

YEBOYETHU
ANNUAL REPORT
2009



YEBOYETHU

Now more than ever, it's your Vodacom



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YEBOYETHU LIMITED

Registration number 2008/014734/06

ANNUAL REPORT 2009

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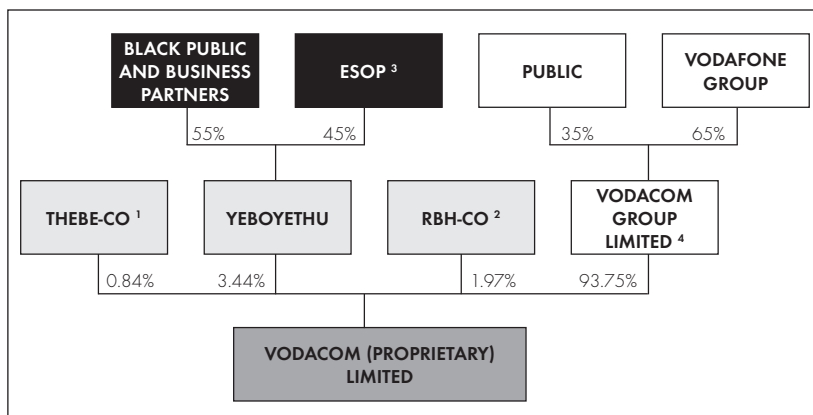
CHAIRMAN'S REPORT

INTRODUCTION – SETTING THE GROUNDWORK

It is a privilege to present to shareholders my first report as Chairman of YeboYethu Limited (YeboYethu). In this report I aim to provide you with a review of Vodacom (Proprietary) Limited's (Vodacom SA) performance for the financial year ending 31 March 2009, and an overview of the company's growth strategy and prospects for the future; as well as important information relating specifically to the company affairs of YeboYethu.

In the time since October 2008, when YeboYethu came into being through Vodacom SA's Broad-based Black Economic Empowerment (BBBEE) transaction, we have had the opportunity to engage with our shareholders and to understand your questions and concerns. I hope that the common issues raised in this interaction will be largely answered in this report.

YeboYethu is a company that has no other business except to own shares in Vodacom SA, and its sole investment is a 3.44% interest in Vodacom SA. YeboYethu does not own shares in Vodacom Group Limited (Vodacom Group), as BEE legislation only applies to Vodacom Group's South African operations and not to its international operations, which are governed by the legislation in their countries of operation.



- 1 THEBE-CO - Thebe Investment Corporation (Proprietary) Limited.
- 2 RHB-CO - Royal Bafokeng Holdings (Proprietary) Limited
- 3 YeboYethu Employee Participation Trust
- 4 Listed on the JSE Limited

What is most important to YeboYethu shareholders therefore, is that Vodacom SA continues to grow and prosper, supported by being part of the Vodacom Group which has its sights set on becoming a leading provider of total communications in sub-Saharan Africa, and the Vodafone Group, the largest mobile communications group in the world. The multiple benefits for Vodacom SA of this parentage includes significant cost savings through centralised buying, shared expertise and access to leading research and development, exclusive launches of new products and the opportunity to benchmark its operations against global standards of excellence. For YeboYethu, this provides the assurance that you are invested in a world-class South African communications provider.

CHAIRMAN'S REPORT (CONTINUED)

Alongside the ownership structure, it is important to understand the different terms that apply to YeboYethu shareholders depending on whether you are a Vodacom business partner or a member of the public investing in your personal capacity (public shareholder), or alternatively a Vodacom employee represented by the YeboYethu Employee Participation Trust (ESOP) (employee shareholder). The YeboYethu website provides relevant and detailed information to shareholders in this regard. If you are unable to access the website, you may contact the YeboYethu call centre for assistance.

**Internet address: www.yeboyethu.co.za. Email us at: yeboyethu@linkmarketservices.co.za.
Call Centre: 011 630 0888.**

YeboYethu's share offer to the black South African public was a resounding success, notwithstanding the gloomy economic backdrop. The share offer was three times oversubscribed and consequently shareholders did not necessarily receive the number of shares they subscribed for. However, shareholders should note that the process of allocating the shares was rigorous, particularly in the desired representation of gender and broad-based representation, which has ensured that the transaction met its overarching objective to be truly broad-based.

The shares held by YeboYethu in Vodacom SA are different to the shares that were made available to Telkom SA Limited shareholders as part of the unbundling of Telkom Group's shares in Vodacom Group, which resulted in its listing on the JSE Limited on 18 May 2009. The price of the Vodacom Group's shares being traded on the JSE Limited does not relate to the value of YeboYethu's shares in Vodacom SA, which was based on a total company value of R120 billion at the time of the transaction. Unlike the listed Vodacom Group shares, YeboYethu shares held by black public shareholders carry certain restrictions and may not be traded for the first five-year period and can only be sold to other BBBEE investors (with credentials that are the same or better) in the second five years. Unrestricted trading in the shares will become possible after this ten-year period, at which time a market price for the shares will be established.

Shareholders would have noted with concern the news of faltering BEE deals in the face of the prevailing economic turmoil and loss of value in company shares. In this regard, it is important to consider that Vodacom's BBBEE transaction is a long-term investment, which through the substantial financing provided by Vodacom SA has lowered the exposure for individual investors. Shareholders will appreciate that certainty cannot be claimed in a volatile environment. At 31 March 2009, the entity value was R107.1 billion, but based on our evaluation of the company, the YeboYethu Board remains confident that over time, shareholders can expect their investment in Vodacom SA to return value.

Turning to the year under review, it is most gratifying to report to shareholders that in a year of global economic turmoil and the subsequent sharp downturn in the local economy, Vodacom SA delivered a solid performance.

VODACOM SA – A RESILIENT PERFORMANCE

Overview

Reassuringly, Vodacom SA has responded decisively to worsening economic conditions and intensifying competition as a result of a liberalising market. In the year the company introduced more affordable products and bundles to allow customers to control their communications spending better, and increased its focus on containing costs and driving efficiency.

Vodacom SA grew revenue 10.7% to R47 379 million in the year ended 31 March 2009, up from R42 797 million in the prior year. Strong customer growth of 11.3% or 2.8 million additional customers to 276 million was recorded. A record 13.1 million gross connections were achieved and churn was down 2.2 percentage points to 40.1% as a result of the focused retention campaigns and loyalty programmes. Vodacom SA maintained its market leadership position with 53.0% market share of mobile customers as at 31 March 2009.



CHAIRMAN'S REPORT (CONTINUED)

Contract and prepaid customer revenue grew by 4.2% and 16.5%, respectively. Prepaid average revenue per user (ARPU) increased 9.7% to R68 per month, driven by the introduction of more affordable products and lower denomination vouchers. Contract customer ARPU was 2.5% lower at R474 per month due to the growth in low-end hybrid contract customers and customers not exceeding their bundles.

Vodacom SA extended its leading position in data and broadband services with year-on-year data revenue growth of 27.9% to R6.0 billion. Data revenue from connectivity and usage (excluding messaging revenue) rose 69.3%, largely as a result of the 80.0% increase in broadband customers. Data revenue accounted for 14.1% of South African revenue (excluding equipment sales).

The introduction of Mobile Internet in June 2008, which makes accessing the internet easier and cheaper, substantially increased the number of customers accessing the internet via their mobile phones to nearly 5 million. In February 2009, *Vodafone Connect via the Phone* was launched, which enables customers to use a 3G phone as a modem to access the internet from their PCs or laptops. With some 2.8 million 3G-enabled handsets on Vodacom's network, there is significant opportunity for further broadband penetration.

Despite the increase in costs as a result of rand depreciation, the BBBEE transaction expenses and the costs related to establishing Vodacom Business, normalised EBITDA margins were maintained at 34%.

On the regulatory front, the Electronic Communications Act was finalised, with ICASA issuing licenses in January 2009 to approximately 250 individual ECS and ECNS licenses respectively. The final license fee regulations were published in March 2009, setting the fee at 1.5% of gross profit effective 1 April 2009. The RICA act was signed into law by the President in January 2009, with implementation expected in the latter part of 2009.

The birth of YeboYethu has reflected Vodacom Group's commitment to transformation. The dilution in ownership agreed to by its shareholders to make shares in Vodacom SA available to YeboYethu at a 10% discount, together with the financing facilitation provided by Vodacom SA, underpin this commitment. However, equity ownership is only one facet of truly broad-based empowerment and Vodacom SA's improvement to a Level 4 contributor in its overall BBBEE rating, according to the DTI's Codes of Good Practice for BBBEE (Codes), is a better indicator of Vodacom's contribution to the socioeconomic development of South Africa.

Strategic review

The strong customer growth in the year under review has been as a result of Vodacom SA's focused strategy to continuously improve its business in all areas. This has included enhanced customer care, evidenced by improved call centre service levels and higher customer satisfaction results, and various loyalty programmes, which have reduced overall churn. The launch of innovative products and services, and finding new ways to increase the value offered to customers has spurred growth with notable examples being the R5 voucher and Yebo4Less, the dynamically priced prepaid product which attracted 4.8 million customers, or 20.4% of Vodacom SA's prepaid customer base.

Vodacom SA has also concentrated on controlling costs and driving operational efficiencies, for example by securing volume-based pricing of handsets through the procurement strength of Vodacom and the wider Vodafone Group. The company's warehouse in Midrand, which services the company's extensive national distribution network, operates to world-class standards of efficiency and delivers on a "just in time" basis to

CHAIRMAN'S REPORT (CONTINUED)

vendors, which helps them manage their stock levels more effectively. Vodacom SA continues to develop its distribution advantage, extending its reach to customers through multiple channels and new initiatives, such as Yebotradas, which reach out to customers in remote areas and help to stimulate entrepreneurial economic activity.

Vodacom SA has entrenched its position as South Africa's largest broadband provider, launching more affordable products and bundled packages to drive data penetration and usage. The company continues to provide access to new generation products and high-speed broadband connectivity, and by year end it had a broadband customer base of 720 000 customers, up 80.0% from a year before, some 5 million customers using various packet data technologies on its network and 962 000 active email account users.

Continued investment in the quality, capacity and efficiency of its network is fundamental to Vodacom SA's value proposition to all its customers. As at 31 March 2009, Vodacom SA's GSM and 3G infrastructure covered an estimated 98% and 28% of the South African population respectively. Vodacom SA's capital expenditure at R4 627 million representing 9.7% of revenue, and included an investment in the radio access network, which is expected to make it more cost efficient and improve network coverage. A new WiMAX network was deployed on behalf of Wireless Business Solutions (Proprietary) Limited consisting of 141 sites at the year end.

Vodacom SA's programme to self-provide transmission capacity is well on track, with 8 of the 11 fibre rings planned nationally for metropolitan areas completed in the year. Agreement has been reached for the construction of a national long-distance fibre network jointly with MTN and Neotel. These self-provisioning initiatives are aimed at allowing Vodacom SA to better manage transmission costs and service quality, and provide the opportunity to provide fibre access directly to Vodacom Business customers. Vodacom SA has also built a satellite earth station in Midrand to provide international connectivity and links to certain remote sites within South Africa.

Vodacom SA's new generation network has allowed it to take up the opportunities of liberalising ICT markets to develop converged solutions for corporates and consumers. In the consumer space, their offerings include Mobile Internet, *Vodafone live!*, mobile advertising and social networking. By offering customers complimentary and groundbreaking advertising-funded services, including various messaging options, Vodacom SA is stimulating uptake and usage, and building new revenue streams. With internet penetration at 9.5% in South Africa, there is substantial opportunity for growth in Internet Protocol (IP) services. As new broadband capacity comes on stream nationally and internationally, internet penetration and usage is set to grow strongly.

Vodacom Business had a successful first year, attracting top talent in the ICT industry and developing a full suite of 28 products to provide access services, managed network services, managed hosting services and converged application services to corporate and SME customers. The skills and comprehensive product portfolio translated into some impressive new business wins for Vodacom Business, underpinned by its construction of best-of-breed network infrastructure. A state-of-the-art data centre was built during the year and Storage Technology Services (Proprietary) Limited, a specialist in the hosting environment, was acquired to build capacity in this area.

CHAIRMAN'S REPORT (CONTINUED)

Vodacom SA has made progress identifying synergies with Gateway Communications, the leading provider of carrier and connectivity services in Africa, which was acquired by the Vodacom Group in December 2008. As a pan-African leader in providing managed network solutions to blue-chip multinational clients, Gateway Group (Proprietary) Limited is expected to provide significant growth impetus particularly for Vodacom Business.

Ongoing investment in the Vodacom brand supports all the company's strategic endeavours by deepening its relationships with customers and other stakeholders. National sponsorships, loyalty programmes, relevant advertising and a substantial contribution to the upliftment of communities are all part of this brand investment. Vodacom has achieved iconic brand status in South Africa and continued to win accolades in the year, being recognised as the top telecommunications brand for the fifth successive year and the fourth most popular brand overall in the Sunday Times Ipsos/Markinor Brand Survey.

Sustainability review

The Board of YeboYethu subscribes to the highest standards of corporate governance as set out in King II and the Companies Act. The Board and audit committee have been structured to provide sufficient independent oversight and ensure that the interests of minority shareholders in Vodacom SA are advanced and that your voice is heard. We will continue to ensure that the right structures and processes are in place to enable the non-executive directors of YeboYethu to exercise our fiduciary duty and protect the interests of YeboYethu shareholders.

During the period under review, Ms Thoko Mokgosi-Mwantembe resigned from the Board. We received a nomination from Imani Investment nominating Mr Paul Solani Khosa to the Board, which will be put to shareholders for consideration at the annual general meeting.

Vodacom's corporate culture of being a high-profile and visible company has set a strong foundation for its commitment to the highest standards of integrity, accountability and governance as a publically listed company and subsidiary of a leading multi-national group. The internal controls and culture of discipline necessary to manage risk, control costs and maximise operating efficiency are being strengthened and entrenched. Improvements are also being made in the Group's engagement with its stakeholders and initiatives are underway to formalise the necessary policies and processes.

Vodacom SA's commitment to being a caring and active corporate citizen is demonstrated by a wide range of initiatives, which are detailed in the Vodacom Group's Sustainability Report. These initiatives range from best practice Human Resources management and making progress across all pillars of the BBBEE scorecard, to tackling environmental risk through reducing consumption of utilities, recycling projects and responsible management of waste. Furthermore, the Vodacom Foundation, which manages Vodacom SA's social investment efforts, celebrated its tenth anniversary in the year. During the past decade the Foundation has invested half a billion rand in social upliftment activities, focussing primarily on education, health and security.

SHAREHOLDER INFORMATION

The Vodacom BBBEE transaction was officially launched on the 29 July 2008, with the following critical documents registered with the Master of the High Court and Register of Companies:

CHAIRMAN'S REPORT (CONTINUED)

- YeboYethu Articles of Association;
- The Public Prospectus; and
- The YeboYethu Employee Participation Trust Deed and Rules for the participation of employees.

These documents contain all the terms and conditions relevant to the operation of YeboYethu, and to our public shareholders and employee shareholders.

YeboYethu public shareholders

YeboYethu's share offer to the black public, which closed on 11 September 2008, made 14.4 million ordinary, unlisted shares in YeboYethu available to black South Africans and companies. The offer attracted 102 531 applications. Ordinary Share Receipts indicating the number of YeboYethu shares issued were posted to shareholders in October 2008, with original share certificates held by Link Market Services South Africa (Proprietary) Limited on behalf of shareholders. Shareholders were asked to validate their details and the shareholder register was reconciled. All outstanding monies for shares that were not allocated were refunded to shareholders by October 2008.

YeboYethu shares were allocated in accordance with the terms and conditions of the offer as set out in the YeboYethu prospectus. These terms and conditions continue to apply and Vodacom SA reserves the right to conduct verification audits throughout the investment period (10 years) to ensure that investors to whom YeboYethu shares have been allocated are Black People or Black Groups as defined in the YeboYethu prospectus.

To achieve a broad-based shareholding of YeboYethu, shares were allotted using a "bottom-up" approach which prioritised applications for smaller numbers of shares over those for larger numbers of shares. Preference was given to:

- Black business partners;
- Black women; and
- Black groups with a higher percentage of black women and black ownership and control.

Business partners subscribed for approximately 566,000 shares, resulting in all business partners receiving their full allocation.

YeboYethu employee shareholders

The employee share ownership plan (ESOP) extends to every permanent staff member of Vodacom Group based in South Africa, regardless of race, level or seniority. The key features of the ESOP are:

- 25% of the total BBBEE deal allocated to staff, with a value of R1,875 billion;
- 75% amounting to R1,406 billion allocated to current employees;
- 25% amounting to R469 million allocated to future employees; and
- Employees will participate by way of units in the ESOP trust.

CHAIRMAN'S REPORT (CONTINUED)

The ESOP has a term of 7 years with 20% of the ESOP units vesting annually from inception of the scheme on 1 September 2008. ESOP participants will only receive their YeboYethu ordinary shares at the end of the ESOP term. The ESOP units cannot be traded during this term and the sale of YeboYethu shares after this seven-year term will be restricted to Black individuals and companies, with unrestricted trading after 10 years.

The allocation of ESOP units must continue to meet the DTI Codes, thereby resulting in a 70% allocation to Black employees at all times (including Chinese) and a 30% allocation to White employees and Black employees who do not meet the requirements of the Codes of Good Practice. Additionally, the allocation is to result in at least 30% to Black Females at all times and is skewed in favour of lower level employees. The cut off date for inclusion in current employee allocation was 1 September 2008, and the same allocation split will be applied to all future employees to maintain 70/30 target.

Dividend

The company recorded a net profit of R529.1 million for the year ended 31 March 2009. Subsequent to year end, YeboYethu received a dividend of R6.4 million from Vodacom SA. After the deduction of administrative costs, I am pleased to advise shareholders that the YeboYethu Board declared a dividend of 45 cents per share which was paid on or about Monday 15 June 2009.

PROSPECTS

In an economic environment that is clouded with uncertainty, we can be sure that there are challenging times ahead for both the local and global markets. In South Africa lower interest rates, inflation and fuel prices have provided some relief to consumers, but as businesses continue to buckle under the strain, further increases in unemployment are expected.

Despite the challenges, Vodacom SA continues to focus on growth, through ongoing innovation and building on the strong progress made across the business to improve in all areas. Management is confident that Vodacom SA will be able to weather the economic storm by staying competitive and efficient and as customers continue to contain their spending, the company will seek to offer them greater value. To further mitigate the pressure on top-line growth and preserve margins, containing costs and driving efficiencies across the business will continue to be a priority. Gateway and the relationship with the Vodafone Group will be key to unlocking further synergy.

The YeboYethu Board remains confident that Vodacom SA has the management, strategy, business model and people to continue to grow.

APPRECIATION

I am grateful to my Board colleagues for their wise counsel and guidance. I congratulate the people of Vodacom SA for delivering solid results in a very challenging environment, and I thank each of our shareholders for your support as we begin this exciting journey.

CHAIRMAN'S REPORT (CONTINUED)

CONCLUSION

Vodacom SA's BBBEE transaction has diversified its ownership base, which is fitting for a company that aims to broaden access to voice and data communications, and in so doing extend the revolutionary impact of communications as a driver of socioeconomic development. The transaction has served to align the national development agenda with the interests of shareholders, strategic partners, business partners and employees in a company that has attractive growth prospects, and whose contribution to the sustainability of the ICT sector and the country as whole will continue to be focused on the dream of universal access to world-class communications.

As YeboYethu, we look forward to partnering with Vodacom SA and our fellow shareholders to bring this dream closer to our South African reality.

ZARINA BASSA

STATEMENT OF RESPONSIBILITY BY THE BOARD OF DIRECTORS

for the period since date of incorporation to 31 March 2009

The directors are responsible for the preparation, integrity and fair presentation of the financial statements of YeboYethu Limited ("the company").

The financial statements have been audited by the independent auditing firm Deloitte & Touche which was given unrestricted access to all financial records and related data, including minutes of meetings of shareholders, the board of directors and committees of the board. The directors believe that all representations made to the independent auditors during their audit were valid and appropriate. The report of the auditors is presented on the next page.

The financial statements for the ten month period ended 31 March 2009 presented on pages 12 to 33 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). They are based on appropriate accounting policies which have been consistently applied, and which are supported by reasonable and prudent judgements and estimates. The going concern basis has been adopted in preparing the financial statements. The directors have no reason to believe that the company will not be a going concern in the foreseeable future based on forecasts and available cash resources.

The directors are also responsible for the company's system of internal controls. These are designed to provide reasonable, but no absolute, assurance as to the reliability of the financial statements and to adequately safeguard, verify and maintain accountability of assets. These controls are monitored throughout the company by management and employees with the necessary segregation of authority and duties. Processes are in place to monitor internal controls, to identify material breakdowns and implement timely corrective action.

The financial statements were approved by the board of directors on 11 May 2009 and are signed on its behalf:

ZBM BASSA
CHAIRPERSON

MS AZIZ JOOSUB
DIRECTOR

CERTIFICATE BY THE COMPANY SECRETARY

for the period since date of incorporation to 31 March 2009

In my capacity as Company Secretary, as at 31 March 2009, I hereby confirm that for the ten month period ended 31 March 2009, the company has lodged with the Registrar of Companies all such returns required in terms of relevant company legislation and that all such returns are true, correct and up to date.

SF LINFORD
COMPANY SECRETARY
11 May 2009



REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF YEBOYETHU LIMITED

We have audited the accompanying financial statements of YeboYethu Limited, which comprise the directors' report, the balance sheet at 31 March 2009, the income statement, statement of changes in equity and cash flow statement for the ten month period then ended and a summary of principal accounting policies and other explanatory notes as set out on pages 12 to 33.

Directors' Responsibility for the Financial Statements

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and the Companies Act of South Africa. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the balance sheet of YeboYethu Limited at 31 March 2009, and the results of its operations and its cash flow for the ten month period then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and in the manner required by the Companies Act of South Africa.

Deloitte & Touche

Per DF Crowther
Partner

11 May 2009

DIRECTORS' REPORT

for the period since date of incorporation to 31 March 2009

The directors have the pleasure of presenting their report, which forms part of the audited financial statements, for the period since date of incorporation, 19 June 2008, to 31 March 2009.

1. NATURE OF BUSINESS

YeboYethu Limited was incorporated on 19 June 2008 under the laws of the Republic of South Africa. The principal activities of YeboYethu Limited are to:

- (a) carry on business of holding only Vodacom (Proprietary) Limited ordinary shares and 'A' ordinary shares, cash and such assets as are received and acquired solely by virtue of or in relation to the holding of Vodacom (Proprietary) Limited ordinary shares and 'A' ordinary shares; and
- (b) receive and distribute dividends and other distributions in terms of its holding in Vodacom (Proprietary) Limited.

2. OPERATING AND FINANCIAL REVIEW

While income for the ten months ended 31 March 2009 was only R600 000 the profit before taxation for the ten month period under review was R615 492 800. This was mainly attributable to the valuation of the Vodacom South Africa option asset as well as interests received from equity invested. Net profit for the period was R529 116 900 with cash on hand of R6 156 300.

Further information on the activities, performance and financial position of the company is presented in the financial statements and notes thereto.

3. INVESTMENT ACTIVITY

On 8 October 2008, Vodacom Group Limited ('Vodacom Group') finalised its Broad-based Black Economic Empowerment Transaction ('BBBEE'). The transaction value was R7.5 billion, equating to an effective 6.25% interest in Vodacom South Africa's operations, Vodacom (Proprietary) Limited ('Vodacom SA').

The transaction included a public offer to the black public, black groups, Vodacom SA's black business partners, participation by all eligible employees who are permanent employees of Vodacom Group and any of its wholly owned South African subsidiaries from time to time as well as Vodacom SA and its wholly owned South African subsidiaries and shall include employees of the said entities which are on secondment outside of South Africa and two broad-based strategic partners, Royal Bafokeng Holdings (Proprietary) Limited and Thebe Investment Corporation (Proprietary) Limited. The transaction was one of the largest BBBEE transactions in the South African Information and Communications Technology industry.

The public offer to the black public, black groups and Vodacom SA's black business partners; and the participation by all eligible employees who are permanent employees of Vodacom Group and any of its wholly owned South African subsidiaries from time to time as well as Vodacom SA and its wholly owned South African subsidiaries and shall include employees of the said entities which are on secondment outside of South Africa and was facilitated through YeboYethu Limited, resulting in YeboYethu Limited having an effective 3.44% interest in Vodacom SA.

Black public, black groups and Vodacom SA's black business partners participated in the public offer of 14.4 million YeboYethu Limited's shares (representing 60.0% of YeboYethu Limited's issued shares). Refer Note 9 for further information.

4. SHARE CAPITAL

Refer to Note 13 for details of the authorised and issued share capital of the company.

DIRECTORS' REPORT

(CONTINUED)
for the period since date of incorporation to 31 March 2009

5. DIVIDENDS

No dividends have been declared or paid during the period from incorporation to 31 March 2009. An ordinary dividend of 45.0 cents (forty-five cents) per ordinary share was declared by the board of directors after year end.

6. DIRECTORS AND SECRETARY

The following appointments in the directorate and company secretary took place during the period under review:

	At incorporation	Resignations	Appointments	In office 31/03/2009
Directors	ZBM Bassa (Chairman)		19/06/2008	ZBM Bassa (Chairman)
	MS Aziz-Joosub		19/06/2008	MS Aziz Joosub
	D Konar		19/06/2008	D Konar
	PB Matlare		19/06/2008	PB Matlare
	CT Ralebitso		19/06/2008	CT Ralebitso
	TM Mokgosi-Mwantembe	12/03/2009	19/06/2008	
Secretary	HK Lamarque	01/12/2008	01/12/2008	SF Linford

In terms of the articles of association, all directors retire at the forthcoming annual general meeting. The company did receive a nomination from Imani Investment for the election of Mr PS Khosa to the Board. The abridged curriculum vitae of all the directors, including Mr Khosa may be found on pages 34 and 35 of this annual report.

7. ADDRESS

Registered office: Vodacom Corporate Park
082 Vodacom Boulevard
Vodavalley
Midrand
1685

Postal address: Private Bag X9904
SANDTON
2146

8. AUDITORS

Deloitte & Touche has been appointed as the auditors and will continue in office in accordance with Section 270(2) of the Companies Act, 1973.

9. OTHER MATTERS

The directors are not aware of any matter or circumstance arising since the end of the ten month period which significantly affected the financial position of the company at 31 March 2009 and the results of its operations and cash flow for the ten month period ending 31 March 2009.

INCOME STATEMENT

for the period since date of incorporation to 31 March 2009

	Notes	2009 R000
INCOME	2	0.6
EXPENSES	3	(1 176.5)
LOSS FROM OPERATIONS		(1 175.9)
FINANCE INCOME	4	14 382.6
FINANCE COST	5	(0.4)
GAINS ON REMEASUREMENT OF FINANCIAL INSTRUMENTS	6	602 286.5
PROFIT BEFORE TAXATION		615 492.8
TAXATION	8	(86 375.9)
NET PROFIT FOR THE PERIOD		529 116.9

BALANCE SHEET

at 31 March 2009

	Notes	2009 R000
ASSETS		
Non-current assets		962 466.5
Financial assets	9	962 287.3
Deferred taxation asset	10	179.2
Current assets		13 422.1
Accounts receivable	11	7 265.8
Cash and cash equivalents	12	6 156.3
Total assets		975 888.6
EQUITY AND LIABILITIES		
Share capital	13	0.2
Ordinary share premium	14	359 999.9
Retained earnings		529 116.9
Total equity		889 117.0
Non-current liabilities		84 320.1
Deferred taxation liability	10	84 320.1
Current liabilities		2 451.5
Accounts payable	15	2 450.9
Taxation payable		0.6
Total equity and liabilities		975 888.6

STATEMENT OF CHANGES IN EQUITY

for the period since date of incorporation to 31 March 2009

	Share capital R000	Ordinary share premium R000	Retained earnings R000	Total R000
Balance at incorporation	-	-	-	-
Shares issued during the period	0.2	359 999.9	-	360 000.1
Net profit for the period	-	-	529 116.9	529 116.9
Balance at 31 March 2009	0.2	359 999.9	529 116.9	889 117.0

The statement of recognised income and expenses is not presented as it would be identical to the statement of changes in equity.

CASH FLOW STATEMENT

for the period since date of incorporation to 31 March 2009

	Notes	2009 R000
CASH GENERATED FROM OPERATIONS	16	1 275.0
Finance costs paid	17	(0.4)
Finance income received	18	14 316.8
Taxation paid	19	(2 234.4)
NET CASH GENERATED FROM OPERATING ACTIVITIES		13 357.0
CASH FLOW FROM INVESTING ACTIVITIES		
Investing activities		(360 000.8)
NET CASH UTILISED IN INVESTING ACTIVITIES		(360 000.8)
CASH FLOW FROM FINANCING ACTIVITIES		
Share capital and premium movement		360 000.1
Money market asset movement		(7 200.0)
NET CASH GENERATED FROM FINANCING ACTIVITIES		352 800.1
NET INCREASE IN CASH AND CASH EQUIVALENTS		6 156.3
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	12	6 156.3

NOTES TO THE FINANCIAL STATEMENTS

for the period since date of incorporation to 31 March 2009

BASIS OF PREPARATION

These financial statements of YeboYethu Limited ('the company') have been prepared in accordance with International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board ('IASB') and have been prepared on the historical cost basis, except for financial assets and financial liabilities (including derivative instruments) recorded at fair value or at amortised cost. The financial statements have been presented in South African Rands, as this is the currency in which the company's transactions are denominated.

The following are the principal accounting policies adopted by the company in the preparation of these financial statements:

1. ACCOUNTING POLICIES

1.1 REVENUE RECOGNITION

The company measures revenue at the fair value of the consideration received or receivable. Revenue is recognised only when it is probable that the economic benefits associated with a transaction will flow to the company and the amount of revenue, and associated costs incurred or to be incurred, can be measured reliably. If necessary, revenue is split into separately identifiable components.

1.1.1 Income

Contributions

Contributions are recognised in the period to which it relates.

Dividends

Dividends from investments are recognised when the shareholder's right to receive payment has been established.

Interest

Interest is recognised on a time proportion basis with reference to the principal amount receivable and the effective interest rate applicable.

1.2 TAXATION

1.2.1 Current taxation

The charge for current taxation is based on the results for the period and is adjusted for items that are non-assessable or disallowed. Current taxation is measured at the amount expected to be paid, using taxation rates and laws that have been enacted or substantively enacted at the balance sheet date.

1.2.2 Deferred taxation balances

Deferred taxation is provided using the balance sheet liability method for all temporary differences arising between the carrying amounts of assets and liabilities, on the balance sheet, and their respective taxation bases.

Deferred taxation assets are recognised to the extent that it is probable that future taxable profits will be available against which the associated unused taxation losses or credits and deductible temporary differences can be utilised.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the period since date of incorporation to 31 March 2009

1.2 TAXATION (CONTINUED)

1.2.2 Deferred taxation balances (continued)

The carrying amount of deferred taxation assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all, or part of the asset to be recovered.

Deferred taxation assets and liabilities are offset when there is a legally enforceable right to set off current taxation assets against current taxation liabilities and when they relate to income taxes levied by the same taxation authority and the company has the intention to settle its current taxation assets and liabilities on a net basis.

Deferred taxation assets and liabilities are measured at the taxation rates that are expected to apply in the period in which the asset is realised or the liability is settled, based on taxation rates (and taxation laws) that have been enacted or substantively enacted at the balance sheet date. The measurement of deferred taxation assets and liabilities reflects the taxation consequences that would follow from the manner in which the company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

1.2.3 Current and deferred taxation for the period

Current and deferred taxation are recognised as an expense or income in profit or loss, except when they relate to items credited or debited directly to equity, in which case the taxation is also recognised directly in equity.

1.2.4 Secondary taxation on companies

Secondary Taxation on Companies ('STC') is provided for at the prevailing rate on the amount of the net dividend declared by the company. It is recorded as a taxation expense when dividends are declared.

STC credits on dividends received are recorded as assets in the period that they arise, limited to the amount recoverable based on the reserves available for distribution.

1.3 FINANCIAL INSTRUMENTS

Financial instruments include all financial assets, financial liabilities and equity instruments including derivative instruments.

Financial assets and financial liabilities, in respect of financial instruments, are recognised on the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Fair value methods and assumptions

The fair value of financial assets and financial liabilities are determined as follows:

The fair value of financial instruments with standard terms and conditions and traded in active, liquid and organised financial markets are determined with reference to the applicable quoted market prices.

The fair values of derivative instruments are determined using quoted prices or where such prices are not available, discounted cash flow methods using the applicable yield curve for the duration of the instruments for non-optimal derivatives and option pricing models for optimal derivatives. These amounts reflect the approximate values of the net derivative position at the balance sheet date. The quoted market prices used for interest rate derivatives is at the effective yield basis, while the quoted market prices used for foreign exchange derivatives is at the mid or mid forward rate.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the period since date of incorporation to 31 March 2009

1.3 FINANCIAL INSTRUMENTS (CONTINUED)

Fair value methods and assumptions (continued)

The fair value of other financial instruments, excluding derivative instruments, not traded in active, liquid and organised financial markets is determined by using a variety of methods and assumptions that are based on market conditions and risks existing at balance sheet date, including independent appraisals and discounted cash flow methods.

Effective interest rate method

The effective interest rate method is a method of calculating the amortised cost of financial assets and financial liabilities and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts and future cash payments (including transaction costs and other premiums or discounts) through the expected life of the financial asset and financial liability, or when appropriate a shorter period, to the net carrying amount of the financial asset or financial liability.

Interest income is recognised on an effective interest basis for held-to-maturity investments, available-for-sale financial assets and loans and receivables. Interest expense is recognised on an effective interest rate basis for financial liabilities held at amortised cost.

Amortised cost

Amortised cost is the amount at which the financial asset and financial liability is measured at initial recognition less principal repayments, cumulative amortisation and accumulated impairment losses. The cumulative amortisation of any difference between the initial amount and the maturity amount of the financial asset and financial liability is calculated by using the effective interest rate method and recognised in profit or loss as interest income or interest expense over the period of the investment or debt.

1.3.1 Financial assets

Financial assets are classified into the following categories: financial assets at fair value through profit or loss; held-to-maturity investments; available-for-sale financial assets and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

The company's principal financial assets, other than derivatives which are dealt with below, are investments, loans and other receivables and cash and cash equivalents.

Financial assets are recognised and derecognised on trade-date where the purchase or sale of the financial asset is under a contract whose terms require delivery of the instrument within the timeframe established by the market concerned.

All financial assets are initially measured at fair value, including transaction costs, except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value, excluding transaction costs.

The fair value of a financial instrument on initial recognition is normally the transaction price unless the fair value is evident from observable market data.

Subsequent to initial measurement, these instruments are measured as set out below:

Financial assets at fair value through profit or loss

Financial assets are classified as at fair value through profit or loss where the financial asset is either held for trading or the financial asset is designated at fair value through profit or loss upon initial recognition.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the period since date of incorporation to 31 March 2009

1.3 FINANCIAL INSTRUMENTS (CONTINUED)

1.3.1 Financial assets (continued)

Financial assets at fair value through profit or loss (continued)

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term;
- it is part of a portfolio of identified financial instruments that the company manages together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated as an effective hedging instrument or a derivative that is a financial guarantee contract.

Financial assets are designated upon initial recognition at fair value through profit or loss when:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or recognising the gains and losses on them on a different basis;
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the grouping documented risk management or investment strategy and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives which do not significantly modify cash flows and can be separated from the hybrid contract, and IAS 39: Financial Instruments: Recognition and Measurement ('IAS 39') permits the entire combined contract (asset or liability) to be designated as at fair value through profit or loss.

Financial assets at fair value through profit or loss are subsequently measured at fair value, with any resultant remeasurement gains and losses recognised in gains or losses on remeasurement and disposal of financial instruments in profit or loss. The net gain or loss recognised in profit or loss incorporates any gains or losses on remeasurement, dividends and interest income on the financial asset.

These financial assets are classified as current assets if they are either held for trading or expected to be realised within twelve months of the balance sheet date.

Loans and receivables

Other receivables and cash and cash equivalents that have fixed or determinable payments and not quoted in an active market are classified as loans and receivables.

Loans and receivables are subsequently measured at amortised cost using the effective interest rate method less any impairment loss. Interest income is recognised in profit or loss by applying the effective interest rate, except for short-term other receivables where the recognition of interest would be immaterial. Other receivables are carried at original invoice amount less any impairment loss.

The terms of loans granted are renegotiated on a case by case basis if circumstances require renegotiation.

The accounting policy for bank and cash balances is dealt with under cash and cash equivalents set out below.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the period since date of incorporation to 31 March 2009

1.3 FINANCIAL INSTRUMENTS (CONTINUED)

1.3.1 Financial assets (continued)

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired and impairment losses are incurred where there is objective evidence that, as a result of one or more events occurring after the initial recognition of the financial asset, the estimated future cash flows of the financial asset has been impacted and the company will not be able to collect all amounts due according to the original terms of the financial asset.

Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to the attention of the holder of the asset about the following loss events:

- significant financial difficulty of the issuer or obligor;
- a breach of contract, such as default or delinquency in interest or principal payments;
- it becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for the financial asset because of financial difficulties; or
- observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the company.

1.3.2 Financial liabilities and equity instruments

Classification as equity, debt or compound instruments

Financial liabilities and equity instruments issued by the company are classified on initial recognition as debt or equity or compound instruments in accordance with the substance of the contractual arrangement and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

The company's principal equity instrument is ordinary share capital, which is recorded at the proceeds received, net of any direct issue costs.

Financial liabilities

Financial liabilities are classified into the following categories: financial liabilities at fair value through profit or loss, financial liabilities held at amortised cost and financial guarantee contract liabilities. The classification depends on the nature and purpose of the financial liabilities and is determined at the time of initial recognition.

The company's principal financial liabilities are other payables and dividends payable.

All financial liabilities are initially measured at fair value, including transaction costs, except for those financial liabilities classified as at fair value through profit or loss, which are initially measured at fair value, excluding transaction costs.

The fair value of a financial instrument on initial recognition is normally the transaction price unless the fair value is evident from observable market data.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the period since date of incorporation to 31 March 2009

1.3 FINANCIAL INSTRUMENTS (CONTINUED)

1.3.2 Financial liabilities and equity instruments (continued)

Financial liabilities (continued)

Subsequent to initial measurement, these instruments are measured as set out below:

Financial liabilities held at amortised cost

Other payables are carried at the original invoice amount. Dividends payable are stated at amounts declared.

1.3.3 Derecognition

Financial assets, or a portion thereof, are derecognised when the company's contractual rights to the cash flow expire, when the company transfers substantially all the risks and rewards of the transferred financial asset or when the company neither transfers nor retains substantially all the risks and rewards of the transferred financial asset but loses control of the transferred financial asset. On derecognition, the difference between the carrying amount of the financial asset and proceeds receivable and any prior adjustment to reflect fair value that had been reported in equity are included in profit or loss.

If the company retains substantially all the risks and rewards of the transferred financial asset, the company continues to recognise the transferred financial asset. If the company neither transfers nor retains substantially all the risks and rewards of the transferred financial asset, but retains control, it continues to recognise the transferred financial asset to the extent of its continuing involvement in the transferred financial asset and recognises an associated liability for any amounts payable.

Financial liabilities, or a portion thereof, are derecognised when the obligation specified in the contract is discharged, cancelled or expired. On derecognition, the difference between the carrying amount of the financial liability, including related unamortised costs, and settlement amounts paid are included in profit or loss.

1.3.4 Offset

Where a legally enforceable right of offset exists for recognised financial assets and financial liabilities, and there is an intention to settle the liability and realise the asset simultaneously, or to settle on a net basis, all related financial effects are offset.

1.4 CASH AND CASH EQUIVALENTS

For the purpose of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call, net of bank borrowings, all of which are available for use by the company unless otherwise stated.

Cash on hand is initially recognised at fair value and subsequently measured at its face value.

Deposits held on call are classified as loans and receivables by the company and carried at amortised cost. Due to the short-term nature of these, the amortised cost normally approximates its fair value.

1.5 USE OF ESTIMATES

The preparation of financial statements in conformity with IFRS requires the use of certain accounting estimates. It also requires management to exercise its judgment in the process of applying the company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in the relevant sections of the financial statements. Although these estimates are based on management's best knowledge of current events and actions they may undertake in the future, actual results ultimately may differ from those estimates.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the period since date of incorporation to 31 March 2009

	2009 R000
2. INCOME	
Contribution received	0.6
3. EXPENSES	
Administration fees	(1 070.7)
Auditor's remuneration	(56.0)
Information technology	(48.7)
Office administration	(1.1)
	(1 176.5)
4. FINANCE INCOME	
Interest on financial assets not at fair value through profit or loss	
Bank deposits - Vodacom Group Limited	7 982.6
Dividends	
Dividends received - Vodacom (Proprietary) Limited	6 400.0
	14 382.6
5. FINANCE COST	
Finance costs on financial liabilities not at fair value through profit or loss	
Bank overdraft	(0.4)
6. GAINS ON REMEASUREMENT OF FINANCIAL INSTRUMENTS	
Gain on revaluation of option asset	602 286.5
7. NET GAINS/(LOSSES)	
Net gains/(losses) on financial instruments analysed by category, are as follows:	
Loans and receivables (including cash and bank deposits)	7 982.6
Financial liabilities at amortised cost	(0.4)
Revaluation of option asset	602 286.5
Net gains attributable to financial instruments	610 268.7
Net gains attributable to non-financial instruments	6 400.0
Total net gains	616 668.7

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the period since date of incorporation to 31 March 2009

	2009 R000
8. TAXATION	
South African normal taxation	
Current year	(2 235.0)
Deferred taxation	
Current year	(84 140.9)
	(86 375.9)
	2009 R000
	2009 %
Reconciliation of rate of taxation	
Normal taxation on profit before taxation	(172 338.0) 28.00
Adjusted for:	
Disallowed expenditure	(329.4) 0.05
Secondary taxation on companies credits	179.2 (0.03)
Dividends received – Vodacom (Proprietary) Limited	1 792.2 (0.29)
Adjustment to capital gains taxation rate for fair value gain	84 320.1 (13.70)
	(86 375.9) 14.03
	2009 R000

9. FINANCIAL ASSETS

Financial assets at fair value through profit or loss

Vodacom South Africa option asset

Initial investment at cost	360 000.8
Fair value adjustment	602 286.5
Total	962 287.3

The company acquired a 3.44% investment in Vodacom SA by obtaining ordinary shares and 'A' ordinary shares for the benefit of its shareholders as part of the BBBEE transaction as follows:

7 200 000 ordinary shares at R25.00	180 000.0
82 800 000 'A' ordinary shares at R2.1739	180 000.0
75 000 000 'A' ordinary shares at R0.00001	0.8
	360 000.8

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the period since date of incorporation to 31 March 2009

9. FINANCIAL ASSETS (CONTINUED)

Financial assets at fair value through profit or loss (continued)

Vodacom South Africa option asset (continued)

During the year Vodacom Group's shareholders approved a BBEE transaction which entailed the issue and allotment of ordinary shares and 'A' ordinary shares representing, in aggregate 6.25%, of Vodacom SA's issued share capital to all eligible employees who are permanent employees of Vodacom Group and any of its wholly owned South African subsidiaries from time to time as well as Vodacom SA and its wholly owned South African subsidiaries and shall include employees of the said entities which are on secondment outside of South Africa ('Employees'), Broad-based Black South African Public ('Black Public'), Vodacom Black Business Partners ('Business Partners') and Broad-based Strategic partners ('Strategic partners'). The transaction was introduced to assist Vodacom Group in meeting its empowerment objectives for its South African operations.

The following BBEE participants acquired a direct or indirect ownership in Vodacom SA's share capital as follows:

- Employees through the YeboYethu Employee Participation Trust ('the Trust');
- Black Public through YeboYethu Limited;
- Business Partners through YeboYethu Limited; and
- Two Strategic partners through two ring-fenced private companies, wholly owned by Royal Bafokeng Holdings (Proprietary) Limited and Thebe Investment Corporation (Proprietary) Limited.

Employee scheme

The Trust, an employee share ownership programme trust, was established for the benefit of all eligible employees who are permanent employees of Vodacom Group and any of its wholly owned South African subsidiaries from time to time as well as Vodacom SA and its wholly owned South African subsidiaries and shall include employees of the said entities who are on secondment outside of South Africa. The Trust holds its equity investments in Vodacom SA through its interest in YeboYethu Limited.

Employees participated in the transaction by being allocated units in the Trust based on a varying percentage of their total guaranteed cost of employment to Vodacom Group per annum taking into account their employment level and racial and gender classification. 75.0% of the Trust units were allocated to the employees on or about 1 November 2008 and 25.0% is reserved for future allocations to future employees.

YeboYethu Limited subscribed for 75 000 000 'A' ordinary shares in Vodacom SA on behalf of the Trust at a par value of R0.00001 each through a R750.0 contribution made by Vodacom SA. The 'A' ordinary shares are a separate class of shares in Vodacom SA ranking *pari passu* with the ordinary shares except that they do not entitle the holder to dividends in cash. The shares in Vodacom SA were valued at R25.0 each and issued to YeboYethu Limited at a 10.0% discount for a total notional loan value of R1 687.5 million. Vodacom SA contributed these shares based on a notional funding repurchase mechanism. This is effectively an additional discount given to participants at grant date. The funding does not give rise to a legal obligation but only facilitates the share repurchase mechanism.

The notional loan carries a 10.0% notional interest compounded every six months. YeboYethu Limited received a notional dividend on these shares calculated on the basis of the actual dividend paid to ordinary shareholders, divided by ordinary shares and 'A' ordinary shares which was used as a notional payment.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the period since date of incorporation to 31 March 2009

9. FINANCIAL ASSETS (CONTINUED)

Financial assets at fair value through profit or loss (continued)

Vodacom South Africa option asset (continued)

Employee scheme (continued)

	2009 R000
Notional loan on shares contributed	1 687 500.0
Notional interest accrued	82 930.2
	1 770 430.2
Less: notional dividend received	(62 750.0)
	1 707 680.2

Vodacom SA has the legal right to repurchase a variable number of shares from YeboYethu Limited at par value after seven years based on a specified formula which takes into account the outstanding balance of the notional loan and the underlying value of the shares held in Vodacom SA.

Black Public and Business Partner scheme

The Black Public and Business Partners also hold their equity interest in Vodacom SA through YeboYethu limited, a public company established and ring-fenced for this purpose only.

The Black Public contributed R360.0 million of unencumbered equity which was used to acquire 14.4 million shares in YeboYethu Limited. These proceeds were then used by YeboYethu Limited to acquire more Vodacom SA ordinary and 'A' ordinary shares as follows:

- 7 200 000 ordinary shares at R25.0 a share; and
- 82 800 000 'A' ordinary shares at R2.17 a share.

The holders of ordinary shares are entitled to dividends but the holders of 'A' ordinary shares will only be entitled to dividends once the notional funding has been settled.

	2009 R000
Notional loan on shares contributed	1 665 000.0
Notional interest accrued	81 824.5
	1 746 824.5
Less: notional dividend received	(69 276.0)
	1 677 548.5

The balance of the transaction (less the 10% initial discount) of R1 665.0 million will be contributed by Vodacom SA on behalf of the Black Public and Business Partners by way of notional funding, as described above. However, Vodacom SA has the option to utilise this notional funding (plus 10% annual interest) to repurchase a variable number of shares after seven years based on a specified formula.

The valuation as at 31 March 2009 of the investment or option asset in Vodacom SA was modelled as the aggregate of two components:

- A variable-strike call option with payoff equal to the expected difference between the value of the shares held by YeboYethu Limited and the value of the notional vendor debt (strike price), as at 30 September 2015, discounted to the valuation date; and

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the period since date of incorporation to 31 March 2009

9. FINANCIAL ASSETS (CONTINUED)

Financial assets at fair value through profit or loss (continued)

Vodacom South Africa option asset (continued)

Black Public and Business Partner scheme (continued)

- The present value (on the valuation date) of the trickle dividends (the actual dividends expected to be received on the ordinary shares over the twelve year period and dividends to be received on 'A' ordinary shares once the notional loan has been repaid) to be received by the BBBEE participants.

A Monte Carlo methodology was adopted to value the option. The Monte Carlo simulation allows for the option model to consider the dependencies which exist between the company value, the dividends paid, the notional funding value and the remitted value. The payoff of this structure was valued as the time adjusted difference between the future value of the company and the future outstanding balance of the debt plus the present value of the dividend remitted to YeboYethu Limited. Within the Monte Carlo method, the following input parameters were used to simulate the Vodacom South Africa value: the equity value of the underlying share at the valuation date, the expected dividend yield of the underlying share over the life of the option, the expected volatility of the underlying share over the life of the option, and the risk-free interest rate over the life of the model. In addition to these, in order to simulate the strike price, the expected net asset value of the underlying share was used.

The fair value of R962.2 million was calculated using the following assumptions as at 31 March 2009:

- The risk-free interest rates were determined from the bootstrapped zero coupon perfect fit swap curve, sourced from the Bond Exchange of South Africa;
- The expected volatility in the value of the shares granted was determined using historical share prices of Vodafone Plc London of 34.5% (data sourced from Bloomberg), Telkom SA Limited of 31.8% and Mobile Telephone Networks (Proprietary) Limited of 40.8% (data sourced from McGregor BFA);
- The dividend yield was based on Vodacom SA's forecasted earnings and dividend policy based on a range from 30 September 2009 of 3.8% to 30 September 2015 of 6.7%;
- Equity value of R107.1 billion;
- Maturity date - 7 years from transaction date; and
- Strike price - the notional vendor debt as at valuation date provided by Vodacom SA amounted to R5.9 billion. Interest accrues at a notional rate of 10.0% (NACS). The debt at maturity represents the strike price.

	2009
	R000
10. DEFERRED TAXATION	
Deferred taxation asset	179.2
Deferred taxation liability	(84 320.1)
	(84 140.9)
10.1 Components	
Secondary taxation on companies credit	179.2
Capital gains taxation on fair value adjustment of investment	(84 320.1)
	(84 140.9)

Deferred taxation is raised at a rate other than the normal taxation rate as the intention of the company is to hold assets for resale.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the period since date of incorporation to 31 March 2009

	2009 R000
11. ACCOUNTS RECEIVABLE	
Vodacom Group Limited - money market	7 265.8
All accounts receivables are rand denominated. Accounts receivables are stated at cost which normally approximates their fair value due to short-term maturity.	
12. CASH AND CASH EQUIVALENTS	
Bank balances	6 156.3
13. SHARE CAPITAL	
13.1 Ordinary share capital	
Authorised	
40.0 million authorised ordinary shares at R0.00001 each	0.4
Issued	
14.4 million issued ordinary shares at R0.00001 each	0.2
13.2 'N' ordinary shares	
Authorised	
12.0 million authorised 'N' ordinary shares at R0.00001 each	0.1
Issued	
12.0 million issued 'N' ordinary shares at R0.00001 each	0.1
'N' ordinary shares rank pari passu to ordinary shares other than the fact that they will not earn any dividends until the notional funding by Vodacom SA to purchase the 'A' ordinary shares in Vodacom SA is settled.	
14. ORDINARY SHARE PREMIUM	
Ordinary share premium on shares issued during the period	359 999.9
15. ACCOUNTS PAYABLE	
Trade payable	2 450.9
The average credit period is 30 days. No interest is charged on trade payables. The company has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.	
Trade payables are stated at cost which normally approximates their fair value due to short-term maturity.	

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the period since date of incorporation to 31 March 2009

	2009 R000
16. CASH GENERATED FROM OPERATIONS	
Cash flow from operations before working capital changes	(1 175.9)
Increase in trade and other payables and provisions	2 450.9
	1 275.0
17. FINANCE COSTS PAID	
Finance cost as per the income statement	(0.4)
18. FINANCE INCOME RECEIVED	
Finance income per the income statement	14 382.6
Interest income accrual movement for the period	(65.8)
	14 316.8
19. TAXATION PAID	
Taxation per the income statement	(86 375.9)
Taxation payable at the end of the period	0.6
Deferred taxation at the end of the period	84 140.9
	(2 234.4)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the period since date of incorporation to 31 March 2009

20. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

20.1 Categories of financial instruments

2009	Notes	Total R000	At fair value through profit or loss: Held for trading R000	Loans and receivables R000	Financial liabilities at amortised cost R000	Equity and non financial assets and liabilities R000
ASSETS						
Non-current assets		962 466.5	962 287.3	-	-	179.2
	Financial assets	9 962 287.3	962 287.3	-	-	-
	Deferred taxation asset	10 179.2	-	-	-	179.2
Current assets		13 422.1	-	13 422.1	-	-
	Accounts receivable	11 7 265.8	-	7 265.8	-	-
	Cash and cash equivalents	12 6 156.3	-	6 156.3	-	-
Total assets		975 888.6	962 287.3	13 422.1	-	179.2
EQUITY AND LIABILITIES						
	Share capital	13 0.2	-	-	-	0.2
	Ordinary share premium	14 359 999.9	-	-	-	359 999.9
	Retained earnings	529 116.9	-	-	-	529 116.9
Total equity		889 117.0	-	-	-	889 117.0
Non-current liabilities		84 320.1	-	-	-	84 320.1
	Deferred taxation liability	10 84 320.1	-	-	-	84 320.1
Current liabilities		2 451.5	-	-	2 450.9	0.6
	Accounts payable	15 2 450.9	-	-	2 450.9	-
	Taxation payable	0.6	-	-	-	0.6
Total equity and liabilities		975 888.6	-	-	2 450.9	973 437.7

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the period since date of incorporation to 31 March 2009

20. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

20.2 RISK MANAGEMENT

20.2.1 Interest rate risk management

Interest rate risk refers to the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The company's interest rate profile consists mainly of floating rate bank balances which exposes the company to fair value interest rate risk and cash flow interest rate risk and can be summarised as follows:

	2009 R000
Financial assets	
Loans granted and bank deposits linked to money market rates	7 265.8
Loans granted and bank deposits linked to South African prime rates	6 156.3
	13 422.1

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for non-derivative instruments at the balance sheet date. For floating rate instruments, the analysis is prepared assuming the amount of the instrument outstanding at the balance sheet date was outstanding.

The basis points increases or decreases, as detailed in the table below, are used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. Changes in prevailing market interest rates are based on economic forecasts as published by Reuters.

A positive number below indicates an increase in profit after taxation if interest rates were higher by the basis points indicated below in a net financial asset position.

A negative number below indicates a decrease in profit after taxation if interest rates were higher by the basis points indicated below in a net financial liability position.

If interest rates were lower by the basis points indicated above, there would be an equal and opposite impact on the profit after taxation.

The sensitivity analysis is representative of the company's exposure to interest rate risk.

	2009 R000
RSA prime rates, JIBAR rates, Money market rates and RSA BA rates	
Basis point increase	200
Profit after taxation	193.3

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the period since date of incorporation to 31 March 2009

20. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

20.2 RISK MANAGEMENT (CONTINUED)

20.2.2 Liquidity risk management

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due.

In terms of its borrowing requirements, the company ensures that adequate funds are available to meet its expected and unexpected financial commitments. In terms of its long-term liquidity risk, a reasonable balance is maintained between the period over which assets generate funds and the period over which the respective assets are funded.

The following table details the company's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the company can be required to pay. The table includes both estimated interest and principal cash flows. Estimated interest of floating interest rate financial liabilities is calculated using the applicable yield curves for the ten months ended 31 March 2009.

	0-1 year R000	2 years R000	3 years R000	4 years R000	5 years R000	5+ years R000	Total R000
2009							
Accounts payable	2 450.9	-	-	-	-	-	2 450.9

21. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

At the date of authorisation of these financial statements, various IFRS and Interpretations were in issue but not yet effective.

The directors anticipated that the adoption of the Standards and Interpretations in future periods will have no material impact on the financial statements of the company.

22. SERVICES IN-KIND

The Board cannot reliably determine a fair value for services received in-kind that consist primarily of participation by Board members in the business of the company, and as a result does not recognise the value of these services received in income.

ABRIDGED CV'S FOR YEBOYETHU

Zarina Bibi Mahomed Bassa

After 23 years as a corporate executive, Zarina has chosen to set up her own business. She is currently the CEO of Zarina Bassa Investments (Proprietary) Limited. Prior to this Zarina was an executive director of Absa Bank Limited, as well as an Absa Group Executive Committee member with full accountability for Absa Private Bank. She joined ABSA Bank Limited in 2002 as Managing Executive of ABSA Retail Banking and progressed to Managing Executive of ABSA Private Bank and Executive Director for private banking at ABSA Bank Limited. As a Chartered Accountant (SA) and former chair of the Auditing Standards Board, Zarina also served on the board of the SA Institute of Chartered Accountants and was vice-president and chair of the Association for the Advancement of Black Accountants. Zarina is a former member of the JSE GAAP monitoring panel, the Accounting Standards Board and The Chartered Accountants' Eden Trust. Zarina was previously the Finance Minister's representative on the Public Accountants' & Auditors' Board and the Chairman of the Public Accountants' & Auditor's Board. She also serves on the Boards of Kumba Iron Ore Limited, the Financial Services Board, The Banking Ombudsman, the FAIS Ombudsman, the National Business Initiative and Woolworths Financial Services of which she is also the Chairman. She is Chairman of the Kumba Iron Ore Audit Committee and also serves on the audit committees of the Banking Ombudsman, Woolworths Financial Services and the National Business Initiative. In addition, Zarina was named top woman in business at the Top Women in Business & Government awards in 2007, and 2008 Top Business Personality in Financial Services: Banking in the CEO awards.

Deenadayalen Konar (Len)

Len was previously executive director of the Independent Development Trust where he was, among other activities, responsible for the internal audit and investment portfolios. Prior to that, he was a Professor and head of the Department of Accountancy at the University of Durban Westville. He is a member of the King Committee on Corporate Governance, the Securities Regulation Panel and the Institute of Directors. He was the chairperson of the Ministerial Panel for the Review of the Regulation of Accountants and Auditors. He is an External Audit Committee member and Chairman of the International Monetary Fund in Washington. Len also chairs or serves on the audit committees of a number of listed companies and public sector companies.

Mohamed Shameel Aziz Joosub (Shameel)

Shameel holds a Bachelor of Accounting Science (Honours) from the University of South Africa and a Master of Business Administration degree from the University of Southern Queensland, Australia. He is also an Associated General Accountant and Commercial and Financial Accountant (South Africa). Shameel joined Vodacom in March 1994 after completing his articles and has held various positions within Vodacom. He was appointed as managing director of Vodacom SA in April 2005. He has served as the managing director of VSPC from 2000 to 2005. He has been a director of Vodacom Group since September 2000. Shameel was also managing director and founder of Vodacom Equipment Company (Proprietary) Limited, the former handset distribution company in Vodacom from 1998 to 2000.

Christopher Tlhabeli Ralebitso (TC)

TC joined the Vodacom Group in January 2006 as Managing Director of Vodacom Ventures. He serves as a non-executive director representing Vodacom in companies in which Vodacom has invested. Prior to joining Vodacom, TC was director of DSI Capital (Proprietary) Limited, and investment holding company he co-founded in 2001. He also spent several years in strategy consulting where he provided advisory services to clients including early stage and industry leading companies in South Africa and the USA. TC started his career as an engineer in 1993 in research and development of energy related industrial applications at AT&T Bell Laboratories and subsequently at Eskom Holdings Limited. He progressed to positions in engineering design and construction, and manufacturing at South African Breweries Limited.

ABRIDGED CV'S FOR YEBOYETHU (CONTINUED)

Peter Bambatha Matlare

Peter is currently the Chief Executive Officer for Tiger Brands Limited, He was previously the Chief Strategy & Business Development Officer at Vodacom Group, a position he assumed in 2007. Peter joined the group as Vodacom SA Commercial Director in 2005 after spending more than four years as Chief Executive at the SABC. Prior to that, Peter was Chief Operating Officer at Primedia Limited and Chief Executive of Primedia Broadcasting. He previously served on the Presidential National Commission on Information Society & Development and was appointed to the International Marketing Council of South Africa. Peter is also past chairman of the National Association of Broadcasters.

NOMINATION RECEIVED:

Paul Solani Khosa

Paul is currently a director of Public Private Partnerships in the Health care sector. He has previously held the position of executive director at Prosperity Health Managers (Proprietary) Limited and at Rihanyo Holdings (Proprietary) Limited. He currently holds directorships and leadership roles for various companies and was the research officer for the former Minister of Health (Dr Nkosazana Zuma). Paul graduated from senior class at the International School of Geneva, Switzerland in 1987, holds a BA in Economics from Grinnell College in the United States of America and is a member of the Ethics Institute of South Africa.

YEBOYETHU LIMITED

(Incorporated in the Republic of South Africa)
(Registration number 2008/014734/06)
("YeboYethu" or the "company")

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the first annual general meeting of members will be held on Friday 24 July 2009 in the Dome, Vodaworld, 082 Vodacom Boulevard, Vodavalley, Midrand, Johannesburg, South Africa at 10:00 to conduct the following business:

1. To receive and consider the annual financial statements for the year ended 31 March 2009.
2. To elect:
Ms ZBM Bassa and Messrs MS Aziz-Joosub, CT Ralebitso, PB Matlare and Dr D Konar as directors, who were appointed on 19 June 2008, and in accordance with the provisions of the company's articles of association retire at this annual general meeting.

All retiring directors are eligible and available for re-election.

A nomination was received from Imani Investments, a shareholder holding 300 ordinary shares in the company, for the election of Mr PS Khosa as a director of the company.

The profiles of the directors up for election appear on page 34 and 35 of the annual financial statements.
3. To re-appoint Deloitte & Touche as independent auditors of the company, to hold office until the conclusion of the next annual general meeting of the company and to note that the individual registered auditor who will undertake the audit is DF Crowther.

Voting and proxies

Ordinary shareholders are entitled to attend, speak and vote at the annual general meeting.

Ordinary shareholders may appoint a proxy to attend, speak and vote in their stead. A proxy need not be a shareholder of the company.

Forms of proxy should be forwarded to reach the transfer secretaries, Link Market Services (Proprietary) Limited by no later than 10:00 on Wednesday 22 July 2009.

Shareholder voting education sessions will be provided by Link Market Services South Africa (Proprietary) Limited. These will be held at 15 minute intervals commencing from 08:45 and finishing at 09:30 on Friday 24 July 2009.

The completion of a form of proxy will not preclude a shareholder from attending the annual general meeting.

By order of the board

Sandi Linford
Group Secretary
Midrand

22 June 2009



YEBOYETHU LIMITED

(Incorporated in the Republic of South Africa)
(Registration number 2008/014734/06)
("YeboYethu" or the "company")

FORM OF PROXY

I/We _____ (name in BLOCK LETTERS)

of _____ (address in BLOCK LETTERS)

Being a member/members of the company holding _____ ordinary shares in the company

do hereby appoint: _____

of _____

or failing him/her _____

of _____

or _____

or failing him/her, the Chairman of the annual general meeting as my/our proxy to represent me/us at the annual general meeting to be held on Friday, 24 July 2009 at 10:00 or at any adjournment thereof as follows:

NUMBER OF ORDINARY SHARES

		For	Against	Abstain
1	Adoption of financial statements			
2	Re-election of directors:			
	2.1 ZBM Bassa			
	2.2 MS Aziz-Joosub			
	2.3 CT Ralebitso			
	2.4 D Konar			
	2.5 PB Matlare			
	2.6 PS Khosa			
3	Reappointment of independent auditors.			

(Indicate with an "x" or the relevant number of shares, in the applicable space, how you wish your votes to cast).

Unless otherwise directed the proxy will vote as he/she thinks fit.

Signed at _____ this _____ day of _____ 2009.

Signature of member _____ Assisted by (where applicable) _____

Please read the notes on the reverse side hereof.

NOTES TO THE FORM OF PROXY

1. A member entitled to attend and vote at the annual general meeting may appoint one or more proxies to attend, vote and speak in his/her stead at the annual general meeting. A proxy need not be a member of the company.
2. A shareholder may insert the name of a proxy or the names of two alternative proxies of his/her choice in the space(s) provided, with or without deleting "the Chairman of the annual general meeting", but any such deletion or insertion must be initialled by the shareholder. Any insertion or deletion not complying with the foregoing will be declared not to have been validly effected. The person whose name stands first on this form of proxy and who is present at the annual general meeting will be entitled to act as proxy to the exclusion of those whose names follow. In the event that no names are indicated, the proxy shall be exercised by the Chairman of the annual general meeting.
3. A shareholder's instructions to the proxy must be indicated by the insertion of an "X" or the relevant number of votes exercisable by that shareholder in the appropriate box provided. An "X" in the appropriate box indicates the maximum number of votes exercisable by that shareholder. Failure to comply with the above will be deemed to authorise the proxy to vote or abstain from voting at the annual general meeting as he/she deems fit in respect of all the shareholder's votes exercisable thereat. A shareholder or his/her proxy is not obliged to use all the votes exercisable by the shareholder or by his/her proxy, but the total of the votes cast and in respect of which abstention is recorded, may not exceed the maximum number of votes exercisable by the shareholder or by his/her proxy.
4. To be effective, completed forms of proxy must be lodged with the company's transfer secretaries, Link Market Services (Proprietary) Limited, no less than 48 hours before the time appointed for the holding of the annual general meeting, excluding Saturdays, Sundays and public holidays. As the annual general meeting is to be held at 10:00 on Friday, 24 July 2009 forms of proxy must be lodged no later than 10:00 on Wednesday, 22 July 2009.
5. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the annual general meeting and speaking and voting in person thereat instead of any proxy appointed in terms hereof.
6. The Chairman of the annual general meeting may reject or accept any form of proxy which is not completed and/or received other than in compliance with these notes.
7. Any alteration to this form of proxy, other than a deletion of alternatives, must be initialled by the signatory.
8. Documentary evidence establishing the authority of the person signing this form of proxy in a representative or other legal capacity must be enclosed to this form of proxy unless previously recorded by the company or the transfer secretaries or waived by the Chairman of the annual general meeting.
9. Where there are joint holders of shares:
 - any one holder may sign this form of proxy; and
 - the vote of the senior shareholder (for that purpose, seniority will be determined by the order in which the names of the shareholders appear in the company's register) who tenders a vote (whether in person or by proxy) will be accepted to the exclusion of the vote(s) of the other joint shareholders.

Transfer secretaries

Link Market Services South Africa (Proprietary) Limited
11 Diagonal Street,
Johannesburg, South Africa 2001
(P O Box 4844, Johannesburg 2000)
Tel: +27 11 630 0800
Telefax: +27 (0)86 674 4381



YEBOYETHU

Now more than ever, it's your Vodacom

