



YEBOYETHU

Now more than ever, it's your Vodacom

Annual report 2012



YeboYethu Limited

Registration no. 2008/014734/06

Contents

	Page
Chairman's report	1
Condensed annual financial statements	4
Audit Committee's report	4
Directors' report	5
Statement of comprehensive income	8
Statement of financial position	9
Statement of changes in equity	10
Statement of cash flows	11
Notes to the condensed annual financial statements	12
Notice of annual general meeting	16
Form of proxy	Attached

Chairman's report

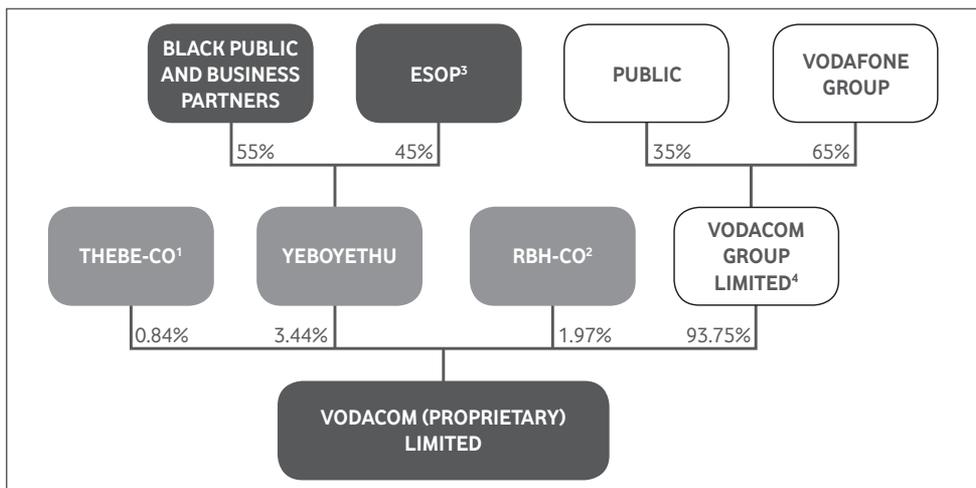
for the year ended 31 March 2012

Introduction

This is the fourth annual report to the shareholders of YeboYethu Limited ('YeboYethu'), covering the 12 months to 31 March 2012. YeboYethu's significant asset is its 3.44% stake in Vodacom (Proprietary) Limited ('Vodacom SA'), and YeboYethu does not conduct any business outside of holding this stake. This Chairman's statement therefore reviews the performance, strategy and outlook for Vodacom SA.

YeboYethu overview

The structure of YeboYethu is as follows:



1 Thebe-Co – Thebe Investment Corporation (Proprietary) Limited

2 RBH-Co – Royal Bafokeng Holdings (Proprietary) Limited

3 YeboYethu Employee Participation Trust ('ESOP')

4 Listed on the JSE Limited

Vodacom SA relates solely to Vodacom's South African operations. In addition to these South African operations, Vodacom Group Limited ('Vodacom Group') has operations in Tanzania, Mozambique, Lesotho, the Democratic Republic of Congo, and the Gateway business that operates in 14 countries. YeboYethu shares in Vodacom SA are therefore not interchangeable with Vodacom Group shares and there is no direct correlation between the value of the shares of these two companies.

Unlike the Vodacom Group shares listed on the JSE, 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 broad-based black economic empowerment ('BBBEE') investors (with credentials that are the same or better) in the second five years. Unrestricted trading in the shares will only become possible after this ten-year period, at which time a market price for the shares will be established through an 'over the counter' mechanism.

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 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@computershare.co.za

Call centre: 086 1100 918

Chairman's report

for the year ended 31 March 2012

Vodacom SA performance

Vodacom SA delivered a strong performance with service revenue growing 4.4% to R48 427 million (6.8% excluding the impact of cuts in mobile termination rates ('MTRs')). Equipment sales were particularly strong, growing 23.2%, contributing to overall revenue growth of 6.7%.

Customers increased 26.5% year-on-year to 28.9 million, a net increase of 6.1 million, mainly due to a 31.3% increase in prepaid customers driven by low cost handset deals in the retail channels and refocusing of the distribution channel to better reach under serviced areas. Contract customers grew 9.8% as Vodacom SA successfully executed its strategy of converting high value prepaid customers to contract customers, through compelling offers. Through the offering of Vodacom4Less, Night Shift products and more value promotions, Vodacom SA has reduced the effective price per minute by 13.6% compared to the prior year. The higher prevalence of low end usage customers, together with the reduction in MTRs, saw blended average revenue per user ('ARPU') decrease 14.2% to R157.

Data revenue increased 23.6% to R7 639 million supported by a 35.4% increase in active data customers to 12.2 million. Active data customers purchasing data bundles increased by 60.4% to 4.2 million. Smartphones remain the key driver of data revenue growth, with active smartphones on the network increasing by 55.4%, adding over 1.8 million smartphones in the year to 5.1 million subscribers. Smartphone average monthly usage more than doubled to 92 Megabytes ('Mb') as Vodacom SA increased the number of smartphones with attached data bundles to 40.8% from 25.9% a year ago. Competitive pressures in the data market resulted in an 18.2% reduction in the effective price per Mb.

Vodacom SA continues to focus on cost saving initiatives as it operates in an environment of rising energy prices, expanding site numbers and foreign exchange volatility. In addition Vodacom SA has benefitted from the capitalisation of employee costs for those involved in capital projects and lower publicity spend this year as the brand refresh is now complete. Earnings before interest, taxation, depreciation and amortisation ('EBITDA') for Vodacom SA increased 8.2% to R21 254 million, with the EBITDA margin expanding from 36.8% to 37.3%.

Capital expenditure increased 36.7% to R6 974 million (12.2% of revenue). A large portion of capital spend was for the radio access network ('RAN') renewal project, transmission and new base station sites. The RAN renewal project achieved 60% completion in the year. The rest of Vodacom SA's sites should be completed over the next 24 months. More than 1 700 base stations were self-provided with fibre and microwave during the year, bringing the total self-provisioned sites to just over 4 300. Vodacom SA expanded its network adding 973 3G base stations bringing the total 3G base stations to 5 263. Vodacom SA continued to invest in building 2G coverage and capacity particularly in under serviced areas and added 519 new sites during the year.

Valuation of YeboYethu option asset

The Vodacom SA option asset is the only material asset, and the valuation adjustment the only material income statement item recorded and disclosed in the annual financial statements of YeboYethu. A net profit of R122.0 million was recorded in the current financial year (2011: net loss R72.2 million, 2010: net loss R62.6 million). This translates to a value per share of R35.49 (2011: R29.36, 2010: R33.03)*. The reason for the increase was mainly attributable to the increase in the Vodacom SA option asset as a result of higher levels of forecast profits in relation to the previous valuation. The increase in forecast profits is based on strong growth forecast in Vodacom Converged and other growth businesses as well as multi-year cost efficiency programmes in Vodacom SA.

It is, however, important to note that Vodacom's BBBEE transaction is a long-term investment which will be subject to regular fluctuations based on industry and economic factors, but it is one where the substantial financing provided by Vodacom, has lowered the overall exposure for individual investors.

* The value per share was calculated using the following formula: Vodacom SA option asset value/Shares in issue (ordinary shares and 'N' ordinary shares).

Chairman's report

for the year ended 31 March 2012

Dividend

YeboYethu received a dividend of R15.2 million (2011: R14.7 million, 2012 R18.3 million) from Vodacom SA. YeboYethu recorded a net profit of R122.0 million for the year ended 31 March 2012 (2011: net loss of R72.2 million, 2010: net loss of R62.6 million). After the deduction of administrative costs, I am pleased to advise shareholders that the YeboYethu Board declared and approved an annual ordinary dividend of 74.0 cents per share, which was paid to shareholders on 30 April 2012 (2011: 74.0 cents per share paid 31 May 2011, 2010: 77.0 cents per share as well as a special dividend of 33.0 cents per share paid 21 May 2010).

Appreciation

In closing, I extend the Board's appreciation to the team at Vodacom SA for delivering a solid performance for the financial year ended 31 March 2012 amidst industry and economic challenges. To my fellow Board members, I express a special word of thanks for your dedication and counsel during the year. Unfortunately post year end, Siphon Maseko resigned from Vodacom SA and as a consequence stepped down the Board. I'd like to thank both Peter Matlare and Siphon for their contribution on the Board. To each of our shareholders, thank you for your support.

Zarina Bassa

Chairman

Audit Committee's report

for the year ended 31 March 2012

Mandate and terms of reference

The YeboYethu Audit Committee has adopted a mandate and terms of reference that has been approved by the Board.

Statutory duties

In terms of section 94(7)(f) of the Companies Act No. 71 of 2008, as amended ('the Act'), the Audit Committee discharged all of those functions delegated to it in terms of the Audit Committee mandate and the Act:

- Considered and satisfied itself that the external auditors are independent;
- Nominated the external auditors for appointment for the 2013 financial year;
- In consultation with Vodacom SA, the audit fee for the 2012 financial year was agreed;
- Considered and approved all non-audit services performed by the external auditor;
- Approved the internal audit plan for the year;
- Held separate meetings with Vodacom SA and the external auditors to discuss any reserved matters;
- Ensured that the Audit Committee complied with the membership criteria as set out in the Act;
- Reviewed the annual financial statements of the company; and
- Reviewed the appropriateness of any amendments to accounting policies and internal financial controls.

Membership

The members of the Audit Committee during the current financial year included the following independent non-executive directors:

D Konar (Chairman)
ZBM Bassa
SM Radebe

The Managing Director, Executive Director: Finance, Managing Executive: Financial Planning and the Head of Internal Audit of Vodacom Group as well as the external auditors attend the Audit Committee meetings by invitation.

The primary role of the Audit Committee is to ensure the integrity of the financial reporting, the audit process and that a sound risk management and internal control system is maintained. In pursuing these objectives, the Audit Committee oversees relations with the external auditors and reviews the effectiveness of the internal audit function.

The internal and external auditors have unlimited access to the Chairman of the Audit Committee.

Two Audit Committee meetings are scheduled per financial year. Additional committee meetings may be convened when necessary. During the previous financial year, two committee meetings were convened.

Name of director	3/5/2011	28/10/2011
D Konar	✓	✓
ZBM Bassa	✓	✓
SM Radebe	✓	X

D Konar

Chairman
Audit Committee

Directors' report

for the year ended 31 March 2012

The directors have the pleasure of presenting their report, which forms part of the audited annual financial statements, for the year ended 31 March 2012.

1. Nature of business

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

- (a) carry on business of holding Vodacom (Proprietary) Limited ('Vodacom SA') 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 SA ordinary shares and 'A' ordinary shares;
- (b) receive and distribute dividends and other distributions in terms of its holding in Vodacom SA; and
- (c) to acquire and hold interests in Vodacom Group Limited ('Vodacom Group') and its subsidiaries and associated companies, for the benefit of shareholders.

2. Financial results

Net profit for the year was R122.0 million (net loss for the year 2011: R72.2 million, net loss for the year 2010: R62.6 million).

This was mainly attributable to the increase in the Vodacom SA option asset. The reasons for the increase in value relate to a higher amount of profits forecasted compared to the prior year valuation as a result of strong growth forecast in Vodacom Converged and other growth businesses as well as multi-year cost efficiency programmes in Vodacom SA.

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

3. Dividend

3.1 Dividend distribution

An ordinary dividend of 74 (seventy-four) cents (2011: 74 (seventy-four) cents, 2010: 77 (seventy-seven) cents) and a special dividend of Nil cents (2011: Nil cents, 2010: 33 (thirty-three) cents) per ordinary share was proposed and approved by the board of directors.

	2012	2011	2010
	R000	R000	R000
Final dividend declared 31 March 2012 and paid on 30 April 2012	10 655	–	–
Final dividend declared 3 May 2011 and paid on 31 May 2011	–	10 656	–
Final dividend declared 10 May 2010 and paid on 21 May 2010	–	–	15 840

Directors' report

for the year ended 31 March 2012

3. Dividend (continued)

3.2 Dividend policy

The Company has a policy to pay so much of its after taxation profits as will be available after retaining such sums and repaying such debts owing to third parties as shall be necessary to meet the required costs reflected in the budget, as a final dividend each year.

4. Share capital and ordinary share premium

The share capital and ordinary share premium were amended due to the repurchase of the Company's ordinary shares as described below.

Special resolution number 1, passed at the second and third annual general meetings ('AGM') held on 29 July 2011 and 29 July 2010, respectively, granted the directors the authority to repurchase the Company's ordinary shares from the estates of deceased shareholders. The repurchase of shares in aggregate may not exceed 20 000 (twenty thousand) ordinary shares. The authority granted is valid until the next AGM being, 30 July 2012.

During the 2012 financial year the company repurchased 1 500 (2011: 500, 2010: Nil) ordinary shares for an amount of R31.69 (2011: R34.73, 2010: Nil) per ordinary share, totalling R47 535.00 (2011: R17 365.00, 2010: Nil).

5. Other matters

The directors are not aware of any matter or circumstance arising since the end of the financial year, not otherwise dealt with in the annual financial statements, which significantly affected the financial position of the Company at 31 March 2012 and the results of its operations and cash flows for the year ended.

6. Directors and secretary

Movements in the directorate during the year under review:

	In office 31/03/2011	Resignations	Appointments	In office 31/03/2012
Directors	ZBM Bassa (Chairman)			ZBM Bassa (Chairman)
	D Konar			D Konar
	TC Ralebitso			TC Ralebitso
	SM Radebe			SM Radebe
	MS Aziz Joosub	31/03/2011	09/09/2011	SN Maseko
	PB Matlare	29/02/2012		
Secretary	SF Linford	03/05/2012	03/05/2012	LC Mogoane

In terms of the Company's memorandum of incorporation, Messrs SM Radebe and TC Ralebitso retire by rotation and being eligible, all directors are available for re-election at the annual general meeting to be held on Monday 30 July 2012. Their profiles appear in the 'Notice of annual general meeting', included in the annual report.

7. Address

Registered office:

Vodacom Corporate Park
082 Vodacom Boulevard
Midrand
1685

Postal address:

Private Bag X9904
Sandton
2146

Directors' report

for the year ended 31 March 2012

8. Auditors

Deloitte & Touche has been appointed as the auditors and will continue in office in accordance with section 90(1) of the Companies Act No. 71 of 2008, as amended.

9. Annual financial statements as at 31 March 2012

For the purpose of the YeboYethu Limited annual report, a condensed set of annual financial statements are included. The detailed annual financial statements are available for inspection at the company's registered office. The detailed annual financial statements have been audited by the independent auditing firm Deloitte & Touche and was approved by the board of directors on 3 May 2012.

Statement of comprehensive income

for the year ended 31 March 2012

		2012	2011	2010
	Note	R000	R000	R000
Income		15 200	14 720	18 382
Expenditure		(3 894)	(3 686)	(5 340)
Operating profit		11 306	11 034	13 042
Finance income	2	283	347	457
Finance cost		(1)	(*)	(*)
Gain/(losses) on remeasurement of financial instrument		161 690	(96 889)	(90 227)
Profit/(loss) before taxation		173 278	(85 508)	(76 728)
Taxation		(51 254)	13 355	14 155
Net profit/(loss)		122 024	(72 153)	(62 573)
Comprehensive income/(loss)		122 024	(72 153)	(62 573)

* Less than R500.

Statement of financial position

as at 31 March 2012

		2012	2011	2010
	Note	R000	R000	R000
Assets				
Non-current assets				
Financial assets	3	936 862	775 172	872 061
Deferred taxation		–	1 726	1 838
Current assets				
Accounts receivable	4	6 841	6 154	6 247
Taxation receivable		186	185	185
Cash and cash equivalents		7 739	7 275	11 788
Total assets				
		951 628	790 512	892 119
Equity and liabilities				
Share capital	5	*	*	*
Ordinary share premium	6	359 950	359 987	360 000
Retained earnings		472 771	372 067	460 064
Total equity				
		832 721	732 054	820 064
Non-current liability				
Deferred taxation		107 573	58 125	71 689
Current liabilities				
Accounts payable	7	679	333	366
Dividends payable		10 655	–	–
Total equity and liabilities				
		951 628	790 512	892 119

* Less than R500.

Statement of changes in equity

for the year ended 31 March 2012

	Note	Share capital R000	Ordinary share premium R000	Retained earnings R000	Total equity R000
Balance at 31 March 2009		*	360 000	529 117	889 117
Net loss		–	–	(62 573)	(62 573)
Dividends		–	–	(6 480)	(6 480)
Balance at 31 March 2010		*	360 000	460 064	820 064
Net loss		–	–	(72 153)	(72 153)
Repurchase of shares	6	(*)	(13)	(4)	(17)
Dividends		–	–	(15 840)	(15 840)
Balance at 31 March 2011		*	359 987	372 067	732 054
Net profit		–	–	122 024	122 024
Repurchase of shares	6	(*)	(37)	(10)	(47)
Dividends		–	–	(21 310)	(21 310)
Balance at 31 March 2012		*	359 950	472 771	832 721

* Less than R500.

Statement of cash flows

for the year ended 31 March 2012

	2012	2011	2010
	R000	R000	R000
Cash generated from operations	11 668	10 984	10 949
Taxation paid	(80)	(97)	(322)
Dividends paid	(10 655)	(15 840)	(6 480)
Net cash generated from/(utilised in) operating activities	933	(4 953)	4 147
Cash flow from investing activities			
Finance income received	279	357	485
Net cash generated from investing activities	279	357	485
Cash flow from financing activities			
Finance costs paid	(1)	(*)	(*)
Share capital and share premium movement	(47)	(17)	–
Overnight deposit movement	(700)	100	1 000
Net cash (utilised in)/generated from financing activities	(748)	83	1 000
Net increase/(decrease) in cash and cash equivalents	464	(4 513)	5 632
Cash and cash equivalents at the beginning of the year	7 275	11 788	6 156
Cash and cash equivalents at the end of the year	7 739	7 275	11 788

* Less than R500.

Notes to the condensed annual financial statements

for the year ended 31 March 2012

1. Basis of preparation

These condensed annual financial statements of the Company have been prepared in accordance with the recognition and measurement criteria of International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board ('IASB') and comply with the AC 500 standards as issued by the Accounting Practices Board and the Companies Act of No. 71 of 2008, as amended. These condensed annual financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair value or at amortised cost, and have been presented in South African rand, as this is the currency in which the majority of the Company's transactions are denominated.

The significant accounting policies and methods of computation are consistent in all material respects with those applied in the previous financial year ended 31 March 2011. The significant accounting policies and new accounting pronouncements are contained in the full annual financial statements. There have been no material changes in judgements or estimates of amounts reported in the prior financial years.

	2012	2011	2010
	R000	R000	R000
2. Finance income			
Interest income			
Deposits – Vodacom Group Limited	283	347	457
3. Financial assets			
Non-current			
3.1 Financial asset at fair value through profit or loss			
Vodacom South Africa option asset			
On 8 October 2008 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 a Vodacom SA Broad-based Black Economic Empowerment Transaction ('BBBEE') as follows:			
– 7 200 000 ordinary shares at R25.00 each	180 000	180 000	180 000
– 82 800 000 'A' ordinary shares at R2.1739 each	180 000	180 000	180 000
– 75 000 000 'A' ordinary shares at R0.00001 each.	1	1	1
	360 001	360 001	360 001
Accumulated fair value adjustment	576 861	415 171	512 060
	936 862	775 172	872 061
Reconciliation			
Opening balance	775 172	872 061	962 288
Fair value adjustment	161 690	(96 889)	(90 227)
Closing balance	936 862	775 172	872 061

Notes to the condensed annual financial statements

for the year ended 31 March 2012

3. Financial assets (continued)

Non-current (continued)

3.1 Financial asset at fair value through profit or loss (continued)

Vodacom South Africa option asset (continued)

A Monte Carlo methodology was adopted to value the option asset. 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 details of the valuation is contained in the full annual financial statements.

Notional funding

The notional funding does not give rise to a legal obligation but only facilitates the share repurchase mechanism. The notional funding carries a 9.8% notional interest compounded daily. The company 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. 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.

The closing balance as at 31 March 2012 of the notional funding loan after the notional interest and notional dividends is as follows:

	2012	2011	2010
	R000	R000	R000
Opening balance	3 371 823	3 341 436	3 381 048
Notional interest accrued	338 703	334 047	339 582
	3 710 526	3 675 483	3 720 630
Less: notional dividend received	(313 562)	(303 660)	(379 194)
	3 396 964	3 371 823	3 341 436
4. Accounts receivable			
Vodacom Group Limited	6 832	6 128	6 238
Prepayments	9	9	9
Other	–	17	–
	6 841	6 154	6 247

All accounts receivables are rand denominated, short-term and interest is earned at money market rates on the amount receivable from Vodacom Group.

Notes to the condensed annual financial statements

for the year ended 31 March 2012

	2012	2011	2010
	R000	R000	R000
5. Share capital			
5.1 Ordinary share capital			
Authorised			
40.0 million (2011: 40.0 million, 2010: 40.0 million) ordinary shares at R0.00001 (2011: R0.00001, 2010: R0.00001) each.	*	*	*
	*	*	*
Issued			
Opening balance at the beginning of the year 14.4 million (2011: 14.4 million, 2010: 14.4 million) ordinary shares at R0.00001 (2011: R0.00001, 2010: R0.00001) each.	*	*	*
Less: 1 500 (2011: 500, 2010: Nil) ordinary shares at R0.00001 each.	(*)	(*)	—
Closing balance at the end of the year	*	*	*
The company repurchased 1 500 (2011: 500, 2010: Nil) of its ordinary shares during the 2012 financial year at par value.			
The repurchased ordinary shares were cancelled as issued ordinary shares and returned to unissued authorised ordinary shares.			
5.2 'N' ordinary shares			
Authorised			
12.0 million authorised 'N' ordinary shares at R0.00001 each	*	*	*
Issued			
12.0 million issued 'N' ordinary shares at R0.00001 each	*	*	*

'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.

There were no changes to the 'N' ordinary shares for the financial year ended 31 March 2012, 31 March 2011 and 31 March 2010, respectively.

* Less than R500.

Notes to the condensed annual financial statements

for the year ended 31 March 2012

	2012	2011	2010
	R000	R000	R000
6. Ordinary share premium			
Opening balance at the beginning of the year	359 987	360 000	360 000
Less: 1 500 (2011: 500, 2010: Nil) ordinary shares at R24.99 (2011: R24.99, 2010: Rnil) each.	(37)	(13)	–
Closing balance at the end of the year	359 950	359 987	360 000
The total amount paid for repurchased and cancelled ordinary shares were accounted for as 1 500 (2011: 500, 2010: Nil) ordinary shares at R31.69 (2011: R34.72, 2010: Rnil) per share. The total amount of R31.69 (2011: R34.72, 2010: Rnil) comprises of the par value per share of R0.00001 (2011: R0.00001, 2010: Rnil), the share premium paid of R24.99 (2011: R24.99, 2010: Rnil) and an excess portion of R6.69 (2011: R9.72, 2010: Rnil), which is accounted for in retained earnings.			
7. Accounts payable			
Trade payables	679	333	366
The average credit period is 30 days (2011: 30 days, 2010: 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.			
8. Related parties			
8.1 Balances with related parties			
Accounts receivable			
Vodacom Group Limited	6 832	6 128	6 238
8.2 Transactions with related parties			
Vodacom Group Limited			
Finance income received	283	347	457
Vodacom (Proprietary) Limited			
Dividends received	15 200	14 720	18 382
9. 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.			

Notice of annual general meeting

YEBOYETHU LIMITED

(Incorporated in the Republic of South Africa)

(Registration number 2008/014734/06)

("YeboYethu" or "the company")

Notice is hereby given that the fourth annual general meeting of the Company will be held on Monday 30 July 2012, in Talk 500, Vodacom World, 082 Vodacom Boulevard, Midrand, Johannesburg, South Africa at 11:00 to conduct the following business:

1. Adoption of audited annual financial statements

To receive and consider the annual financial statements for the year ended 31 March 2012.

Ordinary resolution number 1

"RESOLVED THAT the audited annual financial statements of the Company, together with the reports of the auditors, audit committee and directors for the year ended 31 March 2012, be and are hereby received and adopted."

2. Election of directors

To elect the following by way of separate resolutions:

- 2.1 Mr SM Radebe, who is obliged to retire by rotation at this annual general meeting in accordance with the memorandum of incorporation. Having so retired, Mr SM Radebe is eligible for re-election.

Ordinary resolution number 2

"RESOLVED THAT Mr SM Radebe, be and is hereby re-elected as a director of the Company."

- 2.2 Mr TC Ralebitso, who is also obliged to retire by rotation at this annual general meeting in accordance with the memorandum of incorporation. Having so retired, Mr TC Ralebitso is eligible for re-election.

Ordinary resolution number 3

"RESOLVED THAT Mr TC Ralebitso, be and is hereby re-elected as a director of the Company."

SHORT BIOGRAPHIES OF YEBOYETHU DIRECTORS SEEKING RE-ELECTION

Seth Radebe

Independent, non-executive director

Member of the Audit Committee

BCom, BCom (Hons), CA(SA)

Seth is the founder and Managing Director of Rehabale Audit Tax & Advisory firm. He completed his articles with Deloitte & Touche and held various auditing positions with Deloitte, South African Revenue Services (SARS) and Office of the Auditor General (AG). Seth was also a director at PKF Accountants & Business Advisors for four years, before he founded Rehabale. He is a non-executive Chairman of Arthur Els Consulting Actuaries and Merchant West Holdings. Seth is also a non-executive director of African Cellular Towers Limited and Platfields Limited. He is the Chairman of the Audit Committee of the Municipal Demarcation Board, a member of the Audit and Performance Committees of the City of Johannesburg Metropolitan Municipality and an Audit Committee member of Mangaung Metropolitan Municipality. Seth is a member of SAICA (South African Institute of Chartered Accountants), IIA (Institute of Internal Auditors), IRBA (Independent Regulatory Board of Auditors) and IOD (Institute of Directors).

Notice of annual general meeting

Christopher Tlhabeli Ralebitso ("TC")

Non-executive director

BSc Engineering (Mechanical).

TC joined 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, an 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.

3. Re-appointment of Deloitte & Touche as auditors of the company

To re-appoint Deloitte & Touche, as nominated by the Company's Audit Committee, as independent auditors of the company, to hold office until the conclusion of the next annual general meeting of the company. It is noted that the individual registered auditor who will undertake the audit during the financial year ending 31 March 2013, is Mr B Greyling.

Ordinary resolution number 4

"RESOLVED THAT Deloitte & Touche, be and are hereby re-appointed as the auditors of the Company to hold office until the conclusion of the next annual general meeting."

4. Appointment of the members of the Audit Committee

To elect, by way of separate resolutions, the following independent non-executive directors, as members of the Company's Audit Committee:

Ordinary resolution number 5

"RESOLVED THAT Ms ZBM Bassa be and is hereby re-elected as a member of the Company's Audit Committee."

Ordinary resolution number 6

"RESOLVED THAT Dr D Konar be and is hereby re-elected as a member of the Company's Audit Committee."

Ordinary resolution number 7

"RESOLVED THAT Mr SM Radebe be and is hereby re-elected as a member of the Company's Audit Committee."

Notice of annual general meeting

SHORT BIOGRAPHIES OF YEBOYETHU DIRECTORS SEEKING RE-ELECTION TO THE AUDIT COMMITTEE

Zarina Bassa

Independent non-executive director

BAcc, Dip Acc, CA(SA)

Zarina joined the board of Lewis Group Limited in 2009 and is a member of the Audit, Risk and Remuneration Committees. She is the Executive Chairman of Songhai Capital. She also serves as a non-executive director of Kumba Iron Ore Limited, Vodacom South Africa, Sun International, the Oceana Group, the National Business Initiative, the Financial Services Board, Senwes, Woolworths and Woolworths Financial Services of which she is Deputy Chairman and immediate past Chairman. She is also the Chairman of YeboYethu Limited and the Kumba Iron Ore Audit and Risk Committees. Zarina was previously an executive director at Absa Bank and a member of the Absa Group Executive Committee, with accountability for Private Banking. Zarina joined Absa in 2002 as Managing Executive of Retail Banking, prior to which she was a partner at Ernst & Young where she spent 17 years across the Durban, United Kingdom and Johannesburg offices. She has also previously chaired the Public Accountants' and Auditors' Board and the Auditing Standards Board and has been a member of the Accounting Standards Board, the JSE's GAAP Monitoring Panel, the Board of the SA Institute of Chartered Accountants' and Vice President of ABASA. Zarina was named Top Women in Business and Government in 2007 and Top Business Personality in Financial Services: Banking in 2008.

Deenadayalen Konar (Len)

Independent non-executive director

BCom, PG Dip in Acc, MAS (USA), Cert Tax Law, DCom and CA(SA).

Len Konar is the Chairman of Exxaro Resources Limited. After completing his articles of clerkship at Ernst & Young in Durban, Len began his career as an academic at the University of Durban-Westville. He then spent six years with the Independent Development Trust as head of Investments and Internal Audit, prior to becoming a professional director of companies and consultant. Len is Chairman of Steinhoff International and Mustek Limited and a member of the boards of Illovo Sugar, Sappi and JD Group and a past member of the ad hoc ethics panel of the United Nations, safeguards panel of the International Monetary Fund in Washington, co-Chairman of the implementation oversight panel of the World Bank, and past Chairman and member of the external Audit Committee of the International Monetary Fund.

5. Special business

To consider and if deemed fit, pass with or without modification the following special resolutions:

5.1 Special resolution number 1

Adoption of new memorandum of incorporation.

Special resolution number 1

"RESOLVED THAT the Company adopt a new memorandum of incorporation ('MOI') which MOI has been initialled by the Secretary for purposes of identification".

Reason for and effect of special resolution number 1

The new companies act – Companies Act, No. 71 of 2008, as amended ('the Act') came into force on 1 May 2011.

The Act contemplates that a Company's founding documents namely its memorandum of association and articles of association be combined into one document, which is now referred to as the MOI.

In essence, the content of the new MOI is based broadly on the current memorandum and articles of association however, the Act compared to the Companies Act of 1973 has a number of significant differences particularly with managing the rules of a Company such as a repurchase of shares, notices of meetings, ability to hold shareholder meetings via electronic means and distributions. In order for YeboYethu Limited to align itself with the Act, it is necessary that a new MOI be adopted.

Notice of annual general meeting

Salient features of the new MOI:

1. Any change in the authorised capital (increase or decrease) or any variation of rights attached to any share requires the approval of shareholders by way of special resolution before such change may be made. (Similar to the 1973 Act).
2. Any issue of shares (or a series of issues related to the same transaction) that involves 30% or more of the voting power of all the shares in issue will require approval by shareholders via special resolution. (This is new)
3. The introduction of a solvency and liquidity test, which must be considered by the Board in respect of the following:
 - capitalisation of shares;
 - cash payment in lieu of a capitalisation award;
 - declaration of dividends;
 - repurchase of shares;
 - provision of financial assistance; and
 - any other distributions as defined by the Act.(This is new)

A solvency and liquidity test requires the company to review the following;

- A company is considered as solvent when its assets exceed its liabilities; and
 - A company is considered to be liquid when it has sufficient cash to pay its short-term debts and is usually expressed as a ratio.
4. In general a repurchase of shares only requires authorisation via a board resolution but a repurchase of shares from a director or prescribed officer or any company or person related to such director or prescribed officer must be approved by special resolution and a repurchase of shares which involves the acquisition of more than 5% of the issued shares of any particular class will be subject to Sections 114 and 115 of the Act. (This is new).
 5. A record date must now be set for dividends, participation in general meetings and exercise of rights. (This is new)
 6. Fifteen business day's notice is required for the convening of shareholder meetings. (1973 Act required 21/14 day's notice).
 7. Shareholders may participate in meetings via electronic means. (This is new)
 8. A resolution that could be voted on at a shareholders' meeting may instead be voted on in writing within a period of 20 days from date the resolution was presented to shareholders. (This is new)
 9. Dividends will now be paid via electronic transfer.
 10. Unclaimed distributions (including dividends) will be forfeited for the benefit of the company if not claimed within three years of declaration.

A copy of the new MOI may be found on the company's website at www.yeboyethu.co.za together with a copy of the company's current memorandum and articles of association.

The effect of special resolution number 1 is that the company adopts a new MOI.

Notice of annual general meeting

5.2 Special resolution number 2

"RESOLVED THAT the company be and is hereby authorised to acquire ordinary shares in the company, subject to the provisions of the Companies Act, No. 71 of 2008, as amended ('the Act'), provided that:

1. The authority granted shall be valid only until the company's next annual general meeting and shall not extend beyond 15 (fifteen) months from the date of this resolution.
2. Any repurchase by the company of its ordinary shares in issue shall not in aggregate in one financial year exceed 20 000 (twenty thousand) of the company's issued ordinary shares at the time that the authority is granted.
3. The authority may be varied or revoked by special resolution of the members prior to the next annual general meeting of the company.

Having considered the effect of the company of the maximum repurchase under this authority, the directors are of the opinion that:

- the company shall meet a solvency and liquidity test as contemplated by the Act;
- the company will be able to pay its debts for a period of 12 (twelve) months after the date of this notice of annual general meeting;
- the assets of the company will be in excess of the liabilities of the company for a period of 12 (twelve) months after the date of this notice of annual general meeting which assets and liabilities have been valued in accordance with the accounting policies used in the audited annual financial statements of the company for the year ended 31 March 2012;
- the share capital and reserves of the company will be adequate for the ordinary course of business purposes for a period of 12 (twelve) months after the date of this notice of annual general meeting; and
- the working capital of the company is considered adequate for ordinary business purposes for a period of 12 (twelve) months after the date of this notice of annual general meeting.

Reason for and effect of special resolution 2

The reason for special resolution number 2 is to comply with paragraph 12.7 of the company's prospectus dated 30 July 2008 where the company may repurchase the shares of deceased shareholders from their estates until the expiry of the lock-in period on September 2015. In order for the company to do this it needs the authority to acquire its own shares. The effect of special resolution 2 is to confer authority on the company to repurchase its own shares to a maximum of 20 000 (twenty thousand) ordinary shares per annum.

Participation by way of electronic means

Shareholders or their proxies may participate in the annual general meeting by way of electronic means. Such shareholder (or proxy) will need to contact Mr Lebogang Mogoane at Vodacom on +27 11 653 5922 by no later than 09:00 Monday 23 July 2012 so that the company can provide for a teleconference dial-in facility. Shareholders must ensure that, when such shareholder intends to participate via teleconference, that the voting proxies are sent through to the transfer secretaries, Computershare Investor Services (Pty) Limited by no later than 11:00 Friday 27 July 2012. Participants must dial the following number, five (5) minutes prior to start of the annual general meeting: 011 535 2601.

Notice of annual general meeting

Voting and proxies

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

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

In accordance with best practice, voting shall be by ballot only.

Special resolutions to be adopted at this annual general meeting require approval from 75% of the shares represented in person or by proxy at this meeting. Ordinary resolutions to be adopted only require approval of a simple majority.

Shareholders who are unable to attend the annual general meeting and wish to be represented thereat must complete the form of proxy enclosed in accordance with the instructions therein and lodge it with or mail it to the transfer secretaries.

Forms of proxy (which form may be found enclosed) should be forwarded to reach the transfer secretaries, Computershare Investor Services (Proprietary) Limited by no later than 11:00 Friday 27 July 2012.

The completion of the form of proxy does not preclude any shareholders attending the annual general meeting.

By order of the Board

Lebo Mogoane

Company Secretary

28 June 2012

Invitation

The shareholders of YeboYebo are hereby invited to attend a presentation on the shareholder information booklet, valuation, new MOI and other items relating to the annual general meeting which will be held just prior to the fourth annual general meeting at 09:00 until 10:30 in Talk 500, Vodacom World , 082 Vodacom Boulevard , Midrand, Johannesburg, South Africa.

This presentation will be provided by Vodacom SA and be facilitated by a senior manager who is fluent in both Zulu and Sotho.

Programme for Monday 30 July 2012

- | | |
|---------------|--|
| 08:30 | Arrival and registration with the transfer secretary |
| 09:00 – 09:15 | Presentation on the shareholder information booklet |
| 09:15 – 09:30 | Presentation on the valuation |
| 09:30 – 10:30 | Presentation on the new MOI |

Form of proxy

YEBOYETHU LIMITED

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



I/We _____ (name in BLOCK LETTERS)

of _____ (address in BLOCK LETTERS)

being the holders of _____ (ordinary shares)

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 Monday 30 July 2012 at 11:00 or at any adjournment thereof as follows:

		Number of ordinary shares		
		For	Against	Abstain
1.	Ordinary resolution number 1 Adoption of annual financial statements			
2.	Ordinary resolution number 2 Re-election of Mr SM Radebe as a director			
3.	Ordinary resolution number 3 Re-election of Mr CT Ralebitso as a director			
4.	Ordinary resolution number 4 Re-appointment of Deloitte & Touche as auditors of the Company			
5.	Ordinary resolution number 5 Re-election of Ms ZBM Bassa as a member of the Audit Committee of the Company			
6.	Ordinary resolution number 6 Re-election of Dr D Konar as a member of the Audit Committee of the Company			
7.	Ordinary resolution number 7 Re-election of Mr SM Radebe as a member of the Audit Committee of the Company			
8.	Special resolution number 1 Adoption of new memorandum of incorporation			
9.	Special resolution number 2 General authority to repurchase shares in the Company			

(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 _____ 2012

Signature _____ assisted by (where applicable)

Please read the notes on the reverse side of this proxy form.

Notes to the form of proxy

1. A shareholder 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 shareholder of the Company.
2. A shareholder may inset 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 initialed 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 vote 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, Computershare Investor 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 11:00 on Monday 30 July 2012 forms of proxy must be lodged no later than 11:00 on Friday 27 July 2012. 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.
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 alterations to this form of proxy, other than a deletion of alternatives, must be initialed 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:

Computershare Investor Services (Proprietary) Limited
70 Marshall Street
Johannesburg 2012
PO Box 61051, Marshalltown 2107
Telephone: 011 370 5000
Call centre: 086 110 0918





Now more than ever, it's your Vodacom