

Notes to the Group financial statements *continued*

for the year ended 31 December 2015

2 RESULTS OF OPERATIONS (continued)

2.2 Revenue

Revenue is measured at the fair value of the consideration received or receivable from the sale of goods and services in the ordinary course of the Group's activities. Revenue is presented net of indirect taxes, estimated returns and trade discounts.

Revenue from the sale of goods and the rendering of services is recognised when it is probable that the economic benefits associated with the transaction will flow to the Group and the amount of revenue, and associated costs incurred or to be incurred, can be measured reliably. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved.

Postpaid products typically include the sale of a handset, activation fee and a service contract; and prepaid products include a subscriber identification module (SIM) card and airtime.

Multiple element (or bundled) arrangements are divided into separate units of accounting, and revenue is recognised through the application of the relative fair value method, resulting in the proportionate allocation of any discount to all elements in the bundle.

The Group operates loyalty programmes in certain entities where customers accumulate points for purchases made, which entitle them to discounts on future purchases. The reward points are recognised as a separately identifiable component of the initial sale transaction by allocating the consideration received or receivable between the reward points and the other components of the sale such that the reward points are initially recognised as deferred income at their fair value. Revenue from the reward points is recognised when the points are redeemed. Breakage (forfeiture of points) is recognised when redemption becomes remote.

The main categories of revenue and the bases of recognition are as follows:

Airtime and subscription, data and SMS

- airtime, data and SMS: revenue is recognised on the usage basis commencing on the date of activation;
- subscription: revenue is recognised over the period that enables a customer to access network services;
- connection fees: revenue is recognised on the date of activation of a new SIM card; and
- SIM kits: revenue is recognised on the date of sale.

The terms and conditions of postpaid bundled airtime products may allow for the carryover of unused value or minutes. The revenue related to the unused value or minutes is deferred and recognised when utilised by the customer or on termination of the contract. Breakage (forfeiture of unused value or minutes) is recognised when the unused value or minutes expire or when usage thereof becomes remote.

Revenue received on prepaid contracts is deferred and recognised when services are utilised by the customer or on termination of the customer relationship. Breakage is recognised when the prepaid credit expires or when utilisation thereof becomes remote.

Interconnect/roaming

Interconnect/roaming revenue is recognised on a usage basis, unless it is not probable on the transaction date that the interconnect revenue will be received, in which case interconnect revenue is recognised only when the cash is received or where a right of set-off exists with interconnect parties in settling outstanding amounts.

Mobile telephones and accessories

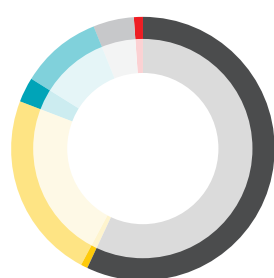
Revenue on the sale of mobile telephones and accessories to third parties are recognised only when risks and rewards of ownership are transferred to the buyer.

Notes to the Group financial statements *continued*

for the year ended 31 December 2015

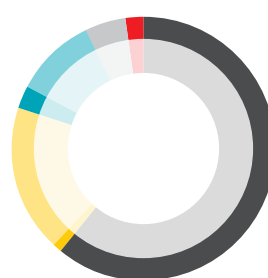
2 RESULTS OF OPERATIONS (continued)

2.2 Revenue (continued)



2015
(%)

- Airtime and subscription (57)
- Roaming (1)
- Data (23)
- SMS (3)
- Interconnect (10)
- Mobile telephones and accessories (5)
- Other (1)



2014
(%)

- Airtime and subscription (61)
- Roaming (1)
- Data (18)
- SMS (3)
- Interconnect (10)
- Mobile telephones and accessories (5)
- Other (2)

	2015 Rm	2014 Rm
Airtime and subscription	83 922	89 640 ¹
Roaming	1 524	1 510
Data	34 057	26 185 ¹
SMS	4 121	4 552
Interconnect	14 763	15 009
Mobile telephones and accessories	6 985	7 890
Other	1 691	2 144
	147 063	146 930

The Group's unearned income at the end of the year amounts to R8 519 million (2014: R7 609 million).

¹ Restatement, refer to note 1.6.2.