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FORM 6-K  
UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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REPORT OF FOREIGN PRIVATE ISSUER

Pursuant to Section 13a-6 or 15d-16  
of the Securities Exchange Act of 1934

For the month of: November 2004

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  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

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

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On November 15, 2004, Telkom SA Limited ("Telkom") announced its group interim results for the six months ended September 30, 2004, a copy of which is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

On November 15, 2004, Telkom delivered a presentation of its interim results for the six months ended September 30, 2004, a copy of which is attached hereto as Exhibit 99.2 and is incorporated herein by reference.

On November 15, 2004, Vodacom Group (Proprietary Limited) ("Vodacom"), Telkom's 50% joint venture, announced its interim results for the six months ended September 30, 2004 to shareholders, a copy of which is attached hereto as Exhibit 99.3 and is incorporated herein by reference.

On November 15, 2004, Vodacom delivered a presentation of its interim results for the six months ended September 30, 2004, a copy of which is attached hereto as Exhibit 99.4 and is incorporated herein by reference.

On November 15, 2004, Telkom filed its 2005 tariff adjustments with the Independent Communications Authority of South Africa (ICASA) in accordance with the Telecommunications Act, 103 of 1996. The tariff filing, which sets out the key tariff changes, is attached hereto as Exhibit 99.5 and is incorporated herein by reference.

On November 16, 2004, Telkom issued an announcement stating that Standard & Poor's upgraded Telkom's foreign currency long-term corporate credit rating, a copy of which is attached hereto as Exhibit 99.6 and is incorporated herein by reference.

On November 17, 2004, Telkom issued a press release referencing an announcement made by the Public Investment Commissioner ("PIC") that it has acquired the remaining 15.1% interest held by Thintana Communications LLC in Telkom, a copy of which is attached hereto as Exhibit 99.7 and is incorporated herein by reference.

#### Special note regarding forward-looking statements

All statements contained in the exhibits incorporated by reference herein, as well as oral statements that may be made by us or by officers, directors or employees acting on behalf of the Telkom Group, that are not statements of historical fact constitute "forward-looking statements" within the meaning of the US Private Securities Litigation Reform Act of 1995, specifically Section 21E of the U.S. Securities Exchange Act of 1934, as amended. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that could cause our actual results 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 the cautionary statements contained in the exhibits, as well as those identified in item 3 of 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 with the SEC available on Telkom's website at [www.telkom.co.za/ir](http://www.telkom.co.za/ir).

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Exhibit -----	Description -----
99.1	Announcement, dated November 15, 2004, of Telkom SA Limited ("Telkom") regarding its interim results for the six months ended September 30, 2004.
99.2	Telkom's presentation of interim results for the six months ended September 30, 2004.
99.3	Announcement, dated November 15, 2004, of Vodacom Group (Proprietary) Limited ("Vodacom"), Telkom's 50% joint venture, regarding its interim results for the six months ended September 30, 2004.
99.4	Vodacom's presentation of interim results for the six months ended September 30, 2004.
99.5	Tariff adjustments, dated November 15, 2005, filed by Telkom with the Independent Communications Authority of South Africa (ICASA) in accordance with the Telecommunications Act, 103 of 1996.
99.6	Announcement, dated November 16, 2004, issued by Telkom, announcing that Standard & Poor's upgraded Telkom's foreign currency long-term corporate credit rating.
99.7	Press release, dated November 17, 2004, referencing an announcement made by the Public Investment Commissioner ("PIC") that it has acquired the remaining 15.1% interest held by Thintana Communications LLC in Telkom.

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## EXHIBIT 99.1

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

ABRIDGED GROUP INTERIM RESULTS FOR THE 6 MONTHS ENDED SEPTEMBER 30, 2004

## Highlights

- \* Basic earnings per share growth of 68.7% to 503.7 cents per share
- \* Headline earnings per share growth of 59.8% to 536.9 cents per share
- \* Group net debt to equity reduced to 54.9%

Pretoria, South Africa - November 15, 2004, Telkom SA Limited (JSE and NYSE: TKG), South Africa's largest communications group announces results for the six months ended September 30, 2004.

Statement by Sizwe Nxasana, Chief Executive Officer:

"Telkom continues to create value for all its stakeholders by delivering strong financial and operational results. This consistent performance has facilitated the repayment of a large portion of the Group's debt and enabled it to invest significantly in its people and its marketplace, while improving efficiencies and securing opportunities for future growth.

Our strategy of customer centricity, operational excellence and commitment to develop a sustainable marketplace has enabled us to compete effectively. We are confident of the relevance of this strategy in a more liberalised market and that Telkom is well positioned to continue delivering value."

## Consistently strong financial performance

The Group has delivered a strong set of financial results for the six months ended September 30, 2004 despite the high level of competitive pressure placed on the fixed-line business from the mobile sector, as well as the continued competitive pressures within the mobile business. Group operating revenue increased 7.4% to R21,520 million and operating profit increased 19.3% to R5,177 million for the six months ended September 30, 2004. EBITDA margins during the same period expanded to 40.3% compared to 39.6% in the comparative period, primarily as a result of the 41.8% EBITDA margin achieved in the fixed-line business.

Headline earnings per share grew 59.8% to 536.9 cents per share and basic earnings per share grew 68.7% to 503.7 cents. Strong earnings growth was delivered largely as a result of a 19.3% increase in operating profit and a 50.0% reduction in finance charges.

Cash from operating activities of R5,595 million facilitated the cash requirements for group capital expenditure of R2,075 million, the repayment of R2,300 million in net debt and the R1,688 million repurchase of Telkom shares. R3,927 million operating free cash was generated in the six month period, on the same level of the prior year six month period, despite the higher cash taxes paid and increased capital expenditure. Net debt decreased 27.3% to R12,424 million. The balance sheet was strengthened with net debt to equity of 54.9% at September 30, 2004, within the previously announced targeted range of 50% to 70%.

## Operational data

In ZAR millions	Year ended		Six months ended September 30		%
	March 31 2004	2003	2004	2004	
Fixed-line data					
Fixed access lines (thousands)	4,821	4,812	4,870		1.2

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Total fixed-line traffic (millions of minutes)	32,942	16,635	16,107	(3.2)
ADSL customers	20,313	11,522	36,716	218.7
Managed data network sites	9,061	7,979	10,849	36.0
Internet dial-up customers	142,208	111,364	174,679	56.9
Fixed-line employees (excluding subsidiaries)	32,358	33,828	31,270	(7.6)
Fixed lines per fixed-line employee	149	142	156	9.9
Mobile data				
Total customers (thousands)	11,217	9,592	13,487	40.6
South Africa				
Mobile customers (thousands)	9,725	8,522	11,346	33.1
Mobile churn (%)	36.6	39.1	20.0	(48.8)
Mobile market share (%)	54	55	56	-
Total mobile traffic (millions of minutes)	12,297	5,774	6,954	20.4
Mobile ARPU (ZAR)	177	179	165	(7.8)
Mobile employees	3,848	3,844	3,988	3.7
Mobile customers per mobile employee	2,527	2,217	2,845	28.3
Other African countries				
Mobile customers (thousands)	1,492	1,070	2,141	100.1
Mobile employees	761	645	915	41.9
Mobile customers per mobile employee	1,961	1,659	2,340	41.0

## OPERATIONAL OVERVIEW

Creating value through customer centricity and operational excellence

During the six months ended September 30, 2004 the Group made good progress on its strategy to create value. This strategy is based on three key imperatives - customer growth and retention; operational excellence and sustaining marketplace development. This strategy has enabled the Group to compete aggressively, anticipate and respond to evolving customer needs, develop innovative product solutions, better utilise its comprehensive assets and optimise its financial flexibility.

The fixed-line business posted modest growth in revenues, which was boosted by a strong adoption of data in consumer and small and medium business markets. Significant progress was made in improving the competitiveness of the fixed-line segment through wide-ranging programmes to reduce costs, improve employee efficiency and entrench a culture of innovation across all operations. These efforts have led to significant improvements in service levels and the overall customer experience.

Driven by strong customer growth in South Africa and other African countries, the mobile business sustained its robust growth. Vodacom continued to entrench its market leadership in South Africa and achieved a substantial increase in customers of 40.6% and a high level of gross connections for the six-month period of 3.5 million. A strong focus on customer care and retention resulted in contract churn reaching its lowest level ever in South Africa.

We continued to make solid progress in extracting synergies between the fixed-line and mobile businesses by expanding our joint retail distribution and customer payment collections. As we move into a more liberalised market place,

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we believe greater synergies between the fixed and mobile businesses will be made possible.

Driving greater adoption of data services across all markets

Telkom grew data revenue by 12.5% during the six-month period to September 30, 2004, and continued to establish itself as the data solution provider of choice. In the consumer and small business market, ADSL adoption accelerated as a result of extensive marketing campaigns and new value-added product and package launches. These include the expansion of the TelkomInternet powered by ADSL-service with a reduced-cost standard package, the introduction of economical access services for home users and the recent launch of a 4 Port Ethernet interface router and a 24-month ADSL contract bundled with a free modem. Internet dial-up subscribers grew 56.9% to 174,679 and continued efforts were made to offer greater value to customers through the launch of four packages. Telkom's partnership with Intel in trialing WiMAX, will enable future broadband demand to be captured, especially in areas where ADSL deployment is not feasible.

Telkom's drive to become the communications technology partner for corporate and business customers gained momentum as evidenced by the increasing penetration of value added data services such as data hosting and managed network care to corporate and business customers, resulting in 36% growth in managed data network sites.

Successful line retention and early market adoption of packages

Telkom continued to focus on connecting and reconnecting fixed-line customers through discounted offers and targeted campaigns, resulting in net line growth of 1.2% or 57,874 lines as a result of the growth in ISDN channels and prepaid lines. The prudent relaxing of selected credit management policies also contributed to the line growth.

Prepaid customers grew by 9.7% up to 885,698, during the six-month period to September 30, 2004. The prepaid service offering was enhanced with the inclusion of the ABSA ATM network as a new distribution channel for electronic recharge vouchers.

Total fixed-line traffic decreased 3.2% as a result of the acceleration of broadband adoption and the resultant loss in internet dial-up minutes. Excluding the loss of minutes to ADSL, total fixed-line traffic minutes increased an estimated 1.5%. Service take-up and network stimulation initiatives conducted during the six months under review included free talk-time promotions and awareness programmes promoting the value-for-money proposition of a fixed-line service.

Offering value-for-money and preparing for increased competition

In line with Telkom's strategy of delivering excellent service to customers at competitive prices, Telkom limited its overall tariff increases for its regulated basket to 2.2% in 2004, below Government's target inflation range of between 3% and 6%. In 2005 Telkom will increase its overall tariffs by 0.2% with international calls on average decreasing by 28% and long-distance calls by 10%. There is still a need to rebalance certain tariffs to eliminate any cross subsidisation and allow for effective competition in all areas going forward. Local peak calls will increase by 5.5% and monthly subscriptions will increase by 6.3%. Telkom is focused on offering value-for-money and we are increasingly launching bundled minute packages and calling plans such as XtraTime and Surf Anytime.

Investment in the next generation network

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Network evolution is a key imperative to transform Telkom from its TDM (Time Division Multiplexed) network to an Internet Protocol (IP)-based Next Generation Network (NGN), capable of delivering converged services. By 2005, Telkom expects to have softswitching capability deployed in its national network to support VoIP solutions to provide advanced call control, hosted IP telephony and IP PBX solutions. In the PBX arena, Telkom already has a comprehensive offering, covering customer requirements in the market. Our investment in Operations Support Systems continued to realise benefits. Sustained progress on diverse projects in the areas of customer relationship management and service provisioning and assurance, have resulted in cost savings, improved customer service and increased efficiencies - especially in the automated workforce management arena. 2005 will see the continuation of the development of a strategic solution that will provide Telkom with a holistic customer management capability.

#### Driving operational excellence

Telkom remains focused on improving customer service and customer satisfaction levels. During the six-month period to September 30, 2004 the Group embarked on a country-wide drive to reposition and transform the Company's Customer Service Branches into world-class retail outlets, which has gained significant momentum. At the same time, we continued with the process of closing down non-viable outlets.

The National Network Operations Centre (NNOC) together with a world-class Data Centre, has significantly improved Telkom's ability to proactively respond to network problems that could potentially affect service quality. As a result of these investments, residential faults per thousand lines have declined by 9.8% since 2002, while business faults per thousand lines reduced by 11.7% since 2002.

The field force team, which delivers service to customers, achieved significant savings through a 16% reduction in the vehicle fleet, reduced dispatches driven by a reduction in repeat faults and theft and breakage incidents.

Telkom continued to focus on optimising its property portfolio through the relocation of employees from leased properties to owned properties and improvements in overall space utilisation.

Recognising the Group's improved levels of efficiency, productivity and customer service, Telkom was once again ranked among the top three companies in the categories for most admired South African company and most admired South African brand, in the 2004 Markinor-Sunday Times Top Brands survey. A further indication of improved service quality levels is the 2004 South African Satisfaction Index, in which Telkom scored 79% compared to a score of 74% in 2003.

#### Creating a skilled employee base

A committed and skilled employee base remains Telkom's most important competitive advantage. To maintain this leadership position and to align itself with changing market conditions and technology, Telkom has continued to invest substantially in building its skills base. During the period under review, R198 million (September 2003: R181 million) was spent on training and development of staff, totalling 100,842 training days. There has been a dedicated effort on furthering technical skills training (47,993 days) and a continued focus on advanced leadership development programmes as well as specific programmes aimed at developing technical skills among female employees. Telkom is actively involved in 16 Centres of Excellence at tertiary institutions across South Africa, involving a further 24 industry partners to promote post graduate research in communication technology and allied social sciences. After conducting a comprehensive health profile in 2003 among its employees, Telkom has launched an integrated wellness programme, "Thuso" (Sotho for "Help"). The programme includes voluntary counselling, testing and treatment to combat HIV/Aids and to provide care to employees in all their health-related needs.



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Telkom has an Agency for Career Opportunities, which provides career counselling, training and assistance to find alternative employment for affected employees. Only 0.3% of total employee losses were involuntarily retrenched during the six month period ending September 30, 2004.

Successfully defending leading mobile market position in South Africa

Vodacom has seen significant growth in South Africa over the past 10 years with more than 11 million customers at the end of September 2004, reinforcing the group's consistently optimistic view of the growth potential in this market. Vodacom South Africa added gross connections of 2.7 million, the highest level ever and maintained its leadership position, with an estimated 56% (September 30, 2003: 55%) market share. Vodacom continued to focus on customer care and retention, which saw contract churn at its lowest level ever at 8.6%. A number of innovative new products and services were introduced during the six months, with the focus being on prepaid product offerings, which included fully itemised billing, prepaid passport, a new 4U Super Six starter pack, enhanced Vodago Super Six starter pack and airtime transfer. Vodacom grew data revenues by 14.5% to R586 million. (50% share is R293 million). The signing of the Vodafone Affiliate Partner agreement announced in November 2004 allows Vodacom full access to the Vodafone Live! offering. Vodacom plans to launch a commercial 3G service in December 2004 and the agreement will provide Vodacom with a distinct competitive advantage in the mobile phone arena.

Over 2 million customers outside of South Africa

Vodacom grew its customer base in other African countries by 100.1% to 2.1 million (September 30, 2003: 1.1 million). Vodacom Tanzania entrenched its position as market leader with 952,000 customers, despite very challenging market conditions, and extended its market share to 58%. Congo grew its market share to 48% and its customer base to 903,000 and expects substantial further growth from this market given the low level of mobile penetration of 3.3%. The investment in Mozambique is slowly making inroads with 164,000 customers.

The Regulatory environment

The new policy announcements by Minister Matsepe-Casaburri on September 2, 2004 in terms of deregulating the market were earlier than our expectations based on the delays in the SNO licensing process and historical policy pronouncements by representatives of Government. However, the substance of the policy decisions is in line with our original expectations and we welcome the certainty around the introduction of competition. The Minister stated that the rationale for the acceleration of competition in certain segments is to stimulate growth in the ICT sector and reduce the cost of telecommunications. In summary the new policy announcements address 5 key areas:

- \* The self provision of facilities by the mobile operators;
- \* The expansion of licensing for the provision of payphone services;
- \* The carrying of voice by value added network service providers (VANS);
- \* Telkom no longer being the sole provider of facilities to VANS; and
- \* The resale of Private Telecommunication Network facilities.

We believe that the policy announcements have given rise to several regulatory uncertainties that will require clarification prior to February 2005. The Minister stated her intention to make further announcements relating to service-based competition, the Convergence Bill and the ICT BEE charter. On the issue of service-based licenses, our interpretation is that VANS cannot provide voice services to the general public and therefore in accordance with Section 32(a) of the Telecommunications Act the Minister may announce her intentions relating to the further licensing of PSTS licenses, including at least one service based license. While there are several network access issues to be resolved, we believe the Telecommunications Act does not allow for unbundling of the local loop for at least 2 years from the date the SNO is licensed.

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In terms of the Telecommunications Act, Telkom was required to present the results of its retail and wholesale activities to ICASA, using a specific cost allocation methodology set out in a Chart of Accounts and Cost Allocation Manual (COA/CAM). Telkom delivered its audited regulatory financial statements to ICASA by the due date of September 30, 2004.

On November 8, 2004 a Government Gazette was issued with the proposed changes to the Telkom's price control and inviting comments on the proposal. In summary ICASA is proposing the following:

- \* CPIX, rather than CPI, to be used in the price control;
- \* The productivity factor X to be set at 4% CPIX;
- \* Installation and rental of ADSL to be included in the basket;
- \* The 5% maximum price increase above CPIX to apply to all residential services, business installation and line rentals, all ADSL services and leased services up to 2 MBPS;
- \* The termination portion of the fixed to mobile tariff to be excluded from the basket.

While a filing for 2005 will be done in November 2004 in terms of the current price control, a filing in accordance with the new price control will be done one month after the promulgation of the new regulation, for the remainder of the 2005 year.

#### Black Economic Empowerment (BEE)

As a South African company, BEE is an important growth imperative for Telkom. The group recognises the need for the creation of a sustainable marketplace by enlarging the domestic market to support ongoing revenue and profit growth. During the six-month period to September 30, 2004 Telkom directed R2.3 billion (September 30, 2003: R1.9 billion) to BEE suppliers, representing 60.3% of the Company's total procurement spend. The amount spent on black small, medium and micro enterprises (SMMEs) to provide core and non-core services totalled R416 million.

Telkom was the first company in South Africa to launch an Enterprise Development and Affirmative Procurement programme, which enables new black companies to grow their businesses into more profitable ventures. Through Telkom's Centre for Learning, SMMEs are trained in 'Building Entrepreneurial Capacity', a programme provided with the support of the National African Federated Chamber of Commerce (NAFCOC). Other highlights of the programme include early payment to selected black SMME suppliers and advice and training on Telkom's tender process. During the six month period, training was provided to 552 black suppliers.

Telkom has broad-based equity ownership with almost 99,000 retail shareholders and approximately 4.5 million shares currently being held by Khulisa shareholders. At September 30, 2004, based on a share price of R73.60, R230 million equity value had been created for the current Khulisa shareholders. Telkom has started an education programme to address the challenge of increasing the public's knowledge on equity share ownership.

Telkom and Vodacom were actively involved in the development of the BEE Charter for the ICT sector. The final draft was released in November 2004 with finalisation expected in late 2004 or early in 2005.

#### Share repurchase, employee share ownership and dividends

At September 30, 2004 the company had repurchased 23.6 million shares amounting to R1.8 billion (including costs) which are currently being held as treasury shares. Instead of issuing new shares, the company intends on using some of the shares repurchased for the Telkom Conditional Share Plan (TCSP). In July 2004, 3.0 million shares were granted to employees through the TCSP. Shares granted to management each year will vest on the third anniversary of the grant date, while one-third of the shares granted to non-management employees will vest each year over a three year period, from the second anniversary of the grant date. As previously communicated, Telkom aims to pay steadily growing annual dividends and therefore will not declare an interim dividend.

#### Strategic direction

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Going forward, our focus will be on greater customer centricity in core fixed-line markets and looking for new growth in selected markets. Specifically, we will look to accelerate the uptake of our extensive range of internet, broadband and VPN offerings. We will continue to focus on growing our mobile customer bases and maintaining our market leadership position.

In an increasingly competitive environment, market-specific customer relationship management and investment in new technologies will ensure we continue to meet evolving customer needs. We will enhance the capability and responsiveness of our business and operational support systems to ensure we have the necessary flexibility to affect greater service delivery.

To deliver on all of these objectives we will continue to invest in the development of skills and entrench a culture of operational excellence among employees. We remain cognisant that the success of our strategy depends on a thriving marketplace and we will continue to play an active role in its development by investing in socio-economic transformation.

#### GROUP PERFORMANCE

##### Group operating revenue

Group operating revenue increased 7.4% to R21,520 million (September 30, 2003: R20,036 million) in the six months ended September 30, 2004. Fixed-line operating revenue, after inter-segmental eliminations, increased 2.1% primarily due to solid growth in data services. Mobile operating revenue, after inter-segmental eliminations, increased 23.7% primarily due to customer growth. Group operating expenses

Group operating expenses increased 3.9% to R16,476 million (September 30, 2003: R15,859 million) in the six months ended September 30, 2004 due to increased operating expenses in the mobile segment. This was partially offset by a 3.5% decrease in the fixed-line operating expenses (before inter-segmental eliminations) primarily due to reduced depreciation, amortisation, impairments and write-off of assets, services rendered, operating leases and payments to other operators, partially offset by an increase in employee expenses. The increase in mobile operating expenses of 25.1% was primarily due to increased competition resulting in increased incentive costs and expenses to support customer growth as well as increased payments to other network operators due to increased outgoing traffic. Mobile depreciation, amortisation, impairments and asset write-offs increased 32.7% as a result of the R237 million impairment of Vodacom Mozambique assets (R237 million represents 100%, Telkom consolidates 50%).

##### Investment income

Investment income consists of interest received on short-term investments and bank accounts. Investment income decreased 22.1% to R134 million (September 30, 2003: R172 million) largely as a result of lower interest received due to a decrease in interest rates, partially offset by higher average balances held in investment and bank accounts. Investment income has been reclassified to exclude interest on trade and other receivables, which is included in "other income".

##### 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 50.0% to R936 million (September 30, 2003: R1,871 million) due to a 31.5% decrease in interest expense to R898 million (September 30, 2003: R1,311 million) and a 93.2% decrease in group net fair value and exchange losses on financial instruments to R38 million (September 30, 2003: R560 million). The decrease in interest expense was primarily due to lower balances on local loans.

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#### Taxation

Consolidated tax expenses increased 66.1% to R1,550 million (September 30, 2003: R933 million) in the six months ended September 30, 2004. The consolidated effective tax rate for the six months ended September 30, 2004 was 35.4%, (September 30, 2003: 35.4%). Telkom Company's effective tax rate was 25.1% (September 30, 2003: 28.3%). The lower effective tax rate for Telkom Company in the six months ended September 30, 2004 was primarily due to dividends received from Vodacom and the raising of a deferred tax asset on the unutilised Secondary Taxation on Companies (STC) credits. Vodacom's effective tax rate was 43.4% (September 30, 2003: 35.9%). The higher effective tax rate for Vodacom is largely as a result of the STC payable on the interim dividend of R1,600 million (September 30, 2003: R600 million) declared by Vodacom.

#### Net profit and earnings per share

Net profit increased 66.4% (September 30, 2003: 158.2%) to R2,768 million (September 30, 2003: R1,663 million) in the six months ended September 30, 2004. Group basic earnings per share increased 68.7% (September 30, 2003: 158.2%) to 503.7 cents (September 30, 2003: 298.5 cents) and group headline earnings per share increased 59.8% (September 30, 2003: 171.1%) to 536.9 cents (September 30, 2003: 335.9 cents).

#### GROUP BALANCE SHEET

Solid operating performance across the Group combined with strict cost discipline has resulted in a strengthened balance sheet. Net debt, after financial assets and liabilities, decreased 27.3% to R12,424 million (September 30, 2003: R17,085 million). The balance sheet at September 30, 2004 strengthened, resulting in a net debt to equity ratio of 54.9% from 85.5% at September 30, 2003. The group intends to maintain a targeted range of between 50% to 70%.

In addition to the 3.2 million shares that were repurchased before March 31, 2004, an additional 20.4 million shares were repurchased during the six months ended September 30, 2004. The total value of all shares repurchased, including shares bought back in March 2004, amounted to R1,812 million (including costs). Repurchases to date have been funded from available cash resources.

Interest bearing debt, including credit facilities utilised, decreased 17.3% to R16,168 million (September 30, 2003: R19,553 million) in the six months ended September 30, 2004. In the period ended September 30, 2004, loans repaid, finance lease capital repaid and the increase in net financial assets exceeded loans raised by R2,300 million. The Group's repayments in the six months ended September 30, 2004 included a repayment of R2,299 million of the Telkom TL08 local bond.

During July 2004, Moody's upgraded Telkom's rating from Baa3 to Baal, with a stable outlook. S&P's rating has remained the same at BBB-.

#### GROUP CASH FLOW

Cash flows generated from operating activities increased 12.5% to R7,041 million (September 30, 2003: R6,256 million) and cash from operations decreased 3.0% as a result of the increased cash taxes and dividends paid. Cash flows utilised in investing activities increased 20.2% to R2,275 million (September 30, 2003: R1,893 million) primarily due to higher capital expenditure in both businesses and the repurchase of shares by the Group.

#### GROUP CAPITAL EXPENDITURE

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Group capital expenditure increased 17.7% (September 30, 2003: 24.9% decrease) to R2,075 million (September 30, 2003: R1,763 million) and represents 9.6% of group revenue (September 30, 2003: 8.8%), below the group's announced guidance of maintaining annual capital expenditure in the range of 12% to 15% of group revenues, which is typical of the first half of the year.

#### Auditors' review report

The condensed consolidated interim financial statements, from which the abridged results have been derived, were reviewed by our auditors Ernst & Young. Their unqualified review report is available for inspection at the company's registered office. Through their report, the auditors have emphasised the change in accounting policy on mobile activation revenue and costs. The condensed consolidated interim financial statements are available on Telkom's Investor Relations website and the Company's registered office, and will be sent to shareholders.

#### Outlook

There is no change to the current year outlook. We believe our robust fixed-line data and mobile revenue growth will offset the voice volume pressure and low effective tariff increases. We aim to make an incremental improvement on our group EBITDA margin from the adjusted base of 38%, despite the higher than forecast levels of mobile competitive pressures. While both the mobile and fixed-line businesses focus capital spend on new technologies, we intend containing capital spend within a range of 12%-15% of group revenue. We believe the group will continue to generate strong free cash flow. We are committed to growing our annual dividend and returning the remaining controllable cash to shareholders if we are within our targeted debt to equity ratio and there are no earnings accretive acquisitions that meet our strategic objectives and investment criteria.

N E Mtshotshisa

Non-executive chairman

November 15, 2004

S E Nxasana

Chief executive officer

#### SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

All statements contained herein, as well as oral statements that may be made by us or by officers, directors or employees acting on behalf of the Telkom Group, that are not statements of historical fact constitute "forward-looking statements" within the meaning of the US Private Securities Litigation Reform Act of 1995, specifically Section 21E of the U.S. Securities Exchange Act of 1934, as amended. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that could cause our actual results 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 under the caption "Risk Factors" contained in item 3 of Telkom's most recent annual report on Form 20-F filed with the U.S. Securities Exchange Commission (SEC) and our other filings with the SEC, available on Telkom's website at [www.telkom.co.za/ir](http://www.telkom.co.za/ir), including, but not limited to, increased competition in the South African fixed-line and mobile communications markets; developments in the regulatory environment; Telkom's ability to reduce expenditure, customer non-payments, theft and bad debt; the outcome of arbitration or litigation proceedings with Telcordia Technologies Incorporated and others; general economic, political, social and legal conditions in South Africa and in other countries where Vodacom invests; fluctuations in the value of the Rand and inflation rates; our ability to retain key personnel; and other matters not yet known to us or not currently considered material by us. You should not place undue reliance on these forward-looking

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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 conform them to actual results or to changes in our expectations.

Abridged consolidated interim income statement  
for the six months ended September 30, 2004

		Audited		
		March 31, 2004	September 30, 2003	September 30, 2004
	Notes	Rm	Rm	Rm
Operating revenue	2	40,681	20,036	21,520
Other income		255	161	133
Operating expenses		31,691	15,859	16,476
Employee expenses		7,408	3,646	3,855
Payments to other operators		5,985	2,939	3,056
Selling, general and administrative expenses		7,857	4,047	4,631
Services rendered		2,269	1,122	1,022
Operating leases		923	500	419
Depreciation, amortisation, impairment and write-offs		7,249	3,605	3,493
Operating profit		9,245	4,338	5,177
Investment income		322	172	134
Profit before finance charges		9,567	4,510	5,311
Finance charges		3,264	1,871	936
Interest		2,488	1,311	898
Foreign exchange and fair value effect		776	560	38
Profit before tax		6,303	2,639	4,375
Taxation		1,711	933	1,550
Profit after tax		4,592	1,706	2,825
Minority interests		69	43	57
Net profit for the year/period		4,523	1,663	2,768
Basic earnings per share (cents)	5	812.0	298.5	503.7
Diluted earnings per share (cents)	5	812.0	298.5	502.9
Headline earnings per share (cents)	5	863.6	335.9	536.9
Diluted headline earnings per share (cents)	5	863.6	335.9	536.0
Dividend per share (cents)	5	90.0	-	110.0

Abridged consolidated interim balance sheet  
for the six months ended September 30, 2004

	Audited		
	March 31, 2004	September 30, 2003	September 30, 2004

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	Notes	Rm	Rm	Rm
Assets				
Non-current assets		42,427	41,623	41,692
Property, plant and equipment	7	39,024	39,185	38,080
Investment properties		32	-	26
Intangible assets		580	352	593
Investments		1,567	1,270	1,660
Deferred expenses	1	380	329	415
Deferred taxation		844	487	918
Current assets		11,093	9,913	11,455
Other financial assets		1,089	1,234	1,053
Short-term investments		168	48	51
Current portion of deferred expenses	1	32	26	38
Inventories		520	584	621
Trade and other receivables		6,066	6,312	6,589
Cash and cash equivalents	8	3,218	1,709	3,103
Total assets		53,520	51,536	53,147
Equity and liabilities				
Capital and reserves		22,058	19,987	22,622
Share capital and premium	9	8,293	8,293	8,293
Treasury shares	9	(238)	-	(1,812)
Compensation reserve	10	-	-	21
Non-distributable reserves		104	38	298
Retained earnings		13,899	11,656	15,822
Minority interests		200	207	243
Non-current liabilities		16,787	17,548	13,448
Interest bearing debt	11	12,703	13,981	9,000
Deferred taxation		1,266	748	1,475
Deferred revenue	1	380	329	415
Provisions		2,438	2,490	2,558
Current liabilities		14,475	13,794	16,834
Credit facilities utilised	8	422	812	998
Trade and other payables		6,007	4,630	5,287
Shareholders for dividend		7	-	7
Current portion of deferred revenue	1	1,377	1,109	1,476
Current portion of interest bearing debt	11	4,051	4,760	6,170
Current portion of provisions		1,658	1,849	1,407
Income tax payable		460	159	1,077
Other financial liabilities		493	475	412
Total equity and				

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liabilities	53,520	51,536	53,147
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Abridged consolidated interim statement of changes in equity  
for the six months ended September 30, 2004

	Audited		
	March 31, 2004 Rm	September 30, 2003 Rm	September 30, 2004 Rm
Balance at April 1	18,348	18,348	22,058
Acquired distributable reserves from minorities of Vodacom Congo (RDC) s.p.r.l.	-	-	(117)
Acquired non-distributable reserves from minorities of Vodacom Congo (RDC) s.p.r.l.	-	-	56
Net profit for the year/period	4,523	1,663	2,768
Transfer to non-distributable reserves*	189	73	121
Transfer from retained earnings*	(189)	(73)	(121)
Foreign currency translation reserve	(83)	(31)	7
Fair value adjustment on investments	9	7	10
Treasury shares	(238)	-	(1,574)
Dividend declared	(501)	-	(607)
Compensation reserve	-	-	21
Balance at March 31, September 30	22,058	19,987	22,622

Abridged consolidated interim cash flow statement  
for the six months ended September 30, 2004

	Audited		
	March 31, 2004 Rm	September 30, 2003 Rm	September 30, 2004 Rm
Operating activities			5,595
Cash receipts from customers	40,520	19,896	21,052
Cash paid to suppliers and employees	(24,750)	(13,640)	(14,011)
Cash generated from operations	15,770	6,256	7,041
Interest received	479	259	214
Finance charges paid	(1,255)	(549)	(296)
Dividend paid	(548)	(26)	(607)
Taxation paid	(562)	(169)	(757)
Investing activities	(5,423)	(1,893)	(2,275)
Proceeds on disposal of property, plant and equipment	52	9	6
Proceeds on disposal of investment	29	-	55
Acquired net cash from the minorities of Vodacom Congo (RDC)			



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s.p.r.l.	17	-	-	6
Additions to property, plant and equipment		(5,187)	(1,763)	(2,195)
Intangible assets acquired		(61)	(54)	-
Additions to other investments		(331)	(85)	(22)
Acquisition of subsidiaries	16	75	-	(125)
Financing activities		(6,481)	(3,810)	(3,988)
Purchase of treasury shares		(102)	-	(1,688)
Loans raised		1,732	1,619	640
Loans repaid		(7,428)	(5,077)	(2,845)
Finance lease capital repaid		(5)	-	(5)
Increase in net financial assets		(678)	(352)	(90)
Net increase/(decrease) in cash and cash equivalents		1,980	68	(668)
Net cash and cash equivalents at beginning of the year		837	837	2,796
Effect of foreign exchange rate differences		(21)	(8)	(23)
Net cash and cash equivalents at end of the year/period	8	2,796	897	2,105

Notes to the abridged consolidated interim financial statements for the six months ended September 30, 2004

#### 1. Basis of preparation and accounting policies

The condensed consolidated interim financial statements from which the abridged results have been derived, have been prepared in accordance with AC127/IAS34: Interim Financial Reporting and comply with the South African Companies Act, 1973. The accounting policies of the Group applied in the presentation of the condensed consolidated interim financial statements for the six month period ended September 30, 2004 are consistent with those applied in the financial statements for the year ended March 31, 2004 with the exception of IFRS2: Share-based Payment, IFRS3: Business Combinations, IAS36: Impairment of Assets (revised) and IAS38: Intangible Assets (revised) that have been applied from April 1, 2004 and the changes to revenue recognition as disclosed further in this note. The results of the interim period are not necessarily indicative of the results for the entire year and these reviewed financial statements should be read in conjunction with the audited consolidated financial statements for the three years ended March 31, 2004.

The preparation of the consolidated interim financial statements requires Telkom's management to make estimates and assumptions that may affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the condensed consolidated interim financial statements, and reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

The following are significant accounting policies that differ from those disclosed at March 31, 2004:

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**Share-based Payments**

With effect from April 1, 2004 the Group has applied the requirements of IFRS2: Share-based Payment. On the date of adoption the Group did not have any unvested grants of equity instruments. Therefore, IFRS2 has been applied to grants made on or after April 1, 2004.

The grants of equity instruments, made to employees in terms of the Telkom Conditional Share Plan, are classified as equity-settled share-based payment transactions. The expense relating to the services rendered by the employees, and the corresponding increase in equity, is measured at the fair value of the equity instruments at their date of grant based on the market price at grant date, adjusted for the lack of entitlement to dividends during the vesting period. This compensation cost is recognised over the vesting period, based on the best available estimate at each balance sheet date of the number of equity instruments that are expected to vest.

The effect of the adoption of this accounting policy in the current period is an increase of R21m in employee expenses and R21m in the compensation reserve (Note 10).

**Change in accounting policy**

The Group changed its accounting policy in respect of mobile activation revenue and costs prompted by United States Accounting guidance as detailed in the Emerging Issues Task Force (EITF) Issue No. 00-21, Revenue Arrangements with Multiple Deliverables, as this Standard provides further guidance on revenue recognition in terms of AC111/IAS18: Revenue. The revised accounting policy results in activation revenue and costs being deferred and recognised ratably over the average expected life of the customer. The excess of the costs over revenues is expensed immediately. Previously, activation revenue and costs were recognised upon activation by the customer.

The Group restated its disclosure for the period/year ended September 30, 2003 and March 31, 2004 to reflect the deferral of activation revenue and costs. The change in accounting policy does not impact the Group's results or cash flow information for the six months ended September 30, 2003 and March 31, 2004. The following table reflects the changes to the condensed consolidated interim financial statements:

	March 31, 2004 Rm	September 30, 2003 Rm
Income statement		
Revenue - Mobile	(114)	(57)
Selling, general and administrative expenses	(114)	(57)
Balance sheet		
Deferred tax asset	124	107
Deferred tax liability	124	107
Deferred expenses	380	329
Current portion of deferred expenses	32	26
Deferred revenue	380	329
Current portion of deferred revenue	32	26

**Comparative figures**

Certain comparative figures has been reclassified in accordance with current period classifications and representations. These re-classifications have no effect on the prior year net profits. The current period classification will closely resemble the nature of transactions within the Group's operating structure.

	Audited		
	March 31, 2004 Rm	September 30, 2003 Rm	September 30, 2004 Rm

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2. Operating revenue	40,681	20,036	21,520
Fixed-line	30,443	15,134	15,455
Mobile	10,238	4,902	6,065
Fixed-line	30,443	15,134	15,455
Subscriptions, connections and other usage	5,024	2,466	2,611
Traffic	18,313	9,221	8,978
Domestic (local and long distance)	9,680	4,907	4,730
Fixed-to-mobile	7,321	3,658	3,628
International (outgoing)	1,312	656	620
Interconnection	1,441	645	719
Data	4,787	2,325	2,618
Directories and other	878	477	529

3. Restructuring expenses (included in employee expenses)

	302	120	144
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The Group recognises the cost of restructuring activities associated with management's plan to right-skill and align the size of its workforce to a comparable level for telecommunication companies.

The total number of employees affected by the restructuring is 896 (September 30, 2003: 694, March 31, 2004: 1,633).

These employees include operating personnel, product development and corporate staff.

4. Impairment and write-offs (included in depreciation, amortisation, impairment and write-offs)

Property, plant and equipment	350	259	228
Licence	-	-	49

At September 30, 2004 Vodacom Group assessed the carrying values of the assets of VM, S.A.R.L. (Vodacom Mozambique) in accordance with the requirements of IAS36. The recoverable amount of these assets has been determined based on the fair value of the assets less cost of disposal. The fair value of the assets was obtained from a knowledgeable, willing party on an arm's length basis, based on the assumption that the assets would be disposed of on an item by item basis. The amount with which the carrying amount exceeded the recoverable amount is recognised as an impairment loss. The impairment of Vodacom Mozambique's assets of R118m consists of R69m for property, plant and equipment and R49m for the licence.

The remaining costs represent individual assets written-off, none of which are individually material.

5. Earnings per share

Basic earnings per share

The calculation of earnings per share is based on net profit for the period/year of R2,768m (September 30, 2003: R1,663m, March 2004: R4,523m) and 549,500,398 (September 30, 2003: 557,031,819, March 31, 2004: 556,994,962) weighted average number of ordinary shares in issue.

Diluted earnings per share

The calculation of diluted earnings per share is based on earnings for the period/year of R2,768m (September 30, 2003: R1,663m, March 2004: R4,523m) and 550,377,860 diluted weighted average number of ordinary shares (September 30, 2003: 557,031,819, March 31, 2004: 556,994,962). The adjustment in the weighted average number of shares is as a result of the maximum future vesting of

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shares already allocated to employees under the Telkom Conditional Share Plan.

#### Headline earnings per share

The calculation of headline earnings per share is based on headline earnings of R2,950m (September 30, 2003: R1,871m, March 31, 2004: R4,810m) and 549,500,398 (September 30, 2003: 557,031,819, March 31, 2004: 556,994,962) weighted average number of ordinary shares in issue.

	Audited March 31, 2004 Rm	September 30, 2003 Rm	September 30, 2004 Rm
Reconciliation between earnings and headline earnings:			
Earnings as reported	4,523	1,663	2,768
Adjustments:			
(Profit)/loss on disposal of investment	(25)	1	(10)
Profit on sale of property, plant and equipment	(19)	(10)	(8)
Impairment of assets	149	149	118
Property, plant and equipment write-offs	201	110	110
Goodwill amortisation	73	35	-
Tax and outside shareholder effects	(92)	(77)	(28)
Headline earnings	4,810	1,871	2,950

The disclosure of headline earnings is a requirement of the JSE Securities Exchange South Africa and is not a recognised measure under US GAAP. Diluted headline earnings per share

The calculation of diluted headline earnings per share is based on headline earnings of R2,950m (September 30, 2003: R1,871m, March 31, 2004: R4,810m) and 550,377,860 (September 30, 2003: 557,031,819, March 31, 2004: 556,994,962) weighted average number of ordinary shares in issue. The adjustment in the weighted average number of shares is as a result of the maximum future vesting of shares already allocated to employees under the Telkom Conditional Share Plan.

#### Dividend per share

The calculation of dividend per share is based on dividends paid of R607m (September 30, 2003: Rnil, March 31, 2004: R501m) declared on June 3, 2004 and 551,509,083 (September 30, 2003: 557,031,819, March 31, 2004: 557,031,819) number of ordinary shares issued. The reduction in the number of shares represents the number of Treasury shares held on date of declaration.

Dividend per share (cents)	90.0	-	110.0
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#### 6. Net asset value per share

(cents)	3,982.7	3,588.1	4,240.6
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The calculation of net asset value per share is based on net assets of R22,622m (September 30, 2003: R19,987m, March 31, 2004: R22,058m) and 533,465,571 (September 30, 2003: 557,031,819, March 31, 2004: 553,846,083) number of ordinary shares in issue.

#### 7. Property, plant and equipment

Additions	5,307	1,763	2,075
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A major portion of this capital expenditure relates to the expansion of existing networks and services.

8. Net cash and cash equivalents	2,796	897	2,105
Cash and bank balances	1,219	648	1,379
Short-term deposits	1,999	1,061	1,724
Cash shown as current assets	3,218	1,709	3,103
Credit facilities utilised	(422)	(812)	(998)
Undrawn borrowing facilities	2,995	2,468	3,422

The undrawn borrowing facilities are unsecured, bear interest at a rate linked to prime, have no specific maturity date and are subject to annual review. The facilities are in place to ensure liquidity.

#### Borrowing powers

To borrow money the directors may mortgage or encumber Telkom's property or any part thereof and issue debentures, whether secured or unsecured, whether outright or as security for debt, liability or obligation of Telkom or any third party. For this purpose the borrowing powers of the directors are unlimited.

#### 9. Number of shares in issue

557,031,817 (September 30, 2003: 557,031,817, March 31, 2004: 557,031,817) ordinary shares of R10 each.  
 1 (September 30, 2003: 1, March 31, 2004: 1) Class A ordinary share of R10.  
 1 (September 30, 2003: 1, March 31, 2004: 1) Class B ordinary share of R10.

The directors have been given authority by the shareholders to buy back the Company's own shares up to a limit of 20% of the current issued share capital. At September 30, 2004, 23,566,248 (September 30, 2003: Nil), March 31, 2004: 3,185,736) ordinary shares in Telkom were held by its subsidiaries Rossal No 65 (Proprietary) Limited and Acajou Investments (Proprietary) Limited as Treasury shares.

#### 10. Compensation reserve - - 21

The compensation reserve represents the cumulative amount of the equity-settled share-based payment transactions recognised in the income statement during the vesting period of the equity instruments granted to all employees in terms of the Telkom Conditional Share Plan.

The shareholders of Telkom approved the Telkom Conditional Share Plan at the January 27, 2004 Annual General Meeting. The scheme covers both operational and management employees and is aimed at giving shares to Telkom employees, at Rnil exercise price, at the end of the vesting period, provided they are still employed by Telkom. Vesting for the share award to operational employees is 0% at the end of year one and 33% at the end of each of the three years thereafter. The shares awarded to management employees will vest in full after three years. Telkom and its employees shared an understanding of the terms and conditions on August 8, 2004, the grant date of the first allocation to employees in terms of the Telkom Conditional Share Plan. The ultimate number of shares that will vest may differ based on certain individual and Company performance conditions being met. The related compensation expense is recognised over the vesting period of the shares granted, commencing on the grant date.

The following table illustrates the movement of the maximum number of shares that will vest to employees:

Granted during the period	-	-	3,036,435
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Forfeited during the period - - (62,815)  
 Outstanding at end of period - - 2,973,620  
 The fair value of the shares granted has been calculated by an actuary using a market share price of R77,50 at grant date, and adjusted for a 2,6% dividend yield. The principal assumptions used in calculating the expected number of shares that will vest are as follows:

Employee turnover (%)	-	-	10
Meeting specified performance criteria (%)	-	-	100

At September 30, 2004 the estimated total compensation expense to be recognised over the vesting period was R161m, of which R21m was recognised in employee expenses for the period.

	Audited March 31, 2004 Rm	September 30, 2003 Rm	September 30, 2004 Rm
11. Interest bearing debt			
Current portion of interest bearing debt	4,051	4,760	6,170
Local debt	3,628	4,356	1,671
Foreign debt	408	394	4,480
Finance lease	15	10	19
Long-term portion of interest bearing debt	12,703	13,981	9,000
Local debt	7,355	8,438	7,287
Foreign debt	4,166	4,419	528
Finance lease	1,182	1,124	1,185

Movements in borrowings for the six-month period ended September 30, 2004 are as follows:

## Repayments

The TL08 locally registered bond with a nominal value of R2,299m at March 31, 2004 was redeemed on May 31, 2004. The redemption was financed with cash flow from operations. The extended credit facility to Vodacom Congo (RDC) s.p.r.l. and the revolving credit facility to Vodacom Congo (RDC) s.p.r.l. with a nominal value of R155m and R156m, respectively, at March 31, 2004 was refinanced with a medium-term loan provided by Standard Bank London Limited and RMB International (Dublin) Limited.

## Loan raised

A medium-term loan that amounts to US\$180m (Group share: US\$90m) was provided by Standard Bank London Limited and RMB International (Dublin) Limited, which was used to refinance the credit facilities of Vodacom Congo (RDC) s.p.r.l.

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Repayment/refinancing of current portion of interest bearing debt.

The repayment/refinancing of R6,170m of the current portion of interest bearing debt will depend on the market circumstances at the time of repayment. Management believes that sufficient funding facilities will be available at the date of repayment/refinancing.

#### 12. Commitments

Capital commitments authorised	7,151	4,665	5,066
Fixed-line	4,566	3,152	3,226
Mobile	2,585	1,513	1,840
Commitments against authorised capital expenditure	439	1,130	1,156
Fixed-line	88	227	445
Mobile	351	903	711
Authorised capital expenditure not yet contracted	6,712	3,535	3,910
Fixed-line	4,478	2,925	2,781
Mobile	2,234	610	1,129

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

Interception of Communications and Provision of Communication-related Information Act ("the Act") The Act was assented and published on January 22, 2003, but will only become effective at some point in the future, the date of which is currently uncertain. Due to the fact that certain provisions of the Act are still being finalised, 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 estimated at this stage.

#### Service providers

The Vodacom Group has committed as part of its strategy to acquire its customer bases from certain independent service providers. Should all conditions be met, Vodacom's commitments in this regard are estimated at R1,600m (Group share: R800m).

Capital commitments of the mobile segment were restated for the six months ended September 30, 2003 to include capital expenditure approved by the Board of Directors for the 2004 financial year.

#### 13. Contingencies

The Group exposure is 50% of the following item:

##### Econet Wireless Limited

Effective April 1, 2004 Vodacom International Limited ("VIL") entered into a five year management agreement with VEE Networks Limited ("VEE"), (formerly Econet Wireless Nigeria Limited), subject to the right of termination in favour of each of the parties. In terms of the agreement, VIL would have managed VEE's cellular network operations in Nigeria for a fee which is based on VEE's turnover. VEE would have been allowed to use the Vodacom logo and brand name. VIL also had the intention to acquire an equity stake in the business of VEE.

However, on May 31, 2004, VIL and VEE mutually agreed to terminate the management agreement entered into on April 1, 2004. VIL will continue to provide technical support to VEE for a period of up to six months. VIL has also decided not to pursue an equity stake in the business of VEE. Vodacom is further also a defendant in certain legal proceedings with Econet Wireless Limited related to its activities in Nigeria. The outcome or extent of any claims against Vodacom, should Vodacom not be successful in defending these claims, is unknown.

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Telcordia

There has been no significant development with respect to Telcordia litigation since March 31, 2004

Negative working capital ratio

At each of the financial periods ended September 30, 2004, September 30, 2003 and the year ended March 31, 2004 the Group had a negative working capital ratio.

A negative working capital ratio arises when current liabilities are greater than current assets. Current liabilities are intended to be financed from operating cash flows, new borrowings and borrowings available under existing credit facilities.

## 14. Segment information

The inter-company transactions are reflected as net and are thus eliminated against segment results:

Business segment			
Consolidated revenue	40,681	20,036	21,520
Fixed-line	30,906	15,355	15,733
To external customers	30,443	15,134	15,455
Intercompany	463	221	278
Mobile	11,625	5,590	6,755
To external customers	10,238	4,902	6,065
Intercompany	1,387	688	690
Elimination	(1,850)	(909)	(968)
Other income	255	161	133
Fixed-line	230	124	117
Mobile	25	37	16
Consolidated operating profit	9,245	4,338	5,177
Fixed-line	6,628	3,110	3,908
Elimination	924	467	412
Mobile	2,617	1,228	1,269
Elimination	(924)	(467)	(412)
Net profit for the year/period	4,523	1,663	2,768
Fixed-line	4,056	1,277	2,855
Elimination	(137)	156	(388)
Mobile	1,517	686	713
Elimination	(913)	(456)	(412)

## 15. Related parties

Related party relationships exist within the Group.

During the year/period all transactions were concluded at arm's length.

Details of material transactions and balances with related parties not disclosed elsewhere in the condensed consolidated financial statements were as follows:

With joint venture:  
Vodacom Group (Proprietary)  
Limited



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Related party balances			
Trade receivables	42	41	47
Trade payables	(250)	(248)	(250)
Related party transactions			
Income	(463)	(221)	(278)
Expenses	1,387	688	690
Audit fees	3	-	1
Interest received	(11)	(11)	-
With shareholder:			
Thintana Communications LLC			
Management fees	154	104	49
Government			
Revenue	(1,866)	(925)	(987)
Trade receivables	189	223	197
Employees			
Other receivables	114	112	108

With affiliates of directors:

Ms Mtshotshisa, the Chairperson of the Board of Directors, serves on the Board of Directors of Admiral Industries (Proprietary) Limited, which has a contract to supply Telkom with workwear. Telkom paid R1,556,979 for the period ended September 30, 2004 for these services. The outstanding creditors balance at September 30, 2004 was R159,360.

Mr Sekano, the employee representative on Telkom's Board until September 18, 2004, is a chairman of Letlapa Security and a director of Telesafe Security. Letlapa Security owns an interest in Telesafe Security, a security company which provides physical security services to Telkom. Telkom paid R16,047,028 to Telesafe for the period April 1, 2004 to September 18, 2004 for these services. The outstanding creditors balance at September 18, 2004 was R3,302,781.

	Audited		
	March 31,	September 30,	September 30,
	2004	2003	2004
	Rm	Rm	Rm

16. Acquisition of subsidiaries, joint ventures and minority shareholders' interests  
The following acquisitions were made:

During the 2005 financial year, a 100% shareholding in Acajou Investments (Proprietary) Limited for R100

-

On April 16, 2004, Vodacom acquired an 85.75% interest in the equity of Smartcom (Proprietary) Limited through its 51% owned subsidiary, Smartphone SP (Proprietary) Limited. The purchase price of R78m (Group share: R39m) (including capitalised costs excluding dividend from Smartcom (Proprietary) Limited) was paid during April 2004. The company declared a dividend to its shareholders from pre-acquisition reserves on August 18, 2004. The dividend was paid on August 31, 2004.

17. Acquired reserves from minorities of Vodacom Congo (RDC) S.P.R.L.  
The Vodacom Group has a 51% equity interest in Vodacom Congo (RDC) s.p.r.l. ("Vodacom Congo"), which commenced business on December 11, 2001. This investment is governed by a shareholders' agreement, which previously provided the minority shareholder with certain protective and participative rights and therefore, in terms of IAS31: Financial Reporting of Interests in Joint Ventures, Vodacom Congo was considered to be a joint venture resulting in it

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being proportionally consolidated in the financial statements for the year ended March 31, 2004.

The Vodacom Group, in terms of the previous shareholders' agreement was, however, ultimately responsible for the funding of the operations of Vodacom Congo. The shareholders' agreement also gave Vodacom the right to appoint management and the majority of the board of the company. Vodacom also had a management agreement to manage the company on a day-to-day basis. During the current financial year a new shareholders' agreement was negotiated which removed these participative rights, resulting in Vodacom Congo now being controlled and considered to be a 51% owned subsidiary of Vodacom from April 1, 2004. Vodacom's interest in the company is consolidated from this date in accordance with IAS27: Consolidated Financial Statements and Accounting for Investments in Subsidiaries.

#### 18. Subsequent events

The directors are not aware of any matter or circumstance since the financial period ended September 30, 2004 and the date of this report, not other wise dealt with in the financial statements, which significantly affects the financial position of the Group.

#### Company registered office

Telkom SA Limited  
1991/005476/06  
Telkom Towers North  
152 Proes Street  
Pretoria, 0002  
South Africa  
Private Bag X881  
Pretoria

#### Board of Directors

NE Mtshotshisa (Chairman)  
SE Nxasana (CEO)  
SM McKenzie (COO)\*  
PL ZIM  
TPC Chikane  
Tan Sri Dato'ir Md Radzi Mansor#  
T Mosololi  
M Mostert  
DD Tabata  
YR Tenza  
CL Valkin  
W Mashale (Company Secretary)  
\* American # Malaysian  
Sponsor  
UBS South Africa (Proprietary) Limited

EXH



# Telkom SA Limited

Group Interim Results  
for the 6 months ended September 30, 2004

Inspiring a nation to touch tomorrow



## Cautionary language concerning forward looking statements

All statements contained herein, as well as oral statements that may be made by us or by officers, directors or employees acting on behalf of the Telkom Group, that are not statements of historical fact constitute "forward-looking statements" within the meaning of the US Private Securities Litigation Reform Act of 1995, specifically Section 2702 of the U.S. Securities Exchange Act of 1934, as amended. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that could cause our actual results to be materially different from historical results or from any future results expected 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 under the caption "Risk Factors" contained in item three of Telkom's most recent annual report on Form 20-F filed with the U.S. Securities Exchange Commission ("SEC") and our other filings with the SEC, available on Telkom's website at [www.telkom.co.za/ir](http://www.telkom.co.za/ir), including, but not limited to, increased competition in the South African fixed-line and mobile communications markets; developments in the regulatory environment; Telkom's ability to reduce expenditure, customer non-payment and bad debt; the outcome of arbitration or litigation proceedings with Telcordia Technologies Incorporated and others; general economic, political, social and legal conditions in South Africa and in other countries where Vodacom invests; fluctuations in the Rand and inflation rates; our ability to retain key personnel; and other matters not yet known to us or not currently considered by us. You should not 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 required by law to update these statements, we will not necessarily update any of these statements after the date hereof either to reflect actual results or to changes in our expectations.

This presentation may contain certain non-GAAP financial measures. Reconciliations between the non-GAAP financial measures and GAAP financial measures are available on the company's website at [www.telkom.co.za/ir](http://www.telkom.co.za/ir)



## Section 1

Group highlights



## Group interim financial highlights

**7%** growth in group operating revenue

**40%** group EBITDA margin

**19%** growth in group operating profit

**60%** growth in HEPS to 537 cents

**27%** reduction in net debt

**Operating free cash flow**

In ZAR millions

**Maintain high level operating cash flow first six months**



## Clear strategic goals

### **1. Customer centric approach**

### **2. Driving operational excellence**

5



## Section 2

### Operational highlights





# Operation “Jika”

## Net growth in fixed-access lines

In thousands

Increased cred  
Property deals  
Tele-selling  
Discounted cor  
campaigns  
Free relocation

7





# Keeping prices competitive

## Proposed tariff adjustments for 2005

% change for Jan 2005

2.2% overall inc  
in 2004

0.2% overall inc  
filed for 2005, b  
government's ta  
range for inflatic

Still a need to  
rebalance in res  
to competition





## Accelerating broadband adoption

**57%** growth in internet customers

**14%** growth in ISDN

**36,716** ADSL customers

**24 month** ADSL contract with **free** modem

**HomeDSL 384**, cheaper product

**Internet customers**

In thousands



## Preferred partner for business mar

**13%** growth in  
fixed-line data  
revenues

**36%** growth in  
managed data  
network sites

**Managed data  
network sites**

**VPN Supreme**  
launched as  
IP/MPLS  
solution

12





## Improved, efficient service delivery

**Simplification** of customer contact centres

**96%** of customers paying on time compared to 91% in 2001

**Bad debts** below 1% of revenue

**23%** of customer service branches rebranded - **TelkomDirect**





## Strong mobile SA customers growth

**2.7 million** gross connections in the 6 months  
**33%** growth to 11.3 million customers  
**56%** estimated market share  
**Lowest** contract churn ever at 8.6%  
**ARPU** decline 8% to R165

SA mobile customers  
In thousands





## Section 3

### Financial overview



# Segment contribution overview

6 months ended September 30, 2004, after segment eliminations

Operating revenue

Operating profit

Net profit

Net debt



# Solid group revenue growth

## Group operating revenue

In ZAR millions

2.5%

7.4%

20.8%

## Fixed-line revenue growth

In ZAR millions (Sep-04 movement on Sep-03)

**Data growth driven by  
volumes not tariffs**



# Cutting out the costs in fixed-line

## Group operating expenses

In ZAR millions

3.5%

3.9%

25.1%

## Fixed-line operating expenses

In ZAR millions (Sep-04 movement on Sep-03)



## Continued margin expansion

Group EBITDA

### Fixed-line

**8% growth** in EBITDA to R6,574 million

**2% expansion** in EBITD margin to **41.8%**

### Mobile

**13% growth** in EBITDA to R2,096 million

**2% decline** in mobile EE margin to 31.0% due to c in gross connections



# Investing capital for growth

## Group capital expenditure

In ZAR millions

## Fixed-line capital expenditur

September 30, 2004





# 27% decrease in group net debt

## Group net debt

In ZAR millions

## Group interest expense

In ZAR millions



## Maintained high level of free cash flow

Group operating free cash flow

In ZAR millions

**Maintained** high level of operating free cash flow of R3,9 billion

Despite higher cash taxes and capex

**R2.3 billion** debt repayment

**R1.7 billion** on share repurchase

**R3.1 billion** cash on hand



## Section 4

### Outlook



## The regulatory environment

Regulatory financial statements submitted  
ICASA in September 2004 on historical cost  
basis

SNO licence granted

ICASA commenced Telkom tariff review

Clarity on September 2004 policy  
announcements expected

Finalisation of ICT BEE charter – 2004/2005



# Strategic focus in liberalised market

Customer  
centric

1

Accelerate broadband  
and managed data  
networks

Competitive pricing

Product bundles

Customer service

Operational  
excellence

2

IP network evolution

Field force efficiency



## Creating a sustainable market place

A **9% increase** in  
employee **training**  
expenditure to R198  
million in first 6 months

A **21% increase** in  
**BEE** procurement  
spend of R2.3 billion,  
or 60% of total spend

**Over R230 mil**  
equity value cre  
for current Khu  
shareholders



## Outlook for March 2005

### Guidance unchanged

#### EBITDA margin

At least 1% improvement  
on adjusted base of 38%

#### Capex to revenue

Between 12% -15%

#### Net debt to equity

Between 50% - 70%



## **Investor Relations**

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## EXHIBIT 99.3

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

Vodacom Group (Pty) Limited interim results for the six months ended September 30, 2004

## COMMENTARY

Vodacom Group (Proprietary) Limited ("Vodacom" or "Vodacom Group") (unlisted), South Africa's largest mobile communications group, in which Telkom has a 50.0% holding, announced interim results for the six months ended September 30, 2004. Revenue increased by 20.3% to R13,594 million (US\$2,102 million), EBITDA increased 13.4% to R4,192 million (US\$648 million) and profit before tax increased 18.7% to R2,555 million (US\$395 million) in the six months ended September 30, 2004 compared to the six months ended September 30, 2003.

## GROUP INTERIM FINANCIAL HIGHLIGHTS

- o Group revenue up 20.3% to R13.6 billion
- o Group EBITDA up 13.4% to R4.2 billion
- o Group cash flow from operations up 28.7% to R3.8 billion
- o Interim dividend of R1.6 billion

## OPERATING HIGHLIGHTS

- o Group total customers up 40.6% to 13.5 million
- o Group capex as a percentage of revenue at 10.4%
- o Group customers per employee improved by 28.7% to 2,751
- o Acquired Smartcom (Pty) Limited and consolidated for the first time
- o Secured access to Vodafone Live! through Vodafone Affiliate Partner agreement
- o 3G rollout well under way

## SOUTH AFRICA

## Customers

The South African customer base increased by 33.1% to 11.3 million (September 30, 2003: 8.5 million) compared to the six months ended September 30, 2003, again reinforcing Vodacom's consistently bullish view of this market. The majority of the growth came from the prepaid market although remarkable growth was also achieved in the contract market. The number of prepaid customers increased by 33.5% to 9.7 million, while the number of contract

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customers increased by 32.0% to 1.6 million. The substantial increase in gross contract connections of 174.5% was fuelled by the new "Top-Up" product and increased connection incentive levels. These increased incentives and the volume of new gross connections managed to strengthen Vodacom's market position but negatively impacted margins. The strong growth in customers was a direct result of the high number of gross new connections achieved of 2.7 million, coupled with low churn in both the contract base and prepaid base of 8.6% and 21.9% respectively.

#### ARPU

The developing market as reflected in the prepaid base has been a driving force behind market penetration in South Africa and made up 88.7% (September 30, 2003: 95.0%) of all gross connections. However, a record number of gross contract connections of 302,000 were achieved because of the migration of higher-end prepaid customers to contracts coupled with the new "Top-Up" product and higher incentives. ARPU decreased 7.8% to R165 (September 30, 2003: R179) per month in the six months ended September 30, 2004 compared to the six months ended September 30, 2003 due to the continued dilution of ARPU caused by the higher proportion of new, lower ARPU prepaid connections. Contract customer ARPU has decreased by 3.9% to R637 (September 30, 2003: increased 8.3% to R663) compared to the six months ended September 30, 2003 due to the migration of prepaid customers and the success of the "Top-Up" product at the lower end of the contract market, while prepaid customer ARPU decreased by 9.2% to R79 (September 30, 2003: 1.1% to R87) per customer per month.

#### Churn

Due to the high cost of acquisition in the highly developed contract market, Vodacom's focus on upgrade and retention policies ensured the further decrease in contract churn to the lowest level in Vodacom's history of 8.6% in the six months ended September 30, 2004 (September 30, 2003: 10.8%). The lower prepaid churn experienced of 21.9% (September 30, 2003: 44.1%) is due mainly to changes to the disconnection policy governing prepaid customers.

#### Traffic

Total traffic on the network, excluding national and international roaming traffic, has increased 20.4% to 7.0

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billion minutes (September 30, 2003: 5.8 billion) in the six months ended September 30, 2004 compared to the six months ended September 30, 2003. This growth was mainly due to the 33.1% growth in the total customer base in the same period to 11.3 million as at September 30, 2004. Also evident was continued fixed for mobile call substitution, with mobile to mobile traffic increasing by 29.9% compared to the six months ended September 30, 2003 while mobile to fixed and fixed to mobile traffic decreased by 0.8% compared to the six months ended September 30, 2003.

#### Operational

The signing of the Vodafone Affiliate Partner agreement announced on November 3, 2004 promises to provide Vodacom with a distinct competitive advantage in the mobile content arena. In terms of the agreement Vodacom will have access to the full Vodafone Live! offering. Vodacom intends to launch commercial 3G service on December 1, 2004 and rollout of the infrastructure is commencing on schedule.

Vodacom's mobile content portal, Vodacom4me, has experienced its highest growth ever in August 2004 and the number of registered users now stands at more than 320,000. Several new products and services were introduced during the six months ended September 30, 2004, with the focus being on prepaid product offerings, which included fully itemised billing, prepaid passport, a new 4U Super Six starter pack, enhanced Vodago Super Six starter pack and airtime transfer.

As part of Vodacom's pledge to provide for the unique requirements of its specific needs customers, Vodacom now provides blind and visually impaired customers the ability to interact with Vodacom through a dedicated multi-channel contact centre, and a speaking phone that, for the first time, enables blind and visually impaired customers to use the full set of features and functionality of modern mobile phones. Vodacom aims to be at the forefront of innovation by enabling wireless application service providers to easily develop applications on the Vodacom network, and 125 wireless application service provider agreements have been signed to date.

#### Regulatory

Vodacom utilises and will continue to utilise 1800 MHz and 3G spectrum in terms of temporary commercial licences

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granted by ICASA, pending finalisation of the 1800 MHz and 3G spectrum licence obligations.

During September 2004 the Minister of Communications published a number of determinations that provided for far-reaching and broad deregulation of the industry. In terms of these determinations, mobile operators will be allowed to self-provide and/or obtain facilities from any person or organisation. Value-added service providers will be allowed to carry voice traffic using any protocol, obtain facilities from any person as well as sublet, resell and share spare capacity. Fixed-line operators will also be allowed to share and resell spare capacity. Vodacom is assessing the impact of these determinations and is developing strategies to best deal with the changes and to take advantage of any opportunities. However, Vodacom is awaiting further clarification in the form of legislation before acting prematurely.

The 4th draft of the ICT BEE Charter released on August 26, 2004 to the ICT industry called for final comments on the process by September 15, 2004. Vodacom is actively participating and contributing to this important process and has submitted extensive comments as well as engaging directly with Government together with other regulated companies.

#### Market share

The South African cellular industry has grown by more than 10% in the last six months. Vodacom has retained its leadership in the highly competitive South African market with an estimated 56% market share as at September 30, 2004 despite strong competition. Although Vodacom has been highly successful in defending and extending its market share, the competitiveness in the market and the sheer volume of gross connections have inevitably resulted in margin squeeze.

#### OTHER AFRICAN OPERATIONS

This was an exciting six months for Vodacom's other African investments. Vodacom Tanzania entrenched its position as market leader by further extending its market share to 58% at September 30, 2004. The Tanzanian market remains highly competitive but with mobile penetration estimated at a mere 4.0% of the population, it still promises significant further potential. Vodacom Tanzania increased its customer base by 76.0% to 952,000 (September 30, 2003: 76.9% to

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541,000) as at September 30, 2004 compared to September 30, 2003.

Vodacom Congo has grown its market share to 48% at September 30, 2004. The DRC has the lowest estimated mobile penetration of all Vodacom's operations at 3.3% of the population at September 30, 2004. Vodacom consequently expects substantial further growth from this market. Vodacom Congo increased its customer base by 97.2% to 903,000 (September 30, 2003: 222.5% to 458,000) at September 30, 2004 compared to September 30, 2003.

Vodacom Lesotho has positioned itself well to minimise the impact of competitive activity and has maintained its 80% market share at September 30, 2004. Vodacom Lesotho had 122,000 customers as at September 30, 2004. Mobile penetration in Lesotho is now estimated at 7.2% and is not expected to increase significantly in the near term.

The latest of Vodacom's African investments, Vodacom Mozambique, is slowly making inroads into the market against a strong and established competitor. Vodacom Mozambique had 164,000 customers as at September 30, 2004. Market share is estimated at 24% and mobile penetration at 3.8%. The financial results of Vodacom's operations are analysed in more detail in the segmental commentary of this report.

#### GROUP FINANCIAL REVIEW

Two significant accounting changes need to be taken into account when analysing Vodacom's results for the six months ended September 30, 2004. Firstly, with effect from April 1, 2004, Vodacom Congo meets the definition of a subsidiary because certain clauses granting the outside shareholders participating rights have been removed from the shareholders' agreement and is consequently fully consolidated in the Group annual financial statements. Prior to this date, the Group proportionally consolidated 51% of the results of Vodacom Congo. Any comparison of consolidated numbers with prior periods will therefore be distorted since prior periods will reflect only 51% of Vodacom's revenues, expenses and balance sheet, whereas the current period reflects 100%. To facilitate a better comparison of numbers with prior periods, adjusted consolidated revenue, adjusted profit from operations, EBITDA and adjusted capital expenditure figures are

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presented in the segmented analysis below, which reflect 100% of Vodacom Congo for the prior periods presented.

Secondly, International Accounting Standard 36 - Impairment of Assets ("IAS 36"), has resulted in an impairment charge to the assets of Vodacom Mozambique of R237 million, which has been included as a separate line item in the income statement for the six months ended September 30, 2004. IAS 36 requires Vodacom to recognise an impairment loss to the extent that Vodacom Mozambique's assets' carrying values exceeded their recoverable amounts, which is defined as the higher of the net present value of expected future cash flows and the fair value less cost of disposal. Vodacom Mozambique has consequently impaired the assets to their estimated fair value less cost of disposal, which was R237 million less than the book values at September 30, 2004.

The standard requires expected future pre-tax cash flows to be discounted at a rate commensurate with the riskiness of the assets producing the cash flows. Because of the high perceived risk of assets in Mozambique, this discount rate is relatively high. The high discount rate used and the substantial capital outlay required at the beginning of the project resulted in the calculated net present value of expected future cash flows being lower than the expected fair value less cost of disposal.

The results of the South African operations have been impacted by two main factors, both of which have had a negative impact on margins. Firstly, the continuing trend of fixed-mobile substitution has seen Vodacom's net interconnect revenue decline further because of increased interconnect cost. Interconnect costs increased because the cost of terminating calls on other mobile networks is much higher than the cost of terminating calls on Telkom's fixed-line network. Secondly, the higher levels of incentives paid for the higher volume of gross contract connections has led to higher customer acquisition costs and further margin pressure. Despite these factors, the Vodacom Group achieved strong results in an ever more competitive environment.

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## REVENUE

In ZAR millions

	Six months ended September 30,		
	2002 (unaudited)	2003 (unaudited)	2004 (unaudited)
Airtime, connection and access(1)	5,061	5,974	7,823
Data revenue(2)	n/a	512	586
Interconnection	2,555	2,814	2,940
Equipment sales	1,305	1,514	1,681
International airtime(1)	343	310	436
Other sales and services	177	172	128
	9,441	11,296	13,594

## REVENUE

In ZAR millions

	Six months ended September 30,	
	% change 2003/02	% change 2004/03
Airtime, connection and access(1)	18.0	31.0
Data revenue(2)	n/a	14.5
Interconnection	10.1	4.5
Equipment sales	16.0	11.0
International airtime(1)	(9.6)	40.6
Other sales and services	(2.8)	(25.6)
	19.6	20.3

## Notes:

1. An amount of R160 million, previously included under international airtime, has been reallocated to airtime, connection and access in the six months ended 2003. No reallocation has been done for the six months ended September 30, 2002.
2. Vodacom changed its classification of revenue to enable separate identification of data during the prior financial period. Data revenue is included in airtime, connection and access in the six months ended September 30, 2002 and has been reallocated in the six months ended September 30, 2003. During the six months ended September 30, 2002 and 2003, 51% of Vodacom Congo was proportionally consolidated



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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. Consequently the table above reflects 100% of Vodacom Congo for the six months ended September 30, 2004 and only 51% in the prior periods.

#### Airtime, connection and access

Vodacom's airtime, connection and access revenue increased 31.0% to R7,823 million (September 30, 2003: 18.0% to R5,974 million) in the six months ended September 30, 2004 compared to the six months ended September 30, 2003, primarily due to the increase in the number of Vodacom's customers and because of the consolidation of Vodacom Congo from April 1, 2004. Total customers increased 40.6% (September 30, 2003: 25.1%) due to strong prepaid and contract customer growth in South Africa and significant prepaid customer growth in Vodacom's other African operations.

#### Data revenue - geographical split

In ZAR millions

	Six months ended September 30,				
	2003	2004	% of	% of	%
	(unaudited)	(unaudited)	total	total	change
			2003	2004	2004/03
South Africa	462	542	90.2	92.5	17.3
Tanzania	48	35	9.4	6.0	(27.1)
Lesotho	2	4	0.4	0.7	100.0
DRC	-	4	-	0.7	-
Mozambique	-	1	-	0.1	-
	512	586	100.0	100.0	14.5

Vodacom's data revenue increased 14.5% to R586 million (September 30, 2003: R512 million) in the six months ended September 30, 2004 compared to the six months ended September 30, 2003 mainly due to SMS traffic growth. Vodacom transmitted 1,123 million SMSs (September 30, 2003: 908 million) over its South African network during the six months ended September 30, 2004, up 23.7% compared to the six months ended September 30, 2003. The number of MMS capable handsets on the network as at September 30, 2004 was materially up at 1,180,238 (September 30, 2003: 236,987) sending on average 621,000 MMS messages per month.

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Data revenue contributed 4.3% of total revenue for the six months ended September 30, 2004 (September 30, 2003: 4.5%). The decrease in data revenue in Vodacom Tanzania of 27.1% in the six months is due to aggressive pricing by competitors which resulted in lower usage by Vodacom's customers. Vodacom Tanzania has subsequently matched the competitors' lower tariffs, which has stabilised usage, but has had a negative effect on revenue.

Data revenue in Vodacom Congo, Vodacom Lesotho and Vodacom Mozambique is very small but growing.

#### Interconnection

Vodacom's interconnection revenue increased 4.5% to R2.9 billion (September 30, 2003: 10.1% to R2.8 billion) in the six months ended September 30, 2004 compared to the six months ended September 30, 2003 primarily due to an increase in the number of calls terminating on Vodacom's network as a result of the increased number of Vodacom customers and mobile users generally in all operations during the period. However, significantly offsetting this and thereby inhibiting growth in interconnection revenue was a 0.4% decrease in traffic originating from Telkom and terminating on Vodacom's network compared to the six months ended September 30, 2003 caused by the changing call patterns of mobile users in South Africa.

#### Equipment sales

Vodacom's revenue from equipment sales, which yields low margins, increased by 11.0% to R1.7 billion (September 30, 2003: 16.0% to R1.5 billion) in the six months ended September 30, 2004 compared to the six months ended September 30, 2003. The growth in equipment sales was primarily due to growth of Vodacom's customer base and the continued uptake of new handsets in South Africa fuelled by Vodacom's successful strategic drive to increase access in the South African market. Sales were further fuelled by cheaper Rand prices of handsets coupled with the added functionality of the new phones, such as built-in digital cameras and colour screens.

#### International airtime

International airtime increased 40.6% to R436 million (September 30, 2003: R310 million) in the six months ended September 30, 2004 compared to the six months ended September 30, 2003, primarily as a result of a healthy increase in international airtime revenue in Vodacom South

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Africa and Vodacom Congo. International airtime comprises of 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 services

Other sales and services includes revenue from non-core operations such as income from Vodacom's cell captive insurance scheme and decreased by 25.6% (September 30, 2003: decreased by 2.8%) to R128 million primarily because of the reallocation of value-added services revenue, which was previously included under other sales and services to airtime connection and access, offset to some extent by other sales and services revenue received in Smartcom (Pty) Limited.

#### OPERATING EXPENSES

In ZAR millions

	Six months ended September 30,		
	2002	2003	2004
	(unaudited)	(unaudited)	(unaudited)
Depreciation and amortisation	1,189	1,247	1,655
Payments to other network operators	983	1,379	1,804
Other direct network operating costs(1)	4,338	5,013	6,068
Staff expenses	502	632	760
Marketing and advertising expenses	365	345	393
General administration expenses	234	300	409
Other operating income	(8)	(71)	(33)
	7,603	8,845	11,056

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## OPERATING EXPENSES

In ZAR millions

	Six months ended September 30,	
	% change 2003/02	% change 2004/03
Depreciation and amortisation	4.9	32.7
Payments to other network operators	40.3	30.8
Other direct network operating costs(1)	15.6	21.1
Staff expenses	25.9	20.3
Marketing and advertising expenses	(5.5)	13.9
General administration expenses	28.2	36.3
Other operating income	787.5	(53.5)
	16.3	25.0

## Note:

1. Direct network operating costs less payments to other operators. During the six months ended September 30, 2002 and 2003, 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. Consequently the table above reflects 100% of Vodacom Congo for the six months ended September 30, 2004 and only 51% in the prior periods.

## Depreciation and amortisation

Vodacom's depreciation and amortisation increased by 32.7% to R1,655 million (September 30, 2003: R1,247 million) in the six months ended September 30, 2004 compared to the six months ended September 30, 2003. The biggest contributing factor to the increase in depreciation and amortisation has been the impairment of Vodacom Mozambique's assets amounting to R237 million. The impairment has been included under depreciation and amortisation for purposes of the above analysis but has been shown as a separate line item in the income statement in terms of IAS 36. Excluding this change, the increase in the depreciation and amortisation would have been 13.7% compared to the six

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months ended September 30, 2003. Although Vodacom's biggest capital investments have already been made in South Africa the more aggressive rollout of infrastructure and the amortisation of intangible assets in Smartcom and Smartphone have caused an increase in South African depreciation and amortisation. The strengthening of the Rand against most other currencies again resulted in depreciation on foreign-denominated capital expenditure in Vodacom's African operations being translated at a lower exchange rate than in the past, which translation saving contributed to only a marginal increase in the depreciation charge in Vodacom's other African operations in the six months ended September 30, 2004.

#### Payments to other network operators

Vodacom's payments to other network operators increased by 30.8% to R1,804 million (September 30, 2003: R1,379 million) in the six months ended September 30, 2004 compared to the six months ended September 30, 2003 as a result of increased outgoing traffic and the increased amount of outgoing traffic terminating on other mobile networks, rather than on Telkom's fixed-line network. As the cost of terminating calls on other mobile networks is materially higher than calls terminating on Telkom's fixed-line network, and as mobile substitution increases with the increasing number of total mobile users in South Africa, interconnection charges should also continue to increase and continue to put pressure on profit margins.

#### Other direct network operating expenses

Other direct network expenses increased by 21.1% in the six months ended September 30, 2004 compared to the six months ended September 30, 2003 to R6.1 billion (September 30, 2003: R5.0 billion) in line with the record number of customer connections and the growth in revenues. Other direct network expenses include the cost to connect customers onto the network and are incurred to support growth in revenues and comprise cost of goods sold, commissions, customer retention expenses, regulatory and licence fees, distribution expenses and site and maintenance costs. These costs have increased mainly because of the increase in the volume of gross contract customer connections.

#### Staff expenses

Staff expenses increased by 20.3% to R760 million (September 30, 2003: R632 million) in the six months ended

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September 30, 2004 compared to the six months ended September 30, 2003 primarily as a result of an increase in headcount to support the growth in operations of 9.2% compared to the six months ended September 30, 2003 (September 30, 2003: 1.2%), an increase in the provision for Vodacom's deferred bonus incentive scheme as well as an average group-wide salary increase of 8%. Total headcount in Vodacom's South African operations increased by 3.7% compared to the six months ended September 30, 2003 (September 30, 2003: remained constant) primarily because of the acquisition of Smartphone SP (Pty) Limited and Smartcom (Pty) Limited earlier this year. Total headcount in Vodacom's other African operations increased by 41.8% to 915 compared to the six months ended September 30, 2003 (September 30, 2003: increased 62.5% to 645) in order to meet the demands of the rapid expansion of these operations. Employee productivity has shown a marked improvement in all of Vodacom's operations, as measured by customers per employee, increasing on an overall basis by 28.7% to 2,751 customers per employee (September 30, 2003: 2,137).

#### Marketing and advertising

Marketing and advertising expenses increased by 13.9% to R393 million (September 30, 2003: R345 million) in the six months ended September 30, 2004 compared to the six months ended September 30, 2003, driven mainly by an intensified marketing drive in South Africa, marginal increases in Rand terms in Vodacom Tanzania, Vodacom Congo (excluding the effect of consolidating the full expense) and Vodacom Lesotho, coupled with the marketing expenses related to establishing Vodacom Mozambique.

#### General administration expenses

General administration expenses increased by 36.3% to R409 million (September 30, 2003: R300 million) compared to the six months ended September 30, 2003. General administration expenses comprise a number of expenses including accommodation, information technology costs, office administration, consultants' expenses, social economic investment and insurance. The increase is mainly as a result of the continued expansion drive into Africa, particularly in the DRC, which requires expenses relating to assignees on secondments and high overhead costs such as accommodation, insurance and consulting fees.

#### Other operating income

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Other operating income comprises income of a nature that Vodacom does not view as part of Vodacom's core activities, and is therefore shown separately. Other operating income decreased by 53.5% to R33 million (September 30, 2003: R71 million) compared to the six months ended September 30, 2003.

## FUNDING

Summary of net debt and maturity profile  
In ZAR millions

	September 30, 2004 (unaudited)						
	2005	2006	2007	2008	2009	2010	Total
South Africa - Finance leases, ZAR denominated	38	64	95	134	168	376	875
Tanzania - outside shareholders, ZAR denominated	-	-	-	-	-	82	82
Tanzania - project finance, various denominated	82	96	120	28	-	-	326
DRC - medium-term loan, Euro denominated	609	545	-	--	-	-	1,154
DRC - preference share liability, US\$ denominated	238	-	-	-	-	-	238
DRC - other short-term loans, US\$ denominated	7	-	-	-	-	-	7
Vodacom Lesotho minority shareholders' loan, Maluti denominated	4	-	-	-	-	-	4
Debt excluding bank overdrafts	978	705	215	162	168	458	2,686
Less: Net bank and cash balances							(754)
Net debt							1,932

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Vodacom's consolidated net debt position has decreased considerably to R1,932 million as at September 30, 2004 (September 30, 2003: R2,620 million) despite the full consolidation of Vodacom Congo's debts in the current period compared to only 51% in the six months ended September 30, 2003. The Group's net debt to EBITDA ratio was 23.0% as at September 30, 2004 (September 30, 2003: 35.1%). However, this reflects the Group's net debt position before settlement of the R1.6 billion dividend paid on October 1, 2004. If dividends payable was included in net debt, Vodacom's net debt to EBITDA ratio would increase to 42.1% (September 30, 2003: 35.1%). Vodacom's net debt to equity ratio improved to 26.4% as at September 30, 2004 (September 30, 2003: 34.5%). Inclusive of the R1.6 billion interim dividend payable, Vodacom's net debt to equity ratio as at September 30, 2004 was 48.2% (September 30, 2003: 34.7%).

The improvement in net debt was principally the result of strong cash generation in Vodacom's South African operations. Changes in interest-bearing debt were brought about primarily as a result of further drawdowns of South African guaranteed credit facilities in Vodacom Congo and Vodacom Mozambique as well as the payment of the final 2004 dividend in Vodacom Group.

Vodacom Tanzania is in the process of restructuring current project finance debt and although Vodacom Congo is currently dependent on South African support, management is confident that the more predictable business case and stable shareholder environment will make project financing for the operation possible. Vodacom Mozambique and Vodacom Lesotho are expected to remain dependent on South Africa for the medium term.

The Group had a positive free cash flow before shareholder distributions (before dividends paid and shareholder interest but after external financing costs paid) and financing activities (after financing costs) of R826 million for the six months ended September 30, 2004 (September 30, 2003: R825 million). Free cash flow growth was negatively impacted by an increase in tax paid of 78.9% to R1,408 million (September 30, 2003: R787 million), an increase in cash utilised in investing activities of 30.9% to R1,641 million (September 30, 2003: R1,254 million), offset by an increase in cash generated from operations of 28.7% to R3.8 billion (September 30, 2003: R3.0 billion).



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The increase in tax paid is due to the significant increase in STC paid in the six months ended September 30, 2004 compared to the six months ended September 30, 2003 because of higher dividend payments as well as higher South African normal tax paid. Management expects strong cash generation for the remainder of the financial year.

## REVENUE

Geographical split (adjusted)

In ZAR millions

	Six months ended September 30,		
	2002 (unaudited)	2003 (unaudited)	2004 (unaudited)
South Africa	8,892	10,605	12,420
Tanzania	408	431	472
DRC1	186	402	594
Mozambique	-	-	43
Lesotho	46	55	65
Adjusted revenue	9,532	11,493	13,594
Statutory revenue	9,441	11,296	13,594

Geographical split (adjusted)

In ZAR millions

	Six months ended September 30,	
	% change 2003/02	% change 2004/03
South Africa	19.3	17.1
Tanzania	5.6	9.5
DRC(1)	116.1	47.8
Mozambique	-	-
Lesotho	19.6	18.2
Adjusted revenue	20.6	18.3
Statutory revenue	19.6	20.3

## Note:

1. During the six months ended September 30, 2002 and 2003, 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 figures above have been adjusted to reflect 100% of Vodacom Congo's revenue for the prior periods for comparison purposes. However, the financial statements have not been adjusted since Vodacom

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Congo did not meet the requirements of a subsidiary in the prior periods.

Adjusted revenue increased by 18.3% to R13.6 billion (September 30, 2003: 20.6% to R11.5 billion) in the six months ended September 30, 2004 compared to the six months ended September 30, 2003, of which Vodacom's other African operations contributed 8.6% (September 30, 2003: 7.7%). The increase in revenues was primarily driven by strong customer growth in all of Vodacom's operations. However, the contribution of Vodacom's other African operations was negatively impacted by the strong South African Rand.

#### South Africa

Revenue from Vodacom's South African operations increased by 17.1% to R12.4 billion (September 30, 2003: 19.3% to R10.6 billion) in the six months ended September 30, 2004 compared to the six months ended September 30, 2003. South Africa was again the biggest contributor to the growth in consolidated revenues, contributing R1,815 million, or 86.4% of the R2,101 million growth in adjusted revenue compared to the six months ended September 30, 2003. Revenue growth was fuelled by the rapid growth in customers in South Africa of 33.1% (September 30, 2003: 19.5%) compared to the six months ended September 30, 2003. The number of contract customers increased by 32.0% to 1.7 million and the number of prepaid customers increased by 33.5% to 9.7 million as at September 30, 2004. Revenue growth from contract customers was inhibited by a reduction in the average monthly minutes of use per customer, offset to some extent by standard tariff increases and increased value-added services usage. Revenue growth from prepaid customers was inhibited by reduced average monthly minutes of use per customer brought about by connecting increasingly more marginal customers as the South African market grows. These factors caused the South African ARPU to decrease by 7.8% to R165 per month (September 30, 2003: R179).

#### Other African countries

Vodacom's adjusted revenue from its other African operations increased 32.2% to R1,174 million (September 30, 2003: 38.8% to R888 million) in the six months ended September 30, 2004 compared to the six months ended September 30, 2003. The increase in revenue was driven by very strong customer growth, and was partially offset by lower Rand-based revenues in Vodacom Congo due to the

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weakness of the US Dollar against the Rand. The relatively low growth in revenue of 9.5% in Vodacom Tanzania compared to the growth in customers of 76.0% was primarily as a result lower tariffs, which were necessitated by a highly competitive environment and aggressive price cuts by competitors coupled with a stronger South African Rand. This resulted in a decrease in Vodacom Tanzania's ARPU of 33.1% to R91 (September 30, 2003: R136) in the six months ended September 30, 2004 compared to the six months ended September 30, 2003.

## EBITDA

Geographical split (adjusted)

In ZAR millions

	Six months ended September 30,		
	2002 (unaudited)	2003 (unaudited)	2004 (unaudited)
South Africa	2,949	3,540	3,943
Tanzania	130	122	152
DRC(1)	(109)	64	110
Mozambique	-	-	(69)
Lesotho	14	12	21
Holding companies	(10)	(9)	35
Adjusted EBITDA	2,974	3,729	4,192
Statutory EBITDA	3,027	3,698	4,192
Adjusted EBITDA margin (%)	31.2	32.4	30.8
EBITDA margin (%)	32.1	32.7	30.8

Geographical split (adjusted)

In ZAR millions

	Six months ended September 30,	
	% change 2003/02	% change 2004/03
South Africa	20.0	11.4
Tanzania	(6.2)	24.6
DRC(1)	158.7	71.9
Mozambique	-	-
Lesotho	(14.3)	75.0
Holding companies	10.0	-
Adjusted EBITDA	25.4	12.4
Statutory EBITDA	22.2	13.4
Adjusted EBITDA margin (%)		
EBITDA margin (%)		

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Note:

1. During the six months ended September 30, 2002 and 2003, 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 figures above have been adjusted to reflect 100% of Vodacom Congo's EBITDA for the prior periods for comparison purposes. However, the financial statements have not been adjusted since Vodacom Congo did not meet the requirements of a subsidiary in the prior periods.

Group adjusted EBITDA increased by 12.4% to R4,192 million in the six months ended September 30, 2004 (September 30, 2003: R3,729 million) compared to the six months ended September 30, 2003, of which Vodacom's other African operations contributed 5.9% (September 30, 2003: 5.1%). Vodacom's adjusted EBITDA margin decreased to 30.8% in the six months ended September 30, 2004 (September 30, 2003: 32.4%). The lower EBITDA margin achieved was mainly due to the high volume of gross contract connections, fixed-mobile substitution and margin pressure in Tanzania but also due to the start-up losses incurred in Vodacom Mozambique. EBITDA margin decreased to 31.7% in South Africa (September 30, 2003: 33.4%), increased to 32.2% in Vodacom Tanzania (September 30, 2003: 28.3%) and increased to 32.3% in Vodacom Lesotho (September 30, 2003: 21.8%). Vodacom Congo reported EBITDA of R110 million (September 30, 2003: R64 million adjusted EBITDA) and an 18.5% EBITDA margin (September 30, 2003: 15.9%). Excluding the impact of low margin cellular phone and equipment sales and profits thereon, Vodacom Group's EBITDA margin in the six months was 34.4%, down from 36.6% adjusted EBITDA margin in the six months ended September 30, 2003.

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## PROFIT FROM OPERATIONS

Geographical split (adjusted)

In ZAR millions

	Six months ended September 30,		
	2002 (unaudited)	2003 (unaudited)	2004 (unaudited)
South Africa	1,965	2,502	2,758
Tanzania	60	54	72
DRC(1)	(165)	(12)	7
Mozambique	-	-	(341)
Lesotho	1	-	9
Holding companies	(104)	(99)	33
Adjusted profit from operations	1,757	2,445	2,538
Statutory profit from operations	1,838	2,451	2,538
Adjusted operating profit margin (%)	18.4	21.3	18.7
Operating profit margin (%)	19.5	21.7	18.7

Geographical split (adjusted)

In ZAR millions

	Six months ended September 30,	
	% change 2003/02	% change 2004/03
South Africa	27.3	10.2
Tanzania	(10.0)	33.3
DRC(1)	92.7	-
Mozambique	-	-
Lesotho	-	-
Holding companies	4.8	-
Adjusted profit from operations	39.2	3.8
Statutory profit from operations	33.4	3.5
Adjusted operating profit margin (%)		
Operating profit margin (%)		

Vodacom's adjusted profit from operations increased by 3.8% to R2,538 million in the six months ended September 30, 2004 (September 30, 2003: R2,445 million) compared to the six months ended September 30, 2003. Vodacom's operating

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profit margin decreased to 18.7% in the six months ended September 30, 2004, down from an adjusted 21.3% in the six months ended September 30, 2003. The reduction in operating profit margin is the result of start-up losses in Vodacom Mozambique of R104 million compounded by a R237 million impairment charge to its assets and margin pressure in Vodacom South Africa.

Excluding Vodacom Mozambique's revenues and losses yields an operating profit margin of 21.2%, which is in line with margins of prior periods. Operating expenses in South Africa grew by 19.2% versus revenue growth of 17.1%, thereby diluting South African margins to 22.2% (September 30, 2003: 23.6%) compared to the six months ended September 30, 2003. Operating profit margins in all other operations increased. Vodacom Tanzania's operating profit margin increased to 15.3% in the six months ended September 30, 2004, up from 12.5% in the prior period despite margin pressure resulting from lower tariffs. Both Vodacom Congo and Vodacom Lesotho turned operating profit positive in the six months ended September 30, 2004.

Vodacom's results have historically been seasonal, with the second six months of Vodacom's financial year delivering stronger results and margins primarily because of the higher call activity during the summer months.

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## CAPITAL EXPENDITURE

Geographical split (adjusted)

In ZAR millions

	Six months ended September 30,		
	2002 (unaudited)	2003 (unaudited)	2004 (unaudited)
South Africa	1,119	830	1,109
Tanzania	160	145	83
DRC(1)	790	286	187
Mozambique	-	-	27
Lesotho	35	4	2
Holding companies	1	4	5
Adjusted capex	2,105	1,269	1,413
Statutory capex	1,718	1,129	1,413
Adjusted capex as a percentage of adjusted revenue	22.1	11.0	10.4
Capex as a percentage of revenue	18.2	10.0	10.4

Geographical split (adjusted)

In ZAR millions

	Six months ended September 30,	
	% change 2003/02	% change 2004/03
South Africa	(25.8)	33.6
Tanzania	(9.4)	(42.8)
DRC(1)	(63.8)	(34.6)
Mozambique	-	-
Lesotho	(88.6)	(50.0)
Holding companies	300.0	25.0
Adjusted capex	(39.7)	11.3
Statutory capex	(34.3)	25.2
Adjusted capex as a percentage of adjusted revenue		
Capex as a percentage of revenue		

## Note:

1. During the six months ended September 30, 2002 and 2003, 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

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participating rights have been removed from the shareholders' agreement. The figures above have been adjusted to reflect 100% of Vodacom Congo's capital expenditure for the prior periods for comparison purposes. However, the financial statements have not been adjusted since Vodacom Congo did not meet the requirements of a subsidiary in the prior periods.

Vodacom's adjusted capital expenditure increased by 11.3% to R1,413 million in the six months ended September 30, 2004 (September 30, 2003: R1,269 million) compared to the six months ended September 30, 2003. Vodacom's capital expenditure was 10.4% of revenue in the six months ended September 30, 2004, down from an adjusted 11.0% in the prior period. The stronger Rand and weak US Dollar again aided the Group because most capital expenditure is foreign currency denominated. In terms of IAS 39 - Financial Instruments: Recognition and Measurement, 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.

#### EFFECTIVE TAX RATE

Vodacom's effective tax rate increased to 43.4% in the six months ended September 30, 2004 (September 30, 2003: 35.9%) primarily because of significant amounts of Secondary Tax on Companies ("STC") payable on dividends paid to Vodacom's shareholders. STC payable increased Vodacom's effective tax rate by 7.9% (September 30, 2003: 3.6%) relative to the statutory South African tax rate of 30%. Vodacom's higher effective tax rate was further due to the impairment of Vodacom Mozambique's assets, for which no deferred taxation asset was recognised and to a lesser extent due to differences in effective tax rates in Vodacom's other African operations.

#### SHAREHOLDER DISTRIBUTIONS

Dividends declared in the six months ended September 30, 2004 totalled R1,600 million and was paid to shareholders on October 1, 2004.

#### OUTLOOK



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The Vodacom Group has performed well in a competitive African market. The performance of the South African market continues to be strong and management believes that Vodacom's alliance with Vodafone gives it a competitive advantage. The strong cash generation from Vodacom's South African operations ensured that the consolidated balance sheet remains as strong as ever, even after paying out substantial amounts to its shareholders and funding the investments in Mozambique and the DRC. Vodacom continues to be confident of success in all of their operations despite a challenging environment. In South Africa, Vodacom intends to position itself strategically to minimise any negative impact from the pending deregulation of the South African market and to seize any opportunities that may emerge.

WYN Luhabe  
Non-executive Chairman

ADC Knott-Craig  
Chief Executive Officer

#### SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

All statements contained herein, as well as oral statements that may be made by us or by officers, directors or employees acting on behalf of the Telkom Group, that are not statements of historical fact constitute "forward-looking statements" within the meaning of the US Private Securities Litigation Reform Act of 1995, specifically Section 21E of the U.S. Securities Exchange Act of 1934, as amended. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that could cause our actual results 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 under the caption "Risk Factors" contained in item 3 of Telkom's most recent annual report on Form 20-F filed with the U.S. Securities Exchange Commission (SEC) and our other filings with the SEC, available on Telkom's website at [www.telkom.co.za/ir](http://www.telkom.co.za/ir), including, but not limited to, increased competition in the South African fixed-line and mobile communications markets; developments in the regulatory environment; Telkom's ability to reduce expenditure, customer non-payments, theft and bad debt; the outcome of arbitration or litigation proceedings with

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Telcordia Technologies Incorporated and others; general economic, political, social and legal conditions in South Africa and in other countries where Vodacom invests; fluctuations in the value of the Rand and inflation rates; our ability to retain key personnel; and other matters not yet known to us or not currently considered material by us. You should not 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 conform them to actual results or to changes in our expectations.

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Segment commentary  
 Vodacom South Africa operational overview  
 Key operational indicators

	Six months ended September 30,		
	2002	2003	2004
	(unaudited)	(unaudited)	(unaudited)
Customers (`000)(1)	7,130	8,522	11,346
Contract	1,139	1,251	1,651
Prepaid	5,961	7,242	9,671
Community services	30	29	24
telephones			
Gross connections	1,625	2,248	2,681
(`000)			
Contract	110	110	302
Prepaid	1,513	2,135	2,378
Community services	2	3	1
3-month inactive	15.1	15.3	19.7
customers (%)			
Contract (%)	4.9	5.6	5.8
Prepaid (%)	17.0	17.1	22.1
Churn (%)	30.7	39.1	20.0
Contract (%)	13.2	10.8	8.6
Prepaid (%)	34.3	44.1	21.9
Mobile market share	59	55	56
(%)(3)			
Mobile market	26.6	34.9	43.1
penetration (%) (at			
period end)			
Total traffic	5,007	5,774	6,954
(millions of			
minutes)			
Outgoing	2,994	3,601	4,545
Incoming	2,013	2,173	2,409
(interconnection)			
ARPU (Rand)(2)	181	179	165
Contract	612	663	637
Prepaid	88	87	79
Community services	1,766	1,912	2,381
Average monthly	102	95	85
minutes of use (MOU)			
per customer			
(outside the bundle)			
Contract	269	268	234
Prepaid	53	54	51
Community services	3,215	2,699	3,316
Cumulative network	1,980	1,876	1,692
capital expenditure			

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per customer (Rand, at period end)			
Number of employees (incl temps and contractors, at period end)	3,845	3,844	3,988
Customers per employee	1,854	2,217	2,845

## Key operational indicators

	Six months ended September 30,	
	% change 2003/02	% change 2004/03
Customers (`000)(1)	19.5	33.1
Contract	9.8	32.0
Prepaid	21.4	33.5
Community services telephones	(3.3)	(17.2)
Gross connections (`000)	38.3	19.3
Contract	-	174.5
Prepaid	41.1	11.4
Community services	50.0	(66.7)
3-month inactive customers (%)	0.2 pts	4.4 pts
Contract (%)	0.7 pts	0.2 pts
Prepaid (%)	0.1 pts	5.0 pts
Churn (%)	8.4 pts	(19.1 pts)
Contract (%)	(2.4 pts)	(2.2 pts)
Prepaid (%)	9.8 pts	(22.2 pts)
Mobile market share (%)(3)	(4.0 pts)	1.0 pts
Mobile market penetration (%) (at period end)	8.3 pts	8.2 pts
Total traffic (millions of minutes)	15.3	20.4
Outgoing	20.3	26.2
Incoming	7.9	10.9
(interconnection)		
ARPU (Rand)(2)	(1.1)	(7.8)
Contract	8.3	(3.9)
Prepaid	(1.1)	(9.2)
Community services	8.3	24.5
Average monthly minutes of use (MOU)	(6.8)	(10.5)

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per customer (outside the bundle)

Contract	(0.4)	(12.7)
Prepaid	1.9	(5.6)
Community services	(16.0)	22.9
Cumulative network capital expenditure per customer (Rand, at period end)	(5.3)	(9.8)
Number of employees (incl temps and contractors, at period end)	-	3.7
Customers per employee	19.6	28.3

## VODACOM TANZANIA

## Key indicators

	Six months ended September 30,		
	2002 (unaudited)	2003 (unaudited)	2004 (unaudited)
Customers ('000)(1)	306	541	952
Contract	8	5	5
Prepaid	298	533	944
Public phones	0.3	3	3
ARPU (Rand)(2)	240	136	91
Gross connections ('000)	n/a	172	326
Churn (%)	n/a	30.9	26.1
Cumulative capex (Rand millions)	1,213	1,078	1,293
Number of employees (incl temps and contractors, at period end)	208	270	342
Customers per employee	1,471	2,005	2,785
Mobile market share (%) (3)	60	56	58

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## Key indicators

	Six months ended September 30,	
	% change 2003/02	% change 2004/03
Customers ('000)(1)	76.9	76.0
Contract	(34.6)	-
Prepaid	79.0	77.1
Public phones	800.6	-
ARPU (Rand)(2)	(43.3)	(33.1)
Gross connections ('000)	n/a	89.5
Churn (%)	n/a	(4.8 pts)
Cumulative capex (Rand millions)	(11.1)	19.9
Number of employees (incl temps and contractors, at period end)	29.8	26.7
Customers per employee	36.3	38.9
Mobile market share (%) (3)	(4.0 pts)	2.0 pts

## VODACOM CONGO

## Key indicators (all indicators 100% of Vodacom Congo)

Customers ('000)(1)	142	458	903
Contract	2	6	10
Prepaid	138	443	885
Public phones	3	9	8
ARPU (Rand)(2)	229	182	111
Gross connections ('000)	n/a	240	305
Churn (%)	n/a	18.2	18.4
Cumulative capex (Rand millions)	960	1,114	1,644
Number of employees (incl temps and contractors, at period end)	119	305	426
Customers per employee	1,197	1,500	2,119
Mobile market share (%) (3)	24	45	48

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## Key indicators (all indicators 100% of Vodacom Congo)

Customers ('000)(1)	222.5	97.2
Contract	200.0	66.7
Prepaid	221.0	99.8
Public phones	200.0	(11.1)
ARPU (Rand)(2)	(20.5)	(39.0)
Gross connections ('000)	n/a	27.1
Churn (%)	n/a	0.2 pts
Cumulative capex (Rand millions)	16.0	47.6
Number of employees (incl temps and contractors, at period end)	156.3	39.7
Customers per employee	25.3	41.3
Mobile market share %(3)	21.0 pts	3.0 pts

## 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 revenue from equipment sales, other sales and services and revenue from national and international users roaming on Vodacom's networks.
3. Penetration and market share is calculated based on Vodacom estimates.

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## VODACOM LESOTHO

## Key indicators

	Six months ended September 30,		
	2002 (unaudited)	2003 (unaudited)	2004 (unaudited)
Customers ('000)(1)	92	71	122
Contract	6	3	4
Prepaid	86	67	117
Public phones	0.3	0.6	1
ARPU (Rand)(2)	87	119	91
Gross connections ('000)	n/a	20	32
Churn (%)	n/a	73.3	14.0
Cumulative capex (Rand millions)	158	198	203
Number of employees (incl temps and contractors, at period end)	70	70	62
Customers per employee	1,313	1,007	1,971
Mobile market share (%) (3)	100	78	80

## Key indicators

	Six months ended September 30,	
	% change 2003/02	% change 2004/03
Customers ('000)(1)	(23.3)	71.8
Contract	(46.2)	33.3
Prepaid	(22.2)	74.6
Public phones	139.5	66.7
ARPU (Rand)(2)	36.8	(23.5)
Gross connections ('000)	n/a	60.0
Churn (%)	n/a	(59.3 pts)
Cumulative capex (Rand millions)	25.3	2.5
Number of employees (incl temps and contractors, at period end)	-	(11.4)
Customers per employee	(23.3)	95.7
Mobile market share (%) (3)	(22.0 pts)	2.6 pts



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Vodacom mozambique  
Key indicators

	Six months ended September 30,
	2004
	(unaudited)
Customers ('000)(1)	164
Contract	3
Prepaid	161
Public phones	-
ARPU (Rand)(2)	63
Gross connections ('000)	108
Churn (%)	2.7
Cumulative capex (Rand millions)	557
Number of employees (incl temps and contractors, at period end)	85
Customers per employee	1,934
Mobile market share (%) (3)	24

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 revenue from equipment sales, other sales and services and revenue from national and international users roaming on Vodacom's networks.
3. Penetration and market share is calculated based on Vodacom estimates.

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## CONDENSED CONSOLIDATED INCOME STATEMENTS

	For the six months ended September 30,	
	2003	2004
	Rm	Rm
	(unaudited)	(unaudited)
Revenue	11,295.6	13,593.8
Other operating income	71.1	33.2
Direct network operating cost	(6,391.5)	(7,871.5)
Depreciation	(1,148.0)	(1,293.8)
Staff expenses	(632.5)	(760.3)
Marketing and advertising expenses	(344.8)	(393.1)
General administration expenses	(300.1)	(409.8)
Amortisation of intangible assets	(98.9)	(124.0)
Impairment of assets	-	(236.8)
Profit from operations	2,450.9	2,537.7
Interest, dividends and other financial income	354.5	291.8
Finance costs	(652.8)	(274.7)
Profit before taxation	2,152.6	2,554.8
Taxation	(772.1)	(1,108.5)
Profit after taxation	1,380.5	1,446.3
Minority interest	(7.0)	(18.2)
Net profit	1,373.5	1,428.1

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## CONDENSED CONSOLIDATED BALANCE SHEETS

	As at March 31, 2004 Rm (audited)	As at September 30, 2004 Rm (unaudited)
<b>ASSETS</b>		
Non-current assets	14,201.4	14,979.9
Property, plant and equipment	10,858.6	11,569.1
Investment properties	63.8	51.8
Intangible assets	1,034.1	1,060.3
Investments	222.4	130.2
Deferred taxation	1,262.2	1,339.2
Deferred activation cost	760.3	829.3
Current assets	6,966.2	7,402.9
Inventory	288.5	371.0
Accounts receivable	3,989.2	4,382.0
Short-term investments	316.5	82.4
Foreign currency derivatives	1.9	0.2
Bank and cash balances	2,370.1	2,567.3
<b>Total assets</b>	<b>21,167.6</b>	<b>22,382.8</b>
<b>EQUITY AND LIABILITIES</b>		
Capital and reserves	7,603.1	7,324.2
Ordinary share capital	-	-
Non-distributable reserves	(299.2)	(169.7)
Retained earnings	7,902.3	7,493.9
Minority interest	93.0	126.6
Non-current liabilities	3,575.7	4,204.1
Interest-bearing debt	1,216.6	1,708.5
Deferred taxation	1,420.4	1,539.6
Deferred activation revenue	760.3	829.3
Provisions	178.4	126.7
Current liabilities	9,895.8	10,727.9
Accounts payable	5,389.0	5,436.2
Taxation payable	852.0	439.4
Non-interest-bearing debt	4.3	4.3
Short-term interest-bearing debt	839.9	973.9
Provisions	473.7	435.6
Dividends payable	1,500.0	1,600.0
Foreign currency derivatives	64.5	25.7
Bank overdrafts	772.4	1,812.8
<b>Total equity and liabilities</b>	<b>21,167.6</b>	<b>22,382.8</b>

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## CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital Rm	Retained earnings Rm	Non- distribut able reserves Rm	Total Rm
Balance at March 31, 2003 - audited	-	6,969.7	(132.3)	6,837.4
Net profit for the period	-	1,373.5	-	1,373.5
Dividends declared	-	(600.0)	-	(600.0)
Contingency reserve	-	0.6	(0.6)	-
Net gains and losses not recognised in the income statement				
Foreign currency translation reserve	-	-	(65.3)	(65.3)
Foreign currency translation reserve - deferred taxation	-	-	5.6	5.6
Balance at September 30, 2003 - unaudited	-	7,743.8	(192.6)	7,551.2
Balance at March 31, 2004 - audited	-	7,902.3	(299.2)	7,603.1
Acquired reserves from the minorities of Vodacom Congo (RDC) s.p.r.l.	-	(234.7)	112.9	(121.8)
Net profit for the period	-	1,428.1	-	1,428.1
Dividends declared	-	(1,600.0)	-	(1,600.0)
Contingency reserve	-	(1.8)	1.8	-
Net gains and losses not recognised in the income statement				

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Foreign currency translation reserve	-	-	15.6	15.6
Foreign currency translation reserve - deferred taxation	-	-	(0.8)	(0.8)
Balance at September 30, 2004 - unaudited	-	7,493.9	(169.7)	7,324.2

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## CONDENSED CONSOLIDATED CASH FLOW STATEMENTS

	For the six months ended	
	September 30,	
	2003	2004
	Rm	Rm
	(unaudited)	(unaudited)
CASH FLOW FROM OPERATING		
ACTIVITIES		
Cash receipts from customers	10,789.2	13,398.7
Cash paid to suppliers and employees	(7,798.2)	(9,549.3)
Cash generated from operations	2,991.0	3,849.4
Finance costs paid	(353.3)	(160.6)
Interest, dividends and other financial income received	181.1	186.8
Taxation paid	(787.0)	(1,408.2)
Dividends paid - shareholders	(1,200.0)	(1,500.0)
Dividends paid - minority shareholders	-	(1.4)
Net cash flows from operating activities	831.8	966.0
CASH FLOW FROM INVESTING		
ACTIVITIES		
Additions to property, plant and equipment	(1,000.5)	(1,541.5)
Proceeds on disposal of property, plant and equipment	-	0.2
Acquisition of intangible asset	(114.1)	-
Acquisition of subsidiaries	-	(249.7)
Acquired cash from the minorities of Vodacom Congo (RDC) s.p.r.l.	-	12.9
Short-term investments	(140.0)	137.0
Net cash flows utilised in investing activities	(1,254.4)	(1,641.3)
CASH FLOW FROM FINANCING		
ACTIVITIES		
Shareholder loans repaid	(920.0)	-
Interest-bearing debt incurred	176.8	1,164.9
Interest-bearing debt repaid	(31.0)	(1,286.6)
Net cash flows from financing activities	(774.2)	(121.7)
Net decrease in cash and cash equivalents	(1,196.8)	(797.0)
Cash and cash equivalents at the	647.5	1,597.7

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beginning of the period		
Effect of foreign exchange rate changes	(15.7)	(46.2)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	(565.0)	754.5

EXH



# Vodacom Group (Proprietary) Limited

Interim results for the six months  
ended September 30, 2004

November 15, 2004





***Alan Knott-Craig***

Chief Executive Officer

Operational highlights

***Leon Crouse***

Chief Financial Officer

Financial review



# Operational highlights

Alan Knott-Craig  
Chief Executive Officer



## Group highlights

**Total customers**

13.5 million  
40.6%

**Revenue**

R13.6 billion  
20.3%

**EBITDA**

R4.2 billion  
13.4%

**Operating cash flow**

R3.8 billion  
28.7%

**Customers per employee**

2,751  
28.7%

**Profit before t**

R2.6 billion  
18.7%

Interim dividend of R1.6 billion declared

Signed Vodafone affiliate partner agreement

3G commercial service by December 2004



# Strategy unchanged

## Revenue growth

- Contract market leadership
- Better coverage
- The continuous introduction of new high-utility services
- High speed mobile data
- New markets
- Brand and distribution

## Margin management

- Leveraging our economies of scale
- Closer to customers
- Optimising efficiencies
- Synergy between operations

### Strategy underpinned by:

Market leadership

Strong brand

Strong management



# Strategic issues

## Deregulation and liberalisation

Threat and opportunity

## Consolidation of service providers

## ICT BEE Charter

## 3G and data

Vodafone affiliate partner program

## African strategy – continue with cautious approach

Nigeria still of interest

Evaluate other opportunities

Mozambique



# South Africa – still more market growth



## Potential for further growth in South Africa

### Potential for further growth

### SA market share

Data focus: Vodafone Live!  
SA market estimated at 31 million

Vodacom is strategically placed for continued leadership

- Extensive distribution
- Strong recognisable brand
- Strong, stable management



## South Africa – market share 56%

Population 47.4 million, penetration 43.1%

	H1 2003	H1 2004	% change
Total customers	8.5 million	11.3 million	33.1%
Revenue	R10,605 million	R12,420 million	17.1%
EBITDA	R3,540 million	R3,943 million	11.4%
ARPU	R179	R165	7.8%
Customers per employee	2,217	2,845	28.7%
Capex	R830 million	R1,109 million	33.6%
Capex as a % of revenue	7.8%	8.9%	1.1%pts

Market highly competitive





# SA six-monthly gross connections analysis

174.5%



## Strong SA operational indicators

Gross contract connections  
up  
174.5% to a new high  
Customers up 33.1% year on  
year to 11.3 million  
Total traffic increased  
by 20.4% year on year to  
7.0 billion minutes  
Overall ARPU declined  
because of higher prepaid  
mix and lower incoming  
revenue per customer

**Vodacom SA customers**



## Very low contract churn

Contract churn at all-time  
low of 8.6%

**SA churn history**

Prepaid churn decreased  
to 21.9%

Temporary decrease  
Expected 35%

Inactives slightly up

**SA inactive history**

Both due to change in  
deactivation rule



## Tanzania – market share 58%

Population 36.6 million, penetration 4.0%

	H1 2004	H1 2005	% change
Total customers	541,000	952,000	76.0%
Revenue	R431 million	R472 million	9.5%
EBITDA	R122 million	R152 million	24.6%
ARPU	R136	R91	33.1%
Customers per employee	2,005	2,785	38.9%
Capital expenditure	R145 million	R83 million	42.8%
Capex as a % of revenue	33.6%	17.6%	16.0%pts

Market very competitive, regulatory intervention



## DRC – market share 48%

Population 58.3 million, penetration 3.3%

<b>(100%)</b>	<b>H1 2004</b>	<b>H1 2005</b>	<b>% change</b>
Total customers	458,000	903,000	97.2%
Revenue	R402 million	R594 million	47.8%
EBITDA	R64 million	R110 million	71.9%
ARPU	R182	R111	39.0%
Customers per employee	1,500	2,119	41.3%
Capital expenditure	R286 million	R187 million	34.6%
Capex as a % of revenue	71.1%	31.5%	39.6%pts

Market position entrenched, now a subsidiary



## Lesotho – market share 80%

Population 1.9 million, penetration 7.2%

	<b>H1 2004</b>	<b>H1 2005</b>	<b>% change</b>
Total customers	71,000	122,000	71.8%
Revenue	R55 million	R65 million	18.2%
EBITDA	R12 million	R21 million	75.0%
ARPU	R119	R91	23.5%
Customers per employee	1,007	1,971	95.7%
Capital expenditure	R4 million	R2 million	50.0%
Capex as a % of revenue	7.3%	3.1%	4.2%pts

Significant turnaround due to operational focus



## Mozambique – market share 24%

Population 18.8 million, penetration 3.8%

	<b>H1 2005</b>
Total customers	164,000
Revenue	R43 million
EBITDA	(R69 million)
ARPU	R63
Customers per employee	1,934
Capital expenditure	R27 million

Operation still very young

Entrenched competitor



## Financial review

Leon Crouse

Chief Financial Officer





# Group income statements

extracts for the six months ended September 30,

<b>R million</b>	<b>H1 2003</b>	<b>H1 2004</b>	<b>H1 2005</b>	<b>% cha 0</b>
<b>Revenue</b>	<b>9,441</b>	<b>11,296</b>	<b>13,594</b>	
Operating expenses excluding depreciation and amortization	(6,414)	(7,598)	(9,402)	
<b>EBITDA</b>	<b>3,027</b>	<b>3,698</b>	<b>4,192</b>	
Depreciation and amortization	(1,189)	(1,247)	(1,418)	
<b>Profit from operations before impairment</b>	<b>1,838</b>	<b>2,451</b>	<b>2,774</b>	
Mozambique impairment	-	-	(237)	
<b>Profit from operations</b>	<b>1,838</b>	<b>2,451</b>	<b>2,538</b>	
Net finance (costs) / income	(300)	(298)	17	
<b>Profit before tax</b>	<b>1,538</b>	<b>2,153</b>	<b>2,555</b>	
Taxation and minorities	(620)	(779)	(1,127)	
<b>Net profit</b>	<b>918</b>	<b>1,374</b>	<b>1,428</b>	



## Mozambique impairment

### IAS 36 – “Impairment of Assets”

requires impairment testing for cash-generating units

All African operations were tested

All Intangible assets were also tested

### Impair to the higher of

Value in use (NPV of expected future pre-tax cash flows)

Fair value less costs to sell (Selling price less selling costs)

### Mozambique

Business plan requires high initial capital outlays

High cost of capital because of perceived African risk

Lower than expected initial ARPU's

### Assets were impaired by R237 million

Difference between book value and fair value less costs to sell

Independent estimate obtained



# SA YTD ARPU analysis



# Group revenue



Revenue seasonal, impacted by DRC consolidation



# Group revenue analysis

By country

<b>R million</b>	<b>H1 2003</b>	<b>H1 2004</b>	<b>H1 2005</b>	<b>% change</b>
South Africa	8,892	10,605	12,420	0
Tanzania	408	431	472	
DRC (100%)	186	402	594	
Mozambique	-	-	43	
Lesotho	46	55	65	
<b>Vodacom Group (adjusted)</b>	<b>9,532</b>	<b>11,493</b>	<b>13,594</b>	
<b>Vodacom Group (statutory)</b>	<b>9,441</b>	<b>11,296</b>	<b>13,594</b>	

Other African contribution 8.6% (H1 2004: 7.7%)



# Group revenue

By type

Interconnect contribution down, airtime up



# Data revenue

By country

17.3%

27.1%



## Increased earnings

### Strong EBITDA performance

Increasing by 13.4% year on year

### Excellent profit before tax performance

Increasing by 18.7% year on year

### Impacted by very high contract connections

- Higher incentive costs
- Mozambique losses
- Fixed – mobile substitution

22.2%

39.9%





# Group EBITDA analysis

By country

<b>R million</b>	<b>H1 2003</b>	<b>H1 2004</b>	<b>H1 2005</b>	<b>% change</b>
South Africa	2,949	3,540	3,943	0
Tanzania	130	122	152	
DRC (100%)	(109)	64	110	
Mozambique	-	-	(69)	
Lesotho	14	12	21	
Holding companies	(10)	(9)	35	
<b>Vodacom Group (adjusted)</b>	<b>2,974</b>	<b>3,729</b>	<b>4,192</b>	
<b>Vodacom Group (statutory)</b>	<b>3,027</b>	<b>3,698</b>	<b>4,192</b>	
<i>Adjusted EBITDA margin (%)</i>	31.2	32.4	30.8	(1.6)



# Adjusted EBITDA and margin analysis



# Margin analysis

Historically seasonal trend



## Factors affecting the trends

Gross SA contract customer connections of 302,000  
Incentives increased R523 million year on year  
Net interconnect revenue continuing to decline - 20.8% decrease year on year  
Growing low margin equipment sales  
Full consolidation of Vodacom Congo  
Competition in all markets

Note: Interconnect revenue less payments to other operator



## Factors affecting the trends

Change in SA traffic mix continuing

Total outgoing on-net traffic increased from 52.3% to 55.4% of the total

Total mobile-mobile traffic increased by 29.9%

Total mobile-fixed traffic decreased by 0.8%

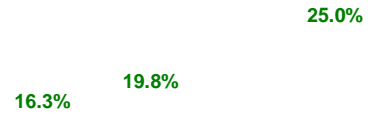
Incoming voice traffic from Telkom declined by 0.4% year on year

Incoming voice traffic from mobile operators increased by 24.6%

Peak voice traffic increased by 14.4%, off-peak voice traffic increased by 31.3%



# Group operating expenses



Mozambique impairment, DRC consolidation, SA contract gross connections, new subsidiaries consolidated



# Group operating expenses



# Group operating profit analysis

By country

<b>R million</b>	<b>H1 2003</b>	<b>H1 2004</b>	<b>H1 2005</b>	<b>% change</b>
South Africa	1,965	2,502	2,758	0
Tanzania	60	54	72	
DRC (100%)	(165)	(12)	7	
Lesotho	1	-	9	
Holding companies	(104)	(99)	33	
<b>Adjusted operating profit before Mozambique</b>	<b>1,757</b>	<b>2,445</b>	<b>2,879</b>	
Mozambique	-	-	(341)	
<b>Vodacom Group (adjusted)</b>	<b>1,757</b>	<b>2,445</b>	<b>2,538</b>	
<b>Vodacom Group (statutory)</b>	<b>1,838</b>	<b>2,451</b>	<b>2,538</b>	
<i>Adjusted operating profit margin (%)</i>	<i>18.4</i>	<i>21.3</i>	<i>18.7</i>	<i>(2.6)</i>





# Strong cash generation

Cash generated from operations

28.7%



## Group cash flow statements

extracts for the six months ended September 30,

R million	H1 2003	H1 2004	H1 2005	% change
<b>Operating profit</b>	<b>1,838</b>	<b>2,451</b>	<b>2,538</b>	
Bad debts, amortisation and disposals	123	143	127	
Depreciation	1,085	1,148	1,294	
Impairment of Mozambique assets	-	-	237	
Working capital changes	126	(751)	(347)	
<b>Cash generated from operations</b>	<b>3,172</b>	<b>2,991</b>	<b>3,849</b>	
Net finance costs (paid) / received	(227)	(173)	25	
Taxation paid	(708)	(787)	(1,408)	
Dividends paid	(600)	(1,200)	(1,500)	
<b>Net cash flows from operating activities</b>	<b>1,637</b>	<b>831</b>	<b>966</b>	



## Group cash flow statements

extracts for the six months ended September 30,

<b>R million</b>	<b>H1 2003</b>	<b>H1 2004</b>	<b>H1 2005</b>	<b>% change</b>
Additions to property, plant and equipment	(2,081)	(1,001)	(1,542)	
Other investing activities	(334)	(253)	(99)	(
<b>Net cash flows from investing activities</b>	<b>(2,415)</b>	<b>(1,254)</b>	<b>(1,641)</b>	
Shareholder loans repaid	-	(920)	-	
Net debt incurred / (repaid)	494	146	(122)	
<b>Net cash flows from financing activities</b>	<b>494</b>	<b>(774)</b>	<b>(122)</b>	(
<b>Net decrease in cash and cash equivalents</b>	<b>(284)</b>	<b>(1,197)</b>	<b>(797)</b>	(



# Group balance sheets

extracts as at

<b>R million</b>	<b>H1 2004</b>	<b>March 2004</b>	<b>H1 2005</b>	<b>% change H1 0</b>
<b>ASSETS</b>				
Non-current assets	12,030	14,202	14,980	
Current assets	5,083	6,966	7,403	
<b>Total assets</b>	<b>17,113</b>	<b>21,168</b>	<b>22,383</b>	
<b>EQUITY AND LIABILITIES</b>				
Capital and reserves	7,551	7,603	7,324	
Minority interest	85	93	127	
Non-current liabilities	2,615	3,576	4,204	
Current liabilities	6,862	9,896	10,728	
<b>Total equity and liabilities</b>	<b>17,113</b>	<b>21,168</b>	<b>22,383</b>	
<i>Net debt : equity ratio (before dividends)</i>	<i>34.7%</i>	<i>6.1%</i>	<i>26.4%</i>	<i>20.</i>
<i>Net debt : equity ratio (after dividends)</i>	<i>34.7%</i>	<i>25.8%</i>	<i>48.2%</i>	<i>22.</i>



## Net debt maturity profile

<b>Rand million</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>&gt;2010</b>	<b>T</b>
SA finance leases	38	64	95	134	168	376	
Vodacom Tanzania	82	96	120	28	-	82	
Vodacom Congo (100%)	854	545	-	-	-	-	.
Vodacom Lesotho	4	-	-	-	-	-	
<b>Debt excluding bank overdrafts</b>	<b>978</b>	<b>705</b>	<b>215</b>	<b>162</b>	<b>168</b>	<b>458</b>	<b>:</b>
Less: net bank and cash balances							
<b>Net debt</b>							<b>.</b>

Vodacom Congo debt now on balance sheet



## Debt composition

Gross debt including bank overdrafts R4,499 million

Positive cash balances R2,567 million



# Shareholder distributions

Dividends and interest on shareholders' loans

Strong and steady increase in dividends



# Improved efficiencies

Customers per employee





# Improved efficiencies

Capex as % of revenue (statutory)



## Questions?



## Disclaimer

This presentation 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 presentation and will not be held liable for any reliance placed on the information contained in this presentation.

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

Without in anyway derogating from the generality of the foregoing, it should be noted that:

Many of the statements included in this presentation 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 presentation 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 presentation.

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## EXHIBIT 99.5

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

Telkom SA Limited files an average tariff increase of 0.2% for 2005

Telkom SA Limited has filed its 2005 tariff adjustments with the Independent Communications Authority of South Africa (ICASA), in accordance with the Telecommunications Act, 103 of 1996, and regulations made under the Act. The current regulations impose a price cap formula on a basket of specified services that Telkom previously had the exclusive right to provide, including installations; prepaid and postpaid line rental; local, long distance and international calls; fixed-to-mobile calls; public payphone calls; ISDN services; the Diginet product; and the Megaline product.

Currently, the overall tariffs for all services in the basket may not be increased by more than 1.5% below inflation in South Africa, based on the consumer price index (CPI) and measured using revenue for the services in the basket at constant volumes for the prior year. In addition, the price of any individual product or service included in the basket may not be increased by more than 5% above inflation in South Africa in any year. Inflation is based on the year on year movement in CPI as measured at September 30, 2004. CPI was 1.3% at September 30, 2004.

The current regulation makes provision for the carry over of allowable rate benefits that were not used in the prior year to be claimable in the following year. In the 2004 annual tariff increases Telkom did not utilise the full allowable rate benefits. The amount carried over to the 2005 tariff increases will have a 0.5% impact on the allowable increase in tariffs.

Based on CPI and the carry over allowance from the prior year, Telkom's tariff adjustments for the regulated basket of services represent an increase in revenue of 0.2%, effective from January 1, 2005.

## Key tariff changes

The following tables set forth subscription and connection tariffs as of January 1, 2005 and January 1, 2004.

	PSTN Postpaid	As of January 1, 2005		
		PSTN Prepaid	ISDN2 Basic	ISDN30 Primary
	(ZAR, including value-added tax)			
Business				
Installation	291.60	n/a	409.00	22,026.00
Monthly rental	115.65	n/a	230.50	3,469.60
Residential				
Installation	291.60	168.40	409.00	n/a
Monthly rental	87.05	54.00	195.90	n/a

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	As of January 1, 2004			
	PSTN Postpaid	PSTN Prepaid	ISDN2 Basic	ISDN30 Primary
	(ZAR, including value-added tax)			
Business				
Installation	274.35	n/a	384.75	20,721.00
Monthly rental	108.80	n/a	216.82	3,264.00
Residential				
Installation	274.35	158.40	384.75	n/a
Monthly rental	81.90	50.80	184.28	n/a

The following table sets forth postpaid and prepaid traffic tariffs as of January 1, 2005 and January 1, 2004.

<TABLE>  
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	As of January 1, 2004		As of January 1, 2005	
	Peak rates(1)	Off peak rates(2)	Peak rates(1)	Off peak rates(2)
	(ZAR, including value-added tax)			
	<C>	<C>	<C>	<C>
<S>				
Postpaid services (residential and business)				
Local minimum call charge (0-50km) for first unit(3)	0.56	0.56	0.59	0.59
Local call rate per minute (0-50km) after first unit(3)	0.38	0.15	0.40	0.16
Long distance minimum call charge (>50km) for first unit(4)	0.99	0.99	0.89	0.89
Long distance call rate per minute (>50km) after first unit(4)	0.99	0.50	0.89	0.45
Fixed-to-mobile call rate per minute (Vodacom)	1.84	1.13	1.89	1.17
Fixed-to-mobile call rate per minute (MTN)	1.84	1.13	1.89	1.17
Fixed-to-mobile call rate per minute (Cell C)	1.84	1.13	1.89	1.17
Prepaid services (residential only)				
Local minimum call charge (0-50km) for first unit(5)	0.56	0.56	0.59	0.59
Local call rate per minute (0-50km) after first unit(5)	0.43	0.17	0.46	0.18
Long distance minimum call charge (>50km) for first unit(6)	0.99	0.99	0.89	0.89
Long distance call rate per minute (>50km) after first unit(6)	1.17	0.59	1.06	0.53
Fixed-to-mobile call rate per minute (Vodacom)	1.84	1.13	1.89	1.17
Fixed-to-mobile call rate per minute (MTN)	1.84	1.13	1.89	1.17
Fixed-to-mobile call rate per minute (Cell C)	1.84	1.13	1.89	1.17

</TABLE>

1. Monday to Friday 7 a.m. to 7 p.m. for local and long distance calls. Monday to Friday 7 a.m. to 8 p.m. for fixed-to-mobile calls.
2. Monday to Thursday 7 p.m. to 7 a.m. the next morning and Friday 7 p.m. to Monday 7 a.m. for local and long distance calls. Monday to Thursday 8 p.m. to 7 a.m. the next morning and Friday 8 p.m. to Monday 7 a.m. for fixed-to-mobile calls.
3. The first unit for peak calls is 89 seconds and for off peak calls is 222.5 seconds.
4. The first unit for peak calls is 60 seconds and for off peak calls is 120 seconds
5. The first unit for peak calls is 78 seconds and for off peak calls is 194.5 seconds
6. The first unit for peak calls is 51 seconds and for off peak calls is 101 seconds.

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Tariffs for calls to international destinations will on average decrease by 28%

	As of January 1, 2004		As of January 1, 2005	
	Peak	Off-peak	Peak	Off-peak
	(ZAR, including value-added tax)			
Minimum charge	99 c	99c	89c	89c
UK	R3.12	R2.81	R1.70	R1.50
USA	R3.33	R3.02	R1,70	R1.50
Australia	R3.01	R2.70	R1.70	R1.50
India	R6.63	R5.98	R2,30	R2.00
Nigeria	R6,68	R6,29	R3,30	R3,00
Pakistan	R7.79	R6.70	R2.70	R2.40
China	R5.95	R5.35	R3.60	R3.35

The following table sets forth the monthly tariffs for data leased lines using 20 km distances and ADSL service as of the dates indicated. Subscription to the ADSL service also requires the subscription to a PSTN postpaid line.

	As of January 1,	
	2004	2005
	(ZAR, including value-added tax)	
ADSL connection charges		
Residential	404	404
Business	404	404
ADSL service charges		
Residential	680	680
Business	800	800
Diginet (64kbs)	2,196	2,236
Diginet Plus (512kbs)	6,165	6,165
Megalines		
2 Mbit/s	16,963	16,188
34 Mbit/s	143,412	136,800
140 Mbit/s	483,588	461,244

Johannesburg  
November 15, 2004

#### Special note regarding forward-looking statements

All statements contained herein, as well as oral statements that may be made by us or by officers, directors or employees acting on behalf of the Telkom Group, that are not statements of historical fact constitute "forward-looking statements" within the meaning of the US Private Securities Litigation Reform Act of 1995, specifically Section 21E of the U.S. Securities Exchange Act of 1934, as amended. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that could cause our actual results 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 under

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the caption "Risk Factors" contained in item 3 of Telkom's most recent annual report on Form 20-F filed with the U.S. Securities Exchange Commission ("SEC") and our other filings with the SEC, available on Telkom's website at [www.telkom.co.za/ir](http://www.telkom.co.za/ir), including, but not limited to, increased competition in the South African fixed-line and mobile communications markets; developments in the regulatory environment; Telkom's ability to reduce expenditure, customer non-payments, theft and bad debt; the outcome of arbitration or litigation proceedings with Telcordia Technologies Incorporated and others; general economic, political, social and legal conditions in South Africa and in other countries where Vodacom invests; fluctuations in the value of the Rand and inflation rates; our ability to retain key personnel; and other matters not yet known to us or not currently considered material by us. You should not 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 conform them to actual results or to changes in our expectations.

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## EXHIBIT 99.6

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

## Standard &amp; Poor's Upgrades Telkom SA Limited's Rating

Standard & Poor's yesterday upgraded Telkom's foreign currency long-term corporate credit rating to BBB from BBB-, with a stable outlook. The upgrade reflects Telkom's sustained strong cash generation, materially reduced leverage, conservative financial policy, and improved operating performance.

Standard & Poor's believes to find increasing competition manageable in the near term given its market dominance and current exposure to the mobile and value added data service providers.

Standard & Poor's expects Telkom's focus on continued operating efficiencies, sustained cash generation, and conservative balance sheet management to be sufficient to mitigate the risks associated with the developing regulatory and competitive environment.

Standard & Poor's does not factor any South African Government's support into Telkom's rating.

Debt affected by the review is the EUR 500 million, 7.125% Eurobonds due on 12 April 2005.

16 November 2004  
Johannesburg

All statements contained herein, as well as oral statements that may be made by us or by officers, directors or employees acting on behalf of the Telkom Group, that are not statements of historical fact constitute "forward-looking statements" within the meaning of the US Private Securities Litigation Reform Act of 1995, specifically Section 21E of the U.S. Securities Exchange Act of 1934, as amended. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that could cause our actual results 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 under the caption "Risk Factors" contained in item 3 of Telkom's most recent annual report on Form 20-F filed with the U.S. Securities Exchange Commission ("SEC") and our other filings with the SEC, available on Telkom's website at [www.telkom.co.za/ir](http://www.telkom.co.za/ir), including, but not limited to, increased competition in the South African fixed-line and mobile communications markets; developments in the regulatory environment; Telkom's ability to reduce expenditure, customer non-payments, theft and bad debt, the outcome of arbitration or litigation proceedings with Telcordia Technologies Incorporated and others; general economic, political, social and legal conditions in South Africa and in other countries where Vodacom invests; fluctuations in the value of the Rand and inflation rates, our ability to retain key personnel; and other matters not yet known to us or not currently considered material by us. You should not place undue reliance on these forward-looking statements. All



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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 conform them to actual results or to changes in our expectations.

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EXHIBIT 99.7

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

Telkom SA Limited change in shareholder

Further to the Telkom announcement on 9 November 2004, Telkom was yesterday informed by the Public Investment Commissioner ("PIC") that it has acquired the remaining 15.1% interest held by Thintana Communications LLC in Telkom.

Johannesburg  
17 November 2004

Special note regarding forward-looking statements

All statements contained herein, as well as oral statements that may be made by us or by officers, directors or employees acting on behalf of the Telkom Group, that are not statements of historical fact constitute "forward-looking statements" within the meaning of the US Private Securities Litigation Reform Act of 1995, specifically Section 21E of the U.S. Securities Exchange Act of 1934, as amended. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that could cause our actual results 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 under the caption "Risk Factors" contained in item 3 of Telkom's most recent annual report on Form 20-F filed with the U.S. Securities Exchange Commission (SEC) and our other filings with the SEC, available on Telkom's website at [www.telkom.co.za/ir](http://www.telkom.co.za/ir), including, but not limited to, increased competition in the South African fixed-line and mobile communications markets; developments in the regulatory environment; Telkom's ability to reduce expenditure, customer non-payments, theft and bad debt, the outcome of arbitration or litigation proceedings with Telcordia Technologies Incorporated and others; general economic, political, social and legal conditions in South Africa and in other countries where Vodacom invests; fluctuations in the value of the Rand and inflation rates, our ability to retain key personnel; and other matters not yet known to us or not currently considered material by us. You should not 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 conform them to actual results or to changes in our expectations.

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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/ Reuben September

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Reuben September  
Chief Technical Officer

Date: November 19, 2004