

|                                     | Group        |              | Company      |              |
|-------------------------------------|--------------|--------------|--------------|--------------|
|                                     | 2015<br>Rm   | 2014<br>Rm   | 2015<br>Rm   | 2014<br>Rm   |
| <b>32. Trade and other payables</b> | <b>5 571</b> | <b>5 119</b> | <b>6 380</b> | <b>5 828</b> |
| Trade payables                      | 2 795        | 2 632        | 2 928        | 2 680        |
| Finance cost accrued                | 108          | 74           | 108          | 74           |
| Accruals and other payables         | 2 668        | 2 413        | 3 344        | 3 074        |

The increase is mainly due to orders placed for Telkom campaigns that occurred in the current financial year. Included in the current year balance is the prior financial year refund from SARS of R854 million. Refer to note 39.

Accruals and other payables mainly represent amounts payable for goods received, net of value added tax obligations and licence fees.

Telkom's standard payment terms of trade payables is at the end of the following month following the date of the receipt of the invoice. This averages to 45 days.

|                                                                                    | Group        |              | Company      |              |
|------------------------------------------------------------------------------------|--------------|--------------|--------------|--------------|
|                                                                                    | 2015<br>Rm   | 2014<br>Rm   | 2015<br>Rm   | 2014<br>Rm   |
| <b>33. Reconciliation of profit for the year to cash generated from operations</b> | <b>6 642</b> | <b>6 312</b> | <b>6 271</b> | <b>5 811</b> |
| Cash generated from operations                                                     | 3 256        | 3 943        | 3 203        | 3 870        |
| Profit for the year                                                                | 471          | 292          | 471          | 292          |
| Finance charges and fair value movements                                           | (168)        | 494          | (190)        | 320          |
| Taxation                                                                           | (283)        | (176)        | (506)        | (387)        |
| Investment income                                                                  | (187)        | (160)        | (187)        | (191)        |
| Interest received from trade receivables and subsidiaries                          | 4 261        | 1 429        | 4 327        | 1 360        |
| Non-cash items                                                                     | 5 478        | 5 937        | 5 457        | 5 872        |
| Depreciation, amortisation, impairment and write-offs                              | 444          | 340          | 400          | 310          |
| Debtors impairment                                                                 | 8            | 16           | 8            | 16           |
| Cost of equipment disposed when recognising finance leases                         | –            | 103          | –            | 103          |
| Telkom retirement fund curtailment                                                 | (221)        | 234          | (221)        | 234          |
| Post-retirement medical aid settlement (gain)/loss                                 | –            | (2 403)      | –            | (2 403)      |
| Post-retirement medical aid curtailment gain                                       | (957)        | (2 712)      | (960)        | (2 696)      |
| Decrease in provisions                                                             | (246)        | (66)         | (246)        | (66)         |
| Profit on disposal of property, plant and equipment and intangible assets          | –            | 350          | –            | 344          |
| Cell captive transfer*                                                             | (134)        | –            | –            | –            |
| Reclassification of Trudon as held for sale                                        | –            | 23           | –            | –            |
| Loss on disposal of subsidiary                                                     | (111)        | (393)        | (111)        | (354)        |
| Deferred revenue                                                                   | (708)        | 490          | (847)        | 547          |
| (Decrease)/increase in working capital                                             | 146          | 114          | 145          | 82           |
| Inventories                                                                        | (500)        | 111          | (778)        | (6)          |
| Accounts receivable                                                                | (354)        | 265          | (214)        | 471          |
| Accounts payable                                                                   |              |              |              |              |

\*Transfer from sinking fund to annuity.