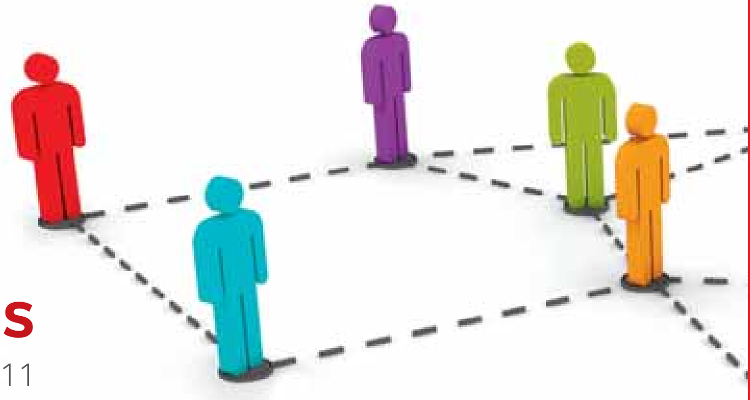
YEBOYETHU

Now more than ever, it's your Vodacom

YEBOYETHU LIMITED Registration no. 2008/014734/06

Condensed interim financial statements

for the six months ended 30 September 2011



Overview – understanding the performance of your investment

YeboYethu Limited ("YeboYethu") came into being through Vodacom SA's 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% equity 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 2011. 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
Email us at: yeboyethu@computershare.co.za
Call centre: 086 110 0918

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

Vodacom SA delivered a strong performance with service revenue growing 4.7% to R23 505 million (7.0% excluding the impact of cuts in mobile termination rates). Equipment sales were particularly strong, growing 20.3%, contributing to overall revenue growth of 6.7%.

Gross connections increased sharply to approximately 8.0 million, with the brand refresh and numerous promotions and handset deals the primary drivers of the 56.5% change. Customers increased 21.1% year on year to 28.9 million, a net increase of 2.4 million in the six months period. This was achieved despite the disconnection of approximately 537 000 SIMs that were locked at the Regulation of Interception of Communications and Provision of Communication-Related Information Act ("RICA") deadline. Churn also increased in the second quarter as a result of the RICA disconnections. Total average revenue per user ("ARPU") was down 9.0% to R141, largely due to lower interconnect rates and the higher prevalence of lower usage customers in the mix.

Data revenue growth was again an important feature of the results, increasing 29.4% to R3 720 million. Data revenue now represents 15.8% of service revenue. Active data customers grew 32.3% to 10.5 million, representing 36.2% of customers. Customers regularly purchasing data bundles grew by 89.7% to 3.5 million. While mobile broadband still accounts for the majority of data traffic on our network, the growth rate of smartphone data traffic is ten times higher than that of dongles and other modems. The appetite for smartphones amongst our customer base is very strong, with active smartphones on the network increasing by approximately 870 000 in the six months period to 4.1 million. We reduced our data prices in order to maintain our competitive position and drive greater adoption and usage. Earnings before interest, taxation, depreciation and amortisation ("EBITDA") increased 6.6%, with the EBITDA margin maintained at 35.9%. Excluding the impact of foreign exchange, EBITDA increased 8.7% and the EBITDA margin expanded to 36.5%, reflecting an improved contribution margin from lower average customer acquisition and retention costs. While we realised savings from our various cost efficiency initiatives, these were partially offset by increased investment in network performance, call centres and our new on-line store.

Capital expenditure increased 83.4% to R3 015 million (11.0% of revenue) as we made substantial investments to increase capacity and enhance quality. A large portion of capital spend was for transmission, where we have made steady progress against our plan of self-providing transmission to our high data traffic sites. We expanded our 3G network with 352 new sites bringing the total to 4 642. 68.4% of 3G sites have been activated with HSPA+ (21.6mbps) software and of these around 30% have been migrated to high capacity IP transmission backhaul. Dual-carrier HSPA+ (43.2mpbs) is now active on 52.1% of our 3G sites.

YeboYethu – numbers explained

The results have been presented together with the results for the six months ended 30 September 2010 and year ended 31 March 2011. 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 statement of comprehensive income for the six months period is provided below.

	Six months ended 30 Sept 2011 R000 Reviewed	Six months ended 30 Sept 2010 R000 Unaudited	Year ended 31 Mar 2011 R000 Audited
Income[1]	**7 600**	7 520	14 720
Expenditure[2]	**(2 651)**	(2 349)	(3 686)
Operating profit	**4 949**	5 171	11 034
Finance income	**149**	190	347
Finance cost	**–**	–	(*)
Losses on remeasurement of financial instrument[3]	**(2 188)**	(10 649)	(96 889)
Profit/(loss) before taxation	**2 910**	(5 288)	(85 508)
Taxation	**(41)**	606	13 355
Net profit/(loss)	**2 869**	(4 682)	(72 153)

1 YeboYethu recorded dividends received of R7.6 million in the current period, R7.5 million in the prior period and R14.7 million for the financial year ended 31 March 2011.

2 During the six months ended 30 September 2011, YeboYethu incurred expenses of R2.7 million, an increase of 12.9% from R2.3 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, cost of the transfer secretary and cost for the interim review.

3 YeboYethu recorded a loss of R2.2 million in the period on the valuation of the financial asset compared to the loss of R10.6 million in the prior period ended 30 September 2010. 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. 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 third annual general meeting ("AGM") in July 2011, where shareholders approved the annual financial statements for the year ended 31 March 2011, voted on election of directors, re-appointed the auditors, appointment of members of the audit committee and voted on approval of special resolution number 1. Prior to the AGM, shareholders were provided with a presentation on understanding of the valuation, share trading and other items relating to the AGM. 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 R10.7 million for the 2011 financial year was declared on 3 May 2011 and paid on 31 May 2011.

Condensed statement of comprehensive income

for the six months ended 30 September 2011

	Notes	Six months ended 30 Sept 2011 R000 Reviewed	Six months ended 30 Sept 2010 R000 Unaudited	Year ended 31 Mar 2011 R000 Audited
Income		**7 600**	7 520	14 720
Expenditure		**(2 651)**	(2 349)	(3 686)
Operating profit		**4 949**	5 171	11 034
Finance income	4	**149**	190	347
Finance cost		**–**	–	(*)
Losses on remeasurement of financial instrument	5	**(2 188)**	(10 649)	(96 889)
Profit/(loss) before taxation		**2 910**	(5 288)	(85 508)
Taxation		**(41)**	606	13 355
Net profit/(loss)		**2 869**	(4 682)	(72 153)
Comprehensive income/(loss)		**2 869**	(4 682)	(72 153)

Condensed statement of financial position

as at 30 September 2011

	Notes	As at 30 Sept 2011 R000 Reviewed	As at 30 Sept 2010 R000 Unaudited	As at 31 Mar 2011 R000 Audited
Assets				
Non-current assets		**774 404**	862 418	776 898
Financial assets	5	**772 984**	861 412	775 172
Deferred taxation		**1 420**	1 006	1 726
Current assets		**8 179**	7 458	13 614
Accounts receivable	6	**306**	1 126	6 154
Taxation receivable		**192**	195	185
Cash and cash equivalents		**7 681**	6 137	7 275
Total assets		**782 583**	869 876	790 512
Equity and liabilities				
Share capital	7	*****	*	*
Ordinary share premium	8	**359 964**	360 000	359 983
Retained earnings		**364 284**	439 542	372 071
Total equity		**724 248**	799 542	732 054
Non-current liability		**57 818**	70 197	58 125
Deferred taxation		**57 818**	70 197	58 125
Current liabilities		**517**	137	333
Accounts payable	9	**517**	137	333
Total equity and liabilities		**782 583**	869 876	790 512

Condensed statement of changes in equity

for the six months ended 30 September 2011

	Share capital and ordinary share premium R000	Retained earnings R000	Total equity R000
Balance at 31 March 2011	**359 983**	372 071	732 054
Net profit	**–**	2 869	2 869
Repurchase of shares	**(19)**	–	(19)
Dividend declared and paid	**–**	(10 656)	(10 656)
Balance at 30 September 2011 – Reviewed	**359 964**	364 284	724 248
Balance at 31 March 2010	**360 000**	460 064	820 064
Net loss	**–**	(4 682)	(4 682)
Dividend declared and paid	**–**	(15 840)	(15 840)
Balance at 30 September 2010 – Unaudited	**360 000**	439 542	799 542
Balance at 31 March 2010	**360 000**	460 064	820 064
Net loss	**–**	(72 153)	(72 153)
Repurchase of shares	**(17)**	–	(17)
Dividend declared and paid	**–**	(15 840)	(15 840)
Balance at 31 March 2011 – Audited	**359 983**	372 071	732 054

(*) Less than R500.

Condensed statement of cash flows

for the six months ended 30 September 2011

	Six months ended 30 Sept 2011 R000 Reviewed	Six months ended 30 Sept 2010 R000 Unaudited	Year ended 31 Mar 2011 R000 Audited
Cash generated from operations	**5 156**	4 930	10 984
Taxation paid	**(49)**	(64)	(97)
Dividend paid	**(10 656)**	(15 840)	(15 840)
Net cash utilised in operating activities	**(5 549)**	(10 974)	(4 953)
Cash flow from investing activities			
Finance income received	**174**	223	357
Net cash generated from investing activities	**174**	223	357
Cash flow from financing activities			
Finance costs paid	**–**	–	(*)
Share capital and share premium movement	**(19)**	–	(17)
Money market deposit movement	**5 800**	5 100	100
Net cash generated from financing activities	**5 781**	5 100	83
Net increase/(decrease) in cash and cash equivalents	**406**	(5 651)	(4 513)
Cash and cash equivalents at the beginning of the period/year	**7 275**	11 788	11 788
Cash and cash equivalents at the end of the period/year	**7 681**	6 137	7 275

(*) Less than R500.

Notes to the condensed interim financial statements

for the six months ended 30 September 2011

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 (Proprietary) Limited ('Vodacom SA') ordinary shares and 'A' ordinary shares as well as to acquire and hold interests in Vodacom Group Limited ('Vodacom Group') and its subsidiaries and associated companies, for the benefit of shareholders.

There has been no material changes to the nature of the company's business from 31 March 2011.

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') and information required by International Accounting Standard 34: Interim Financial Reporting ("IAS 34") as issued by the International Accounting Standards Board ("IASB"), the AC 500 standards as issued by the Accounting Practices Board and the Companies Act No. 71 of 2008, as amended. The 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 are 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, except as disclosed in Note 3. The significant accounting policies are available for inspection at the company's registered office. There has been no material changes in judgements or estimates of amounts reported in the prior interim period or in the prior financial year. The preparation of these condensed interim financial statements was supervised by the Director, Tlhabeli Christopher Ralebitso, Bachelor of Engineering and has been independently reviewed by the independent auditors, Deloitte & Touche.

3. Change in accounting policies

The company adopted the new, revised or amended accounting pronouncements as issued by the IASB which were effective and applicable to the company from 1 April 2011. The adopted accounting pronouncement, which had an impact on the company's accounting policies, is discussed below.

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

The amendment to the standard introduced changes to the measurement bases for different components of non-controlling interests at the acquisition date in a business combination.

The change in accounting policy did not have an impact on the company's financial results for the period ended 30 September 2011.

	Six months ended 30 Sept 2011 R000 Reviewed	Six months ended 30 Sept 2010 R000 Unaudited	Year ended 31 Mar 2011 R000 Audited
4. Finance income			
Interest income			
Bank and Vodacom Group Limited deposits	**149**	190	347

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:

	As at 30 Sept 2011 R000 Reviewed	As at 30 Sept 2010 R000 Unaudited	As at 31 Mar 2011 R000 Audited
Financial asset at fair value through profit or loss			
Vodacom South Africa option asset			
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	**412 983**	501 411	415 171
	772 984	861 412	775 172
Reconciliation			
Opening balance	**775 172**	872 061	872 061
Fair value adjustment	**(2 188)**	(10 649)	(96 889)
Closing balance	**772 984**	861 412	775 172

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 among 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 2011 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 Sept 2011 R000 Reviewed	As at 30 Sept 2010 R000 Unaudited	As at 31 Mar 2011 R000 Audited
Opening balance	**3 371 823**	3 341 436	3 341 436
Notional interest accrued	**169 064**	166 859	334 047
	3 540 887	3 508 295	3 675 483
Less: notional dividend received	**(156 781)**	(155 131)	(303 660)
Closing balance	**3 384 106**	3 353 164	3 371 823
6. Accounts receivable			
Vodacom Group Limited	**303**	1 123	6 128
Prepayments	**3**	3	9
Other	**–**	–	17
	306	1 126	6 154

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

	As at 30 Sept 2011 R000 Reviewed	As at 30 Sept 2010 R000 Unaudited	As at 31 Mar 2011 R000 Audited
7. Share capital			
7.1 Ordinary share capital			
Authorised			
40.0 million (30 September 2010: 40.0 million, 31 March 2011: 40.0 million) ordinary shares at R0.00001 (30 September 2010: R0.00001, 31 March 2011: R0.00001) each.	*****	*	*
Issued			
14.4 million (30 September 2010: 14.4 million, 31 March 2011: 14.4 million) ordinary shares at R0.00001 (30 September 2010: R0.00001, 31 March 2011: R0.00001) each.	*****	*	*
Less: 600 (30 September 2010: Nil, 31 March 2011: 500) ordinary shares at R0.00001 each.	**(*)**	–	(*)
	*****	*	*

The company repurchased 600 (30 September 2010: Nil, 31 March 2011: 500) of its ordinary shares during the financial period.

The repurchased ordinary shares were cancelled as issued ordinary shares and returned to unissued authorised ordinary shares.

	As at 30 Sept 2011 R000 Reviewed	As at 30 Sept 2010 R000 Unaudited	As at 31 Mar 2011 R000 Audited
7. Share capital (continued)			
7.2 '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 six months period ended 30 September 2011, six months period ended 30 September 2010 and year ended 31 March 2011, respectively.

	As at 30 Sept 2011 R000 Reviewed	As at 30 Sept 2010 R000 Unaudited	As at 31 Mar 2011 R000 Audited
8. Ordinary share premium			
Share premium on 14.4 million (30 September 2010: 14.4 million, 31 March 2011: 14.4 million) ordinary shares issued at R24.99 (30 September 2010: R24.99, 31 March 2011: R24.99) each.	**359 983**	360 000	360 000
Less: 600 (30 September 2010: Nil, 31 March 2011: 500) ordinary shares at R31.69 (30 September 2010: Nil, 31 March 2011: 34.72) each.	**(19)**	–	(17)
	359 964	360 000	359 983

The amount paid for repurchased and cancelled ordinary shares were accounted for as 600 (30 September 2010: Nil, 31 March 2011: 500) ordinary shares of R0.00001 (30 September 2010: Nil, 31 March 2011: R0.00001) and at a premium of R31.69 (30 September 2010: Nil, 31 March 2011: R34.72).

	As at 30 Sept 2011 R000 Reviewed	As at 30 Sept 2010 R000 Unaudited	As at 31 Mar 2011 R000 Audited
9. Accounts payable			
Trade payable	**517**	137	333

The average credit period is 30 days (six months period ended 30 September 2010: 30 days, year ended 31 March 2011: 30 days). No interest is charged on trade payables.

	As at 30 Sept 2011 R000 Reviewed	As at 30 Sept 2010 R000 Unaudited	As at 31 Mar 2011 R000 Audited
10. Related parties			
10.1 Balances with related parties			
Accounts receivable			
Vodacom Group Limited	**303**	1 123	6 128
10.2 Transactions with related parties			
Vodacom Group Limited			
Finance income received	**147**	188	347
Vodacom (Proprietary) Limited			
Dividends received	**7 600**	7 520	14 720

All transactions with related parties have been made on terms equivalent to those that prevail in arm's length transactions.

(*) Less than R500.

11. 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.

12. Condensed interim financial statements as at 30 September 2011

For the purpose of the YeboYethu Limited interim report, a set of condensed interim financial statements are included. The condensed interim financial statements have been reviewed by the independent auditing firm Deloitte & Touche and was approved by the board of directors on 28 October 2011.

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

Directors:
Sipho Maseko, Zarina Bassa
Deenadayalen (Len) Konar, Peter Matlare
Seth Radebe, Christopher Tlhabeli (TC) Ralebitso

Secretary:
Sandi Linford

Registered Office: Vodacom Corporate Park, 082 Vodacom Boulevard, Midrand 1685

Transfer secretary: Computershare Investor Services (Proprietary) Limited, 70 Marshall Street Johannesburg 2001

Internet address: www.yeboyethu.co.za

Email us at: yeboyethu@computershare.co.za

Call centre: 086 110 0918

STUDIO