

**YEBOYETHU LIMITED**  
**CONDENSED INTERIM**  
**FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS**  
**ENDED 30 SEPTEMBER**

**2009**



**YEBOYETHU**

Now more than ever, it's your Vodacom

# YEBOYETHU LIMITED

Registration number 2008/014734/06

## CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2009

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# COMMENTARY

for the six months ended 30 September 2009

## OVERVIEW – UNDERSTANDING THE PERFORMANCE OF YOUR INVESTMENT

YeboYethu Limited ('YeboYethu') came into being through Vodacom (Proprietary) Limited's ('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 empowerment. 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 2009 and outlines management's expectations for the next six months. 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.

**Internet address:** [www.yeboyethu.co.za](http://www.yeboyethu.co.za) **Email us at:** [yeboyethu@linkmarketservices.co.za](mailto:yeboyethu@linkmarketservices.co.za) **Call centre:** 011 630 0888

In reading this announcement, it is important to keep in mind that what is key for 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 the 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. This is especially important given the difficult economic environment faced by Vodacom SA and the regulatory pressure to reduce interconnect tariffs.

Adverse macro-economic conditions continued to weigh on Vodacom SA's results during the period. While some market commentators have begun to talk about the early signs of economic recovery, the indicators tracked by Vodacom SA to gauge the economic health of the mobile communications sector show that customers are still behaving conservatively. For example, many more contract customers are electing to take the option of cash vouchers instead of new handsets when renewing their contracts, low-cost handsets are making up a greater proportion of sales, and customers are careful not to exceed their bundled minutes.

The implementation of the Regulation of Interception of Communications and Provision of Communication-Related Information Act ('RICA') effective from 1 July 2009 also affected Vodacom SA's performance. It has dramatically reduced the level of gross connections, from some one million connections per month to around 260 000 and 340 000 in August and September, respectively. This has made it difficult to analyse the impact of the economic conditions, which makes forecasting the outlook for the period ahead all the more challenging. While RICA is expected to have a positive impact over the longer term by reducing churn, the requirement to register all of Vodacom SA's customers as at the effective date within eighteen months thereafter (three million customers have been registered to date) presents a significant challenge.

Shareholders will be aware of the regulatory pressure brought to bear on mobile communication providers to reduce mobile interconnect tariffs, which are the charges levied by mobile operators to terminate calls from other operators on their networks. It is important to note that Vodacom SA has already reduced the average effective retail price per minute of mobile calls by some 15% over the period under review. This has been

# COMMENTARY (CONTINUED)

## for the six months ended 30 September 2009

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achieved through offerings that provide greater value for money to customers, in line with the Vodacom SA strategy. Vodacom SA is co-operating with the authorities to ensure that the termination rate reduction is dealt with in a way that does not undermine the stability of the sector.

Despite these difficulties, it is gratifying to report to shareholders that Vodacom SA delivered a robust performance. Vodacom SA improved its leadership position to a 55% market share of customers, and was ranked by the Markinor Sunday Times 2009 brand survey as the number one telecommunication brand and second most popular brand in South Africa, behind global brand Coca-Cola. Importantly, Vodacom SA was rated the third most caring company in South Africa in the same survey. The Vodacom Foundation, which manages Vodacom SA's social investment initiatives, celebrated its 10th anniversary in October 2009, having invested half a billion rand in projects focusing primarily on education, health and security.

### **VODACOM SA – NAVIGATING THE STORM**

Vodacom SA continued to improve its business in all areas resulting in strong customer growth. Vodacom SA added 579 000 new customers in the six months to 30 September 2009, growing the customer base by 11.7% to 28.2 million customers. Gross connections remained strong at 5.6 million but were negatively impacted by the low gross connections in August and September 2009. Churn reduced from 42.3% to 34.9%. Vodacom SA extended its leading position in broadband services to 964 000 customers, 53.5% up from a year earlier. Vodacom SA has just more than 5 million customers that access the internet using their mobile phones and is strongly focused on obtaining cheaper handsets, and improved technologies and content to further enhance the internet experience.

Although revenue and Average Revenue per User ('ARPU') were negatively impacted by the economic slowdown, Vodacom SA's various promotions resulted in a 15.7% growth in traffic. ARPU in the prepaid and contract market declined 3.0% and 6.0% to R64 and R452, respectively. Revenue growth of 6.8% to R24 327 million was supported by data revenue growth of 21.2%. Earnings before interest, taxation, depreciation and amortisation ('EBITDA') rose 11.0% to R8 586 million for the six month period. EBITDA margins expanded to 35.5% from 34.1% a year earlier. Vodacom SA has benefited from the Vodafone relationship, which has allowed it to renegotiate supplier contracts under the Vodafone umbrella, for example, in securing lower-cost handsets.

Continued investment in the quality, capacity and efficiency of its network is fundamental to Vodacom SA's value proposition to all its customers. Vodacom SA added a further 466 base stations and completed its 9 metro core fibre rings. The building of the national fibre optic network was started in June 2009, with 107km trenched on the Durban-Johannesburg route. As part of the radio access network programme, 761 2G and 246 3G base stations were renewed with more than 1 000 2G and 440 3G renewals planned for the rest of the year. The renewed base stations are more cost effective and result in a lower operational cost.

### **YEBOYETHU – THE NUMBERS EXPLAINED**

YeboYethu's condensed interim financial statements for the six months ended 30 September 2009 have been prepared in accordance with International Financial Reporting Standards ('IFRS') and comply with the disclosure requirements set out in Interim Financial Reporting ('IAS 34'). This is the first set of interim results for YeboYethu. YeboYethu commenced business on 8 October 2008, thus no comparative information is presented for the period ended 30 September 2008. The results have been presented together with the results for the period since incorporation to 31 March 2009.

# COMMENTARY (CONTINUED)

for the six months ended 30 September 2009

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

	<b>Six months ended 30 September 2009 R'000 Reviewed</b>	Period since incorporation to 31 March 2009 R'000 Audited
INCOME	-	0.6
EXPENSES <sup>1</sup>	<b>(3,219.9)</b>	(1,176.5)
<b>LOSS FROM OPERATIONS</b>	<b>(3,219.9)</b>	(1,175.9)
FINANCE INCOME <sup>2</sup>	<b>6,382.0</b>	14,382.6
FINANCE COST	<b>(0.4)</b>	(0.4)
(LOSS)/GAIN ON REMEASUREMENT OF FINANCIAL INSTRUMENTS <sup>3</sup>	<b>(13,580.3)</b>	602,286.5
<b>(LOSS)/PROFIT BEFORE TAXATION</b>	<b>(10,418.6)</b>	615,492.8
TAXATION	<b>2,270.8</b>	(86,375.9)
<b>NET (LOSS)/PROFIT</b>	<b>(8,147.8)</b>	529,116.9

<sup>1</sup> During the six months ended 30 September 2009, YeboYethu incurred expenses of R3.2 million, an increase of 166% from R1.2 million in the prior period. This was related mainly to the printing and postage of the annual report, the cost of hosting the annual general meeting and cost of the transfer secretary.

<sup>2</sup> YeboYethu recorded finance income of R14.4 million in the prior period, made up of a dividend of R6.4 million from Vodacom SA and interest earned of R8.0 million on the public offer proceeds. In the six months period under review, YeboYethu earned finance income of R6.4 million mainly related to the dividend received from Vodacom SA of R6.2 million.

<sup>3</sup> YeboYethu recorded a loss of R13.6 million in the period on the valuation of the financial asset compared to a gain of R602 million in the year ended 31 March 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 the current economic decline as well as the impact of the interest rate cuts by the 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 first annual general meeting ('AGM') in July 2009, at which shareholders approved the annual financial statements for the year ended 31 March 2009, voted on the election of directors and re-appointed the auditors. The results of the AGM are available on [www.yeboyethu.co.za](http://www.yeboyethu.co.za).

# COMMENTARY (CONTINUED)

**for the six months ended 30 September 2009**

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## **PROSPECTS**

Vodacom SA's strategic intention to broaden access to voice and data communications, and in so doing to extend the socio-economic development benefits of communications, is imperative in our country. Broadly accessible and affordable world-class communications will help to drive economic recovery and growth, and accelerate the creation of work. The YeboYethu Board remains confident that Vodacom SA has the management, strategy and people it needs to contribute to the sustainable growth of the sector and of the nation despite the challenges it faces.

## **DIVIDENDS**

The board of directors decided that dividends will be declared annually. The directors believe that a dividend will be declared and paid for the current financial year ended 31 March 2010.

# STATEMENT OF RESPONSIBILITY BY THE BOARD OF DIRECTORS

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The directors are responsible for the preparation, integrity and fair presentation of the condensed interim financial statements of YeboYethu Limited ('the company') for the six months ended 30 September 2009.

The condensed interim financial statements have been reviewed 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 review were valid and appropriate. The review report of the auditors is presented on the next page.

The condensed interim financial statements for the six months ended 30 September 2009 presented on pages 8 to 16 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 in compliance with the Companies Act, 1973, as amended. The interim financial statements are based on appropriate 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 29 October 2009 and are signed on its behalf:

**ZBM BASSA**  
CHAIRPERSON

**MS AZIZ JOOSUB**  
DIRECTOR

# REVIEW REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF YEBOYETHU LIMITED

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We have reviewed the accompanying condensed statement of financial position of YeboYethu Limited at 30 September 2009, and the related condensed income statement, statement of changes in equity and statement of cash flows for the six months ended 30 September 2009 set out on pages 8 to 16. The condensed interim financial statements are prepared in accordance with IAS 34: Interim Financial Reporting ('IAS 34') as issued by the International Accounting Standards Board and are the responsibility of the company's management. Our responsibility is to issue a report on these condensed interim financial statements based on our review.

## **Scope of Review**

We conducted our review in accordance with the International Standard on Review Engagements 2410: Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

## **Conclusion**

Based on our review nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements are not presented fairly, in all material respects, in accordance with IAS 34.

## **Deloitte & Touche**

Per DF Crowther  
Registered Auditor

29 October 2009

# CONDENSED INCOME STATEMENT

for the six months ended 30 September 2009

		Six months ended 30 September 2009 R'000 Reviewed	Period since incorporation to 31 March 2009 R'000 Audited
	Notes		
INCOME		-	0.6
EXPENSES		<b>(3 219.9)</b>	(1 176.5)
<b>LOSS FROM OPERATIONS</b>		<b>(3 219.9)</b>	(1 175.9)
FINANCE INCOME	4	<b>6 382.0</b>	14 382.6
FINANCE COST		<b>(0.4)</b>	(0.4)
(LOSS)/GAIN ON REMEASUREMENT OF FINANCIAL INSTRUMENTS	5	<b>(13 580.3)</b>	602 286.5
<b>(LOSS)/PROFIT BEFORE TAXATION</b>		<b>(10 418.6)</b>	615 492.8
TAXATION		<b>2 270.8</b>	(86 375.9)
<b>NET (LOSS)/PROFIT</b>		<b>(8 147.8)</b>	529 116.9

# CONDENSED STATEMENT OF FINANCIAL POSITION

as at 30 September 2009

	Notes	As at 30 September 2009 R'000 Reviewed	As at 31 March 2009 R'000 Audited
<b>ASSETS</b>			
<b>Non-current assets</b>		<b>949 323.7</b>	962 466.5
Financial assets	5	<b>948 707.0</b>	962 287.3
Deferred taxation asset		<b>616.7</b>	179.2
<b>Current assets</b>		<b>7 894.3</b>	13 422.1
Account receivable	6	<b>7 367.8</b>	7 265.8
Taxation receivable		<b>252.9</b>	-
Cash and cash equivalents		<b>273.6</b>	6 156.3
<b>Total assets</b>		<b>957 218.0</b>	975 888.6
<b>EQUITY AND LIABILITIES</b>			
Share capital	7	<b>0.2</b>	0.2
Ordinary share premium		<b>359 999.9</b>	359 999.9
Retained earnings		<b>514 489.1</b>	529 116.9
<b>Total equity</b>		<b>874 489.2</b>	889 117.0
<b>Non-current liabilities</b>		<b>82 418.8</b>	84 320.1
Deferred taxation liability		<b>82 418.8</b>	84 320.1
<b>Current liabilities</b>		<b>310.0</b>	2 451.5
Accounts payable		<b>310.0</b>	2 450.9
Taxation payable		-	0.6
<b>Total equity and liabilities</b>		<b>957 218.0</b>	975 888.6

# CONDENSED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 September 2009

	Share capital and share premium R'000	Retained earnings R'000	Total equity R'000
<b>Reviewed</b>			
<b>Balance at 31 March 2009</b>	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)
<b>Balance at 30 September 2009</b>	360 000.1	514 489.1	874 489.2
<b>Audited</b>			
<b>Balance at incorporation</b>	-	-	-
Shares issued during the period and share premium	360 000.1	-	360 000.1
Net profit	-	529 116.9	529 116.9
<b>Balance at 31 March 2009</b>	360 000.1	529 116.9	889 117.0

# CONDENSED STATEMENT OF CASH FLOWS

for the six months ended 30 September 2009

	Six months ended 30 September 2009 R'000 Reviewed	Period since incorporation to 31 March 2009 R'000 Audited
<b>CASH (UTILISED IN)/GENERATED FROM OPERATIONS</b>	<b>(5 411.4)</b>	1 275.0
Finance costs paid	<b>(0.4)</b>	(0.4)
Finance income received	<b>6 430.6</b>	14 316.8
Taxation paid	<b>(321.5)</b>	(2 234.4)
Dividends paid	<b>(6 480.0)</b>	-
<b>NET CASH (UTILISED IN)/GENERATED FROM OPERATING ACTIVITIES</b>	<b>(5 782.7)</b>	13 357.0
Investing activities	-	(360 000.8)
<b>NET CASH UTILISED IN INVESTING ACTIVITIES</b>	<b>-</b>	(360 000.8)
Share capital and premium movement	-	360 000.1
Money market asset movement	<b>(100.0)</b>	(7 200.0)
<b>NET CASH (UTILISED IN)/GENERATED FROM FINANCING ACTIVITIES</b>	<b>(100.0)</b>	352 800.1
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(5 882.7)</b>	6 156.3
Cash and cash equivalents at the beginning of the period	<b>6 156.3</b>	-
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>273.6</b>	6 156.3

# NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

for the six months ended 30 September 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 carry on business of holding only 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 and to receive and distribute dividends and other distributions in terms of its holding in Vodacom SA.

The company commenced business on 8 October 2008, thus no comparative information is presented for the period to 30 September 2008.

## 2. BASIS OF PREPARATION

The condensed interim 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 IASB and comply with the disclosure requirements as set out in IAS 34. They 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, and have been presented in South African rand, as this is the currency in which all of the company's transactions are denominated.

The principal accounting policies and methods of computation are consistent in all material respects with those applied in the previous financial period, except as disclosed in Note 3. The accounting policies are available for inspection at the company's registered office. There have been no material changes in estimates of amounts reported in the prior financial period.

## 3. 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 2009. None of these had a material impact apart from:

### IAS 1: Presentation of Financial Statements (Amended) ('IAS 1')

A separate condensed statement of comprehensive income was not presented as the company did not record any transactions which constitute any components of other comprehensive income. This resulted in the net (loss)/profit for the periods being identical to the total comprehensive income for the periods. Certain changes were also made to the condensed statement of changes in equity. The company also changed to the naming of the primary financial statements and adopted new terminology as per the amended IAS 1.

<b>Six months ended 30 September 2009 R'000 Reviewed</b>	Period since incorporation to 31 March 2009 R'000 Audited
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## 4. FINANCE INCOME

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

Bank and Vodacom Group Limited deposits	<b>214.7</b>	7 982.6
<b>Dividends</b>		
Dividends received - Vodacom (Proprietary) Limited	<b>6 167.3</b>	6 400.0
	<b>6 382.0</b>	14 382.6

# NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED) for the six months ended 30 September 2009

## 5. FINANCIAL ASSETS

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 Broad-Based Black Economic Empowerment transaction ('BBBEE') as follows:

	<b>As at 30 September 2009 R'000 Reviewed</b>	As at 31 March 2009 R'000 Audited
<b>Financial assets at fair value through profit or loss</b>		
<b>Vodacom South Africa option asset</b>		
7 200 000 ordinary shares at R25.00	<b>180 000.0</b>	180 000.0
82 800 000 'A' ordinary shares at R2.1739	<b>180 000.0</b>	180 000.0
75 000 000 'A' ordinary shares at R0.00001	<b>0.8</b>	0.8
	<b>360 000.8</b>	360 000.8
Accumulated fair value adjustment	<b>588 706.2</b>	602 286.5
	<b>948 707.0</b>	962 287.3
Opening balance	<b>962 287.3</b>	360 000.8
Fair value adjustment	<b>(13 580.3)</b>	602 286.5
Closing balance	<b>948 707.0</b>	962 287.3

The valuation at 30 September 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
- The present value (on 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 SA 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.

# NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED) for the six months ended 30 September 2009

## 5. FINANCIAL ASSETS (CONTINUED)

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

#### Vodacom South Africa option asset (continued)

The fair value of R948.7 million (2009: R962.2 million) was calculated using the following assumptions at 30 September 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 29.7% (2009: 34.5%) (data sourced from Bloomberg), Telkom SA Limited of 32.9% (2009: 31.8%) (pre 18 May 2009), Mobile Telephone Networks Limited of 41.1% (2009: 40.8%) and Vodacom Group Limited of 32.5% (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 March 2010 of 4.1% to 30 September 2015 of 6.5% (2009: 30 September 2009 of 3.8% to 30 September 2015 of 6.7%)
- Equity value of R106.8 billion (2009: R107.1 billion);
- Maturity date - 6 years from transaction date (2009: 7 years); and
- Strike price - the notional vendor debt as at valuation date amounted to R5.9 billion (2009: R5.9 billion). The debt at maturity represents the strike price.

The shares in Vodacom SA were issued to YeboYethu Limited in the 2009 financial year at a 10.0% discount for a total notional loan value contributed by Vodacom SA of R1,687.5 million in terms of the employee scheme, and the black public contributed R360.0 million of unencumbered equity to acquire the 14.4 million shares in YeboYethu Limited. Vodacom SA contributed the balance of R1,665.0 million on behalf of the black public and business partners by way of notional funding.

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. 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 2009 of the notional funding loan after the interest and dividends for the employee scheme and black public and business partners is as follows:

# NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED) for the six months ended 30 September 2009

## 5. FINANCIAL ASSETS (CONTINUED)

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

Vodacom South Africa option asset (continued)

	As at 30 September 2009 R'000 Reviewed	As at 31 March 2009 R'000 Audited
Opening balance	3 385 228.7	-
Notional loan on shares contributed	-	3 352 500.0
Notional interest accrued	169 578.3	164 754.7
	<b>3 554 807.0</b>	3 517 254.7
Less: notional dividend received	<b>(139 896.9)</b>	(132 026.0)
	<b>3 414 910.1</b>	3 385 228.7

## 6. ACCOUNT RECEIVABLE

Vodacom Group Limited - money market	7 367.8	7 265.8
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The account receivable is rand denominated, earned interest at money market rates and is stated at cost which normally approximates the fair value due to short-term maturity and money market related terms.

## 7. SHARE CAPITAL

### 7.1 Ordinary share capital

#### Authorised

40.0 million authorised ordinary shares at R0.00001 each	0.4	0.4
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#### Issued

14.4 million issued ordinary shares at R0.00001 each	0.2	0.2
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### 7.2 'N' ordinary shares

#### Authorised

12.0 million authorised 'N' ordinary shares at R0.00001 each	0.1	0.1
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#### Issued

12.0 million issued 'N' ordinary shares at R0.00001 each	0.1	0.1
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'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.

# NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED) for the six months ended 30 September 2009

	As at 30 September 2009 R'000 Reviewed	As at 31 March 2009 R'000 Audited
<b>8. RELATED PARTY TRANSACTIONS</b>		
<b>Vodacom Group Limited</b>		
Money market interest received	211.1	7 982.6
Money market deposit account	7 367.8	7 265.8
<b>Vodacom (Proprietary) Limited</b>		
Dividends received	6 167.3	6 400.0
<b>9. SERVICES IN-KIND</b>		

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.

# WHAT IS THE VALUE OF MY SHARE? WHAT IS THE VALUE OF MY SHARE?

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The value of a YeboYethu Limited ('YeboYethu') share as at 30 September 2009 is estimated at R35.94 (31 March 2009: R36.45). Because YeboYethu shares are not publicly traded, the directors have estimated the value of a YeboYethu share by dividing the value of YeboYethu's investment in the ordinary shares and 'A' ordinary shares of Vodacom (Proprietary) Limited ('Vodacom SA') by the number of YeboYethu ordinary shares outstanding at 30 September 2009 and 31 March 2009. At present, the value of a YeboYethu share is less than the 31 March 2009 value. This is as a result of the current economic decline as well as the impact of the interest rate cuts by the Reserve Bank. In this regard, it is important to consider that the Vodacom SA Broad-based Black Economic Empowerment ('BBBEE') transaction is a long-term investment and shareholders will appreciate that certainty cannot be claimed in a volatile environment.

The valuation of YeboYethu's investment in ordinary shares and 'A' ordinary shares of Vodacom SA is based on a number of assumptions, based on currently available information, which is set out in note 5 to the condensed interim financial statements. Actual results may differ from these estimates under different assumptions or conditions. The share valuations set out above are provided to shareholders in good faith, for information purposes only.

The directors of the company do not accept any liability or responsibility whatsoever for any action or omission based on these valuations, or for any reliance placed on these valuations. The directors are not under any duty to update these valuations, which are subject to change without further notice.

These share valuations should not be viewed as a promise, guarantee, prediction, or even as an estimate, of the future value of any shares in YeboYethu, Vodacom SA or any company within the group of companies comprising Vodacom Group Limited and its subsidiaries. The future value of a YeboYethu share to a shareholder will depend on a number of unknown factors.

## **HELP ME UNDERSTAND THE FINANCIAL STATEMENTS**

The following has been prepared to assist with understanding the financial statements.

The financial statements have 3 main parts:

Statement of Financial Position;

Income Statement; and

Statement of Cash Flow.

In terms of company law, YeboYethu is required to report its results twice a year – a set at the half year which is referred to as the interim results and a set at the end of the year referred to as year end results.

The financial year for YeboYethu runs from 1 April to 31 March of each year. Interim results, in other words the first 6 months, is therefore 1 April to 30 September, while year end results is for the entire financial year from 1 April to 31 March.

### **Statement of Financial Position (balance sheet)**

The balance sheet shows the financial position of YeboYethu at a reporting date. It is the summary of the assets and liabilities and shareholders' funds of the company.

# HELP ME UNDERSTAND THE FINANCIAL STATEMENTS (CONTINUED)

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Assets are things that YeboYethu owns which have a value. The YeboYethu assets include the 3.44% investment in Vodacom SA, any money that is in its bank account and any money owed to YeboYethu at the time the balance sheet is prepared.

The liabilities of YeboYethu include amounts owing to outside parties such as the transfer secretary (expenses) and the South African Revenue Services for taxes payable at the reporting date.

Shareholders' funds is referred to as equity and is the money that has been invested by you, the shareholder in YeboYethu and any profit or loss since the company started.

## **Income statement**

The income statement shows whether or not YeboYethu made a profit or a loss for the period reported. It shows the company's income and expenses for the period. A company makes a profit when income is more than expenses and makes a loss when expenses are more than income.

YeboYethu is an investment company. It only has one investment. This is the 3.44% it owns in the ordinary shares of Vodacom SA. Its only income is therefore obtained from this investment. Such income will be dividends and finance income.

A shareholder earns income on the shares they own, this income is called dividends. YeboYethu will pay dividends to shareholders once a year; the timing is likely to be after the end of the financial year.

Finance income is interest earned by YeboYethu on cash held at financial institutions.

## **Statement of cash flow (cash flow statement)**

The cash flow statement reports the inflow and outflow of cash of YeboYethu. While the income statement will tell you how much profit or loss YeboYethu has made, the cash flow statement can tell you if it has generated any cash for the period and what the company has done with its cash.

## **WHY CAN'T I VOTE MY MOTHER'S OR ANY OTHER FAMILY MEMBER'S SHARES AT THE AGM – I PAID FOR THEM?**

Even though you may have paid for the shares, your mother or any other family member is the registered shareholder in the share register of YeboYethu.

For you to be able to vote your mother's shares, or any other family member's shares you must obtain a letter from your mother or other family member giving you authority to vote the shares on her or other family member's behalf. Or alternatively, your mother or other family member can sign the form of proxy in your favour. The form of proxy accompanies the notice of the annual general meeting ('AGM') meeting. Whichever document is provided by your mother or other family member, this must be submitted to the transfer secretary so that it arrives at the transfer secretary at least 48 hours (2 days) ahead of the meeting.

## **I WOULD LIKE MORE SHARES. WILL FURTHER YEBOYETHU SHARES BE OFFERED?**

No further YeboYethu shares are to be offered at this time.

## **I DID NOT RECEIVE MY DIVIDEND. WHAT SHOULD I DO?**

Please contact the transfer secretary. They will assist you with a claim for your dividend.