) for the year ended March 31, 2006 from R670 million (50% share) for the year ended March 31, 2005, contributing 6.0% (2005: 4.9%) to mobile operating revenue.

Growth in mobile data revenue is mainly due to the launch of new data initiatives such as 3G, HSDPA, Vodafone Live!, Blackberry® and the continued popularity of SMS.

Telkom has made an offer to Business Connexion's ("BCX") shareholders to acquire 100% of BCX for R2,5 billion. The offer price constitutes R9 per share, plus allowing BCX to pay a special dividend of 25 cents per share. The BCX acquisition provides a good opportunity to create shareholder value as it enables Telkom to ente the data hosting and desktop management market. These services are complementary to the value adding products and services being developed within Telkom.

POSITIVE CUSTOMER RESPONSE TO NEW INNOVATIVE PRODUCTS AND SERVICES

Telkom's aims to enhance the customer experience by introducing innovative value enhancing bundled products and services. In line with this strategy, Telkom successfully launched Telkom CLOSER in January 2006.

Telkom CLOSER bundles rental, call answer, peak minutes and off-peak minutes into a package which allows the customer to pay a flat monthly charge. Demand for the product has been strong, resulting in the sign up of 71,317 customers in the three months to March 31, 2006.

Other value added products that have received a positive response include:

- The provision of free medical emergency response for fixed-line customers by Netcare 911;
- SpaceStream providing satellite access; and
- Office Suite providing office functionality to the small and medium enterprise market.

Through bundled products Telkom intends to increase its annuity income, create a value comparison for the customer and improve our competitive position.

TOTAL MOBILE CUSTOMERS UP BY 51.9% TO 23.5 MILLION

Vodacom performed exceptionally well in the year ended March 31, 2006, improving market share to approximately 58%, and increasing net profit by 32.0%. Operating effectiveness was maintained with EBITDA margins decreasing marginally to 34.7% from 35.1% in the previous financial year.

Vodacom's South Africa customer base increased a net of 6.3 million customers to 19.2 million customers.

Vodacom's focus on customer care and retention saw South African contract churn at 10.0% (2005: 9.1%) and prepaid churn at 18.8% (2005: 30.3%) for the year ended March 31, 2006. The blended South African ARPU ove the year was R139 (2005: R163).

Outside South Africa, Vodacom grew its customer base by 64.8% to 4.4 million customers (2005: 2.6 million). Vodacom Tanzania achieved a substantial 74.1% increase in customers to 2.1 million (2005: 1.2 million). Vodacom Congo saw a 52.2% increase in customers to 1.6 million customers (2005: 1.0 million). Vodacom Lesotho increased its customer base by 40.1% to 206,000 customers (2005: 147,000) as at March 31, 2006. Vodacom Mozambique increased its customer base substantially by 84.9% to 490,000 customers (2005: 265,000) for the year ended March 31, 2006.

FOCUSED ON ACHIEVING IMPROVED SERVICE LEVELS

The increased demand for our products and services coupled with a reduced workforce, has seen our services levels come under pressure.

Telkom's key strategic focus is improving customer centricity. This includes network reliability, market focused products and services and improved customer communications.

Telkom has launched new bundled packages, repositioned customer facing outlets and launched projects to improve customer communication and improve the internal processes for the installation of new services.

COMPETITIVE PRICING AND VOLUME GROWTH

Telkom today announced price reductions on our regulated basket of products and services of 2.1%.

From August 1, 2006, the following price changes will be effective:

• ADSL rental	24%	average decrease
• Long distance	10%	decrease
• International	10%	average decrease
• Data	9%	average decrease
• Rental (analogue lines)	8%	increase

Rebalancing of tariffs will allow effective competition in all areas going forward. Revenue is unlikely to be affectec to the same degree the price reductions are expected to result in increased volume which is expected to have an offsetting effect. The reduction of telecommunication costs should benefit all South Africans contributing positivel to the economy. In addition Telkom is combining the DSL192 and DSL384 products, and the DSL192 users will be upgraded to up to 384 kbit/s in due course, depending on network infrastructure.

CONTINUOUS ADVANCEMENT OF OUR NETWORK

Increased investment in the network has been directed at:

- Improving network service levels and customer service levels – R1,488 million
- Maintaining the customer base of R1,424 million; and
- Initial investments on the conversion to a Next Generation Network – R1,956 million.

In line with customer demand and sound financial criteria, we will continue to invest in improving our network and the orderly migration to an IP base network to supply next generation products and services.

RECOGNITION OF THE VALUE OF OUR EMPLOYEES

Telkom's skilled and experienced workforce is our competitive advantage. Rapidly changing technology, increasing specialisation requirements and capacity gaps necessitate an ongoing development and training requirements. Telkom continues to invest significantly in our employees to ensure that the appropriate business skills are available to meet customer requirements.

For the year ended March 31, 2006, Telkom spent R400.1 million (2005: R401.5) on training and development and employees participated in 160,274 (2005: 192,799) facilitator led training days.

Telkom has detailed plans to identify and ascertain high potential individuals within the Company that can be developed for future senior management positions to ensure all future employee requirements are met.

The Company has demonstrated the strength of its succession and retention plans by appointing 80% of senior management vacancies from within the Company, utilising the existing skills and potential of the current employe base.

SIGNIFICANT RETURNS TO SHAREHOLDERS AND EMPLOYEE SHARE OWNERSHIP

In the year ended March 31, 2006, the Company repurchased 12.1 million shares to the value of R1.5 billion (including costs) which have been cancelled as issued share capital and restored as authorised but unissued capital.

The Telkom Board of Directors declared an annual dividend of 500 cents per share and a special dividend of 400 cents per share on June 2, 2006, to be paid on July 14, 2006, for shareholders registered on July 7, 2006.

As part of the Company's commitment to the optimal use of capital the Telkom Board approved a R2 billion share buyback programme on June 2, 2006.

The Telkom Board granted 2,024,555 shares on June 23, 2005, to employees in terms of the Telkom Conditional Share Plan.

As previously communicated, Telkom aims to pay a steadily growing annual ordinary dividend. The level of dividend will be based upon a number of factors, including the assessment of financial results, available growth opportunities, the Group's net debt level, interest coverage and future expectations, including internal cash flows and share buybacks.

THE REGULATORY ENVIRONMENT

Telkom faces regulatory challenges and through constructive dialogue endeavours to achieve a regulatory framework that is realistic, equitable and beneficial to the industry. The following details the main regulatory issues affecting the industry and Telkom.

Electronic Communications (EC) Act

The EC Act, No 36 of 2005, has been assented to by the President but not yet promulgated. The primary aim of the Act is to promote convergence in the broadcasting, broadcasting signal distribution and telecoms sectors and to provide the legal framework for convergence of these sectors.

The Act, once promulgated, will liberalise the market further and will result in a change in the licensing structure.

Essentially, separate licences will be granted for the provision of infrastructure, communication services and broadcasting services. All existing licensees will need to be issued with new licences. The EC Act creates challenges as well as opportunities that Telkom will certainly explore.

ICASA Amendment Bill

A bill amending the ICASA Act was passed by Parliament but was referred back to Parliament by the President o concerns of possible constitutional challenges to some provisions. The amended Bill was discussed by the Parliament Portfolio Committee on telecommunications on May 12, 2005, the concerns have been addressed an the amended Bill has again been submitted to the Assembly for debate.

The delay in enacting the bill is the reason for holding back promulgation of the EC Act, because of the linkages between the two.

The Bill was passed by Parliament on May 30, 2006.

Interconnection and Facility Leasing

Current regulations make provision for cost based interconnection and facility leasing. Telkom submitted its regulatory accounts on a fully allocated costs basis to ICASA in September 2005, and is expected to submit long run incremental costs (LRIC) statements in September 2006.

Operators classified as "major" operators have to supply interconnection and facility leasing services to "public" operators at cost based tariffs as entitled to by the provisions of their licences. Telkom has been declared a "major" operator by ICASA.

Public hearings were held by ICASA on new interconnection and facility leasing regulations in late March 2006. It is expected that the final regulations will be published shortly. The draft regulations propose that LRIC based interconnection be extended to all licensees.

Telkom and the SNO are in talks on interconnection and facility leasing agreements.

Number Portability (NP)

In terms of regulations published in September 2005, Telkom is expected to provide blocks of 10,000 numbers two months after the SNO's launch of services, blocks of 1,000 numbers four months after the SNO's launch of services and individual number portability 12 months after the request. Functional specifications for the implementation of NP between fixed-line operators have not yet been finalised.

The SNO has requested NP in February 2006 and discussions on the implementation of the required inter-operator systems are under way.

Local loop unbundling

Telkom is required, in terms of existing legislation, to provide the SNO with shared access to its local loop.

Although the Telecommunications Act, 103 of 1996, provides that no general local loop unbundling will be required for the first two years of operation of the SNO, the EC Act, which repeals the Telecommunications Act, makes provision for unbundling of the local loop, subject to ICASA making the necessary regulations.

Draft ADSL regulations

ICASA issued draft ADSL regulations in 2005. Although there is uncertainty on some of their provisions, they appear to propose that Telkom is not allowed to charge a rental for ADSL services, but only recover a small portion of once-off costs. ICASA conducted public hearings on the draft regulations at the end of May 2006.

Interception of Communication and Communication-related Information Act

The effective date of the Act is September 30, 2005 with the exception of the provisions dealing with customer registration which is effective June 30, 2006.

Subscriber registration

The Act requires customers to produce an identification document and a physical address which the operator must verify.

The mobile operators have succeeded in obtaining, in principle, support for an electronic registration process. Th legislative amendments to effect the changes have not yet been effected.

Telkom and Vodacom are in a position to intercept communications and register subscribers. However, the Act does place onerous conditions on operators who therefore, continue to engage the authorities on the practical implications of the Act.

We are confident that we are well placed to deal with all regulatory issues confronting us. We actively plan and analyse multiple regulatory scenarios to ensure we are prepared for changes in regulation.

Budget speech by the Minister of Communications

In her budget speech delivered to Parliament at the end of May 2006, the Minister announced her intention to shortly issue policy directions to ICASA setting out the priorities for implementing the provisions of the EC Act. Among these will be the regulation of access to submarine cables and the unbundling of the local loop. The Minister also announced the establishment of a Broadband Advisory Council to advise her on the development o a broadband policy for South Africa and that Sentech will form the core of the country's wireless broadband infrastructure network.

CONCLUSION

Telkom is confident that it is well placed to deal with all regulatory issues confronting Telkom. Telkom actively plans and analyses multiple regulatory scenarios to ensure that it is prepared for changes in regulation.

TELKOM IS A LEADER IN TRANSFORMATION

Telkom has always viewed South Africa's effective transformation as imperative for its own sustainable long-term growth. Telkom concurs with the view that BEE should seek to deliver meaningful and truly broad-based empowerment to the majority of South Africa's people. The draft Information and Communication Technology ICT BEE Charter is expected to be aligned with the Department of Trade and Industry (DTI) Codes of Good Practice during July 2006.

Telkom spent R6.4 billion on empowered or significantly empowered suppliers for the year ended March 31, 200

Telkom's transformation progress has been consistently recognised. Telkom was placed fifth out of 200 companies in the annual 2006 FM/Empowerdex Most Empowered Company in SA Survey.

Telkom's social investment programme through the Telkom Foundation has continued to contribute to the positiv transformation of disadvantaged communities through social investments aimed at achieving sustainable development. The social investment programmes have continued to focus on the following three main focus areas:

- Education and Training;
- Empowerment of Women, Children and People with Disabilities; and
- ICT Planning and Infrastructure rollout.

The Telkom Foundation was recognised for its commitment, receiving numerous awards and recognition. The most notable being the PMR Awards for first Overall winner on Corporate Care within the Telecommunications Sector, Gold Status on Social Upliftment, BEE, Job Creation and Training.

STRATEGY

Telkom's vision is to be a leading customer and employee centred Information and Communications Technologie (ICT) solutions service provider. Telkom is focused on balancing the needs of all stakeholders to ensure long terr sustainable and profitable growth of the business for shareholders.

The accelerated liberalisation of the market, in particular the implications of the Electronic Communications Act, the emergence of new technologies and customer demand is clearly material to Telkom's strategic intentions. Telkom believes that it is strongly positioned to compete effectively in a liberalised market. Customer service excellence through a skilled and dedicated workforce with greater product and service choice and value for customers will ensure long term value creation. Telkom will pursue opportunities to provide the full spectrum of ICT solutions including voice, data, video and internet services increasingly through broadband penetration.

To ensure that Telkom can sustain the creation of value relative to developments in its dynamic and changing market environment, management have determined certain shifts in strategic emphasis.

Telkom will focus on the following imperatives to sustain long term value creation for all its stakeholders:

- Investing in the development of employees to maintain competitive advantage;
- Enhancing customer satisfaction through customer centricity;
- Retaining revenue and generating growth;
- Evolving to a Next Generation Network in order to support profitable growth through prudent cost managemen
- Repositioning Telkom stakeholder management to create healthy external relationships.

The realisation of Telkom's strategic intentions ultimately lies in the hands of Telkom's people.

The evolution to an IP centric network is a business imperative. Telkom cannot delay the investment to a fully enabled IP network. It is vital that we increase our investment in our network to enable the cost of operating the network to reduce and to enable the delivery of fully converged products and services to meet our customers' needs in the rapidly changing technological environment. Acceleration of Telkom's broadband penetration is a critical element of this strategy. The technology has reached critical mass and is set to become the technology of choice, as demonstrated globally.

The evolution to a Next Generation Network in a phased approach which is based on sound commercial criteria and will enable Telkom to exploit new opportunities in the ICT solutions market. The first phase is expected to las three years and concentrates on enabling the network for broadband services.

The second phase is the conversion of existing products and services to NGN. Depending on the customer demand and profitability, this process is expected to be completed by 2015. Telkom should have a predominant IP-based network with most products and services on the new platform.

Delaying the investment will result in lost opportunities and erode our ability to retain existing customers through new services, features and functionality. Cost management is central to all our decisions with processes and procedures in place to ensure costs are managed to minimise expenditure. A particular area of focus is on our procurement spend, where we are investigating options to realise savings through the consolidation of suppliers, extract efficiencies and obtain price reductions. In the short-term, we expect to incur a marginal increase in costs due to the maintenance required to improve the viability to our network and the impact of the annual wage increase.

Given the centrality of ICT to economic growth and social development, Telkom remains strategically important to the achievement of national objectives and will continue to invest significantly in the development of a viable and vibrant marketplace.

Telkom is exploring opportunities outside its borders where there is potential for growth, healthy returns and long-term value creation for its stakeholders. The focus is on data acquisitions and fixed/mobile opportunities. A detailed evaluation process is followed on each opportunity to ensure it is a strategic fit, all risks and resource requirements are understood and the potential returns exceed our minimum requirements.

Prospects for the year ahead

Fixed-line revenues in the financial year ending March 31, 2007 are expected to be impacted by tariffs, increased competition and the migration from dial-up to ADSL and the introduction of cost-based interconnection. Our strategic initiatives to improve service levels are expected to result in above inflationary increases in operating expenses, the result being an expected fixed-line EBITDA margin between 37% and 40%.

Fixed-line CAPEX is expected to be between 18% and 22% of revenue. The increase from the financial year ended March 31,2006 is due to capacity increases and the accelerated evolution to an IP centric network for the introduction of a Next Generation Network.

The mobile business is focused at maintaining its market share. Through improved efficiencies, the EBITDA margin is expected to remain constant.

The Group net debt to equity target remains the same at 50% to 70%.

3 Group Performance

GROUP OPERATING REVENUE

Group operating revenue increased 10.3% to R47,625 million (2005: R43,160 million) in the year ended March 31, 2006. Fixed-line operating revenue, after inter-segmental eliminations, increased 3.7% to R32,039 million primarily due to solid growth in data services and increased subscription revenue. Mobile operating revenue, after inter-segmental eliminations, increased 27.0% to R15,586 million primarily due to customer growth.

GROUP OPERATING EXPENSES

Group operating expenses increased 3.9% to R33,428 million (2005: R32,179 million) in the year ended March 31, 2006, due to a 20.8% increase in operating expenses in the mobile segment to R11,926 million (after inter-segmental eliminations). This was partially offset by a 3.6% decrease in the fixed-line operating expenses tc R21,502 (after inter-segmental eliminations) primarily due to reduced employee expenses and depreciation, amortisation, impairment and write-offs, partially offset by an increase in payments to other operators, services rendered, operating leases and selling, general and administrative expenses. The increase in mobile operating expenses of 20.8%, after inter segmental eliminations, was primarily due to increased gross connections resultin in increased incentive costs and expenses to support customer satisfaction and growth. Mobile payments to othe operators also increased as a result of the increased outgoing traffic and the higher volume growth of more expensive outgoing traffic terminating on other mobile networks relative to traffic terminating on the lower cost fixed-line network.

INVESTMENT INCOME

Investment income consists of interest received on short-term investments and bank accounts. Investment income increased 13.4% to R397 million (2005: R350 million), largely as a result of higher interest received due t higher cash flow generated from operations.

FINANCE CHARGES

Finance charges include interest paid on local and foreign borrowings, amortised discounts on bonds and commercial paper bills, fair value gains and losses on financial instruments and foreign exchange gains and losses. Finance charges decreased 27.3% to R1,233 million (2005: R1,695 million) in the year ended March 31, 2006, due to a 20.2% decrease in interest expense to R1,346 million (2005: R1,686 million) as a result of the redemption of local and foreign loans. In addition to the decrease in the interest expense, net fair value and exchange gains on financial instruments of R113 million (2005: Loss of R9 million) arose primarily as a result of currency movements and unrealised gains relating to the Cell Captive investment.

TAXATION

Consolidated tax expense increased 46.7% to R4,520 million (2005: R3,082 million) in the year ended March 31, 2006. The consolidated effective tax rate for the year ended March 31, 2006, was 32.7% (2005: 31.1%). Telkom Company's effective tax rate was 25.0% (2005: 20.6%). The higher effective tax rate for Telkom Company in the year ended March 31, 2006, was primarily due to the secondary tax on companies payable in respect of dividend paid. Vodacom's effective tax rate decreased to 37.5% (2005: 40.2%). The lower effective tax rate for Vodacom was largely as a result of the non-deductible expenses of the previous year not recurring.

PROFIT FOR THE YEAR AND EARNINGS PER SHARE

Profit for the year attributable to the equity holders of Telkom increased 36.0% to R9,182 million (2005: R6,751 million) in the year ended March 31, 2006.

Group basic earnings per share increased 39.9% to 1,744.7 cents (2005: 1,246.7 cents) and Group headline earnings per share increased 36.1% to 1,740.5 cents (2005: 1,279.0 cents).

4 Group Balance Sheet

Solid operating performance across the Group combined with strict cost discipline and debt payment has resultec in a strengthened balance sheet. Net debt, after financial assets and liabilities, decreased 1.6% to R6,828 million (2005: R6,941 million). The balance sheet at March 31, 2006, strengthened, resulting in a net debt to equity ratio of 23.2% from 26.3% at March 31,2005. On March 31, 2006, the Group had cash balances of R4,948 million.

The Group intends to maintain a net debt to equity targeted range of between 50% and 70% by increasing distributions to shareholders in the form of dividends and share buybacks while maintaining financial flexibility for potential growth opportunities. During the year ended March 31, 2006, 12.1 million shares were repurchased for R1,502 million. These shares have been cancelled from the issued share capital by the Registrar of Companies. Interest-bearing debt, including credit facilities utilised, decreased 20.8% to R11,816 million (2005: R14,912 million) in the year ended March 31, 2006. In April 2005, the Euro 500 million Eurobond matured and was refinanced with R600 million nominal value of the existing TL06 bond, with the balance being refinancec with short-term commercial paper borrowings and hedging instruments. The Group repaid R2,720 million of the commercial paper debt by March 31, 2006. Included in interest-bearing debt at March 31, 2006, was R429 millior in commercial paper bills that matured in April 2006.

Telkom maintains an active dialogue with the principal credit rating agencies, who review our ratings periodically. Moody's Investor Services and Standard & Poor's have rated our foreign debt A3 and BBB respectively.

5 Group Cash Flow

Cash flows from operating activities decreased 39.5% to R9,506 million (2005: R15,711 million), primarily due to higher taxation and dividend payments offset by increased operational cash flows. Cash flows utilised in investinç activities increased 15.5% to R7,286 million (2005: 6,306 million), primarily due to increased capital expenditure i both the mobile and fixed-line segments. Cash utilised in financing activities of a R1,502 million for a share buyba and the R2,720 million repayment of commercial paper bills, was partially offset by the loans raised to refinance t Eurobond, as well as cash inflows from maturing financial assets.

SUMMARY

	Year ended March 31,		
	Restated		
In ZAR millions	2005	**2006**	%
Cash generated from operations	18,622	**19,724**	5.9
Cash from operating activities (after tax, interest, dividends)	15,711	**9,506**	(39.5)
Investing activities	(6,306)	**(7,286)**	15.5
Financing activities	(9,897)	**(258)**	(97.4)
Net (decrease)/increase in cash	(492)	**1,962**	(498.8)

EBITDA MINUS CAPITAL EXPENDITURE

	Year ended March 31,		
	Restated		
In ZAR millions	2005	**2006**	%
Fixed-line	8,650	**9,709**	12.2
Mobile	3,049	**3,336**	9.4
Group	11,699	**13,045**	11.5

6 Group Capital Expenditure

Group capital expenditure increased 28.3% to R7,508 million (2005: R5,850 million) and represents 15.8% of Group revenue (2005: 13.6%).

FIXED-LINE CAPITAL EXPENDITURE

	Year ended March 31,		
In ZAR millions	2005	**2006**	%
Base expansion and core support	1,902	**2,534**	33.2
Network evolution	729	**926**	27.0
Efficiencies and improvements	1,177	**1,080**	(8.2)
Company support and other	295	**397**	34.6
	4,103	**4,937**	20.3

Fixed-line capital expenditure increased 20.3% to R4,937 million (2005: R4,103 million) and represents 15.1% of fixed-line revenue (2005: 13.0%). Baseline expansion and core support capital expenditure of R2,534 million (2005: R1,902 million) was largely for the deployment of technologies to support the growing data services business and expenditure for access line deployment in selected high growth residential areas. The continued focus on rehabilitating the access network and increasing the efficiencies and redundancies in the transport network contributed to the network evolution capital expenditure of R926 million (March 31, 2005: R729 million).

Telkom continues to focus on its operations support system investment with current emphasis on workforce management, provisioning and fulfilment, assurance and customer care. During the year ended March 31, 2006, R1,080 million (2005: R1,177 million) was spent on the implementation of several systems.

MOBILE CAPITAL EXPENDITURE

	Year ended March 31,		
In ZAR millions	2005	**2006**	%
South Africa	1,389	**2,193**	57.9
Other African countries	358	**378**	5.6
	1,747	**2,571**	47.2

Mobile capital expenditure (50% of Vodacom's capital expenditure) increased 47.2% to R2,571 million (2005: R1,747 million) and represents 15.1% of mobile revenue (March 31, 2005: 12.8%) which was mainly spen on the cellular network infrastructure as a result of increased investment in South Africa for increased traffic and investment in 3G technologies. The increase in capital expenditure in other African countries is largely as a resul of an increased investment in Tanzania to accommodate the substantial growth in the subscriber base during the year.

7 Segment Performance

Telkom's operating structure comprises two segments, fixed-line and mobile. The fixed-line segment provides fixed-line voice and data communications services through Telkom; directory services through our 64.9% owned subsidiary, Telkom Directory Services and wireless data services through our wholly owned subsidiary, Swiftnet. The mobile segment consists of a 50% joint venture interest in Vodacom.

Vodacom's results are proportionately consolidated into the Telkom Group's consolidated financial statements. This means that we include 50% of Vodacom's results in each of the line items in the Telkom Group's consolidated financial statements. Telkom Directory Services, Swiftnet and Rossal No 65 and Acajou (subsidiaries for the repurchase of shares) subsidiaries are fully consolidated in the Telkom Group's consolidated financial statements.

SUMMARY

	Year ended March 31,		
	Restated		
In ZAR millions	2005	**2006**	%
Operating revenue	**43,160**	**47,625**	**10.3**
Fixed-line	31,457	**32,749**	4.1
Mobile	13,657	**17,021**	24.6
Inter-segmental eliminations	(1,954)	**(2,145)**	9.8
Operating profit	**11,261**	**14,677**	**30.3**
Fixed-line	8,021	**10,242**	27.7
Mobile	3,240	**4,435**	36.9
Inter-segmental eliminations	–	**–**	–
Operating profit margin	**26.1**	**30.8**	**18.1**
Fixed-line	25.5	**31.3**	22.7
Mobile	23.7	**26.1**	9.8
EBITDA	**17,549**	**20,553**	**17.1**
Fixed-line	12,753	**14,646**	14.8
Mobile	4,796	**5,907**	23.2
Inter-segmental eliminations	–	**–**	–
EBITDA margin	**40.7**	**43.2**	**6.1**
Fixed-line	40.5	**44.7**	10.3
Mobile	35.1	**34.7**	(1.2)
Finance charges	**1,695**	**1,233**	**(27.3)**
Fixed-line	1,647	**839**	(49.1)
Mobile	48	**394**	720.8
Inter-segmental eliminations	–	**–**	–

FIXED-LINE SEGMENT

The fixed-line segment provides fixed-line voice and data communications services through Telkom, directory services through the 64.9% owned subsidiary, Telkom Directory Services, and wireless data services through the wholly owned subsidiary, Swiftnet. The fixed-line segment accounted for 67.3% (2005: 71.6%) of Group operating revenues (after inter-segmental eliminations) and 74.7% (2005: 78.4%) of Group operating profit at March 31, 2006.

The financial information presented below for the fixed-line segment is before inter-segmental eliminations.

SUMMARY

In ZAR millions	Year ended March 31, Restated 2005	**2006**	%
Revenue	31,457	**32,749**	4.1
Operating profit	8,021	**10,242**	27.7
EBITDA	12,753	**14,646**	14.8
Capital expenditure	4,103	**4,937**	20.3
Operating profit margin (%)	25.5	**31.3**	22.7
EBITDA margin (%)	40.5	**44.7**	10.3
Capex to revenue (%)	13.0	**15.1**	15.6

FIXED-LINE OPERATING REVENUE

In ZAR millions	Year ended March 31, Restated 2005	**2006**	%
Subscriptions and connections	5,359	**5,803**	8.3
Traffic	17,760	**17,563**	(1.1)
Local	5,746	**5,753**	0.1
Long distance	3,577	**3,162**	(11.6)
Fixed-to-mobile	7,302	**7,647**	4.7
International outgoing	1,135	**1,001**	(11.8)
Interconnection	1,546	**1,654**	7.0
Mobile operators[1]	748	**760**	1.6
International operators	798	**894**	12.0
Data	5,810	**6,649**	14.4
Leased lines and other data	4,754	**5,282**	11.1
Mobile leased facilities[2]	1,056	**1,367**	29.5
Directories and other	982	**1,080**	10.0
	31,457	**32,749**	4.1

1. Interconnection includes revenue from Vodacom of R464 million (2005: R465 million), 50% is eliminated on consolidation

2. Data includes revenue from Vodacom of R845 million (2005: R562 million), 50% is eliminated on consolidation

Operating revenue from the fixed-line segment, before inter-segmental eliminations, increased 4.1% to R32,749 million (2005: R31,457 million) primarily due to strong growth in data services revenue and increased subscription revenue, offset by a decline in traffic revenue.

Subscription and connections revenue grew 8.3% largely as a result of increased tariffs, increased sales of customer premises equipment, including PABX's, and penetration of higher value-added services.

Traffic revenue decreased 1.1% as a result of the acceleration of broadband adoption and the resultant loss of internet dial-up minutes as well as the increasing substitution of calls placed using mobile services rather than fixed-line services. Traffic, including VoIP traffic but excluding interconnection traffic, decreased 2.9% to 27,361 million minutes (2005: 28,182 million minutes).

Interconnection revenue increased 7.0% largely as a result of an increase of 12.0% in international interconnection revenue. The increased interconnection revenue from international operators is mainly as a resul of a 2.8% increase in international interconnection traffic minutes of 1,355 million minutes (2005: 1,318 million minutes). Mobile interconnection revenue increased 1.6% to R760 million (2005: R748 million) due to increased interconnection traffic from mobile operators and tariff decreases. Mobile interconnection traffic minutes increase by 4.2% to 2,299 million minutes (2005: 2,206 million minutes) in the year ended March 31, 2006.

Data revenue increased 14.4% mainly due to higher demand for data services, including ADSL, in the medium and small business segment with leased line and other data revenue growing 11.1% and mobile leased line revenue by 29.5%. The increase in mobile leased facilities is largely due to the rollout of 3G networks by the mobile operators.

FIXED-LINE OPERATING EXPENSES

	Year ended March 31,		
	Restated		
In ZAR millions	2005	**2006**	%
Employee expenses	7,285	**6,470**	(11.2)
Salaries and wages	4,785	**4,592**	(4.0)
Benefits	2,110	**2,410**	14.2
Workforce reduction expenses	961	**88**	(90.8)
Employee related expenses capitalised	(571)	**(620)**	8.6
Payments to other network operators[1]	5,896	**6,150**	4.3
Payment to mobile operators	5,059	**5,231**	3.4
Payment to international operators	837	**919**	9.8
SG&A	3,046	**3,086**	1.3
Materials and maintenance	1,726	**1,617**	(6.3)
Marketing	360	**413**	14.7
Bad debts	196	**187**	(4.6)
Other	764	**869**	13.7
Services rendered	1,976	**2,050**	3.7
Property management	1,068	**1,107**	3.7
Consultants and security	908	**943**	3.9
Operating leases	756	**777**	2.8
Depreciation, amortisation, impairment and write-offs	4,732	**4,404**	(6.9
	23,691	**22,937**	(3.2)

1. Payments to other network operators include payments made to Vodacom of R2,818 million (2005: R2,728 million), 50% is eliminated on consolidation

Fixed-line operating expenses, before inter-segmental eliminations, decreased 3.2% in the year ended March 31 2006, to R22,937 million (2005: R23,691 million), primarily due to lower employee expenses and depreciation, amortisation, impairment and write-offs. The decrease was partially offset by increased expenses for services rendered, operating leases, selling, general and administrative expenses and payments to other operators.

Employee expenses decreased 11.2%, largely due to decreased workforce reduction expenses of R88 million (2005: R961 million) and an 11.7% reduction in headcount.

Payments to other network operators increased 4.3% as a result of higher payments to mobile operators and international operators. Payments to mobile operators increased 3.4%, largely as a result of tariff increases and a 3.9% increase in fixed-to-mobile traffic. Payments to international operators increased 9.8% primarily due to an 24.1% increase in international outgoing traffic.

Selling, general and administrative expenses increased 1.3% as a result of increased marketing expenses offset by a decrease in material and maintenance expenses and bad debts.

Services rendered increased 3.7% with property management expenses increasing 3.7% as a result of increased maintenance. Consultants and security costs increased 3.9% primarily as a result of increased cost of regulatory accounting and Sarbanes-Oxley project and the transport costs of equipment from warehouses to final drop-off points due to an increased number of reported faults resulting from adverse weather conditions, offset by lower fees paid to Thintana due to the termination of the contract in November 2004 and lower insurance expenses.

Operating leases increased 2.8% as a result of increased vehicle lease rates, increased vehicle maintenance and increased ad-hoc vehicle rentals offset by a 7.2% reduction in the vehicle fleet from 10,458 vehicles at March 31, 2005 to 9,708 vehicles at March 31, 2006.

Depreciation, amortisation, impairment and write-offs decreased 6.9% to R4,404 million (2005: R4,732 million), largely as a result of extending the useful lives of certain network and support equipment.

Fixed-line operating profit increased 27.7% to R10,242 million (2005: R8,021 million) with an operating profit margin of 31.3% (2005: 25.5%). EBITDA increased 14.8% to R14,646 million (2005: R12,753 million), with EBITDA margins increasing to 44.7%. (2005: 40.5%).

MOBILE SEGMENT

The mobile segment accounted for 32.7% of Group operating revenue (2005: 28.4%) (after inter-segmental eliminations) and 25.3% of Group operating profits (2005: 21.6%). Vodacom's operational statistics are presented below at 100%, but all financial figures represent the 50% that is proportionately consolidated in the Group and presented before inter-segmental eliminations.

SUMMARY

	Year ended March 31,		
	Restated		
In ZAR millions	2005	**2006**	%
Operating revenue	13,657	**17,021**	24.6
Operating profit	3,240	**4,435**	36.9
EBITDA	4,796	**5,907**	23.2
Capital expenditure	1,747	**2,571**	47.2
Operating profit margin (%)	23.7	**26.1**	9.8
EBITDA margin (%)	35.1	**34.7**	(1.2)
Capex to revenue (%)	12.8	**15.1**	18.1

MOBILE OPERATING REVENUE

In ZAR millions	Year ended March 31, Restated 2005	**2006**	%
Airtime and access	8,096	**10,043**	24.0
Data	670	**1,019**	52.1
Interconnect[1]	2,962	**3,348**	13.0
Equipment sales	1,344	**1,993**	48.3
International airtime	444	**486**	9.5
Other	141	**132**	(6.4)
	13,657	**17,021**	24.6

1. Interconnect revenue includes revenue from Telkom fixed-lines, of R1,409 million (March 2005: R1,364 million, which is eliminated on consolidation

Operating revenue from the mobile segment increased 24.6%, before inter-segmental eliminations, to R17,021 million (2005: R13,657 million), primarily driven by customer growth. Revenue from Vodacom's operations outsid of South Africa as a percentage of Vodacom's total mobile operating revenue increased to 8.7% to R2,974 millior (2005: R2,274 million).

The growth in revenue can largely be attributed to a 51.9% increase in Vodacom's total customers to 23,520 million as of March 31, 2006, (2005: 15,483 million), resulting from strong growth in prepaid and contract customers in South Africa and 64.8% growth in customers outside of South Africa. In South Africa, total Average Monthly Revenue Per User (ARPUs) decreased 14.7% to R139 (2005: R163). Contract ARPUs decreased 8.3% to R572 (2005: R624) and prepaid ARPUs decreased 11.5% to R69 (2005: R78).

Vodacom's continued implementation of upgrade and retention policies in the year ended March 31, 2006, ensured contract churn of 10.0%. Prepaid churn of 18.8% for the year ended March 31, 2006, was lower than the 30.3% prepaid churn for the year ended March 31, 2005.

Data revenue increased 52.1% and represents 6.0% of mobile revenue. The growth was largely due to customer growth and the introduction of new technologies and products in South Africa.

Mobile interconnect revenue increased by 13.0%, primarily due to an increase in the number of fixed-line calls terminating on Vodacom's network as a result of the increased number of Vodacom customers and South Africar mobile users.

Equipment sales increased 48.3% primarily due to the growth of the customer base coupled with added functionality of new phones based on new technologies.

Vodacom's international airtime revenue is largely international calls by Vodacom's customers, roaming revenue from Vodacom customers making and receiving calls while abroad and revenue from international customers roaming on Vodacom's network. International airtime revenue increased 9.5%, primarily as a result of an increas in the number of roaming partners.

MOBILE OPERATING EXPENSES

In ZAR millions	Year ended March 31, Restated 2005	**2006**	%
Employee expenses	826	**1,019**	23.4
Payments to other operators[1]	1,826	**2,317**	26.9
SG&A	5,888	**7,328**	24.5
Services rendered	45	**65**	44.4
Operating leases[2]	310	**435**	40.3
Depreciation, amortisation, impairment and write offs	1,556	**1,472**	(5.4)
	10,451	**12,636**	20.9

1. Payments to other operators include payments to Telkom fixed-line of R232 million (2005: R233 million), which are eliminated on consolidation

2. Operating leases include payments to Telkom fixed-line of R376 million (2005: R256 million), which are eliminated on consolidation

Mobile operating expenses, before inter-segmental eliminations, increased by 20.9% in the year ended March 31 2006, primarily due to increased employee expenses, selling and distribution costs, services rendered, operating leases and payments to other operators.

Mobile employee expenses increased 23.4%, primarily due to a 9.3% increase in the number of employees to 5,302 and a higher employee deferred bonus incentive accrual resulting from Vodacom's higher net profit. Vodacom increased the total number of its employees by 11.1% in its other African operations to 1,154 employees and by 4.9% in its operations in South Africa to 4,148 employees as of March 31, 2006.

Employee productivity in South Africa and other African countries, as measured by customers per employee, increased 43.1% to 4,436 customers per employee as of March 31, 2006.

Mobile payments to other operators increased 26.9% to R2,317 million (2005: R1,826 million) in the year ended March 31, 2006, as a result of increased outgoing traffic terminating on the other mobile networks relative to traffi terminating on the fixed-line network and partially due to an increase in interconnection tariffs on January 1, 2005 in South Africa. The cost of terminating calls on other mobile networks is higher than calls terminating on Telkom' fixed-line network.

Mobile selling, general and administrative expenses increased 24.5% in the year ended March 31, 2006, primaril due to an increase in selling, distribution and marketing expenses to support the growth in South African and other African operations.

Mobile depreciation, amortisation, impairment and write-offs decreased by 5.4% to R1,472 million in the year ended March 31, 2006 primarily as a result of a partial impairment reversal of Vodacom Mozambican asset impairment of the prior year. The implementation of IAS 16 (revised): "Property, Plant and Equipment" further contributed to the lower depreciation for the year ended March 31, 2006.

Telkom's 50% share of Vodacom's profit from operations increased 36.9% to R4,435 million and the mobile operation profit margin increased to 26.1%. Mobile EBITDA increased 23.2% to R5,907 million with EBITDA margins decreasing to 34.7%.

8 Employees

FIXED-LINE

	Year ended March 31,		
	2005	**2006**	%
Telkom Company	28,972	**25,575**	(11.7)
Lines per employee	163	**184**	12.9
Subsidiaries	572	**581**	1.6
Fixed-line employees at year end	29,544	**26,156**	(11.5)

MOVEMENT IN FIXED-LINE EMPLOYEES
(Telkom Company only, excluding subsidiaries)

	Year ended March 31,	
	2005	**2006**
Opening balance	32,358	**28,972**
Appointments	159	**686**
Employee losses	(3,545)	**(4,083)**
Workforce reductions	(2,296)	**(2,990)**
Voluntary early retirement	(513)	**(674)**
Voluntary severance	(1,741)	**(2,295)**
Involuntary reductions	(42)	**(21)**
Natural attrition	(1,249)	**(1,093)**
Closing balance	28,972	**25,575**

MOBILE EMPLOYEES

	Year ended March 31,		
	2005	**2006**	%
South Africa	3,954	**4,148**	4.9
Customers per employee	3,247	**4,620**	42.3
Other African countries	1,039	**1,154**	11.1
Customers per employee	2,546	**3,776**	48.3
Vodacom Group	4,993	**5,302**	6.2
Customers per employee	3,101	**4,436**	43.1

9 Summarised Group Financial Statements

AUDITORS' REPORT

The comprehensive consolidated annual financial statements, from which these summarised results have been derived, have been audited by the Company's auditors, Ernst & Young. Their unqualified audit report is available for inspection at the Company's registered office.

Summarised consolidated income statement

for the three years ended March 31, 2006

	Notes	Restated 2004 Rm	Restated 2005 Rm	**2006 Rm**
Total revenue		41,115	43,696	**48,260**
Operating revenue	2	40,582	43,160	**47,625**
Other income		255	280	**480**
Operating expenses		31,499	32,179	**33,428**
Employee expenses		7,408	8,111	**7,489**
Payments to other operators		5,985	6,132	**6,826**
Selling, general and administrative expenses		7,665	8,824	**10,273**
Services rendered		2,269	2,021	**2,114**
Operating leases		924	803	**850**
Depreciation, amortisation, impairment and write-offs	3	7,248	6,288	**5,876**
Operating profit		9,338	11,261	**14,67**
Investment income		322	350	**39**
Finance charges	4	3,264	1,695	**1,233**
Interest		2,488	1,686	**1,346**
Foreign exchange and fair value effect		776	9	**(113)**
Profit before tax		6,396	9,916	**13,84**
Taxation		1,738	3,082	**4,520**
Profit for the year		4,658	6,834	**9,32**
Attributable to:				
Equity holders of Telkom		4,589	6,751	**9,182**
Minority interest		69	83	**13**
		4,658	6,834	**9,32**
Basic earnings per share (cents)	5	823.9	1,246.7	**1,744.7**
Diluted earnings per share (cents)	5	823.9	1,244.3	**1,735.2**
Dividend per share (cents)	5	90.0	110.0	**900.0**

Summarised consolidated balance sheet

at March 31, 2006

	Notes	Restated 2004 Rm	Restated 2005 Rm	**2006 Rm**
ASSETS				
Non-current assets		41,751	42,552	**44,81**
Property, plant and equipment	7	37,756	36,448	**37,274**
Intangible assets	8	1,864	3,182	**3,910**
Investments		1,567	2,277	**2,894**
Deferred expenses		213	133	**254**
Deferred taxation		351	512	**481**
Current assets		11,423	15,045	**12,73**
Other financial assets		1,241	5,074	**275**
Short-term investments		168	69	**69**
Current portion of deferred expenses		430	214	**226**
Inventories		520	658	**814**
Trade and other receivables		5,846	5,820	**6,399**
Cash and cash equivalents	9	3,218	3,210	**4,948**
Total assets		53,174	57,597	**57,54**
EQUITY AND LIABILITIES				
Equity attributable to equity holders of Telkom		21,628	26,141	**29,16**
Share capital and premium	10	8,293	8,293	**6,791**
Treasury shares	10	(238)	(1,812)	**(1,809)**
Share-based compensation reserve		–	68	**151**
Non-distributable reserves		91	361	**1,136**
Retained earnings		13,482	19,231	**22,896**
Minority interest		200	220	**301**
Total equity		21,828	26,361	**29,46**
Non-current liabilities		16,707	13,870	**12,39**
Interest-bearing debt	11	12,703	9,504	**7,655**
Deferred taxation		469	947	**1,068**
Deferred revenue		1,097	959	**991**
Provisions		2,438	2,460	**2,677**
Current liabilities		14,639	17,366	**15,68**
Credit facilities utilised	9	422	909	**693**
Trade and other payables		6,007	6,782	**6,103**
Shareholders for dividend		7	7	**4**
Current portion of interest-bearing debt	11	4,051	4,499	**3,468**
Current portion of deferred revenue		1,718	1,717	**1,975**
Current portion of provisions		1,329	1,428	**1,660**
Income tax payable		460	1,711	**1,549**
Other financial liabilities		645	313	**235**
Total		31,346	31,236	**28,07**

Total liabilities	[illegible]	[illegible]	**[illegible]**
Total equity and liabilities	53,174	57,597	**57,54**

Summarised consolidated statement of changes in equity

For the three years ended March 31, 2006

	Restated 2004 Rm	Restated 2005 Rm	**2006 Rm**
Balance at April 1	18,864	21,828	**26,36**
– Attributable to equity holders	18,670	21,628	**26,141**
– Minority interests	194	200	**220**
Change in accounting policies	(809)	–	**–**
Restated balance at April 1	18,055	21,828	**26,36**
– Attributable to equity holders	17,861	21,628	**26,141**
– Minority interests	194	200	**220**
Net profit for the year	4,658	6,834	**9,321**
Dividend declared	(555)	(673)	**(4,879)**
Foreign currency translation reserve	(101)	12	**52**
Fair value adjustment on investments	9	(22)	**–**
Business combination	–	(117)	**–**
Purchase of treasury shares	(238)	(1,574)	**–**
Purchase of subsidiary	–	5	**27**
Increase in share-based compensation reserve	–	68	**86**
Shares bought back and cancelled	–	–	**(1,502)**
Balance at March 31	21,828	26,361	**29,46**
– Attributable to equity holders	21,628	26,141	**29,165**
– Minority interests	200	220	**301**

Summarised consolidated cash flow statement

for the three years ended March 31, 2006

	Notes	Restated 2004 Rm	Restated 2005 Rm	**2006 Rm**
Cash flows from operating activities		13,884	15,711	**9,50**
Cash receipts from customers		40,520	43,561	**46,958**
Cash paid to suppliers and employees		(24,218)	(24,939)	**(27,234)**
Cash generated from operations		16,302	18,622	**19,724**
Interest received		469	463	**482**
Dividends received		10	14	**50**
Finance charges paid		(1,787)	(1,272)	**(1,316)**
Taxation paid		(562)	(1,487)	**(4,550)**
Cash generated from operations before dividend paid		14,432	16,340	**14,390**
Dividend paid		(548)	(629)	**(4,884)**
Cash flows from investing activities		(5,423)	(6,306)	**(7,286**
Proceeds on disposal of property, plant and equipment and intangible assets		52	37	**92**
Proceeds on disposal of investments		29	267	**493**
Additions to property, plant and equipment and intangible assets	7,8	(5,248)	(5,880)	**(7,396)**
Additions to other investments		(331)	(592)	**(475)**
Acquisition of subsidiaries	16	75	(138)	**–**
Cash flows from financing activities		(6,481)	(9,897)	**(258**
Purchase of treasury shares		(102)	(1,710)	**–**
Shares bought back and cancelled		–	–	**(1,502)**
Loans raised		1,732	1,157	**4,123**
Loans repaid		(7,428)	(5,027)	**(7,399)**
Finance lease capital repaid		(5)	(13)	**(24)**
(Increase)/decrease in net financial assets		(678)	(4,304)	**4,544**
Net increase/(decrease) in cash and cash equivalents		1,980	(492)	**1,962**
Net cash and cash equivalents at beginning of the year		837	2,796	**2,301**
Effect of foreign exchange rate differences		(21)	(3)	**(8)**
Net cash and cash equivalents at end of the year	9	2,796	2,301	**4,255**

Change in comparatives

The Group reclassified R463 million of Finance costs accrued from Cash paid to suppliers and employees to Finance charges paid for the year ended March 31, 2005 (2004: R532 million).

Notes to the summarised consolidated annual financial statements

for the three years ended March 31, 2006

1 SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The comprehensive consolidated annual financial statements from which these summarised results have been derived comply with International Financial Reporting Standards ("IFRS") of the International Accounting Standards Board ("IASB") and the Companies Act in South Africa, 1973.

The financial statements are prepared on the historical cost basis, with the exception of certain financial instruments and share-based payments which are measured at fair value. The Group's significant accounting policies are consistent with those applied in the previous financial year except for the following:

- The Group has adopted IAS16 (revised), IAS17 (revised), IAS24 (revised), IAS40 (revised), IFRS4 and IFRIC1 which are applicable for financial years beginning on or after January 1, 2005;
- The Group has early adopted the amendment to IAS19 which is applicable for financial years beginning on or after January 1, 2006;
- The Group has made certain voluntary changes in accounting policies related to fixed-line connection revenues; and
- The Group made certain retrospective changes to its application of certain accounting standards. The changes were:
  - Lease payments and receipts under operating leases have been restated in order to recognise the expenses and income on a straight-line basis over the lease terms. This ensures that the income statement charge/income is more representative of the time pattern of the operating lease benefit/cost to the Group. The Group previously recognised the expenses and the income based on the amount paid or payable and received or receivable for each period. The restatement decreased the Group's results for the years ended March 31, 2005, by R3 million and 2004, by R3 million.
  - IT Software items have been reclassified from Property, plant and equipment to Intangible assets to the value of R2,650 million (2004: R1,300 million) and the related depreciation from Depreciation to Amortisation. The Group has identified and recorded software that was previously included as part of Property, plant and equipment as a separate intangible asset because it was not considered an integral part of the related hardware.
  - Investment properties have been restated to Property, plant and equipment to the value of R25 million (2004: R32 million). The Vodacom Group previously classified its Vodaworld property as an investment property. However, the property's primary purpose is to service and connect Vodacom customers. The property, therefore, does not meet the criteria of IAS40: Investment Property, ie to earn rentals or for capital appreciation.
  - Other financial assets of R134 million (2004: R1,101 million) and liabilities of R83 million (2004: R153 million) previously classified as non-current have been reclassified to current assets and liabilities, as they represent derivatives classified as held for trading.

Notes to the summarised consolidated annual financial statements *(continued)*

for the three years ended March 31, 2006

	2004 Rm	2005 Rm	**2006 Rm**
2 OPERATING REVENUE	40,582	43,160	**47,625**
Fixed-line	30,541	30,888	**32,039**
Mobile	10,041	12,272	**15,586**
Fixed-line	30,541	30,888	**32,039**
Subscriptions, connections and other usage	5,117	5,385	**5,803**
Traffic	18,313	17,723	**17,534**
Domestic (local and long distance)	9,680	9,286	**8,886**
Fixed-to-mobile	7,321	7,302	**7,647**
International (outgoing)	1,312	1,135	**1,001**
Interconnection	1,441	1,320	**1,433**
Data	4,792	5,484	**6,223**
Directories and other	878	976	**1,046**

Change in comparatives

Operating revenue has increased by R43 million in 2005 (2004: R98 million) due to the change in fixed-line policy for recognising connection revenues (refer to note 1).

	2004 Rm	2005 Rm	**2006 Rm**
3 DEPRECIATION, AMORTISATION, IMPAIRMENT AND WRITE-OFFS	7,248	6,288	**5,876**
Depreciation of property, plant and equipment	6,092	5,442	**5,154**
Amortisation of intangible assets	806	502	**560**
Impairment of property, plant and equipment	149	85	**–**
Reversal of impairment of property, plant and equipment	–	–	**(26)**
Impairment of intangible assets	–	49	**–**
Write-offs of property, plant and equipment	201	210	**188**

In recognition of the changed usage patterns of certain items of property, plant and equipment, the Group reviewed their remaining useful lives in the current year. The assets affected were certain items included in Network and Support equipment.

	2004 Rm	2005 Rm	**2006 Rm**
4 FINANCE CHARGES	3,264	1,695	**1,233**
Interest	2,488	1,686	**1,346**
Local debt	2,253	1,515	**1,506**
Foreign debt	303	281	**9**
Less: Finance costs capitalised	(68)	(110)	**(169)**
Foreign exchange gains and losses and fair value adjustments	776	9	**(113)**
Foreign exchange (gains)/losses	(368)	112	**57**
Fair value adjustments on derivative instruments	1,144	(103)	**(170)**
Capitalisation rate	15.14%	15.23%	**13.91%**

Notes to the summarised consolidated annual financial statements *(continued)*

for the three years ended March 31, 2006

	2004	2005	**2006**
5 EARNINGS AND DIVIDEND PER SHARE			
Basic earnings per share (cents)	823.9	1,246.7	**1,744.7**

The calculation of earnings per share is based on profit attributable to equity holders of Telkom for the year of R9,182 million (2005: R6,751 million; 2004: R4,589 million) and 526,271,093 (2005: 541,498,547; 2004: 556,994,962) weighted average number of ordinary shares in issue.

	2004	2005	**2006**
Diluted earnings per share (cents)	823.9	1,244.3	**1,735.2**

The calculation of diluted earnings per share is based on earnings for the year of R9,182 million (2005: R6,751 million; 2004: R4,589 million) and 529,152,318 diluted weighted average number of ordinary shares (2005: 542,537,579; 2004: 556,994,962). The adjustment in the weighted average number of shares is as a result of the expected future vesting of shares already allocated to employees under the Telkom Conditional Share Plan.

	2004	2005	**2006**
Headline earnings per share (cents)	875.2	1,279.0	**1,740.5**

The calculation of headline earnings per share is based on headline earnings of R9,160 million (2005: R6,926 million; 2004: R4,875 million) and 526,271,093 (2005: 541,498,547; 2004: 556,994,962) weighted average number of ordinary shares in issue.

	2004	2005	**2006**
Diluted headline earnings per share (cents)	875.2	1,276.6	**1,731.1**

The calculation of diluted headline earnings per share is based on headline earnings of R9,160 million (2005: R6,926 million; 2004: R4,875 million) and 529,152,318 (2005: 542,537,579; 2004: 556,994,962) diluted weighted average number of ordinary shares in issue. The adjustment in the weighted average number of shares is as a result of the expected future vesting of shares already allocated to employees under the Telkom Conditional Share Plan.

Reconciliation between earnings and headline earnings:

	2004	2005	**2006**
Earnings as reported	4,589	6,751	**9,182**
Adjustments:			
Profit on disposal of investment	(25)	(64)	**(163)**
Profit on disposal of property, plant and equipment and intangibles	(19)	(30)	**(79)**
Impairment of property, plant, equipment and intangibles	149	134	**(26)**
Write-offs of property, plant and equipment	201	210	**188**
Acquisition of subsidiary	–	–	**35**
Amortisation of goodwill	72	–	**–**
Tax and minority interest effects	(92)	(75)	**23**
Headline earnings	4,875	6,926	**9,160**

Notes to the summarised consolidated annual financial statements *(continued)*

for the three years ended March 31, 2006

	2004	2005	**2006**
5 EARNINGS AND DIVIDEND PER SHARE *(continued)*			
Reconciliation of weighted average number of ordinary shares			
Ordinary shares in issue	557,031,819	557,031,819	**544,944,89**
Weighted average number of treasury shares	(36,857)	(15,533,272)	**(18,673,806**
Weighted average number of shares outstanding	556,994,962	541,498,547	**526,271,09**
Reconciliation of diluted weighted average number of ordinary shares			
Weighted average number of shares outstanding	556,994,962	541,498,547	**526,271,09**
Expected future vesting of shares	–	1,039,032	**2,881,22**
Weighted average number of shares outstanding	556,994,962	542,537,579	**529,152,31**
Dividend per share (cents)	90.0	110.0	**900.0**

The calculation of dividend per share is based on dividends of R4,801 million (2005: R606 million; 2004: R501 million) declared on June 2, 2005, and 533,465,571 (2005: 551,509,083; 2004: 557,031,819) number of ordinary shares outstanding. The reduction in the number of shares represents the number of treasury shares held on date of payment.

	2004	2005	**2006**
6 NET ASSET VALUE PER SHARE			
Net asset value per share (cents)	3,905.1	4,900.2	**5,593.5**

The calculation of net asset value per share is based on net assets of R29,165 million (2005: R26,141 million; 2004: R21,628 million) and 521,408,320 (2005: 533,465,571; 2004: 553,846,083) number of ordinary shares outstanding.

Notes to the summarised consolidated annual financial statements *(continued)*

for the three years ended March 31, 2006

		2004 Rm	2005 Rm	**2006 Rm**
7	**ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT**			
	Freehold land and buildings	64	42	**105**
	Leasehold buildings	59	–	**75**
	Network equipment	1,524	1,742	**2,622**
	Support equipment	140	95	**130**
	Furniture and office equipment	9	10	**19**
	Data processing equipment and software	491	379	**381**
	Under construction	2,598	2,123	**2,933**
	Other	51	73	**45**
		4,936	4,464	**6,310**
	Fully depreciated assets with a cost of R3,724 million were derecognised in the 2006 financial year. This has reduced both the cost price and accumulated depreciation of property, plant and equipment accordingly.			
8	**ADDITIONS TO INTANGIBLE ASSETS**			
	Trademarks, copyrights and other	4	–	**2**
	Licences	57	–	**1**
	Software	–	103	**219**
	Assets under construction	371	1,284	**974**
		432	1,387	**1,196**

Notes to the summarised consolidated annual financial statements *(continued)*

for the three years ended March 31, 2006

		2004 Rm	2005 Rm	**2006 Rm**
9	**NET CASH AND CASH EQUIVALENTS**	2,796	2,301	**4,255**
	Cash and bank balances	1,219	2,375	**1,853**
	Short-term deposits	1,999	835	**3,095**
	Cash shown as current assets	3,218	3,210	**4,948**
	Credit facilities utilised	(422)	(909)	**(693)**
	Undrawn borrowing facilities	2,995	4,750	**9,519**
10	**SHARE CAPITAL** Authorised and issued share capital and share premium are made up as follows:			
	Authorised	10,000	10,000	**10,000**
	999,999,998 ordinary shares of R10 each	10,000	10,000	**10,000**
	1 (2005: 1; 2004: 1) Class A ordinary share of R10	–	–	**–**
	1 (2005: 1; 2004: 1) Class B ordinary share of R10	–	–	**–**
	Issued and fully paid	8,293	8,293	**6,791**
	544,944,897 (2005: 557,031,817; 2004: 557,031,817) ordinary shares of R10 each	5,570	5,570	**5,449**
	1 (2005: 1; 2004: 1) Class A ordinary share of R10	–	–	**–**
	1 (2005: 1; 2004: 1) Class B ordinary share of R10	–	–	**–**
	Share premium	2,723	2,723	**1,342**

Share buyback

During the year, Telkom bought back 12,086,920 ordinary shares at a total consideration of R1,502 million. This reduced the share capital by R121 million and the share premium by R1,381 million.

Treasury shares

12,687,521 (2005: 12,717,190; 2004: 3,185,736) and 10,849,058 (2005: 10,849,058; 2004: Nil) ordinary shares in Telkom, with a fair value of R2,038 million (2005: R1,366 million; 2004: R251 million) and R1,743 million (2005: R1,166 million; 2004: RNil) are currently held as treasury shares by its subsidiaries Rossal No 65 (Proprietary) Limited and Acajou Investments (Proprietary) Limited, respectively.

Notes to the summarised consolidated annual financial statements *(continued)*

for the three years ended March 31, 2006

		2004 Rm	2005 Rm	**2006 Rm**
11	**INTEREST-BEARING DEBT**			
	Long-term interest-bearing debt	12,703	9,504	**7,655**
	Total interest-bearing debt	16,754	14,003	**11,123**
	Gross interest-bearing debt	20,151	16,914	**13,686**
	Discount on debt instruments issued	(3,397)	(2,911)	**(2,563)**
	Less: Current portion of interest-bearing debt	(4,051)	(4,499)	**(3,468)**
	Local debt	(3,628)	(264)	**(2,642)**
	Locally registered Telkom debt instruments	(2,286)	–	**(2,211)**
	Repurchase agreements	(27)	–	**–**
	Commercial paper bills	(1,313)	(262)	**(429)**
	Short-term interest-free loans	(2)	(2)	**(2)**
	Foreign debt	(408)	(4,210)	**(786)**
	Finance leases	(15)	(25)	**(40)**
12	**COMMITMENTS**			
	Capital commitments authorised	7,151	7,970	**10,265**
	Fixed-line	4,566	5,029	**6,519**
	Mobile	2,585	2,941	**3,746**
	Commitments against authorised capital expenditure	439	825	**842**
	Fixed-line	88	91	**200**
	Mobile	351	734	**642**
	Authorised capital expenditure not yet contracted	6,712	7,145	**9,423**
	Fixed-line	4,478	4,938	**6,319**
	Mobile	2,234	2,207	**3,104**

Management expects these commitments to be financed from internally generated cash and other borrowings.

The Group exposure is 50% of the following items:

Interception of Communications and Provisions of Communication-related Information Act ("the Act")

The Act was proclaimed in the Government Gazette and has been made effective September 30, 2005, with the exception of the provisions dealing with customer registration which comes into effect on June 30, 2006. The cellular operators have succeeded in obtaining, in principle, support by the Department of Justice for an electronic registration process. The legislative amendments necessary to allow for such an electronic registration process have not yet been effected, but are anticipated prior to the effective date of June 30, 2006. The sections of the interception and monitoring legislation ("RICA") prescribing a paper-based customer registration process came into effect on May 28, 2006. A reliable estimate of capital and operating costs that will potentially be incurred in order to comply with the provisions of the Act cannot be made at this stage.

Notes to the summarised consolidated annual financial statements *(continued)*

for the three years ended March 31, 2006

12 COMMITMENTS *(continued)*

Global Alliance fees

The Vodacom Group pays annual fees from February 18, 2005, for the services provided. The fee is calculated as a percentage of revenue.

Retention incentives

The Vodacom Group has committed a maximum of R456 million (March 31, 2005: R373 million) in respect of customers already beyond their normal 24-month contract period, but who have not yet upgraded to new contracts, and therefore have not utilised the incentive available for such upgrades. The Group has not provided for this liability, as no legal obligation exists, since the customers have not yet entered into new contracts.

Africell Cellular Services (Proprietary) Limited

An offer to acquire the cellular business of Africell Cellular Services (Proprietary) Limited was made and accepted. The suspensive conditions as well as Competition Commission approval, are currently being attended to.

13 CONTINGENCIES

Supplier dispute

No material change since prior year.

Competition commission

South African Value Added Network Services ("SAVA").

No material change since prior year.

Internet Service Providers Association ("ISPA")

The Internet Service Providers Association ("ISPA"), an association of internet service providers (ISPs), filed complaints against Telkom at the Competition Commission regarding alleged anti-competitive practices on the part of Telkom. A maximum administrative penalty of up to 10%, calculated with reference to Telkom's annual turnover, excluding the turnover of subsidiaries and joint ventures, for the financial year prior to the compliant date, may be imposed if it is found that Telkom has committed a prohibited practice as set out in the Competition Act, 1998 (as amended). The Competition Commission has formally requested Telkom to provide it with certain records of orders placed for certain services, in an attempt to first investigate the latter aspects of the complaint.

Notes to the summarised consolidated annual financial statements *(continued)*

for the three years ended March 31, 2006

		2004	2005	**2006**
14	**SEGMENT INFORMATION**			
	Eliminations represent the inter-segmental transactions that have been eliminated against segment results. The mobile segment represents the Group's joint venture Vodacom.			
	Business segment			
	Consolidated revenue	40,582	43,160	**47,625**
	Fixed-line	31,004	31,457	**32,749**
	To external customers	30,541	30,888	**32,039**
	Inter-company	463	569	**710**
	Mobile	11,428	13,657	**17,021**
	To external customers	10,041	12,272	**15,586**
	Inter-company	1,387	1,385	**1,435**
	Elimination	(1,850)	(1,954)	**(2,145)**
	Other income	255	280	**480**
	Fixed-line	230	255	**430**
	Elimination	–	(9)	**–**
	Mobile	25	34	**50**
	Operating expenses	31,499	32,179	**33,428**
	Fixed-line	24,510	23,691	**22,937**
	Elimination	(1,387)	(1,385)	**(1,435)**
	Mobile	8,839	10,451	**12,636**
	Elimination	(463)	(578)	**(710)**
	Consolidated operating profit	9,338	11,261	**14,677**
	Fixed-line	6,724	8,021	**10,242**
	Elimination	924	807	**725**
	Mobile	2,614	3,240	**4,435**
	Elimination	(924)	(807)	**(725)**
	Consolidated investment income	322	350	**397**
	Fixed-line	1,324	1,992	**2,583**
	Elimination	(1,061)	(1,700)	**(2,250)**
	Mobile	59	58	**64**
	Consolidated finance charges	3,264	1,695	**1,233**
	Fixed-line	2,991	1,647	**839**
	Mobile	284	48	**394**

Elimination	(11)	–	–

Notes to the summarised consolidated annual financial statements *(continued)*

for the three years ended March 31, 2006

	2004	2005	**2006**
14 SEGMENT INFORMATION (*continued)*			
Consolidated taxation	1,738	3,082	**4,520**
Fixed-line	876	1,775	**2,981**
Mobile	862	1,307	**1,539**
Minority interests	69	83	**139**
Fixed-line	56	68	**81**
Mobile	13	15	**58**
Profit attributable to equity holders of Telkom	4,589	6,751	**9,182**
Fixed-line	4,125	6,523	**8,924**
Elimination	(137)	(893)	**(1,525)**
Mobile	1,514	1,928	**2,508**
Elimination	(913)	(807)	**(725)**
Consolidated assets	50,198	50,177	**54,306**
Fixed-line	41,441	40,206	**43,748**
Mobile	9,799	11,157	**12,262**
Elimination	(1,042)	(1,186)	**(1,704)**
Investments	1,735	2,346	**2,963**
Fixed-line	1,466	2,240	**2,861**
Mobile	269	106	**102**
Other financial assets	1,241	5,074	**275**
Fixed-line	1,222	5,039	**256**
Mobile	19	35	**19**
Total assets	53,174	57,597	**57,544**
Consolidated liabilities	13,487	15,209	**15,171**
Fixed-line	9,733	10,658	**10,409**
Mobile	4,796	5,737	**6,466**
Elimination	(1,042)	(1,186)	**(1,704)**
Interest-bearing debt	16,754	14,003	**11,123**
Fixed-line	15,724	12,703	**9,889**
Mobile	1,030	1,300	**1,234**
Other financial liabilities	645	313	**235**
Fixed-line	613	313	**205**
Mobile	32	–	**30**
Tax liabilities	460	1,711	**1,549**
Fixed-line	34	1,395	**1,234**
Mobile	426	316	**315**
Total liabilities	31,346	31,236	**28,078**

Notes to the summarised consolidated annual financial statements *(continued)*

for the three years ended March 31, 2006

		2004	2005	**2006**
14	**SEGMENT INFORMATION (***continued)*			
	Other segment information			
	Capital expenditure for property, plant and equipment	4,936	4,464	**6,310**
	Fixed-line	3,491	2,820	**3,960**
	Mobile	1,445	1,644	**2,350**
	Capital expenditure for intangible assets	432	1,387	**1,196**
	Fixed-line	371	1,284	**975**
	Mobile	61	103	**221**
	Depreciation and amortisation	6,898	5,944	**5,714**
	Fixed-line	5,633	4,522	**4,216**
	Mobile	1,265	1,422	**1,498**
	Impairment and asset write-offs	350	295	**162**
	Fixed-line	350	210	**188**
	Mobile	–	85	**(26)**
	Intangible assets impairment – Mobile	–	49	**–**
	Workforce reduction expenses – Fixed-line	302	961	**88**

Notes to the summarised consolidated annual financial statements *(continued)*

for the three years ended March 31, 2006

	2004 Rm	2005 Rm	**2006 Rm**
15 RELATED PARTIES			
Details of material transactions and balances with related parties not disclosed elsewhere in the summarised consolidated annual financial statements were as follows:			
With joint venture:			
Vodacom Group (Proprietary) Limited			
Related party balances			
Trade receivables	42	42	**48**
Trade payables	(250)	(250)	**(256)**
Related party transactions			
Income	(463)	(569)	**(710)**
Expenses	1,387	1,385	**1,443**
Audit fees	3	3	**3**
Interest received	(11)	–	**–**
With shareholders:			
Thintana Communications LLC			
Management fees	154	57	**–**
On November 22, 2004, Thintana Communications LLC sold their total interest in Telkom.			
Government			
Related party balances			
Trade receivables	189	185	**194**
Related party transactions			
Revenue	(1,866)	(1,987)	**(2,106)**
With entities under common control:			
Major public entities			
Related party balances			
Trade receivables	25	37	**31**
Trade payables	(3)	(7)	**(2)**
Related party transactions			
Income	(368)	(445)	**(343)**
Expenses	169	199	**170**
Rent received	(9)	(15)	**(17)**
Rent paid	54	52	**56**
With key management personnel:			
Remuneration and benefits	103	93	**146**

Notes to the summarised consolidated annual financial statements *(continued)*

for the three years ended March 31, 2006

		2006 Rm
16	**PURCHASE OF SUBSIDIARY**	
	On August 1, 2005, the Vodacom Group acquired a 51% interest in the equity of Cointel VAS (Proprietary) Limited. The fair value of the assets and liabilities acquired were determined by the Group and are as follows:	
	Fair value of net assets acquired	**(47)**
	Property, plant and equipment	**(1)**
	Intangible assets	**(90)**
	Trade and other receivables	**(4)**
	Cash and cash equivalents	**(42)**
	Deferred taxation liability	**18**
	Trade and other payables	**57**
	Taxation payable	**8**
	Provision	**1**
	Dividends payable	**6**
	Minority interest	**23**
	Goodwill	**(18)**
	Purchase price (including capitalised costs)	**(42)**
	Cash and cash equivalents	**42**
	Cash consideration	**–**

The purchase price of R84 million (Group share: R42 million), excluding capitalised costs was paid on August 23, 2005. Capitalised costs were paid throughout the period.

Revenue amounting to R45 million and net profit of R9 million is included in the current period results. Revenue would have amounted to R47,630 million and net profit to R9,146 million if the entity had been consolidated for the full year ended March 31, 2006.

The goodwill related to the acquisition represents future synergies and is allocated to the Mobile South African cash-generating unit.

Notes to the summarised consolidated annual financial statements *(continued)*

for the three years ended March 31, 2006

17 NEGATIVE WORKING CAPITAL

For the financial years ended March 31, 2006, 2005 and 2004, the Group's current liabilities are greater than current assets. Current liabilities will be financed from operating cash flows, new borrowings and existing credit facilities.

18 SUBSEQUENT EVENTS

Business Connexion Group Limited (BCX)

On April 4, 2006, Telkom announced its firm intention to make an offer to acquire the entire issued share capital of BCX, other than the BCX shares held as treasury shares and, if the trustees of the BCX share incentive trust so agree, the BCX shares held by the BCX share incentive trust. Telkom will acquire the outstanding options in BCX on the same terms and conditions as the offer for the shares. The offer will be implemented by way of a scheme of arrangement in terms of section 311 of the Companies Act, to be proposed by Telkom between BCX and its shareholders.

The transaction will advance Telkom's ongoing data strategy. In particular, Telkom believes that the transaction will enhance Telkom's ability to offer its customers end-to-end solutions across the ICT value chain. Telkom's strength has to date been on ICT services relevant to its core connectivity proposition, managed network and internet access and BCX offers a complementary service offering. The transaction will enable Telkom to have a meaningful presence in the IT services market extending its value chain with BCX's proven capabilities in business application and support management, business process outsourcing and other IT related complementary lines of business.

BCX has defined a strategy to expand into the communications arena and has been considering a relationship with a communications company to that effect. If the offer is successful, BCX will continue to operate as a standalone or separate business unit within Telkom. BCX will retain and expand its service offering and always service its clients with ongoing commitment.

Cell captive annuity policy

Subsequent to year end, an addendum to the annuity policy contract was signed, which transferred a part of the post-retirement medical liability to an annuity fund. This will effectively change the presentation of the liability and the asset as the annuity policy will meet the definition of a plan asset in terms of IAS19 which requires the liability to be reduced by the fair value of the plan asset. The effect of this on the annual financial statements will be a reduction in investments as well as liabilities to the value of R1,371 million.

Share buy-back

As part of the Group's commitment to the optimal use of capital, the Telkom Board approved on June 2, 2006 a share buy-back programme to the value of R2 billion.

Other matters

The directors are not aware of any other matter or circumstance since the financial year end and the date of this report, not otherwise dealt with in the financial statements, which significantly affects the financial position of the Group and the results of its operations.

10 Supplementary Information

In connection with the US Securities Exchange Commission Rules relating to "Conditions for use of Non-GAAP Financial Measures", EBITDA and headline earnings have been reconciled to net profit.

	Year ended March 31	
	Restated	
	2005	**2006**
EBITDA		
Earnings before interest, taxation, depreciation and amortisation (EBITDA) can be reconciled as follows:		
EBITDA	17,549	**20,553**
Depreciation, amortisation, impairment and write-offs	(6,288)	**(5,876)**
Investment income	350	**397**
Finance charges	(1,695)	**(1,233)**
Taxation	(3,082)	**(4,520)**
Minority interests	(83)	**(139)**
Net profit	6,751	**9,182**
Headline earnings		
The disclosure of headline earnings is a requirement of the JSE Securities Exchange, South Africa and is not a recognised measure under US GAAP.		
Headline earnings can be reconciled as follows:		
Headline earnings	6,751	**9,182**
Profit on disposal of investment	(64)	**(163)**
Profit on disposal of property, plant and equipment	(30)	**(79)**
Impairment of property, plant and equipment and intangible assets	134	**(26)**
Write-offs of property, plant and equipment	210	**188**
Acquisition of subsidiary	–	**35**
Tax and minority interest effects	(75)	**23**
Net profit	6,926	**9,160**

DEFINITIONS

Operating free cash flow

Operating free cash flow is defined as cash flow from operating activities, after interest and taxation, before dividends, less cash flow from investing activities.

Total interest-bearing debt

Total interest-bearing debt is defined as short and long-term interest-bearing debt, including credit facilities and finance leases.

Net debt

Net debt is defined as total interest-bearing debt, net of bank and cash and financial assets and liabilities.

Asymmetrical Digital Subscriber Line (ADSL)

ADSL is a broadband access standard which uses existing copper lines to offer high-speed digital connections over the local loop. ADSL transmits data asymmetrically, meaning that the bandwidth usage is much higher in on direction than the other. ADSL provides greater bandwidth from the exchange to the customer (ie downloading) than from the customer to the exchange (ie sending).

Average Revenue per User (ARPU)

ARPU is usually quoted on a monthly or annual basis by cellular networks.

US DOLLAR CONVENIENCE

	March 31,		
In ZAR millions	Restated 2005	**2006**	%
Revenue	6,939	**7,744**	11.6
Operating profits	1,810	**2,385**	31.8
Net profit	1,099	**1,516**	37.9
EBITDA	2,822	**3,339**	18.3
EPS (cents)	200.5	**283.7**	41.9
Net debt	1,116	**1,110**	(0.5)
Total assets	9,260	**9,357**	1.0
Cash flow from operating activities	2,526	**1,546**	(38.8)
Cash flow used in investing activities	(1,014)	**(1,185)**	16.9
Cash flow used in financing activities	(1,591)	**(42)**	97.4
Exchange rate			
Period end[1]			
US$1 = ZAR	6.22	**6.15**	(1.1)

1. Noon buying rate

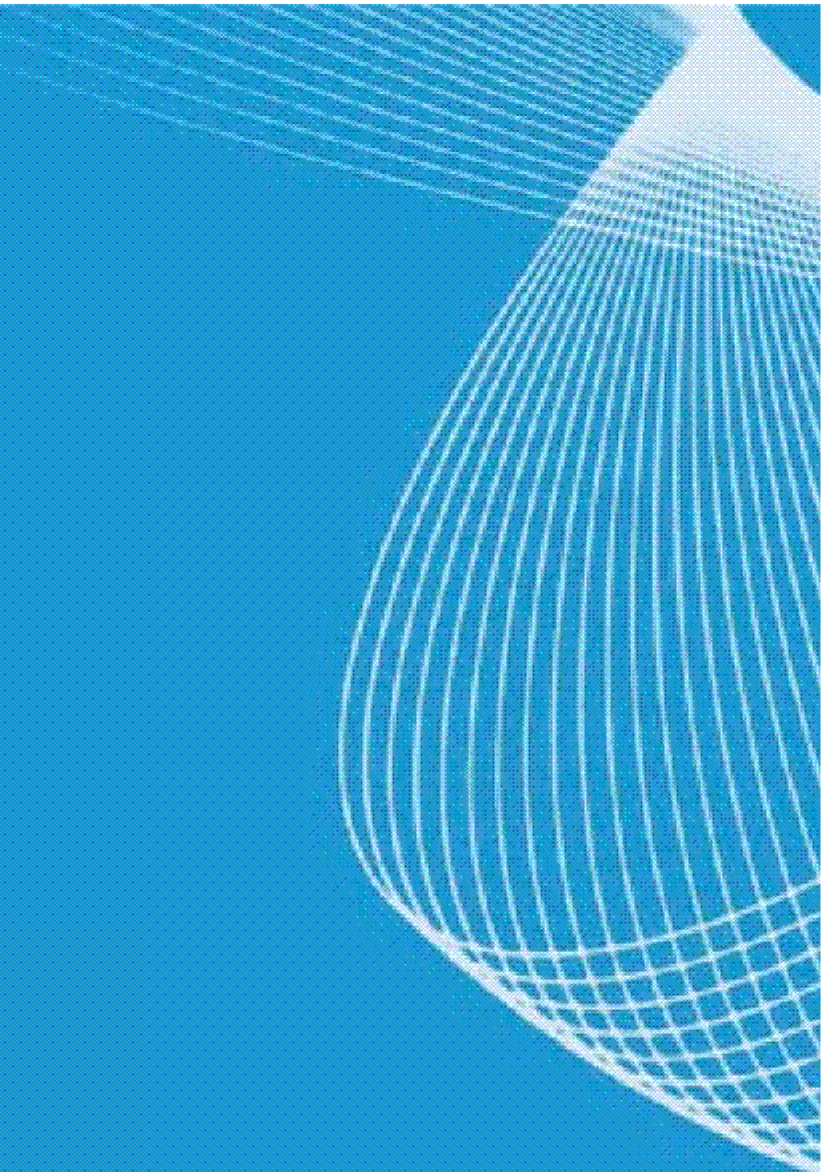
11 Special Note Regarding Forward-looking Statements

All of the statements included in this document, as well as oral statements that may be made by us or by officers, directors or employees acting on behalf of us, that are not statements of historical facts constitute or are based o forward-looking statements within the meaning of the US Private Securities Litigation Reform Act of 1995, specifically Section 27A of the US Securities Act of 1933, as amended, and Section 21E of the US Securities Exchange Act of 1934, as amended. These forward-looking statements involve a number of known and unknown risks, uncertainties and other factors that could cause our actual results and outcomes to be materially different from historical results or from any future results expressed or implied by such forward-looking statements. Among the factors that could cause our actual results or outcomes to differ materially from our expectations are those risks identified in Item 3. "Key Information-Risk Factors," of Telkom's most recent Annual Report on Form 20-F filed with the US Securities and Exchange Commission (SEC) and its other filings and submissions with the SEC which is available on Telkom's website at www.telkom.co.za/ir, including, but not limited to, increased competitio in the South African fixed-line and mobile communications markets; developments in the regulatory environment; continued mobile growth and reductions in Vodacom's and Telkom's net interconnect margins; Vodacom's and Telkom's ability to expand their operations and make investments in other African countries and the general economic, political, social and legal conditions in South Africa and in other countries where Vodacom and Telkom invest; our ability to attract and retain key personnel; our inability to appoint a majority of Vodacom's directors and the consensus approval rights at Vodacom may limit our flexi bility and ability to implement our preferred strategies; Vodacom's continued payment of dividends or distributions to us; our ability to improve and maintain our management information and other systems; our negative working capital; changes and delays in the implementation of new technologies; our ability to reduce theft, vandalism, network and payphone fraud and lost revenue to non-licensed operators; our ability to improve our internal control over financial reporting; health risks to related mobile handsets, base stations and associated equipment; our control by the Government of the Republic of South Africa; the outcome of regulatory, legal and arbitration proceedings, including tariff approvals, and the outcome of Telkom's hearing before the Competition Commission related to the VANs litigation, its proceedings with Telcordia Technologies Incorporated and others; our ability to negotiate favourable terms, rates and conditions for the provision of interco nnection services; our ability to implement and recover the substantial capital and operational costs associated with carrier pre-selection, Number Portability and monitoring and interception; Telkom's ability to comply with the South African Public Finance Management Act and South Africar Public Audit Act and the impact of the Municipal Property Rates Act; fluctuations in the value of the Rand; the impact of unemployment, poverty, crime and HIV infection, labour laws and exchange control restrictions in Soutl Africa; and other matters not yet known to us or not currently considered material by us.

We caution you not to place undue reliance on these forward-looking statements. All written and oral forward-looking statements attributable to us, or persons acting on our behalf, are qualified in their entirety by these cautionary statements. Moreover, unless we are required by law to update these statements, we will not necessarily update any of these statements after the date hereof, either to confirm them to actual results or to changes in our expectation.

Notes:

Notes:



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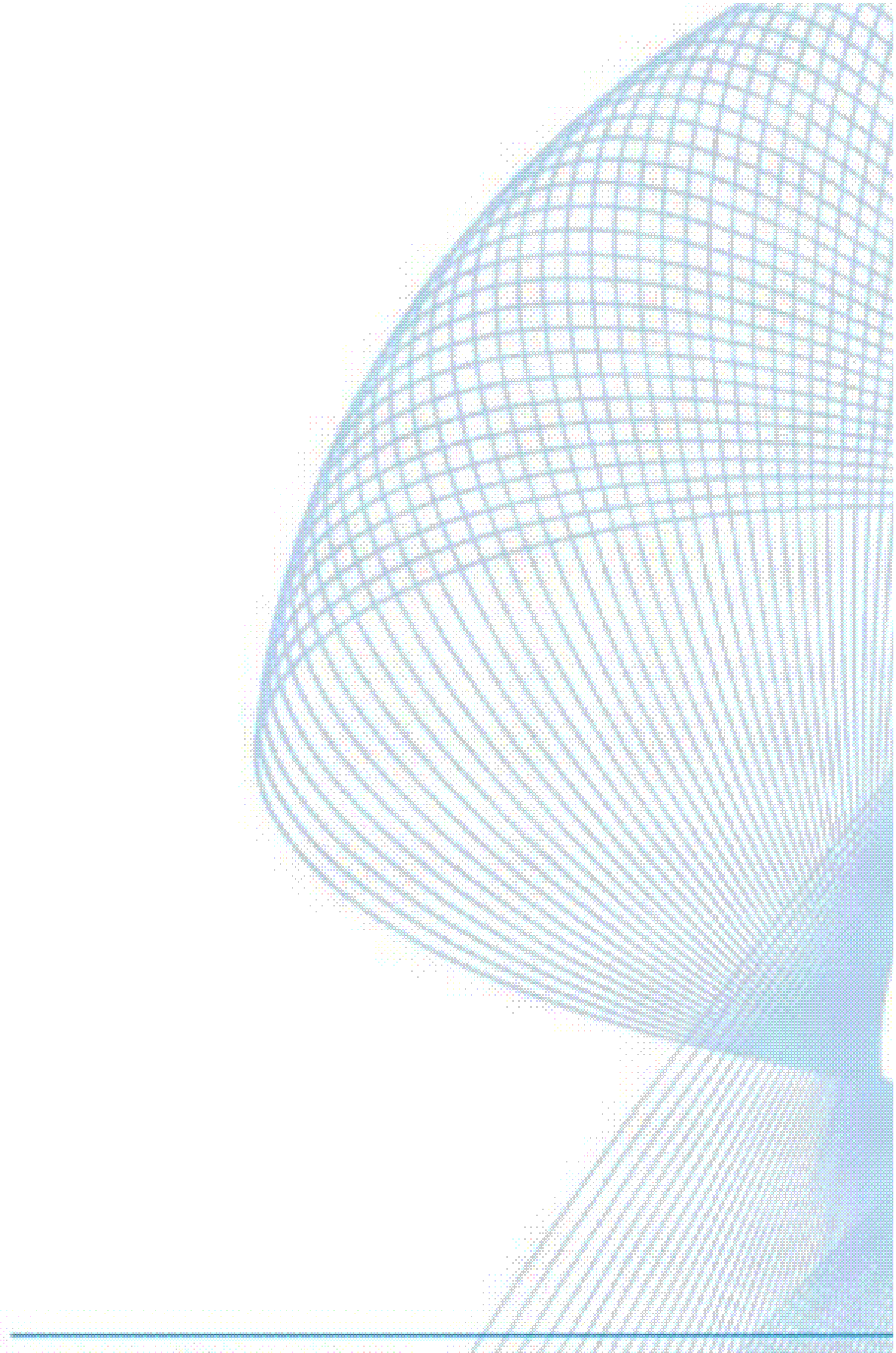

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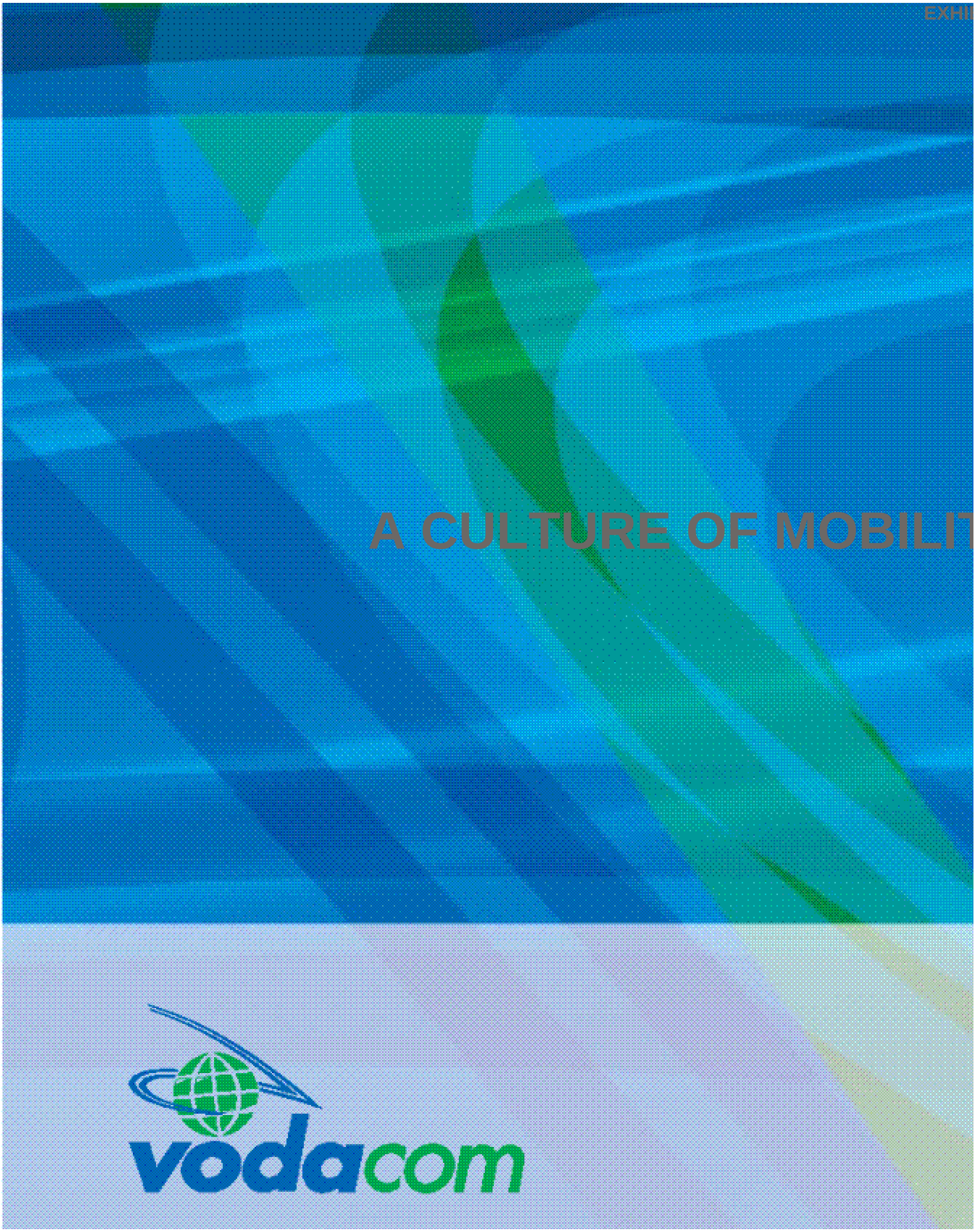

EXHI
A CULTURE OF MOBILIT
vodacom

VODACOM GROUP (PROPRIETARY) LIMITED
GROUP RESULTS
for the year ended Marc h 31, 2006

HIGHLIGHTS

Total customers increased by **51.9%** to 23.5 million

- Customers increased by **49.3%** in South Africa to 19.2 million
- Customers increased by **74.1%** in Tanzania to 2.1 million
- Customers increased by **52.2%** the Democratic Republic of Congo to 1.6 million
- Customers increased by **40.1%** Lesotho to 206,000
- Customers increased by **84.9%** Mozambique to 490,000

South Africa market share increased by 2% points to **58%**

Revenue increased by **24.6%** R34.0 billion

Profit from operations increased by **36.9%** R8.9 billion

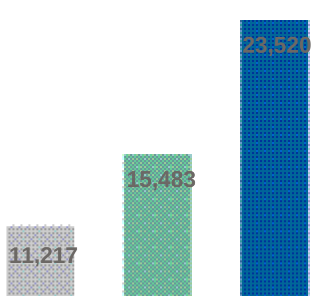
EBITDA increased by **23.1%** R11.8 billion

Net profit after taxation increased by **32.0%** to R5.1 billion

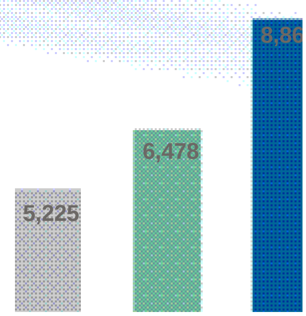
Cash generated from operations increased by **10.8%** R11.1 billion

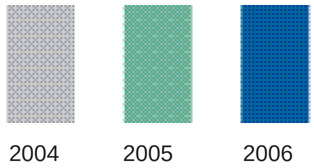
Dividends increased by **32.4%** R4.5 billion

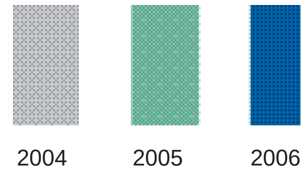
Total customers
'000



Profit from operatior
Rand millions




2004
2005
2006


2004
2005
2006

COMMENTARY

Vodacom Group (Proprietary) Limited, South Africa's market leader in the provision of cellular services announces its results for the year ended March 31, 2006.

SOUTH AFRICA

Customers

The South African customer base increased by 49.3% to 19.2 million (2005: 12.8 million) for the year ended March 31, 2006. The increase was driven by the exceptional growth in the prepaid market although excellent growth was also achieved in the contract market. The number of prepaid customers increased by 53.3% to 16.8 million, while the number of contract customers increased by 26.2% to 2.4 million. The strong growth in customers was a direct result of the remarkable number of gross connections achieved, coupled with decreased churn.

ARPU

Prepaid services have been the driving force behind market penetration in South Africa and contributed 92.1% (2005: 90.1%) to all gross new connections.

caused by a higher proportion of lower ARPU as well as lower usage customers being connected to the network. Contract customer ARPU has decreased by 8.3% to R572 (2005: R624) per month. The main contributing factor to this decrease has been the high growth in data customers as well as the low end hybrid, Family Top Up package. The prepaid customer ARPU has decreased by 11.5% to R69 (2005: R78) per month.

Churn

Vodacom continuously focuses on retention of existing customers and acquisition of new customers. In 2006, Vodacom maintained a very low contract churn of 10.0% (2005: 9.1%). The decrease in prepaid churn experienced during the year under review to 18.8% (2005: 30.3%) is a result of a combination of the introduction of innovative products and services, loyalty initiatives and changes in business rules to ensure incentives are paid on factual connections.

Traffic

During the period under review, ARPU decreased to R139 (2005: R163) per month The continued dilution of ARPU is

Total traffic on the network, excluding the impact of national and international roaming, has shown an increase of 20.0%

COMMENTARY continued

to 17.1 billion (2005: 14.2 billion) minutes in 2006. This growth was mainly due to the 49.3% growth in the total customer base from 12.8 million to 19.2 million as at the end of March 2006. Also evident was a marked change in customer calling patterns, with total mobile to mobile traffic increasing by 26.1% while total mobile to fixed and fixed to mobile traffic increased by only 1.7%.

Regulatory

Light touch regulation by all regulatory bodies have played an important role in the impressive market penetration achieved in South Africa. Both the Independent Communications Authority of South Africa ("ICASA") Amendment Bill and the Electronic Communications Bill ("ECB") (previously known as the Convergence Bill), have been passed by Parliament in December 2005. The President has assented to the ECB, but has referred the ICASA Amendment Bill back to Parliament.

Vodacom made written and oral presentations to Parliament on both bills.

two key concerns, i.e. the grandfathering of all current licensees' rights and obligations, and the provisions which dealt with price regulation and other market regulatory interventions to include due process and proper market studies.

The draft Information and Communication Technology ("ICT") BEE Charter is expected to be aligned with the Department of Trade and Industry ("DTI") Codes of Good Practice during July 2006 and to be released for public comment. Vodacom is committed to comply with the ICT BEE Charter when it is finalised.

ICASA has promulgated the Number Portability Regulations and the industry implementation date is expected to be in September 2006. The introduction of this facility could cause a flurry of market activities and it also presents Vodacom with the opportunity to increase its market share.

The effective date of the Interception of Communication and Communication-related Information Act ("RICA") was

Although not all of Vodacom's concerns with regard to the ECB were addressed, the ECB was amended to address Vodacom's

proclaimed at September 30, 2005. The sections of the interception and monitoring legislation prescribing a customer registration process comes into effect on June 30, 2006. This cumbersome prepaid customer registration process will, however, have a significant negative impact on market penetration.

Market share

Despite strong competition, Vodacom has retained its leadership in the highly competitive South African mobile communications market with an estimated 58% (2005: 56%) market share on March 31, 2006. The South African cellular industry has grown by 44% in the last year and Vodacom has contributed to approximately 63% of this growth. The market penetration of the cellular industry is now an estimated 71% (2005: 49%) of the population.

OTHER AFRICAN OPERATIONS

Vodacom's other African operations, which provide a world-class global system for mobile communications ("GSM") service to millions of customers, are all faced with continued challenges such as competition from other operators as well as rigorous regulatory changes. All these operations, with the exception of

Vodacom Tanzania achieved exceptional customer and profit growth. The customer base increased by 74.1% to 2.1 million (2005: 1.2 million) at March 31, 2006. The Tanzanian market remains highly competitive, but with mobile penetration estimated at 9.2% of the population, it still promises further growth potential. Vodacom Tanzania's market share decreased slightly to 58% (2005: 59%) at March 31, 2006.

Vodacom Congo remains the market leader with an estimated market share of 48% (2005: 47%) at March 31, 2006. The DRC has the lowest estimated mobile penetration of all Vodacom's operations at 5.5% of the population. Notwithstanding the uncertainties surrounding the planned elections in the coming year, Vodacom Congo increased its customer base by 52.2% to 1.6 million (2005: 1.0 million) at March 31, 2006.

Vodacom Lesotho is expected to remain a small operation, but has positioned itself well to minimise the impact of competitive activity and has maintained its estimated

80%

with the exception of Mozambique, showed excellent profit growth for the year ended March 31, 2006.

80% market share at March 31, 2006.

Vodacom Lesotho increased its customer base by 40.1% to 206,000 (2005: 147,000).

COMMENTARY continued

Mobile penetration in Lesotho is now estimated at 12.9%.

Vodacom Mozambique's estimated market share of 30.0% (2005: 33.0%) has decreased due to strong competition from the established competitor mCel, despite offering competitive coverage through an aggressive coverage roll-out programme. Vodacom Mozambique increased its customer base by 84.9% to 490,000 (2005: 265,000) at March 31, 2006. Mobile penetration is estimated at 8.4%.

SHAREHOLDER CHANGES

Vodafone increased its effective shareholding in Vodacom from 35% to 50% by acquiring a 100% shareholding in VenFin Limited, who owns 15% in Vodacom Group (Proprietary) Limited. This transaction highlighted Vodafone's major commitment to Vodacom and the African continent.

FINANCIAL REVIEW

REVENUE

Geographical split

	Rand millions			% change	
Year ended March 31	2004	2005	**2006**	05/04	**06/05**
South Africa, including holding companies	21,350	25,041	**31,069**	17.3	**24.1**
Tanzania	897	959	**1,312**	6.9	**36.8**
DRC[1]	476	1,075	**1,334**	125.8	**24.1**
Lesotho	119	137	**170**	15.1	**24.1**
Mozambique	13	103	**158**	692.3	**53.4**
Revenue	**22,855**	**27,315**	**34,043**	**19.5**	**24.6**
DRC (49%) [1]	457	—	**—**	—	**—**
Adjusted revenue	**23,312**	**27,315**	**34,043**	**17.2**	**24.6**

Note:

1. During the year ended March 31, 2004, 51% of Vodacom Congo was proportionally consolidated in the Group financial statements. Effective April 1, 2004, Vodacom Congo is being fully

Group financial statements. Effective April 1, 2004, Vodacom Congo is being fully consolidated as a subsidiary after certain clauses granting the outside shareholders participating rights have been removed from the shareholders' agreement. The adjusted revenue for 2004 reflects 100% of Vodacom Congo's revenue for comparative purposes.

Revenue increased by 24.6% to R34.0 billion (2005: R27.3 billion), of which Vodacom's other African operations contributed 8.7% (2005: 8.3%). The increase in revenue was primarily driven by the 51.9% increase in the Group customer base coupled with a 7.2 percentage point drop in overall churn to 19.6%. Group ARPU decreased by 16.0% to R127 per month mainly due to the majority of the growth in the customer base being achieved in prepaid customers and the lower end of the contract market.

Revenue composition

	Rand millions			% change	
Year ended March 31	2004	2005	**2006**	05/04	**06/05**
Airtime, connection and access	12,738	16,191	**20,085**	27.1	**24.1**
Data revenue	1,039	1,340	**2,038**	29.0	**52.1**
Interconnection	5,785	5,924	**6,697**	2.4	**13.0**
Equipment sales	2,275	2,687	**3,986**	18.1	**48.3**
International airtime	659	887	**971**	34.6	**9.5**
Other sales and services	359	286	**266**	(20.3)	**(7.0)**
Revenue	**22,855**	**27,315**	**34,043**	**19.5**	**24.6**

Airtime, connection and access

Vodacom's airtime, connection and access revenue increased by 24.1% to R20.1 billion (2005: R16.2 billion) during the year ended March 31, 2006, primarily due to the increase in the number of customers, offset by declining ARPUs in all operations.

FINANCIAL REVIEW continued

REVENUE *continued*

Data revenue — geographical split

	Rand millions			% change	
Year ended March 31	2004	2005	**2006**	05/04	**06/05**
South Africa	943	1,246	**1,886**	32.1	**51.4**
Tanzania	91	74	**108**	(18.7)	**45.9**
DRC	—	9	**25**	—	**177.8**
Lesotho	5	9	**16**	80.0	**77.8**
Mozambique	—	2	**3**	—	**50.0**
Data revenue	**1,039**	**1,340**	**2,038**	**29.1**	**52.1**

Vodacom's data revenue increased by 52.1% to R2.0 billion (2005: R1.3 billion), mainly due to new data initiatives such as 3G, HSDPA, Vodafone live!, BlackBerry®, Mobile TV as well as the popularity of SMS and other data products. Vodacom South Africa transmitted 3.5 billion (2005: 2.4 billion) SMSs over its network during the year ended March 31, 2006, up 45.5% from 2005. The number of active data users on the South African network as at March 31, 2006 was: MMS users 867,119 (2005: 328,974); GPRS users 1,386,329 (2005: 579,581); 3G Vodafone Mobile Connect data card users 37,798 (2005: 5,101); 3G active handsets 179,576 (2005: 10,878); Vodafone live! users 351,427; Unique Mobile TV users 12,903. The contribution to data revenue from other African operations increased to 7.4% (2005: 7.0%) of total data revenue. Data revenue now constitutes 7.0% (2005: 5.6%) of service revenue (service revenue excludes equipment sales, starter pack sales and non-recurring revenue).

Interconnection

During the year, Vodacom's interconnection revenue increased by 13.0% to R6.7 billion (2005: R5.9 billion), primarily due to the growth in off-net incoming mobile traffic.

Equipment sales

Vodacom's revenue from equipment sales increased by 48.3% to R4.0 billion (2005: R2.7 billion) during the year. In South Africa handset sale volumes increased by 58.3% to 3.8 million (2005: 2.4 million) units. The growth in equipment unit sales was primarily driven by growth in customer bases, cheaper Rand prices of new handsets, coupled with added functionality of new phones based on new technologies.

International airtime

International airtime increased by 9.5% to R971 million (2005: R887 million) for the year ended March 31, 2006. International airtime revenues comprise international calls by Vodacom customers, roaming revenue from Vodacom's customers making and receiving calls while abroad and revenue from international customers roaming on Vodacom's networks.

Other sales and ser vices

Other sales and services decreased by 7.0% to R266 million (2005: R286 million). Revenue from other sales and services includes income from Vodacom's cell captive insurance scheme, wireless application service provider ("WASP") revenue, site sharing rental income as well as other revenue from non-core operations.

FINANCIAL REVIEW continued

PROFIT FROM OPERATIONS

Geographical split

Year ended March 31	Rand millions			% change	
	2004	2005	**2006**	05/04	**06/05**
South Africa, excluding holding companies [1]	5,272	6,618	**8,602**	25.5	**30.0**
Tanzania	135	183	**263**	35.6	**43.7**
DRC[2]	10	50	**117**	400.0	**134.0**
Lesotho	1	25	**51**	—	**104.0**
Mozambique	(88)	(454)	**(144)**	(415.9)	**68.3**
Holding companies	(105)	56	**(23)**	153.3	**(141.1)**
Profit from operations	**5,225**	**6,478**	**8,866**	**24.0**	**36.9**
DRC (49%) [2]	10	—	**—**	—	**—**
Adjusted profit from operations	**5,235**	**6,478**	**8,866**	**23.7**	**36.9**

Notes

1. The Group restated lease payments and receipts under operating leases in order to recognise the expenses and income on a straight-line basis over the lease terms. The Group previously recognised the expenses and the income based on the amount paid or payable and received or receivable for each period. The impact of these restatements is immaterial.

2. During the year ended March 31, 2004, 51% of Vodacom Congo was proportionally consolidated in the Group financial statements. Effective April 1, 2004, Vodacom Congo is being fully consolidated as a subsidiary after certain clauses granting the outside shareholders participating rights have been removed from the shareholders' agreement. The adjusted profit from operations for 2004 reflects 100% of Vodacom Congo's profit from operations for comparative purposes.

Profit from operations for the Group increased by 36.9% to R8.9 billion (2005: R6.5 billion) for the year ended March 31, 2006, fuelled by buoyant consumer

lower than revenue growth of 24.6%. This resulted in Vodacom's profit from operations margin increasing to 26.0% (2005: 23.7%). The profit from operations for the Group was negatively impacted by losses in Mozambique of R144 million, acquisition costs associated with high levels of contract customer connections and retentions in consumer

spending and a low

inflationary environment

in South Africa as well as

successful cost

containment in all

operations. A healthy

increase in on-net traffic also

contributed

favourably to profit margins.

Operating

expenses increased by

20.8% which was

customer connections and retentions in

South

Africa and prepaid customer connections in

all operations.

EBITDA

Geographical split

Year ended March 31	Rand millions 2004	2005	2006	% change 05/04	06/05
South Africa, excluding holding companies[1]	7,526	8,995	**11,053**	19.5	**22.9**
Tanzania	278	345	**465**	24.1	**34.8**
DRC[2]	97	252	**373**	159.8	**48.0**
Lesotho	27	48	**67**	77.8	**39.6**
Mozambique	(71)	(111)	**(129)**	(56.3)	**(16.2)**
Holding companies	(100)	61	**(20)**	161.0	**(132.8)**
EBITDA	**7,757**	**9,590**	**11,809**	**23.6**	**23.1**
DRC (49%) [2]	93	—	**—**	—	**—**
Adjusted EBITDA	**7,850**	**9,590**	**11,809**	**22.2**	**23.1**

Notes

1. The Group restated lease payments and receipts under operating leases in order to recognise the expenses and income on a straight-line basis over the lease terms. The Group previously recognised the expenses and the income based on the amount paid or payable and received or receivable for each period. The impact of these restatements is immaterial.

2. During the year ended March 31, 2004, 51% of Vodacom Congo was proportionally consolidated in the Group financial statements. Effective April 1, 2004, Vodacom Congo is being fully consolidated as a subsidiary after certain clauses granting the outside shareholders participating rights have been removed from the shareholders' agreement. The adjusted EBITDA for 2004 reflects 100% of Vodacom Congo's EBITDA for comparative purposes.

EBITDA increased by 23.1% to R11.8 billion (2005: R9.6 billion) for the year ended March 31, 2006, with South Africa (including holding companies) contributing 93.4% and the other African operations contributing 6.6% to EBITDA. The EBITDA margin decreased to 34.7% full year impact of the global alliance fees paid to Vodafone, higher transmission and infrastructure costs as well as higher call centre costs, especially in South Africa and Tanzania. Vodacom's EBITDA margin, adjusted for the impact of the low margin cellular phone and equipment sales, was

(2005: 35.1%). The decline in the EBITDA margin is primarily the result of the

39.9% (2005: 40.1%).

FINANCIAL REVIEW continued

OPERATING EXPENSES

	Rand millions			% change	
Year ended March 31	2004	2005	2006	05/04	06/05
Depreciation, impairment and amortisation	2,532	3,112	**2,943**	22.9	**(5.4)**
Payments to other network operators	2,990	3,652	**4,634**	22.1	**26.9**
Other direct network operating costs	9,445	10,966	**13,663**	16.1	**24.6**
Staff expenses	1,332	1,653	**2,042**	24.1	**23.5**
Marketing and advertising	702	767	**977**	9.3	**27.4**
General administration expenses	687	751	**1,043**	9.3	**38.9**
Other operating income	(58)	(64)	**(125)**	10.3	**95.3**
Operating expenses [1]	**17,630**	**20,837**	**25,177**	**18.2**	**20.8**

Note

1. The Group restated lease payments and receipts under operating leases in order to recognise the expenses and income on a straight-line basis over the lease terms. The Group previously recognised the expenses and the income based on the amount paid or payable and received or receivable for each period. The impact of these restatements is immaterial.

Depreciation, amortisation and impairment

Depreciation, amortisation and impairment decreased by 5.4% to R2.9 billion (2005: R3.1 billion) in the year ended March 31, 2006. The implementation of IAS 16: Property, Plant and Equipment contributed to the lower depreciation charge for the period. A portion of Mozambique's asset impairment of the prior year was reversed due to an increase in the fair value of

Payments to other network operators

Payments to other network operators increased by 26.9% to R4.6 billion (2005: R3.7 billion) in 2006 as a result of an increased amount of outgoing traffic terminating on other cellular networks, rather than on fixed-line networks.

Other direct network operating costs

Other direct network operating costs increased by 24.6% to R13.7 billion infrastructure assets (net impairment reversal for the year: R53 million).

(2005: R11.0 billion) in the year ended

March 31, 2006. Other direct network operating costs include the cost to connect customers onto the network as well as other expenses such as cost of equipment and accessories sold, commissions paid to the distribution channels, customer retention expenses, regulatory and license fees, distribution expenses, transmission costs as well as site and maintenance costs.

Staff expenses

Staff expenses increased by 23.5% in the year ended March 31, 2006 to R2.0 billion (2005: R1.7 billion), primarily as a result of an increase in headcount of 9.3% to 5,459 (2005: 4,993) employees in 2006, to support the growth in operations, an increase in the provision for Vodacom's bonus schemes due to increased profits, the first time provision for long-term incentives payable to executives as well as annual salary increases. Employee productivity has improved in all of Vodacom's operations, as measured by customers per employee, improving by 38.9% to 4,308 (2005: 3,101) customers per employee

Marketing and advertising

Marketing and advertising expenses increased by 27.4% in 2006 to R977 million (2005: R767 million), mainly driven by new technologies and enhancing brand presence in all operations.

General administration expenses

General administration expenses increased by 38.9% to R1.0 billion (2005: R751 million), where the increase was primarily as a result of the customer care centre solutions and various other increases due to the growth in the business. General administration expenses comprise expenses such as accommodation, information technology costs, office administration, consultant expenses, social economic investment and insurance.

Other operating income

Other operating income increased by 95.3% to R125 million (2005: R64 million). Other operating income comprises income that Vodacom does not consider as part of its core activities, such as cost recoveries for risk management and consultancy services

and
franchise
fees
received.

FINANCIAL REVIEW continued

CAPITAL EXPENDITURE ("CAPEX")

Capital expenditure additions — geographical split

	Rand millions			% change	
Year ended March 31	2004	2005	**2006**	05/04	**06/05**
South Africa, excluding holding companies	1,654	2,777	**4,384**	67.9	**57.9**
Tanzania	351	234	**318**	(33.3)	**35.9**
DRC[1]	395	335	**273**	(15.2)	**(18.5)**
Lesotho	7	10	**26**	42.9	**160.0**
Mozambique	478	115	**121**	(75.9)	**5.2**
Holding companies	6	23	**16**	283.3	**(30.4)**
Capital expenditure for the year	**2,891**	**3,494**	**5,138**	**20.9**	**47.1**
DRC (49%) [1]	380	—	**—**	—	**—**
Adjusted capital expenditure	**3,271**	**3,494**	**5,138**	**6.8**	**47.1**

Note

1. During the year ended March 31, 2004, 51% of Vodacom Congo was proportionally consolidated in the Group financial statements. Effective April 1, 2004, Vodacom Congo is being fully consolidated as a subsidiary after certain clauses granting the outside shareholders participating rights have been removed from the shareholders' agreement. The adjusted capital expenditure for 2004 reflects 100% of Vodacom Congo's capital expenditure for comparative purposes.

Cumulative capital expenditure — geographical split

	2005		**2006**	
Year ended March 31	R billions	Foreign	**R billions**	**Foreign**
South Africa (R billions)	20.3	—	**24.1**	**—**
Tanzania (TSH billions)	1.4	240.1	**1.5**	**297.6**
DRC[1] (US$ millions)	1.8	281.0	**2.0**	**323.1**
Lesotho (Maloti millions)	0.2	211.0	**0.2**	**225.0**
Mozambique (MZM billions)	0.7	2,173.7	**0.6**	**2,644.6**
Holding companies (R billions)	—	—	**0.1**	**—**

Cumulative capital expenditure	**24.4**	**—**	**28.5**	**—**

The total cumulative capital expenditure of the Group at March 31, 2006 increased by 16.8% to R28.5 billion (2005: R24.4 billion). The Group invested R5.1 billion (2005: R3.5 billion) in property, plant and equipment and computer software for 2006, of which R4.2 billion (2005: R2.8 billion) was for cellular network infrastructure (excluding software).

It is Vodacom's policy to hedge all foreign denominated commitments of South African operations. However, Vodacom does not qualify for hedge accounting in terms of IAS 39 and therefore, all capital expenditure in South Africa is recorded at the exchange rate ruling at the date of acceptance of the equipment. Capital expenditure of Vodacom's other African operations is translated at the average exchange rate of the Rand against the operation's reporting currency for the period, while closing capital expenditure is translated at the closing exchange rate of the Rand against the reporting currency. For this reason, Vodacom's capital expenditure in any given year cannot be properly evaluated without taking the exchange rate movements against the Rand into account.

FUNDING

Vodacom's net debt position has increased to R709 million (2005: R426 million) as at March 31, 2006. The Group's net debt to EBITDA ratio was 6.0% (2005: 4.4%) while Vodacom's net debt to equity ratio increased to 8.2% (2005: 5.4%). However, the final dividend of R2.8 billion, which was paid on April 5, 2006, should be taken into account when evaluating the net debt to equity ratio. In addition, in terms of covenant calculations, intangible assets are excluded from the calculation. If the shareholders for dividends is included and intangible assets are excluded from the calculation, the net debt to equity ratio at March 31, 2006, increased to 45.9% (2005: 32.0%).

FINANCIAL REVIEW continued

FUNDING *continued*

Summar y of net debt and maturity profile

Rand millions			Repayment of 2006 debt					
Year ended March 31	2005	**2006**	2007	2008	2009	2010	2011	2012 onwards
Finance leases South Africa	858	**808**	79	114	192	99	162	162
Funding loans Vodacom Tanzania shareholder and project finance loans	369	**275**	184	—	—	—	—	91
Vodacom Congo medium term loan	1,129	**1,114**	1,114	—	—	—	—	—
Vodacom Congo preference share liability	232	**229**	229	—	—	—	—	—
Vodacom Lesotho minority shareholders' loan	4	**4**	4	—	—	—	—	—
Other	7	**39**	39	—	—	—	—	—
Debt excluding bank overdrafts	**2,599**	**2,469**	**1,649**	**114**	**192**	**99**	**162**	**253**
Bank overdrafts	1,817	**1,386**						
Gross debt	**4,416**	**3,855**						
Bank and cash balances	(3,990)	**(3,146)**						
Net debt	**426**	**709**						

EFFECTIVE TAX RATE

Vodacom's effective tax rate decreased to 37.5% (2005: 40.2%) primarily as a result of the reduction in the statutory South African tax rate of 1.0% to 29.0% (2005: 30.0%), as well as no additional Mozambique impairments being raised in the current period for which no deferred taxation asset was recognised. Secondary taxation on companies ("STC") increased Vodacom's effective tax rate by 6.9% (2005: 6.6%).

SHAREHOLDER DISTRIBUTIONS

Dividends declared for the 2006 financial year totalled R4.5 billion (2005: R3.4 billion), an increase of 32.4%. The final dividend of R2.8 billion was paid on April 5, 2006.

CONCLUSION

Vodacom has performed well in an evolving and competitive African market. The South African market continues its robust trend and management believes that the market is far from being saturated. The strong cash generation ability of Vodacom's South African operations ensured a healthy consolidated balance

position itself to negate the impact of the pending deregulation of the South African market and plans to seize any emerging opportunities. With its strong brand and strong balance sheet, the Group is well positioned to remain the leading player in the main markets in which it operates.

Affordability is the key to market penetration in all markets and Vodacom will continue to re-evaluate its tariffs and introduce innovative products to stimulate demand. In an ever-changing economic and regulatory environment, Vodacom is well positioned to maintain and even improve its current market leadership.

Adv OA Mabandla

Non-executive Chairman

consolidated balance
sheet, despite
substantial dividend payouts. In South

Africa, Vodacom intends to strategically

ADC Knott-Craig

Chief Executive Officer

SEGMENT KEY OPERATIONAL INDICAT

SOUTH AFRICA

Consolidated key operational indicators (Vodacom South Africa, Smartcall, Smartcom and Cointel)

	Year ended March 31			% change	
	2004	2005	**2006**	05/04	**06/05**
Customers ('000) [1]	**9,725**	**12,838**	**19,162**	**32.0**	**49.3**
Contract	1,420	1,872	**2,362**	31.8	**26.2**
Prepaid	8,282	10,941	**16,770**	32.1	**53.3**
Community services	23	25	**30**	8.7	**20.0**
Gross connections ('000)	**4,998**	**6,180**	**9,140**	**23.6**	**47.9**
Contract	377	610	**702**	61.8	**15.1**
Prepaid	4,617	5,566	**8,422**	20.6	**51.3**
Community services	4	4	**16**	—	**400.0**
Inactives (3 months — %)	**n/a**	**7.9**	**8.7**	**n/a**	**0.8**
Contract	n/a	1.5	**2.4**	n/a	**0.9**
Prepaid	n/a	9.0	**9.6**	n/a	**0.6**
Total churn (%) [2]	**36.6**	**27.1**	**17.7**	**(9.5)**	**(9.4)**
Contract	10.1	9.1	**10.0**	(1.0)	**0.9**
Prepaid	41.3	30.3	**18.8**	(11.0)	**(11.5)**
Traffic (millions of minutes) [3]	**12,172**	**14,218**	**17,066**	**16.8**	**20.0**
Outgoing	7,647	9,231	**11,354**	20.7	**23.0**
Incoming	4,525	4,987	**5,712**	10.2	**14.5**
ARPU (Rand per month) [4]	**177**	**163**	**139**	**(7.9)**	**(14.7)**
Contract	634	624	**572**	(1.6)	**(8.3)**
Prepaid	90	78	**69**	(13.3)	**(11.5)**
Community services	2,155	2,321	**1,796**	7.7	**(22.6)**

Notes

1. Customer totals are based on the total number of customers registered on Vodacom's network, which have not been disconnected, including inactive customers, as at the end of the period indicated.

2. Churn is calculated by dividing the average monthly number of disconnections during the period by the average monthly total reported customer base during the period.

3. Traffic comprises total traffic registered on Vodacom's network, including bundled minutes, outgoing international roaming calls and calls to free services, but excluding national roaming and incoming international roaming calls. Traffic for 2005 was restated to exclude packet switch data traffic.

4. ARPU is calculated by dividing the average monthly revenue during the period by the average monthly total *reported customer base during the period. ARPU excludes revenues from equipment sales, other sales and services and revenues from national and international users roaming on Vodacom's networks.*

SOUTH AFRICA continued

Consolidated key operational indicators (Vodacom South Africa, Smartcall, Smartcom and Cointel)

	Year ended March 31			% change	
	2004	2005	2006	05/04	06/05
Minutes of use per month[5]	**96**	**84**	**74**	**(12.5)**	**(11.9)**
Contract	263	226	**206**	(14.1)	**(8.8)**
Prepaid	56	52	**49**	(7.1)	**(5.8)**
Community services	3,061	3,185	**2,327**	4.1	**(26.9)**
South Africa cumulative capex[6]	**18,132**	**20,358**	**24,095**	**12.3**	**18.4**
Vodacom South Africa	18,101	20,308	**24,035**	12.2	**18.4**
Other	31	50	**60**	61.3	**20.0**
Capex per customer (Rand)	**1,720**	**1,515**	**1,257**	**(13.5)**	**(17.0)**
Number of employees	**3,848**	**3,954**	**4,148**	**2.8**	**4.9**
Vodacom South Africa employees	3,848	3,809	**3,893**	(1.0)	**2.2**
Smartcall and Smartcom employees	—	145	**206**	—	**42.1**
Cointel employees	—	—	**49**	—	**—**
Customers per employee	**2,527**	**3,247**	**4,619**	**28.5**	**42.3**
Market share (%)[7]	**54**	**56**	**58**	**2.0**	**2.0**

Notes

5. Minutes of use per month is calculated by dividing the average monthly minutes during the period by the average monthly total reported customer base during the period. Minutes of use exclude calls to free services, bundled minutes and data minutes.

6. Cumulative capital expenditure ("capex") includes software.

7. Market share is calculated based on Vodacom's total reported customers and the estimated total reported customers of MTN and Cell C.

SEGMENT KEY OPERATIONAL INDICAT continued

VODACOM TANZANIA

Key indicators

	Year ended March 31			% change	
	2004	2005	2006	05/04	06/05
Customers ('000) [1]	**684**	**1,201**	**2,091**	**75.6**	**74.1**
Contract	5	5	**7**	—	**40.0**
Prepaid	676	1,193	**2,081**	76.5	**74.4**
Community services	3	3	**3**	—	**—**
Gross connections ('000)	**404**	**746**	**1,353**	**84.7**	**81.4**
Churn (%)	**30.0**	**29.6**	**28.5**	**(0.4)**	**(1.1)**
ARPU (Rand) [2]	**128**	**81**	**67**	**(36.7)**	**(17.3)**
Cumulative capex (Rand millions)	**1,146**	**1,359**	**1,503**	**18.6**	**10.6**
Number of employees [3]	**316**	**340**	**438**	**7.6**	**28.8**
Customers per employee	**2,165**	**3,532**	**4,774**	**63.1**	**35.2**
Mobile penetration (%) [4]	**3.3**	**5.1**	**9.2**	**1.8**	**4.1**
Mobile market share (%) [4]	**57**	**59**	**58**	**2.0**	**(1.0)**

Notes

1. Customer totals are based on the total number of customers registered on Vodacom's network, which have not been disconnected, including inactive customers, as of end of the period indicated.

2. ARPU is calculated by dividing the average monthly revenue during the period by the average monthly total reported customer base during the period. ARPU excludes contract connection revenue, revenue from equipment sales, other sales and services and revenue from national and international users roaming on Vodacom's networks.

3. Headcount includes secondees.

4. Penetration and market share is calculated based on Vodacom estimates.

VODACOM CONGO

Key indicators (All indicators include 100% of Vodacom Congo)

	Year ended March 31			% change	
	2004	2005	2006	05/04	06/05
Customers ('000) [1]	**670**	**1,032**	**1,571**	**54.0**	**52.2**
Contract	8	10	**14**	25.0	**40.0**
Prepaid	653	1,010	**1,538**	54.7	**52.3**
Community services	9	12	**19**	33.3	**58.3**
Gross connections ('000)	**513**	**565**	**892**	**10.1**	**57.9**
Churn (%)	**20.2**	**23.1**	**28.1**	**2.9**	**5.0**
ARPU (Rand) [2]	**150**	**98**	**86**	**(34.7)**	**(12.2)**
Cumulative capex (Rand millions)	**1,432**	**1,759**	**2,000**	**22.8**	**13.7**
Number of employees [3]	**334**	**527**	**479**	**57.8**	**(9.1)**
Customers per employee	**2,006**	**1,958**	**3,279**	**(2.4)**	**67.5**
Mobile penetration (%) [4]	**2.3**	**3.5**	**5.5**	**1.2**	**2.0**
Mobile market share (%) [4]	**47**	**47**	**48**	**—**	**1.0**

Notes

1. Customer totals are based on the total number of customers registered on Vodacom's network, which have not been disconnected, including inactive customers, as of end of the period indicated.

2. ARPU is calculated by dividing the average monthly revenue during the period by the average monthly total reported customer base during the period. ARPU excludes contract connection revenue, revenue from equipment sales, other sales and services and revenue from national and international users roaming on Vodacom's networks.

3. Headcount includes secondees.

4. Penetration and market share is calculated based on Vodacom estimates.

SEGMENT KEY OPERATIONAL INDICAT continued

VODACOM LESOTHO

Key indicators

	Year ended March 31			% change	
	2004	2005	**2006**	05/04	**06/05**
Customers ('000) [1]	**80**	**147**	**206**	**83.8**	**40.1**
Contract	3	4	**3**	33.3	**(25.0)**
Prepaid	76	142	**200**	86.8	**40.8**
Community services	1	1	**3**	—	**200.0**
Gross connections ('000)	**51**	**70**	**98**	**37.3**	**40.0**
Churn (%)	**65.1**	**17.3**	**22.3**	**(47.8)**	**5.0**
ARPU (Rand) [2]	**125**	**92**	**78**	**(26.4)**	**(15.2)**
Cumulative capex (Rand millions)	**201**	**211**	**225**	**5.0**	**6.6**
Number of employees [3]	**68**	**63**	**67**	**(7.4)**	**6.3**
Customers per employee	**1,176**	**2,333**	**3,071**	**98.4**	**31.6**
Mobile penetration (%) [4]	**5.1**	**7.4**	**12.9**	**2.3**	**5.5**
Market share (%) [4]	**80**	**80**	**80**	**—**	**—**

Notes

1. Customer totals are based on the total number of customers registered on Vodacom's network, which have not been disconnected, including inactive customers, as of end of the period indicated.

2. ARPU is calculated by dividing the average monthly revenue during the period by the average monthly total reported customer base during the period. ARPU excludes contract connection revenue, revenue from equipment sales, other sales and services and revenue from national and international users roaming on Vodacom's networks.

3. Headcount includes secondees.

4. Penetration and market share is calculated based on Vodacom estimates.

VODACOM MOZAMBIQUE

Key indicators

	Year ended March 31			% change	
	2004	2005	2006	05/04	06/05
Customers ('000) [1]	**58**	**265**	**490**	**356.9**	**84.9**
Contract	1	4	**8**	300.0	**100.0**
Prepaid	57	261	**482**	357.9	**84.7**
Gross connections ('000)	**58**	**225**	**342**	**287.9**	**52.0**
Churn (%)	**0.3**	**11.3**	**32.2**	**11.0**	**20.9**
ARPU (Rand) [2]	**110**	**52**	**36**	**(52.7)**	**(30.8)**
Cumulative capex (Rand millions)	**478**	**696**	**605**	**45.6**	**(13.1)**
Number of employees [3]	**43**	**109**	**170**	**153.5**	**56.0**
Customers per employee	**1,349**	**2,431**	**2,885**	**80.2**	**18.7**
Mobile penetration (%) [4]	**2.6**	**4.2**	**8.4**	**1.6**	**4.2**
Mobile market share (%) [4]	**11**	**33**	**30**	**22.0**	**(3.0)**

Notes

1. Customer totals are based on the total number of customers registered on Vodacom's network, which have not been disconnected, including inactive customers, as of end of the period indicated.

2. ARPU is calculated by dividing the average monthly revenue during the period by the average monthly total reported customer base during the period. ARPU excludes contract connection revenue, revenue from equipment sales, other sales and services and revenue from national and international users roaming on Vodacom's networks.

3. Headcount includes secondees.

4. Penetration and market share is calculated based on Vodacom estimates.

CONSOLIDATED INCOME STATEMENTS
for the three years ended March 31, 2006

	2004 Restated Rm	2005 Restated Rm	**2006** **Rm**
Revenue	22,855.2	27,315.3	**34,042.5**
Other operating income	57.6	63.8	**125.1**
Direct network operating cost	(12,435.1)	(14,617.8)	**(18,297.2)**
Depreciation	(2,316.9)	(2,413.6)	**(2,651.6)**
Staff expenses	(1,331.6)	(1,652.9)	**(2,042.1)**
Marketing and advertising expenses	(702.0)	(767.3)	**(976.9)**
General administration expenses	(687.2)	(751.3)	**(1,042.7)**
Amortisation of intangible assets	(214.8)	(429.6)	**(344.2)**
Impairment of assets	—	(268.4)	**52.8**
Profit from operations	5,225.2	6,478.2	**8,865.7**
Interest, dividends and other financial income	656.6	662.8	**659.3**
Finance costs	(1,107.5)	(641.7)	**(1,318.2)**
Profit before taxation	4,774.3	6,499.3	**8,206.8**
Taxation	(1,722.0)	(2,613.0)	**(3,077.8)**
Net profit	3,052.3	3,886.3	**5,129.0**
Attributable to:			
Equity shareholders	3,026.1	3,855.5	**5,012.3**
Minority interests	26.2	30.8	**116.7**

	2004 R	2005 R	**2006** **R**
Basic and diluted earnings per share	302,610	385,550	**501,230**
Dividend per share	210,000	340,000	**450,000**

CONSOLIDATED BALANCE SHEETS

as at March 31, 2006

	2004 Restated Rm	2005 Restated Rm	**2006 Rm**
ASSETS			
Non-current assets	12,851.3	13,888.4	**16,079.2**
Property, plant and equipment	10,912.5	11,576.9	**13,386.6**
Investment properties	9.9	—	**—**
Intangible assets	1,002.7	1,644.3	**1,954.9**
Financial assets	222.4	93.3	**92.1**
Deferred taxation	277.8	308.1	**297.6**
Deferred cost	403.8	236.9	**311.2**
Lease assets	22.2	28.9	**36.8**
Current assets	7,322.7	8,706.4	**8,688.6**
Deferred cost	859.8	428.3	**451.8**
Short-term financial assets	354.3	187.1	**149.3**
Inventory	288.5	479.5	**454.3**
Trade and other receivables	3,450.0	3,621.4	**4,487.1**
Cash and cash equivalents	2,370.1	3,990.1	**3,146.1**
Total assets	20,174.0	22,594.8	**24,767.8**
EQUITY AND LIABILITIES			
Equity	7,604.2	7,887.9	**8,672.3**
Ordinary share capital	*	*	*****
Retained earnings	7,836.1	8,057.2	**8,567.3**
Non-distributable reserves	(324.9)	(298.0)	**(178.3)**
Minority interests	93.0	128.7	**283.3**
Non-current liabilities	2,317.5	3,233.1	**2,236.6**
Interest bearing debt	1,216.6	2,213.5	**819.2**
Deferred taxation	410.1	472.1	**602.3**
Deferred revenue	403.8	240.7	**320.3**
Provisions	178.4	184.4	**372.3**
Operating lease liabilities	108.6	122.4	**122.5**
Current liabilities	10,252.3	11,473.8	**13,858.9**
Trade and other payables	3,862.1	4,830.8	**5,104.7**
Deferred revenue	1,883.4	1,411.4	**1,604.5**
Taxation payable	852.0	632.6	**630.2**
Non-interest bearing debt	4.3	4.3	**4.3**
Short-term interest bearing debt	839.9	381.6	**1,645.5**
Short-term provisions	473.7	595.0	**623.0**
Dividends	1,500.0	1,800.0	**2,800.0**

Dividends payable	[illegible]	[illegible]	[illegible]
Derivative financial liabilities	64.5	1.0	**60.9**
Bank borrowings	772.4	1,817.1	**1,385.8**
Total equity and liabilities	20,174.0	22,594.8	**24,767.8**

** Amounts less than R50 000.*

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

for the three years ended March 31, 2006

	Attributable to equity shareholders		
	Share capital Rm	Retained earnings Rm	Non-distributable reserves Rm
Balance at March 31, 2003 — previously reported	*	6,962.8	(141.0)
Changes in accounting policies, reclassifications and restatements	—	(53.6)	—
Balance at March 31, 2003 — restated	*	6,909.2	(141.0)
Net profit for the year	—	3,026.1	—
Dividends declared	—	(2,100.0)	—
Contingency reserve	—	0.8	(0.8)
Net gains and losses not recognised in the consolidated income statement			
Foreign currency translation reserve	—	—	(194.0)
Foreign currency translation reserve — deferred taxation	—	—	10.9
Balance at March 31, 2004 — restated	*	7,836.1	(324.9)
Net profit for the year	—	3,855.5	—
Dividends declared	—	(3,400.0)	—
Contingency reserve	—	(1.0)	1.0
Acquired reserves from the minorities of Vodacom Congo (RDC) s.p.r.l.	—	(233.4)	82.1
Acquisition of subsidiary	—	—	—
Revaluation of available-for-sale investments	—	—	0.2
Net gains and losses not recognised in the consolidated income statement			
Foreign currency translation reserve	—	—	(56.4)
Balance at March 31, 2005 — restated	*	8,057.2	(298.0)
Net profit for the year	—	5,012.3	—
Dividends declared	—	(4,500.0)	—
Contingency reserve	—	(2.2)	2.2
Acquisition of subsidiary	—	—	—
Minority share of VM, S.A.R.L.	—	—	—
Revaluation of available-for-sale investments	—	—	(0.2)
Net gains and losses not recognised in the consolidated income statement			
Foreign currency			117.7

Foreign currency translation reserve	—	—	117.7
Balance at March 31, 2006	*	8,567.3	(178.3)

** Amounts less than R50 000.*

Total Rm	Minority interests Rm	Total equity Rm
6,821.8	88.0	6,909.8
(53.6)	—	(53.6)
6,768.2	88.0	6,856.2
3,026.1	26.2	3,052.3
(2,100.0)	—	(2,100.0)
—	—	—
(194.0)	(21.2)	(215.2)
10.9	—	10.9
7,511.2	93.0	7,604.2
3,855.5	30.8	3,886.3
(3,400.0)	(3.8)	(3,403.8)
—	—	—
(151.3)	—	(151.3)
—	10.1	10.1
0.2	0.1	0.3
(56.4)	(1.5)	(57.9)
7,759.2	128.7	7,887.9
5,012.3	116.7	5,129.0
(4,500.0)	(0.9)	(4,500.9)
—	—	—
—	46.5	46.5
—	8.0	8.0
(0.2)	(0.1)	(0.3)

117.7	(15.6)	102.1
8,389.0	283.3	8,672.3

CONSOLIDATED CASH FLOW STATEME

for the three years ended March 31, 2006

	2004 Restated Rm	2005 Restated Rm	2006 Rm
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from customers	22,175.5	27,078.8	**33,132.7**
Cash paid to suppliers and employees	(14,578.8)	(17,066.8)	**(22,042.4)**
Cash generated from operations	7,596.7	10,012.0	**11,090.3**
Finance costs paid	(512.3)	(259.2)	**(446.4)**
Interest, dividends and other financial income received	368.7	246.8	**338.6**
Taxation paid	(1,463.3)	(2,744.4)	**(2,980.3)**
Dividends paid — equity shareholders	(1,200.0)	(3,100.0)	**(3,500.0)**
Dividends paid — minority shareholders	—	(5.2)	**(0.9)**
Net cash flows from operating activities	4,789.8	4,150.0	**4,501.3**
CASH FLOW FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment	(2,813.8)	(3,048.0)	**(4,346.3)**
Proceeds on disposal of property, plant and equipment	5.0	20.1	**29.6**
Acquisition of intangible assets	(121.1)	(205.4)	**(442.1)**
Proceeds on disposal of intangible assets	—	—	**1.6**
Acquisition of subsidiaries	149.6	(289.8)	**(0.4)**
Change in business combinations	—	—	**0.3**
Acquired cash from Vodacom Congo (RDC) s.p.r.l.	—	12.9	**—**
Other investing activities	(219.5)	136.0	**(33.5)**
Net cash flows utilised in investing activities	(2,999.8)	(3,374.2)	**(4,790.8)**
CASH FLOW FROM FINANCING ACTIVITIES			
Shareholder loans repaid	(920.0)	—	**—**
Interest bearing debt incurred	186.9	1,165.3	**32.3**
Interest bearing debt repaid	(55.6)	(1,332.3)	**(89.7)**
Finance lease capital repaid	(9.6)	(28.1)	**(50.2)**
Net cash flows utilised in financing activities	(798.3)	(195.1)	**(107.6)**
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	991.7	580.7	**(397.1)**
Cash and cash equivalents at the beginning	647.5	1,597.7	**2,173.0**

beginning of the year	[illegible]	[illegible]	[illegible]
Effect of foreign exchange rate changes	(41.5)	(5.4)	**(15.6)**
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	1,597.7	2,173.0	**1,760.3**

NOTES

NOTES

DISCLAIMER

This report has been prepared and published by Vodacom Group (Proprietary) Limited. Vodacom Group (Proprietary) Limited is a private company and as such is not required by the Companies Act 61 of 1973, as amended, to publish its results.

Vodacom Group (Proprietary) Limited makes no guarantee, assurance, representation and/or warranty as to the accuracy of the information contained in this report and will not be held liable for any reliance placed on the information contained in this report.

The information contained in this report is subject to change without notice and may be incomplete or condensed. In addition, this report may not contain all material information pertaining to Vodacom Group (Proprietary) Limited and its subsidiaries.

Without in any way derogating from the generality of the aforegoing, it should be noted that:

- Many of the statements included in this report are forward-looking statements that involve risks and/or uncertainties and caution must be exercised in placing any reliance on these statements. Moreover, Vodacom Group (Proprietary) Limited will not necessarily update any of these statements after the date of this report either to conform them to actual results or to changes in our expectations.

- Insofar as the shareholders of Vodacom Group (Proprietary) Limited are listed and offer their shares publicly for sale on recognised stock exchanges locally and/or internationally, potential investors in the shares of Vodacom Group (Proprietary) Limited's shareholders are cautioned not to place undue reliance on this report.

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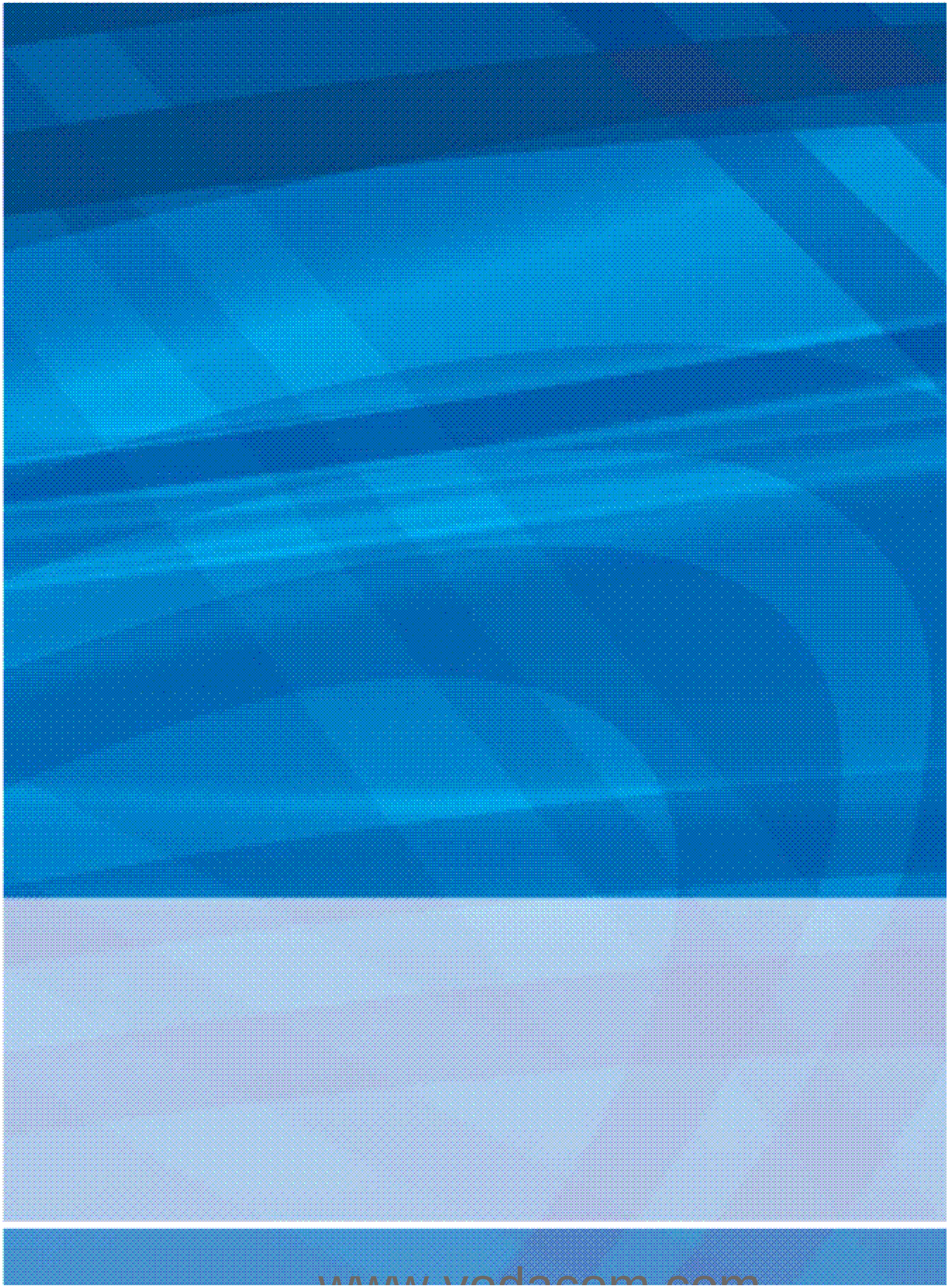

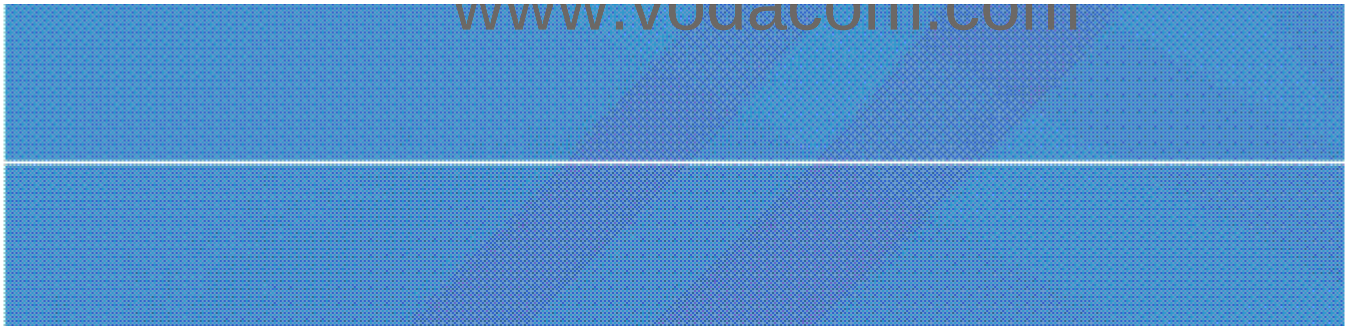
www.vodacom.com

EXHIBIT 99.3

Telkom SA Limited
(Registration Number 1991/005476/06)
ISIN ZAE000044897
JSE and NYSE Share Code TKG
("Telkom")

REPURCHASE ANNOUNCEMENT

1. INTRODUCTION

Further to the announcement dated 13 September 2004, Telkom announces that it has repurchased a further 16,901,901 Telkom ordinary shares (3.03% of the issued ordinary shares) on the JSE Limited ("JSE"), since and in accordance with the general authority granted by Telkom shareholders at the annual general meeting held on 27 January 2004 and renewed at annual general meetings held on 14 October 2004 and 21 October 2005 ("the repurchase"). The repurchases were effected in accordance with 5.72 (a) of the JSE Listings Requirements.

2. AUTHORISED REPURCHASE LIMITS

In terms of the special resolution the general authority is limited to a maximum of 20% of Telkom's issued share capital. A maximum of 111,406,363 ordinary shares could be repurchased in terms of the general authority obtained from shareholders.

3. IMPLEMENTATION

The repurchase of 1,308,362 Telkom ordinary shares by Telkom subsidiaries was executed between 15 September 2004 and 30 September 2004. The repurchase of 12,086,920 Telkom ordinary shares was executed between 29 June 2005 and 30 September 2005. The repurchase of 3,506,619 Telkom ordinary shares was executed between 12 June 2006 and 13 July 2006. No shares were repurchased in closed periods.

	By Subsidiaries	Financial year ended March 2006	Financial year ended March 2007
Number of ordinary shares repurchased	1,308,362	12,086,920*	3,506,619
Value of ordinary shares repurchased (including costs) (ZAR million)	96.86	1,502.53	446.23
Highest price paid per ordinary share (ZAR)	74.98	129.39	132.93
Lowest price paid per ordinary share (ZAR)	72.98	108.23	120.63
Average price paid per ordinary share (excluding costs) (ZAR)	73.77	123.87	126.79

	Total
Total number of ordinary shares repurchased to date by the company in terms of the general authority	39,159,787
Ordinary shares in issue at 31 March 2005	557,031,819
Ordinary shares in issue at 31 March 2006	544,944,899*
Ordinary shares in issue on date of this announcement	544,944,899*
Number of shares outstanding in terms of authority	72,246,576
Percentage of shares outstanding in terms of authority (%)	12,97

* 12,086,920 shares have already been cancelled from the issued share capital and 3,506,619 shares are in the process of being cancelled.

4. SOURCE OF FUNDS

Repurchases to date have been funded from available cash resources.

5. OPINION OF THE DIRECTORS

The directors of Telkom have considered the impact of the repurchases and are of the opinion that:-

5.1 Telkom and the group will be able, in the ordinary course of business, to pay their debts for a period of 12 months from the date of this announcement;

5.2 the assets of Telkom and the group will be in excess of the liabilities of Telkom and the group for a period of 12 months from the date of this announcement, measured in accordance with the accounting policies used in the audited annual financial statements for the year ended 31 March 2006;

5.3 the ordinary share capital and consolidated reserves of Telkom and the group will be adequate for a period of 12 months from the date of this announcement; and

5.4 the working capital of Telkom and the group will be adequate for a period of 12 months from the date of this announcement.

6. FINANCIAL EFFECTS

	As reported at 31 March 2006[1]	Pro forma[2,3]	% Change
Earnings per share (cents)	1,744.7	1,752.2	0.4
Headline earnings per share (cents)	1,740.5	1,748.0	0.4
Net asset value per share (cents)	5,593.5	5,545.2	(0.9)
Tangible net asset value per share (cents)	4,843.6	4,790.2	(1.1)

1. Reported results are based on the weighted average shares in issue taking into account the 13,395,282 purchased prior to 31 March 2006.

2. Pro forma numbers presented are based on the assumption that the 3,506,619 ordinary shares purchased after 31 March 2006, were purchased on 1 April 2005.

3. For the purposes of calculating the earnings and headline earnings per share, it is assumed that all repurchases were financed by excess cash on hand on which interest was received at an after tax rate of 5% per annum.

Pretoria
17 July 2006
Sponsor: UBS

Exhibit 99.4

Telkom SA Limited
(Registration Number 1991/005476/06)
ISIN ZAE000044897
JSE and NYSE Share Code TKG
("Telkom")

Vodacom trading update for the period ended June 30, 2006

Vodacom Group (Proprietary) Limited ("Vodacom" or "Vodacom Group") (unlisted), in which Telkom has a 50.0% holding, today announced a quarterly update for the three months ended June 30, 2006.

As at June 30, 2006, Vodacom Group recorded 25.2 million customers across its networks operating in South Africa, Tanzania, the Democratic Republic of the Congo, Lesotho and Mozambique, reflecting a 7.3% increase in the three months since March 31, 2006. The growth in the customer base is a result of high gross customer connections of 3.5 million for the quarter. The Group's other non South African operations comprised 4.9 million customers, or 19.3% of the total customer base.

South Africa

South Africa includes the operations of Vodacom South Africa, Smartphone SP (Pty) Limited, Smartcom (Pty) Limited and Cointel VAS (Pty) Limited.

South Africa increased its customer base by 6.4% since March 31, 2006 to 20.4 million customers in an increasingly competitive market. South Africa's customer base comprises 2.5 million contract customers and 17.8 million prepaid customers, reflecting increases of 5.3% and 6.3% since
March 31, 2006, respectively. South African ARPU declined to R121 per month for the three months to June 30, 2006, compared to R139 per month for the twelve months which ended March 31, 2006.

South Africa defines an active customer as a SIM card that had a revenue generating activity in the three months leading up to the reporting date. Up to mid June 2006 calls forwarded to voicemail was regarded as a revenue generating activity, and such SIM cards classified as active customers. An analysis of the customer base, based on statistical sampling, has revealed that a material number of SIM cards have calls forwarded to voicemail as its only revenue generating activity. The majority of such messages are never retrieved by the customer. It is estimated that these SIM cards have an ARPU of less that R1 per month which is below the cost of maintaining such SIM cards on the network. It is therefore not justifiable to keep such SIM cards on the network.

South Africa has therefore decided to change its definition of an active customer to exclude calls forwarded to voicemail from the definition of a revenue generating activity. Such SIM cards would be disconnected from the network after being inactive for a 215 consecutive day period in accordance with the business rules of the company. The retrieval of a voice message by a customer is classified as a revenue generating activity.

Based on statistical analyses it is estimated that approximately 3.5 million affected pre-paid SIM cards, included in the customer base on June 30, 2006, will be deleted by December 31, 2006. It is also expected that normal monthly churn from July 2006 onwards would increase as a result of the activity rule change.

The impact of the activity rule change will have an immaterial impact on revenue, but it would have the effect of increasing prepaid ARPU for the period.

South Africa customers, year-to-date ARPU and churn as at June 30, 2006 compared to March 31, 2006 are as follows:

South Africa	March 31, 2006	June 30, 2006	% change
Customers (thousands)	**19,162**	**20,380**	**6.4**
Contract	2,362	2,488	**5.3**
Prepaid	16,770	17,834	**6.3**
Community services telephones	30	58	**93.3**
ARPU (ZAR)	**139**	**121**	**(12.9)**
Contract	572	526	**(8.0)**
Prepaid	69	61	**(11.6)**
Community services telephones	1,796	1,154	**(35.7)**
Churn (%)	**17.7**	**27.6**	**9.9 pts**
Contract	10.0	10.8	**0.8 pts**
Prepaid	18.8	29.9	**11.1 pts**

Other non South African operations

Vodacom's other non South African operations increased their total customer base by 11.6% since March 31, 2006 to 4.9 million customers. Satisfactory customer growth was achieved in all Vodacom's other non South African operations, most notably Mozambique with a 19.2% increase in its customer base.

Vodacom's other non South African operations' customers, year-to-date ARPU and churn as at June 30, 2006 compared to March 31, 2006 are as follows:

Other non South African operations	March 31, 2006	June 30, 2006	% change
Vodacom Tanzania			
Customers (thousands)	**2,091**	**2,289**	**9.5**
Contract	7	11	**57.1**
Prepaid	2,081	2,275	**9.3**
Public phones	3	3	**-**
ARPU (ZAR)	**67**	**51**	**(23.9)**
Churn (%)	**28.5**	**32.9**	**4.4 pts**
Other African operations			
Vodacom Congo			
Customers (thousands)	**1,571**	**1,768**	**12.5**
Contract	14	15	**7.1**
Prepaid	1,538	1,730	**12.5**

Public phones	19	23	**21.1**
ARPU (ZAR)	**86**	**81**	**(5.8)**
Churn (%)	**28.1**	**29.5**	**1.4 pts**

Other non South African operations (continued)	**March 31, 2006**	**June 30, 2006**	**% change**
Vodacom Lesotho			
Customers (thousands)	**206**	**221**	**7.3**
Contract	3	3	**-**
Prepaid	200	215	**7.5**
Public phones	3	3	**-**
ARPU (ZAR)	**78**	**75**	**(3.8)**
Churn (%)	**22.3**	**19.6**	**(2.7 pts)**
Vodacom Mozambique			
Customers (thousands)	**490**	**584**	**19.2**
Contract	8	9	**12.5**
Prepaid	482	575	**19.3**
ARPU (ZAR)	**36**	**26**	**(27.8)**
Churn (%)	**32.2**	**28.9**	**(3.3 pts)**

Johannesburg
26 July 2006

EXHIBIT 99.5

Telkom SA Limited
(Registration Number 1991/005476/06)
ISIN ZAE000044897
JSE and NYSE Share Code TKG
("Telkom")

Telkom SA Limited - Filing of Form 20-F with the SEC

Shareholders are advised that Telkom filed its Form 20-F with the Securities Exchange Commission on Friday 4 August 2006. The Form 20-F is available on Telkom's website at www.telkom.co.za/ir.

7 August 2006

Johannesburg

Sponsor: UBS

Special note regarding forward-looking statements
All statements contained herein, as well as oral statements that may be made by Telkom or Vodacom Group (Proprietary) Limited ("Vodacom"), in which Telkom has a 50% holding, or by officers, directors or employees acting on their behalf, that are not statements of historical facts, particularly Telkom's expectations with respect to basic and headline earnings per share, constitute or are based on forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995, specifically Section 27A of the U.S. Securities Act of 1933, as amended, and Section 21E of the U.S. Securities Exchange Act of 1934, as amended. Such forward-looking statements involve a number of known and unknown risks, uncertainties and other factors that could cause Telkom's or Vodacom's actual results and outcomes to be materially different from historical results or from any future results expressed or implied by such forward-looking statements. Among the factors that could cause Telkom's or Vodacom's actual results or outcomes to differ materially from their expectations are those risks identified in Item 3. "Key Information-Risk Factors" contained in Telkom's most recent annual report on Form 20-F filed with the U.S. Securities Exchange Commission ("SEC") and Telkom's other filings and submissions with the SEC, which are available on Telkom's website at www.Telkom.co.za/ir, including, but not limited to, the completion of Telkom's results for the year ended March 31, 2006 and the audit thereon, increased competition in the South African fixed-line and mobile communications markets; developments in the regulatory environment; continued mobile growth and reductions in Vodacom's and Telkom's net interconnect margins; Vodacom's and Telkom's ability to expand their operations and make investments in other African countries and the general economic, political, social and legal conditions in South Africa and in other countries where Vodacom and Telkom invest; Telkom's and Vodacom's ability to attract and retain key personnel; Telkom's inability to appoint a majority of Vodacom's directors and the consensus approval rights at Vodacom may limit Telkom's flexibility and ability to implement its preferred strategies; Vodacom's continued payment of dividends or distributions to Telkom; Telkom's ability to improve and maintain its management information and other systems; Telkom's negative working capital; changes and delays in the implementation of new technologies; Telkom's ability to reduce theft, vandalism, network and payphone fraud and lost revenue to non-licensed operators; Telkom's ability to improve its internal control over financial reporting; health risks related to mobile handsets, base stations and associated equipment; Telkom's control by the Government of the Republic of South Africa; the outcome of regulatory, legal and arbitration proceedings, including tariff approvals, and the outcome of Telkom's hearing before the Competition Commission related to the VANs litigation, its proceedings with Telcordia Technologies Incorporated and others; Telkom's

ability to negotiate favorable terms, rates and conditions for the provision of interconnection services; Telkom's ability to implement and recover the substantial capital and operational costs associated with carrier pre-selection, number portability and monitoring and interception; Telkom's ability to comply with the South African Public Finance Management Act and South African Public Audit Act and the impact of the South African Municipal Property Rates Act; fluctuations in the value of the Rand; the impact of unemployment, poverty, crime and HIV infection, labor laws and exchange control restrictions in South Africa; and other matters not yet known to Telkom or Vodacom or not currently considered material by them.

You should not place undue reliance on these forward-looking statements. All written and oral forward-looking statements attributable to Telkom or Vodacom, or persons acting on their behalf, are qualified in their entirety by these cautionary statements. Moreover, unless Telkom or Vodacom is required by law to update these statements, they will not necessarily update any of these statements after the date of this trading statement, either to conform them to actual results or to changes in its expectations.

EXHIBIT 99.6

Business Connexion Group Limited (Incorporated in the Republic of South Africa) (Registration number 1988/005282/06) Share code: BCX ISIN: ZAE000054631 ("BCX")	Telkom SA Limited (Incorporated in the Republic of South Africa) (Registration number 1991/005476/06) Share code: TKG ISIN: ZAE000044897 ("Telkom")

DELAY OF SALIENT DATES IN RELATION TO THE BCX SCHEME

OUTSTANDING CONDITIONS PRECEDENT TO THE BCX SCHEME

Further to the announcement published on the Securities Exchange News Service ("SENS") of the JSE Limited ("JSE") on Monday, 12 June 2006 and in the press on Tuesday, 13 June 2006, BCX shareholders are advised that the following conditions precedent are not expected to be fulfilled by Thursday, 10 August 2006, as anticipated in the BCX scheme document issued on 19 May 2006:

1. the Competition Authorities approving the proposed acquisition of BCX by Telkom ("proposed acquisition") in terms of the Competition Act, 1998 (Act 89 of 1998) as amended, either unconditionally or subject to such conditions as may be acceptable to Telkom; and

2. a certified copy of the Order of Court sanctioning the scheme being registered by the Registrar of Companies in terms of the Companies Act.

As the conditions precedent mentioned above have not yet been fulfilled, the last day to trade BCX shares on the JSE in order to participate in the scheme consideration ("last day to trade"), the suspension of the listing ("suspension date"), the record date of the scheme to determine participation in the scheme and to receive the scheme consideration ("the record date"), the date when the scheme consideration will be made available to scheme participants ("operative date") and the date when BCX's listing will terminate on the JSE ("de-listing date") have been delayed accordingly.

Should the conditions precedent be fulfilled, then a further announcement regarding the dates and times of the last day to trade, the suspension date, the record date, the operative date and the de-listing date will be released on SENS and published in the South African press in due course.

10 August 2006

Financial advisor to BCX [Investec Corporate Finance]	**Financial advisor and sponsor to Telkom** [UBS South Africa (Pty) Limited]
Attorneys to BCX and the scheme [Cliffe Dekker Inc.]	**Attorneys to Telkom** [Werksmans Inc.]
Transaction sponsor to BCX [Investec Bank Limited]	
Sponsor to BCX [RMB]	
Independent advisor to BCX board of directors Deloitte & Touche Corporate Finance	

Reporting Accountants to BCX Deloitte & Touche	