

Notes to the consolidated annual financial continued

28. Events after the reporting period

28.1 Dividend declared after the reporting period and not recognised as a liability

A final dividend of R5 952 million (400 cents per ordinary share) was declared for the year ended 31 March 2016, payable on Monday 27 June 2016 to shareholders recorded in the register at the close of business on Friday 24 June 2016. The net dividend after taking into account dividend withholding tax for those shareholders not exempt from dividend withholding tax is 340.00000 cents per share.

28.2 Kenneth Makate ('Mr Makate') vs Vodacom (Pty) Limited ('the Company')

In 2008, Mr Makate instituted legal proceedings to claim compensation for a business idea that led to a product known as 'Please Call Me'. On 1 July 2014, the South Gauteng High Court, Johannesburg ('the High Court') found that Mr Makate had proven the existence of a contract. However, the High Court ruled that the Company was not bound by that contract because the responsible director of product development and services did not have authority to enter into any such agreement on the Company's behalf. The High Court also rejected Mr Makate's claim on the basis that it had lapsed in terms of the Prescription Act 68 of 1969.

The High Court and Supreme Court of Appeal ('the Supreme Court') turned down Mr Makate's application for leave to appeal on 11 December 2014 and 2 March 2015, respectively. Mr Makate applied for leave to appeal in the Constitutional Court. On 26 April 2016, after having heard the application on 1 September 2015, the Constitutional Court granted leave to appeal and upheld Mr Makate's appeal. In doing so, the Constitutional Court ordered that:

- ➔ the Company is bound by the agreement concluded between Mr Makate and the then director of product development and services;
- ➔ the Company is to commence negotiations in good faith with Mr Makate to determine reasonable compensation; and
- ➔ in the event of the parties failing to agree on the reasonable compensation, the matter must be submitted to Vodacom's Chief Executive Officer for determination of the amount within a reasonable time.

Negotiations between the Company and Mr Makate have commenced, in accordance with the order of the Constitutional Court.

On 1 June 2016, an application was issued in the North Gauteng High Court, Pretoria seeking to interdict Mr Makate from negotiating with the Company to the exclusion of Raining Men Trade (Pty) Limited ('RMT'). RMT funded Mr Makate's litigation expenses in relation to this claim. RMT is also asking the North Gauteng High Court to direct the Company not to pay any sum of money to Mr Makate until a pronouncement on the legal validity of the funding agreement between Mr Makate and RMT is made, in separate legal proceedings either before an arbitrator or another High Court. The RMT application will be heard in the North Gauteng High Court on 14 June 2016.