



CONDENSED INTERIM FINANCIAL STATEMENTS

for the six months ended 30 September 2010

Overview – understanding the performance of your investment

YeboYethu Limited ('YeboYethu') came into being through Vodacom (Proprietary) Limited ('Vodacom SA') Broad-based Black Economic Empowerment ('BBBEE') transaction in October 2008, reflecting the commitment of Vodacom Group Limited ('Vodacom Group') to truly broad-based transformation. Established for the sole purpose of owning shares in Vodacom SA, YeboYethu's only investment is a 3.44% interest in Vodacom SA. The financial success of YeboYethu is therefore fundamentally linked to the performance of Vodacom SA.

This announcement reviews the material issues facing Vodacom SA and its performance for the six months ended 30 September 2010. It also explains the performance of YeboYethu and provides important information relating to the affairs of YeboYethu. Shareholders are advised to visit the YeboYethu website for important additional information.

In reading this announcement, it is important to keep in mind that the key concern of YeboYethu shareholders is that Vodacom SA continues to grow and prosper over the long-term. The ability of Vodacom SA to achieve this, despite the short-term challenges which are discussed below, has a lot to do with it being part of Vodacom group of companies, which aims to be a leading provider of total communications in sub-Saharan Africa, and the Vodafone group of companies being the world's leading international mobile communications group by revenue.

There are many benefits for Vodacom SA, and therefore for YeboYethu, of this ownership structure. These include the opportunity to save costs through centralised buying and to offer customers greater value through new product and service innovations.

Vodacom South Africa

The Vodacom SA operations posted solid revenue growth of 5.5% to R25 656 million, despite a 18.0% decline in interconnect revenue. Service revenue growth of 8.4% (excluding the impact of mobile termination rates ('MTR's')) was supported by the positive response to increased value offerings and the higher contribution from data revenue. Data revenue increased 39.2% to R2 746 million as demand for data services remained high. Data users increased by 1.2 million in the six month period to reach 7.9 million at 30 September 2010, of which 1.9 million were active data bundle users. Active smartphones on the network were up 65.0% to 2.5 million and mobile connect cards were up 46.9% to 916 000. During the period greater value was added to the data bundles reducing the effective price per megabyte by 16.0%.

The Vodacom SA customer base has finally recovered from the effects of the Regulation of Interception of Communications and Provision of Communication-Relation Information Act ('RICA') with gross connections reaching 1.0 million in the month of September 2010. As at 30 September 2010, Vodacom SA had registered 73.6% of the active customer base for RICA. Although prepaid customer growth was impacted by the almost 3.3 million call-forward disconnections in the first quarter, 585 000 customers were added in the second quarter. Prepaid average revenue per user ('ARPU') increased 28.4% to R85 largely as a result of the lower customer base, partially offset by a reduction in interconnect rates.

Contract customer growth remained strong, up 15.4% to 4.8 million customers, representing 20.1% of the Vodacom SA customer base. Contract ARPU declined 8.6% to R411 due to the reduced interconnect rates and strong growth in lower-end contract packages.

During the period, various new value offerings were introduced such as free contract bundle minutes and lower prepaid tariff plans. Following the success of the Night Shift promotion in 2009, it was re-introduced during the period, contributing to the 19.4% increase in

the monthly usage to 95 minutes per customer and the reduction in effective rate per minute of 16.9% for the period.

Excluding the impact of trading foreign exchange movements, the Vodacom SA earnings before interest, taxation, depreciation and amortisation ('EBITDA') increased 7.7% to R9 188 million (5.7% reported) and the EBITDA margin expanded 0.7% from the prior period due to the improved contribution margin as initiatives to reduce customer and distribution costs gained traction.

YeboYethu – numbers explained

YeboYethu's condensed interim financial statements for the six months ended 30 September 2010 have been prepared in accordance with International Financial Reporting Standards ('IFRS') and comply with the disclosure requirements set out in International Accounting Standard 34: Interim Financial Reporting ('IAS 34'). The results have been presented together with the results for the six months ended 30 September 2009 and year ended 31 March 2010. The results for the six months ended 30 September 2010 were not audited by Deloitte & Touche, however, Deloitte & Touche did complete limited assurance procedures on the valuation of the financial asset.

An explanation of the YeboYethu condensed income statement for the period is provided below.

	Six months ended 30 September 2010 R'000 Unaudited	Six months ended 30 September 2009 R'000 Reviewed	Year ended 31 March 2010 R'000 Audited
Income ¹	7 520.0	6 167.3	18 381.5
Expenses ²	(2 348.9)	(3 219.9)	(5 339.6)
Operating profit	5 171.1	2 947.4	13 041.9
Finance income	190.0	214.7	457.2
Finance cost	–	(0.4)	(0.4)
Loss on remeasurement of financial instrument ³	(10 648.8)	(13 580.3)	(90 226.7)
Loss before taxation	(5 287.7)	(10 418.6)	(76 728.0)
Taxation	605.6	2 270.8	14 154.8
Net loss	(4 682.1)	(8 147.8)	(62 573.2)

¹ The dividends received from Vodacom SA were reclassified during the 2010 financial year from finance income to income to reflect the true nature of the dividends received. Refer Note 10 for the reclassifications. YeboYethu recorded dividends received of R6.2 million in the prior period and in the six months period ended 30 September 2010, YeboYethu recorded dividends received of R7.5 million. The 21.0% increase is mainly attributable to the additional dividends declared and paid by Vodacom SA. Shareholders received the additional dividends by way of a special dividend.

² During the six months ended 30 September 2010, YeboYethu incurred expenses of R2.3 million, a decrease of 27.0% from R3.2 million in the prior period. The expenses incurred are mainly attributable to the printing and postage of the annual report, the cost of hosting the annual general meeting and cost of the transfer secretary.

³ YeboYethu recorded a loss of R10.6 million in the period on the valuation of the financial asset compared to the loss of R13.6 million in the prior period ended 30 September 2009. The financial asset is the YeboYethu call option that allows Vodacom SA to purchase a number of Vodacom SA 'A' ordinary shares from YeboYethu at the end of the facilitation period (October 2015). This is required so that YeboYethu can settle any outstanding balance on the "notional loan" provided to YeboYethu at this time. A loss was recorded in this period as a result of increased competition, price pressures as well as the impact of the interest rate cuts by the South African Reserve Bank. In this regard, it is important to consider that Vodacom SA'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.

YeboYethu hosted its second annual general meeting ('AGM') in July 2010, where shareholders approved the annual financial statements for the year ended 31 March 2010, voted on election of directors, re-appointed the auditors and voted on approval of special resolution numbers 1 to 5. Prior to the AGM, shareholders were provided with an education exercise on how to understand the 2010 annual financial statements. The results of the AGM are available on www.yeboyethu.co.za

Dividends

Dividends will be declared and paid annually as per the dividend policy. The final dividend of R15.8 million for the 2010 financial year was declared on 10 May 2010 and paid on 21 May 2010.

Condensed income statement for the six months ended 30 September 2010

	Notes	Six months ended 30 September 2010 R'000 Unaudited	Six months ended 30 September 2009 R'000 Reviewed	Year ended 31 March 2010 R'000 Audited
Income	10	7 520.0	6 167.3	18 381.5
Expenses		(2 348.9)	(3 219.9)	(5 339.6)
Operating profit		5 171.1	2 947.4	13 041.9
Finance income	4, 10	190.0	214.7	457.2
Finance cost		–	(0.4)	(0.4)
Loss on remeasurement of financial instrument	5	(10 648.8)	(13 580.3)	(90 226.7)
Loss before taxation		(5 287.7)	(10 418.6)	(76 728.0)
Taxation		605.6	2 270.8	14 154.8
Net loss		(4 682.1)	(8 147.8)	(62 573.2)
Comprehensive loss		(4 682.1)	(8 147.8)	(62 573.2)

Condensed statement of financial position as at 30 September 2010

	Notes	As at 30 September 2010 R'000 Unaudited	As at 30 September 2009 R'000 Reviewed	As at 31 March 2010 R'000 Audited
Assets				
Non-current assets		862 417.8	949 323.7	873 898.8
Financial asset	5	861 411.8	948 707.0	872 060.6
Deferred taxation		1 006.0	616.7	1 838.2
Current assets		7 458.4	7 894.3	18 219.7
Accounts receivable	6	1 126.1	7 367.8	6 247.2
Taxation receivable		195.8	252.9	185.0
Cash and cash equivalents		6 136.5	273.6	11 787.5
Total assets		869 876.2	957 218.0	892 118.5
Equity and liabilities				
Share capital	7	0.2	0.2	0.2
Ordinary share premium		359 999.9	359 999.9	359 999.9
Retained earnings		439 541.6	514 489.1	460 063.7
Total equity		799 541.7	874 489.2	820 063.8
Non-current liability		70 197.5	82 418.8	71 688.4
Deferred taxation		70 197.5	82 418.8	71 688.4
Current liabilities		137.0	310.0	366.3
Accounts payable	8	137.0	310.0	366.3
Total equity and liabilities		869 876.2	957 218.0	892 118.5

Condensed statement of changes in equity for the six months ended 30 September 2010

	Share capital and ordinary share premium R'000	Retained earnings R'000	Total equity R'000
Balance at 31 March 2010	360 000.1	460 063.7	820 063.8
Net loss	–	(4 682.1)	(4 682.1)
Dividends declared and paid	–	(15 840.0)	(15 840.0)
Balance at 30 September 2010 – Unaudited	360 000.1	439 541.6	799 541.7
Balance at 31 March 2009	360 000.1	529 116.9	889 117.0
Net loss	–	(8 147.8)	(8 147.8)
Dividends declared and paid	–	(6 480.0)	(6 480.0)
Balance at 30 September 2009 – Reviewed	360 000.1	514 489.1	874 489.2
Balance at 31 March 2009	360 000.1	529 116.9	889 117.0
Net loss	–	(62 573.2)	(62 573.2)
Dividends declared and paid	–	(6 480.0)	(6 480.0)
Balance at 31 March 2010 – Audited	360 000.1	460 063.7	820 063.8

Condensed statement of cash flows for the six months ended 30 September 2010

	Notes	Six months ended 30 September 2010 R'000 Unaudited	Six months ended 30 September 2009 R'000 Reviewed	Year ended 31 March 2010 R'000 Audited
Cash generated from operations	10	4 930.1	755.9	10 948.6
Taxation paid		(63.9)	(321.5)	(321.5)
Dividends paid		(15 840.0)	(6 480.0)	(6 480.0)
Net cash (utilised in)/generated from operating activities		(10 973.8)	(6 045.6)	4 147.1
Cash flow from investing activities				
Finance income received	10	222.8	263.3	484.5
Net cash utilised in investing activities		222.8	263.3	484.5
Cash flow from financing activities				
Finance costs paid	10	—	(0.4)	(0.4)
Money market deposit movement		5 100.0	(100.0)	1 000.0
Net cash generated from/(utilised in) financing activities		5 100.0	(100.4)	999.6
Net (decrease)/increase in cash and cash equivalents		(5 651.0)	(5 882.7)	5 631.2
Cash and cash equivalents at the beginning of the period		11 787.5	6 156.3	6 156.3
Cash and cash equivalents at the end of the period		6 136.5	273.6	11 787.5

Statement of responsibility by the board of directors

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

The condensed interim financial statements for the six months ended 30 September 2010 presented on pages 1 to 7 have been prepared in accordance with International Accounting Standard 34: Interim Financial Reporting ('IAS 34') as issued by the International Accounting Standards Board ('IASB') and the Companies Act, 1973, as amended. The interim financial statements are based on significant accounting policies which have been consistently applied, and which are supported by reasonable and prudent judgments and estimates. The going concern basis has been adopted in preparing the condensed interim 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 condensed interim financial statements were approved by the board of directors on 1 November 2010 and are signed on its behalf:

ZBM BASSA
Chairperson

MS AZIZ JOOSUB
Director

Notes to the condensed interim financial statements

for the six months ended 30 September 2010

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 carry on business of holding Vodacom SA ordinary shares and 'A' ordinary shares as well as to acquire and hold interests in Vodacom Group and its subsidiaries and associated companies, for the benefit of shareholders.

2. Basis of preparation

These condensed interim financial statements of the company have been prepared in accordance with the recognition and measurement criteria of IFRS as issued by the IASB and comply with the disclosure requirements as set out in IAS 34 and the Companies Act, 1973, as amended. These condensed interim 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 2010, except as disclosed in Note 3. The significant accounting policies are available for inspection at the company's registered office. There have been no material changes in judgements or estimates of amounts reported in the prior interim period or in the prior financial year.

Certain items have been reclassified as disclosed in Note 10.

3. Changes in accounting policies

The company has adopted all the new, revised or amended accounting pronouncements as issued by the IASB which were effective for the company from 1 April 2010. The adopted accounting pronouncements, which had an impact on the company, are discussed below.

IFRS 3: Business combinations (revised) ('IFRS 3')

The company accounts for all business combinations in terms of the revised IFRS 3, which introduced the following changes:

- Acquisition-related costs are expensed as incurred; and
- Entities have two measurement bases to choose from when measuring the non-controlling interest on acquisition date.

The change in accounting policy did not have a significant impact on the company's financial results for the period ended 30 September 2010.

3. Changes in accounting policies (continued)

IAS 27: Consolidation and separate financial statements (amended) ('IAS 27')

The company has adopted the amendment to IAS 27 which requires that when accounting for transactions with non-controlling parties in the company's entities that do not result in a change in control, the difference between the consideration paid or received and the recorded non-controlling interest should be recognised in equity. In cases where control is lost, any interest retained by the company is measured at fair value, with the difference between fair value and the previous carrying amount being recognised immediately in profit or loss.

The change in the accounting policy did not have a significant impact on the company's financial results for the period ended 30 September 2010.

	Six months ended 30 September 2010 R'000 Unaudited	Six months ended 30 September 2009 R'000 Reviewed	Year ended 31 March 2010 R'000 Audited
4. Finance income			
Interest on financial assets not at fair value through profit or loss			
Bank and Vodacom Group limited deposits	190.0	214.7	457.2

4. Finance income

Interest on financial assets not at fair value through profit or loss

Bank and Vodacom Group limited deposits

5. Financial asset

The company acquired a 3.44% investment in Vodacom SA during the 2009 financial year by obtaining ordinary shares and 'A' ordinary shares for the benefit of its shareholders as part of the BBBEE as follows:

	As at 30 September 2010 R'000 Unaudited	As at 30 September 2009 R'000 Reviewed	As at 31 March 2010 R'000 Audited
Financial asset at fair value through profit or loss			
Vodacom South Africa option asset			
7 200 000 ordinary shares at R25.00	180 000.0	180 000.0	180 000.0
82 800 000 'A' ordinary shares at R2.1739	180 000.0	180 000.0	180 000.0
75 000 000 'A' ordinary shares at R0.00001	0.8	0.8	0.8
	360 000.8	360 000.8	360 000.8
Accumulated fair value adjustment	501 411.0	588 706.2	512 059.8
	861 411.8	948 707.0	872 060.6
Reconciliation			
Opening balance	872 060.6	962 287.3	962 287.3
Fair value adjustment	(10 648.8)	(13 580.3)	(90 226.7)
Closing balance	861 411.8	948 707.0	872 060.6

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 information on the valuation is available for inspection at the company's registered office.

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 30 September 2010 of the notional funding after the interest and dividends for the employee scheme and black public and business partners is as follows:

	As at 30 September 2010 R'000 Unaudited	As at 30 September 2009 R'000 Reviewed	As at 31 March 2010 R'000 Audited
Opening balance	3 341 436.2	3 381 048.0	3 381 048.0
Notional interest accrued	166 858.5	169 527.0	339 582.2
	3 508 294.7	3 550 575.0	3 720 630.2
Less: notional dividend received	(155 130.6)	(139 896.9)	(379 194.0)
	3 353 164.1	3 410 678.1	3 341 436.2

6. Accounts receivable

Prepayments	2.9	-	8.7
Vodacom Group Limited	1 123.2	7 367.8	6 238.5
	1 126.1	7 367.8	6 247.2

The accounts receivable is rand denominated and earns interest at money market rates.

7. Share capital

7.1 Ordinary share capital

Authorised			
40.0 million authorised ordinary shares at R0.00001 each.	0.4	0.4	0.4
Issued			
14.4 million issued ordinary shares at R0.00001 each.	0.1	0.1	0.1

	As at 30 September 2010 R'000 Unaudited	As at 30 September 2009 R'000 Reviewed	As at 31 March 2010 R'000 Audited
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7. Share capital (continued)

7.2 'N' ordinary shares

Authorised

12.0 million authorised 'N' ordinary shares at R0.00001 each.

0.1

0.1

0.1

Issued

12.0 million issued 'N' ordinary shares at R0.00001 each.

0.1

0.1

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.

There was no change during the six months period ended 30 September 2010, six months period ended 30 September 2009 and year ended 31 March 2010 to share capital.

	As at 30 September 2010 R'000 Unaudited	As at 30 September 2009 R'000 Reviewed	As at 31 March 2010 R'000 Audited
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8. Accounts payable

Trade payable

137.0

310.0

366.3

The average credit period is 30 days (six months period ended 30 September 2009: 30 days, year ended 31 March 2010: 30 days). No interest is charged on trade payables.

9. Other matters

The directors are not aware of any matter or circumstance arising since the end of the interim financial period, not otherwise dealt with in the condensed interim financial statements, which significantly affected the financial position of the company at 30 September 2010 and the results of its operations and cash flows for the period ended, other than the following:

9.1 YeboYethu Limited share buyback

Special resolution number 1 was passed at the second annual general meeting held on 29 July 2010. The resolution granted authority for the repurchase by the company of its ordinary shares in issue to an aggregate not exceeding in one financial year 20,000 (twenty thousand) of the company's issued ordinary shares. 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.

The company is in the process of finalising the process to repurchase the ordinary shares in issue as per the events identified in the memorandum and articles of association of the company.

9.2 YeboYethu Limited call option

A call option of 10.0% exists in Jupical (Proprietary) Limited (a 70.0% subsidiary of Vodacom (Proprietary) Limited). The call option period commenced on 17 June 2010 and will terminate on 16 June 2011. The call option price will be determined as R1.00 per option share.

10. Reclassifications

During the 2010 financial year the company revised the presentation and concluded on certain reclassifications. This was applied to the six months period ended 30 September 2009.

Reconciliation 30 September 2009

10.1 Income statement

Dividend received of R6.2 million was reclassified from finance income to income to reflect the true nature of the dividends received.

10.2 Statement of cash flows

Finance income received R263,329.57 and finance costs paid R434.86 were reclassified from cash generated from operating activities to cash flow from investing activities and cash flow from financing activities, respectively. Finance income received and finance costs paid are returns on investments made.

Dividends received of R6.2 million was reclassified from finance income received to cash generated from operations to reflect the true nature of the dividends received.

The company deems the revised presentation and reclassifications to be appropriate.

	As at 30 September 2010 R'000 Unaudited	As at 30 September 2009 R'000 Reviewed	As at 31 March 2010 R'000 Audited
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11. Related party transactions

11.1 Balances with related parties

Accounts receivable

Vodacom Group Limited, parent of Vodacom (Proprietary) Limited

1 123.2

7 367.8

6 238.5

11.2 Transactions with related parties

Vodacom Group Limited

Finance income received

188.0

211.1

457.2

Vodacom (Proprietary) Limited

Dividends received

7 520.0

6 167.3

18 381.5

12. 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.

YEBOYETHU LIMITED (Incorporated in the Republic of South Africa) Registration number 2008/014734/06

Directors:

Shameel Aziz Joosub Zarina Bassa
Deenadayalen (Len) Konar Peter Matlare
Seth Radebe Thabeli Christopher (TC) Ralebitso

Secretary:

Sandi Linford

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