

ANNUAL REPORT

2009

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OUR APPROACH

Ten years since its establishment in 1998, the Telkom Foundation can now reflect on a decade of hard work within some of the country's poorest communities - and the many smiling faces that have felt its effects along the way. According to Acting CEO Prelene Schmidt, it is this warmth and the gracious manner in which people welcome the Foundation into their homes, schools and offices every day that has kept the organisation pushing for bigger and wider-reaching projects year-on-year.

"During a decade of intense social investment we can now happily look back on our various projects and see that each of them, in some big or small way, has had an impact on someone's life.

"This is what we want to see in the years ahead - real, meaningful projects that have a tangible impact. With South Africa's unemployment figures so high and inequality still rampant, we can never count our work as done," said Schmidt.

Proof of these continued efforts is reflected to some degree in the Foundation's consistent ranking as one of the top-spending corporate social investment bodies in the country. The Foundation was also honoured as South Africa's 'Top Empowered Company in CSI' at the 2009 Oliver Empowerment Awards, hosted by Topco. This accolade, according to Schmidt, is further evidence that the Telkom Foundation is 'walking the walk' with its approach to corporate social investment.

"This honour shows that the Foundation is as equally committed to empowerment within its own employee base as it is within broader society. We are living out our values as an empowered and empowering force every day," she said.

During the past few years, the Foundation's investment has focused primarily on technology and education, two strategically-driven areas where the organisation can have a big impact. This renewed focus will continue to steer the Foundation into the future - especially with its 2,010 for 2010 Schools Connectivity Initiative which brings the two areas together in what is the Foundation's most ambitious investment initiative to date. It is hoped that by delivering in these key areas the Telkom Foundation will be able to assist government to build a competitive Knowledge Economy for the 21st Century, bolster skills development and ultimately tackle unemployment in the country.



Telkom SA has for the past several years been honoured as one of the country's top corporate social investment spenders thanks to the continuing efforts of its dedicated Foundation.

The company realised ten years ago that if it wanted to make its money count for South African people, it was going to need a dedicated and focused organisation to put that money to work.

The Telkom Foundation was born and a decade on we are truly proud of the contribution it is making to alleviating the suffering of the poor and bolstering the development of the country.

In ten years, the information and communication technology (ICT) landscape has changed dramatically and continues to do so. Today, the Internet is a powerful resource for education and business and Telkom is excited to be a major player in this dynamic sector.

The Foundation realises that the Internet has great potential for developing underprivileged communities and schools - and that making ICTs available to everyone in our society is vital to tackling the widening digital divide. Government alone will not be able to address the issue.

To this end, the Foundation has launched a connectivity drive to get more than two thousand schools hooked up to the World Wide Web by December 2010. The project was launched this year at Grassy Park High School in Cape Town - which coincidentally, is my former school.

The gratitude with which the gift of connectivity is received throughout the country - sometimes by people who do not yet fully understand its uses and benefits - is truly humbling. It is a gift that can keep on giving, long after the Telkom Foundation teams have left, and is therefore an investment with a lasting impact.

The past year has seen the Foundation's connectivity initiative move from planning stages to implementation and we are excited to see what results it will bring in the years ahead.

With the global economy going through tough times, the foreseeable future will be difficult for business in South Africa and globally. In many instances this means that social investment spending will take a big hit. This will not be the case at Telkom. The Foundation, on behalf of Telkom, will continue to invest in the people of South Africa in the hope that together we can build a brighter, more opportunity-filled future for everyone.



A decade since its establishment, the 2008/9 financial year can be described as one of celebration, reflection, and planning for the Telkom Foundation. Celebration as we remember the many people we have helped, reflection as we look back on our successes and stumbling blocks, and planning as we look forward to another decade of investing in people and communities.

This three-tiered analysis has resulted in a new strategic approach that will see the Foundation investing primarily in education and technology in the years ahead in order to contribute to the future growth and development of South Africa.

This focus on education and technology - particularly Information and Communication Technology (ICT) - is being brought together in the Foundation's biggest investment project to date: the 2,010 for 2010 Schools Connectivity Initiative.

This ambitious project was launched at Grassy Park High School in the Western Cape in February 2009, and it promises to be a year of hard work ahead as Telkom technical teams work around the clock to meet the deadline and keep our promise - to connect two thousand and ten schools to the Internet by December 2010!

Currently, most efforts are being directed towards this project. However, the Beacon of Hope and Giving from the Heart initiatives continue to move from strength to strength, as you will read in the pages ahead, and will remain a top priority for the organisation.

In addition, the Foundation continues to sponsor and donate funds to several worthy organisations - including Heartlines, Childline, LifeLine, the Association for People with Disabilities and Noah. These causes remain an important aspect of the Foundation's investment agenda.

Other exciting developments over the past 12 months include being honoured as the country's 'Top Empowered Company in CSI' at the annual Metropolitan Oliver Empowerment Awards, as well as the launch of our first custom-published magazine, *Connect*.

Looking ahead, the next year will see work on the 2,010 for 2010 Connectivity Initiative intensifying, and in another exciting Foundation development, the Telkom Educator of the Year Awards will be screened on local television for the first time this August.

We hope you enjoy reading this bumper edition annual report in celebration of our first ten years of social investment work.



As the financial year draws to a close, we are presented with a unique opportunity to not only reflect on the past year, but on ten years of the Telkom Foundation's work - it now being a decade since the Foundation's establishment in 1998.

A lot has happened in ten years and during that time the Foundation has become more streamlined and focused - moving from a young organisation looking to make any kind of positive impact to a mature corporate social investment body with well-defined objectives.

The Foundation's renewed strategic focus came to fruition during the past 12 months, with the outlining of an investment agenda that will focus mainly on education and ICT roll-out in the years ahead to created ICT-empowered communities.

It is in these two areas that the Foundation believes it can have a tangible and meaningful impact and take advantage of its parent company's position as the leading ICT provider in the country. It's important for the Telkom Foundation to contribute to bridging the digital divide for sustainable development.

This reinvigorated investment approach will honour the Foundation's original intentions - to invest in disadvantaged communities, especially women, children and those with disabilities, to create a more equal and opportunity-filled future for all.

By creating focused projects that feed into the education and ICT

agenda, as well as by supporting and donating to organisations that look after society's most vulnerable members, the Foundation is building a reputation as a corporate social investment body that cares and is putting its money where its mouth is.

That this money is creating an impact is largely down to the hard work of its Acting CEO, Prelene Schmidt, and her small but capable team. Together, and with Schmidt's hands-on approach, they are ensuring that the company's investment vision gets translated into real results for real people, each and every day.

Our 2,010 for 2010 Schools Connectivity Initiative - currently in its roll-out phase - will see us connecting two thousand and ten schools across South Africa to the Internet. This initiative will enhance teaching and learning in the classroom.

We are also currently sponsoring 186 learners from disadvantaged backgrounds to attend some of South Africa's finest schools under our Beacon of Hope programme. Happily, I can report that many of these learners are performing above expectation and doing us and their families proud. We are optimistic that a high proportion of these students will go on to study science and technology-related disciplines at tertiary level in service of our country.

These are just a few of the ways that the Telkom Foundation is showing its commitment to education and making its investment work for today's learners - in preparation for tomorrow's world.



KEY PROJECTS '09



_2010 SCHOOLS INITIATIVE



Bringing the Internet into SA classrooms

As its boldest project to date, the Telkom Foundation is certain that its 2,010 for 2010 Schools Connectivity Initiative will have a lasting impact at hundreds of South African schools - and on thousands of learners' lives - in the years ahead.

The aim of the project is simple: to get two thousand and ten schools across the country connected to the Internet by December 2010. The project roll-out and logistics, however, are challenging as the project is on a grander scale than anything the Foundation has undertaken before.

The Foundation and Telkom technical teams, therefore, have their work cut out for them in the months ahead as the project moves from planning and pilot stages to full-blown implementation.

Discussing the project's progress over the past financial year, Telkom Foundation Acting CEO Prelene Schmidt said it had been a challenging journey at times - but that the groundwork has now been laid to get all the selected schools connected.

"Planning a project on this scale is a massive challenge, but one we have been determined to get right. We firmly believe the results of this connectivity drive will prove our hefty investment is fully justified.

"This initiative is our way of helping to bridge the digital divide in SA - a goal we at Telkom hold very close to our hearts," she added.

PROGRESS TO DATE:

The 2,010 for 2010 Schools Connectivity Initiative officially got under way at Grassy Park High School in Cape Town, on 6 February 2009.

The launch event was attended by project sponsors, government officials, teachers, learners and community members and celebrated the potential of today's youth to achieve great things, despite their hardships - just as Reuben September, CEO of Telkom SA and former learner at Grassy Park High, has done.

Schmidt described the event as the beginning of a new and exciting investment cycle for the Telkom Foundation, in which broad-based access to the Internet was the ultimate goal. She also talked about the importance of the Internet in education today.

"Today the Internet is a powerful tool in the classroom, with virtual gold mines of information just waiting to be accessed and absorbed by young enquiring minds. This information has the exciting potential to elevate our youth out of poverty and into a realm of possibilities and choices," said Schmidt after the launch.

Logistically speaking, each school in the 2010 Connectivity Initiative will receive an always-on Internet connection and discounted broadband subscription rates, as well as state-of-the-art interactive electronic whiteboards and laptops to enhance teaching and learning in the classroom.

In addition, Grassy Park High School was the lucky recipient of a fully equipped computer centre which has been designed to run as an Internet Café servicing the surrounding community after school hours. The Foundation will be watching closely to monitor the success of this pilot Internet Café, and if successful, will take the concept to other 2010 schools nationwide.

Amongst the distinguished guests at the launch was a contingent from Alcatel-Lucent, co-sponsors of the Grassy Park Internet Café who flew in all the way from France, as well as representatives from the Department of Education and Khanya - the Western Cape Education Department's Technology in Education project - which is partnering with the Telkom Foundation to provide technical support to the 2,010 for 2010 schools in the Western Cape.

The project roll-out will take place on a province-by-province basis over the coming year and a bit, with the Western Cape coming first.

"This method will allow us to identify and correct any teething problems on a smaller, more manageable scale," explained Schmidt.

Mrs Woolward, Principal of Grassy Park High School, expressed her gratitude to the Telkom Foundation when asked about the impact the project was having at her school, three months after the launch.

"The Café is not fully functional as a business yet but we hope to appoint an entrepreneur from the community very soon to manage this. In the meantime, the learners really love going in to the computer centre in their free time to surf the Net and do research for projects.

"We are training eight learners to act as monitors to ensure the facility is used properly and respected at all times. This is a magnificent gift that we want to look after so it can benefit the school for many years," she said.

"Khanya will provide teachers with proper training so that they can use the electronic whiteboards effectively during lessons. It will take a bit of learning to adopt this new teaching tool and realise its full benefit," she added.

In response, Schmidt expressed her thanks to the school and various stakeholders.

"The Foundation is grateful to Khanya, Alcatel-Lucent SA, Grassy Park High and indeed all the schools involved for their continued support of, and belief in, this major connectivity project. The groundwork has been laid and the hard work of getting each school connected can now begin in earnest."

Schmidt said, that where possible, they hope to replicate the successful relationship that has evolved between the Foundation, Khanya and sponsors in the Western Cape in other provinces as they roll-out the project. She said that schools that are in disadvantaged areas, but that have shown themselves to be well managed and proactive will be selected from across the country to benefit from the project.

"Getting the selection right is a key part of the process and it is a job that we cannot hope to undertake in isolation. In this, as in so many other areas of the Foundation, we rely on our partners and connections in the community to really make things work."



Prelene Schmidt and Mervin Kamoetie (Alcatel-Lucent SA CEO) cut the ribbon.



_BEACON OF HOPE



Changing Lives

The Beacon of Hope programme is perhaps the Telkom Foundation's most powerful opportunity to change and shape individual lives.

Running since 2006, the Beacon of Hope initiative takes high potential learners from disadvantaged communities across South Africa and puts them into some of the country's top schools, at no cost to them or their families.

The Foundation pays for the learners' tuition and boarding fees, covers the cost of school uniforms, stationery, books and sporting equipment, and provides the learners with pocket money to make their transition from an underprivileged school to a school of excellence as easy and comfortable as possible.

The Foundation has made a commitment to sponsor each Beacon of Hope learner right through to matric - so long as the learners do well and pass all their subjects each year.

Acting CEO of the Telkom Foundation, Prelene Schmidt, said the programme is designed to make a major difference to the learners' - and their families - lives.

"People may wonder why we pay for these learners to attend top schools instead of ploughing the money into underprivileged schools," said Schmidt.

"The reasoning is simple - we want to give these smart children the best chance of finding success by giving them a solid, recognised education and a good foundation on which to build their careers and dreams.

"We hope that by giving these high potential learners everything they need they will make their families and communities - and us - proud, and will eventually improve the situation back home when they grow up to be successful and respected individuals," she explained.

Schmidt added that even though the Telkom Foundation does everything to help these learners, the success of the programme would ultimately come down to each individual learner and the effort they put into their studies.

"These kids have been given a wonderful, once-in-a-lifetime opportunity and most of them realise just how lucky they are to have been selected for the Beacon of Hope programme. They continue to surprise us with their hard work and achievements and we are very proud of them," said Schmidt.

"We are also indebted to many of the schools partnering with us on this initiative. Many schools have gone beyond expectations by providing extra lessons and afternoon classes to the learners to help them reach the needed standard, especially in English where many of them tend to struggle initially."

TOP ACHIEVERS

Many Beacon of Hope learners are achieving big things and surprising everyone with their academic results and commitment to doing well. What follows is an update on some of the top learners.

Zimasa Malunga

Wynberg Boys High School: Western Cape

Wynberg Boys High School is one of the country's oldest schools and has seen its fair share of distinguished young men over the years. Many Wynberg Boys have gone on to achieve big in the world of business and sport, and it is for this reason that Headmaster Keith Richardson's high praise of Zimasa Malunga is such an honour.

Zimasa, in Grade 10, is one of the shining stars on the Beacon of Hope programme and Mr Richardson says the entire school is extremely proud of the young man's achievements and progress since coming to the school two years ago.

"We are all very proud of the young man Zimasa is becoming. He has really bought into the values of the school and he plays very good rugby - he really enjoys it and is thoroughly committed. We are very happy to have him," says Mr Richardson, who believes more companies should follow the Telkom Foundation's example and set up programmes like the Beacon of Hope.

While Zimasa's skill on the rugby field is what initially earned him a place at Wynberg Boys High - he represented Western Province at Under-13 level - it is his academic performance that has positively surprised everyone during the past two years.

He earned a silver tie at the end of 2008 - which is awarded to learners who achieve above a 70% aggregate - and says his favourite subjects are Maths and Physics. A good thing seeing as he has dreams of becoming a civil engineer one day!

"I really want to be a civil engineer," he says. "I think you have to enjoy what you do and I know I will enjoy that career and still make money."

Zimasa, who is one of four Beacon of Hope learners at Wynberg, finished 17th in his grade at the end of the first term of 2009 and achieved 83% for Economics and 60% for English - a great achievement considering he was taught in Xhosa at his primary school in Langa and could speak very little of the language when he first arrived at the school.

In addition to his academic tie, Zimasa also sports a 'Junior Blues' badge on his school blazer, an honour awarded to the school's outstanding young sportsmen. He plays rugby for the Under-16 A team and proudly shows off the Adidas rugby boots bought for him by the Telkom Foundation.

Because of his achievements both on and off the sports field, many of Zimasa's new friends refer to him as "our future head boy", demonstrating the high regard that his peers hold him in.

Zimasa, however, has not allowed these high hopes to go to his head and says he is privileged and more than just a little lucky to find himself at one of the country's best schools.

"This is the best school, I really love it here," says the young man - who, despite his many new friends, has not forgotten his old ones back home.

"My old friends are happy for me but a bit jealous too.

"When I go back home I like to offer things to my friends, like my old boots, for example. I understand that when I go there I must share what I have with them as they don't have much," he says.

Being part of the Beacon of Hope programme means that Zimasa and the other sponsored children have to be boarders - and being away from home can sometimes be tough.

Happily, Zimasa is fine with the situation for the moment and describes his fellow boarders as his "brothers".

"It is good to live in a hostel because all the teachers are around if you need extra help after school. We are like a family and we walk to school together every day and on the weekends we do fun things like going to the beach, swimming at Newlands pool or watching the Stormers play rugby at Newlands.

"But the best thing about hostel is that we can play touch rugby after school together," states Zimasa.

Despite being away from home, Zimasa remains closely in touch with his family in Langa - who he says are extremely proud of him - and his dad's photo takes centre stage on his dormitory room desk.

The confident and popular young man is showing real promise that he can go on to achieve great things after school and set a good example for his new baby brother - his only sibling.

His hardworking attitude, whether it's on the field or in the classroom, is setting him apart from the crowd and the Telkom Foundation will be watching his future progress closely.



Zimasa Malunga (right) and friend enjoying dormitory life.

Busisiwe Cingo

St Patrick's College, KZN

The privilege of attending a private school like St Patrick's College in Kokstad is not lost on Busisiwe Cingo, who watched three of her siblings drop out of school to find jobs to help feed the family.

Busi is one of 15 Telkom Foundation sponsored learners who have been given an opportunity by the Beacon of Hope programme to build a better life by getting an outstanding education at St Patrick's and she is not about to squander that.

"Being at St Patrick's has changed my future a lot. Maybe I would not be at school at all," says the 15-year-old reflectively. For Busi, the wasted potential of her brothers and sisters motivates her to keep on going to school.

Formerly from rural Nompumlanga Primary School in East London, Busi had the good fortune of moving to Kokstad with her mother when she found a job as a cook at an Anglican church. This placed Busi in Kokstad's junior school at the right time to write the Telkom Foundation test.

Amiable, confident and cheerful, Busi enjoys experiencing new things at St Patrick's and says that having a mix of different races in her class has changed how she views things.

The Grade 9 learner not only excels academically but participates in the school play, choir, athletics, hockey and soccer. Although she sports a tennis merit badge on her blazer, Busi says that netball is the nicest sport she's played, and she proudly shot her way into the Kokstad district team this year.

"I'm also good at athletics," says Busi. She won the athletics trophy for her age group. She bravely says she also plans to be good at swimming even though she has just learnt how to swim!

Busi enjoys being a boarder at the College and says it is a "family environment where everyone is everyone's friend".

The hardest part for Busi is being apart from her mother, who is now working in Pretoria. She has not seen her for seven months.

As the youngest of four siblings Busi says she never knew her father. Her mother left him when she was three years old because he became abusive when drunk. But fortunately, despite her distance from her family and her difficult past, St Patrick's is providing her with plenty of surrogate support, especially from Barbie Lloyd Jones, Head of Department for Grades 7 to 9.

"This year I have done much better because there is always someone encouraging me," says Busi.

Busi also likes reading, chilling with her friends and watching TV. Her goals for this year are to earn an academic merit badge and to complete 150 hours of community service.

"She gets stuck in to all school activities from the choir to the sports field and is cooperative and an asset," says Lloyd Jones.

Always up for a challenge, Busi initially planned to become a pilot, but says she has been persuaded to at least consider more practical



Busisiwe Cingo (right) enjoys a laugh with her friend.

options like law, medicine or accounting and has just added actuarial science to the list... She gets As for Maths and it is her favourite subject.

Her high performance in the classroom (in the last round of tests she came 5th in the class) is evidence that she is settling in well, despite the fact that coming to a school like St Patrick's was challenging for her and many of the Telkom Foundation sponsored children, some of whom had not slept on a bed or used a shower before! They came from very poor backgrounds, explains Lloyd Jones, and this has made them all the more determined to succeed.

"Busi sees what poverty has done to her own family and sees that she can make a new life for herself," she says. "All the Telkom Foundation sponsored children are such polite and delightful children and they don't take anything for granted."

Busi has grabbed everything with both hands and is enjoying every minute of what she is doing, says Headmaster Rob Macaulay.

The uniqueness of this opportunity afforded by the Telkom Foundation is not lost on other learners either.

Macaulay says that they participate willingly in community projects with some already having clocked up 76 hours of community service and a number of learners have gone back to their old schools to help learners there with their studies during the holidays. That's really living up to their new school motto, *altissimo contendam* - to strive for the highest.

Tshidiso Mafereka and Charles Rakavoane

New Horizons College: Free State

New Horizon College, on the border of Harrismith's industrial area, has 968 learners who come to class each day to reach for the stars as the school motto *astra ascantia* encourages them to do. With a 100% Grade 12 pass for 2006 and 2008 to live up to, it is something both learners and educators take seriously.

Among the Grade 9s is a rather conscientious and serious looking 15-year-old, Tshidiso Mafereka. He is one of 17 pupils currently boarding at New Horizon College as a result of sponsorship from the Telkom Foundation.

Tshidiso comes from Winburg, which he describes as "a small town that is underprivileged". He is one of six pupils from the Tlongkganyeng Primary School selected for sponsorship by the Telkom Foundation as part of the Beacon of Hope programme after scoring well in a selection test.

Although Tshidiso only started out at his new school in January 2008, he came in the top 10 last year, and this year has worked himself up to a position in the top five, and says he's aiming at being the top student in his grade by the end of the year.

The focused youngster has aspirations to become an industrial scientist and seems to be well on his way to success with a Maths mark of 80%.

Tshidiso says that although it was very hard to leave his parents, elder brother and younger sister there are some serious plus sides to being at New Horizon College. "I am rather glad that I do not have to spend an hour climbing a mountain to get to school as I had to do at my old school," he jokes. He also says that the academic standard at New Horizon is much higher.

But it is not just his studies that he takes very seriously. Although some of his spare time is spent involved in study groups, Tshidiso also plays soccer, and represented the Eastern Free State for athletics this year. Although he's had the opportunity Tshidiso still has to take the plunge and learn how to swim. He says he prefers the hard things - like the Maths Olympiad!

Another Telkom Foundation sponsored student who is very excited to be able to attend New Horizon College is Charles Rakavoane. The quiet-spoken but friendly Grade 9 who also comes from Winburg says he came to get a better education and is quick to confirm that the best things about his new school are the quality of education and the humanity of the teachers.

"They understand our problems, and help and advise... always in a positive way," enthuses Charles. He says he was struggling with Maths and his marks dropped from 79% last year to 50% in the first term this year, but he says he is battling his way back up there,

and has managed to perform well enough in his other subjects to remain in the top 10 of his class.

Charles likes running and long jump, plays soccer and dreams of owning his own company - either a chemical engineering company or one that finds a cure for HIV.

Charles is the youngest of three children. His mother works in a peanut factory and says his father resigned from work a long time ago. He is grateful to have been among the students selected from Naledi ya Botjhabela Secondary School and like Tshidiso says the only thing he wishes he could change is the steamed hostel food - but both were quick to add that their education was far more important and they had chosen to concentrate on their education, not the food.

Headmaster Henry Madlala says that through the Telkom Foundation the children sponsored have really been shown the world: "When they came here they had never been on a school trip before - now

they have been to Cape Town, to open days at Universities in Pretoria, Durban, Bloemfontein... to the Development Bank of South Africa, the South African Mint and had many other opportunities.

"The children really struggled with English when they got here. The township teachers taught in their mother tongue, which for these children is Sotho. We held extra classes in English, Maths and Science. The first year was tough but now they know what is expected and they are doing very well," says Madlala.

"Our school is known for good results. We had a 100% Grade 12 pass for 2006 and 2008 and the best achiever for the Free State Province was from this school and we had five learners in the top 100 within the Free State," says the proud Headmaster.

He attributes the school's good results to the dedication of the educators. "They are really, really committed and they don't mind going beyond the call of duty. If some students are struggling they hold extra classes, even on a Saturday," says Madlala.

Charles Rakavoane is delighted by the educational standards at New Horizons.

NOKUTHULA SCHOOL



_GIVING FROM THE HEART

Labour of love

Giving from the Heart is an ongoing Telkom Foundation initiative that gives the many hundreds of Telkom employees across the country an opportunity to get involved in some fun and sometimes challenging charitable work.

It is a key project that unites the Telkom Foundation with its parent company Telkom SA, and gives many Telkom employees a rare glimpse into the extraordinary social investment work that the Foundation does on a daily basis.

Employee Volunteer Week, held in March every year, is a nationwide drive to get Telkom employees involved with the Giving from the Heart programme. It puts employees to work for worthy causes and gives the company's workers an opportunity to reflect on their blessings and give something back in a very personal way.

As in previous years, Telkom employees across the country rallied to the call this year and proved that they care deeply about their country and communities.

Simmy Maphosa, a Telkom Foundation employee and co-organiser of the week-long drive, said the initiative was a big success with the time spent going a long way to help the various organisations involved.

"Despite some terrible weather in places, many Telkom employees were determined to brave the rain and help out," said Maphosa. "We are really grateful that they did - their one day of hard work will benefit these needy organisations for years to come."

The Telkom Foundation is grateful to all the Telkom employees that gave of their time and energy during Employee Volunteer Week. Thanks to their efforts the week-long drive was a great success.

EMPLOYEE VOLUNTEER WEEK KEY HIGHLIGHTS:

Tumelo Hospice in Mabopane, North West: 9 March

Twenty Telkom employees worked their fingers to the bone laying a grass lawn at Tumelo Hospice, which caters for elderly and HIV-positive patients.

The Foundation also donated plastic-covered mattresses for the hospice's beds.

Centre of Hope in Mahwelereng, Limpopo: 11 March

A relentless downpour threatened to bring work here to a complete stop but some fearless Telkom employees still managed to make the trip to the Centre of Hope, which cares for disabled children and adults between four - 30 years old.

Ruben Seduke, Telkom Technical Officer in Makopane, lead the determined group of seven employees to the Centre of Hope to brighten the kids' days despite the gloomy weather outside.

"The rain stopped us from doing the work we planned to do but we still went along to play with the children and donate some old clothes and food as well as a washing line," said Seduke, who is a familiar face around the Centre of Hope.

Seduke and a group of about four to six Telkom employees make regular trips to the Centre in their free time to help out and bring a little joy into the lives of those who call the Centre of Hope home.

According to Seduke, it is their small way of helping to alleviate the hardships of the disabled children and young adults who live there.



Telkom employees cook lunch for the children at Nokuthula.

"The first time I went to the Centre I saw they had a desperate need for help, they are very poor and the children there are suffering a lot. Some children cannot walk and don't have the proper equipment.

"We try to go there once a month on a Saturday just to play with the kids and donate whatever we can from home."

The Telkom Foundation has plans to erect a 920 metre long palisade fence around the Centre in the near future.

Nokuthula School for the Intellectually Disabled in Marlboro, Gauteng: 13 March

Several Telkom employees proved they are not afraid of getting their hands dirty when they swapped their suits and heels for overalls and hair nets at the Nokuthula School for the Intellectually Disabled.

The school is a day-care and educational facility for youngsters with intellectual disabilities and Telkom employees surprised everyone there when they took over all the cleaning and cooking duties for the day - giving the hardworking staff a rare opportunity to relax.

In addition to sweeping and cooking chores, the Telkom Foundation also had a special surprise for the School and donated a library filled with stimulating educational toys and books.

Namhla Dabula, Executive in Consumer Sales, was one of the Telkom leaders who got stuck in and she said she is grateful for the experience - such was the warmth and gratitude of the children and staff at Nokuthula.

"It was a great day at Nokuthula, a real eye opener for many of us who got involved. This is a fantastic Telkom Foundation initiative

and it would be nice if we had more time and resources to have even more days like this,” she said.

After arriving early at the School, Telkom employees were divided into three separate groups - one taking on cooking duties, one to clean and another in charge of the secret donation.

It was a long hard day of work and after the school lunch the employees were treated to some entertainment.

“After we made lunch the kids entertained us with singing and dancing, disabled though they are,” said Dabula. “This group of kids and the day as a whole was very special.”

Next, it was time to unveil to newly tiled (by Telkom hands) library filled with amazing toys and books for the school.

“This donation was the icing on the cake and it looked so beautiful when it was finished - just the kind of place you want children to be in,” commented Dabula, who also personally supports the Amazing Grace Children’s Home in Eikenhof in her own free time.

“In general I think people really want to help but often don’t know where to go, so this gives people a much-needed opportunity and will hopefully spur them on to continue giving in their personal capacity,” she concluded.

Uthando Orphanage House in Hazyview, Mpumalanga: 10 March

On Tuesday, 10 March, 15 Telkom employees travelled deep into rural Mpumalanga to visit the impoverished Uthando Orphanage House.

Amongst the Telkom employees was Thembi Rikhotso. According to Rikhotso, who is a contract rep at Telkom, the Uthando

Orphanage House is in dire need of help and is so poor that it often struggles to meet the basic needs of the children who live there.

“It is very difficult for them, they do not have any sponsors and sometimes do not even have enough food to give to the children,” said Rikhotso.

The orphans at Uthando are aged from five to 18 years old, and many of them have lost their parents to AIDS, or have been taken in from the street. Uthando does its best to give them the shelter and care they need, despite its lack of resources.

Telkom employees spent the day cleaning inside the orphanage and doing gardening work to brighten up the children’s play area.

The Telkom Foundation also made some much-needed donations, including a four plate gas stove, four large cooking pots, 15 steel bunk beds and linen, including pillows and duvets, for all the new beds. This was added to by some personal donations from the 15 Telkom volunteers.

“Many of us took some old clothes with us to give to the children,” said Rikhotso, who adds that she will be returning to Uthando during her own time to continue the work started during Employee Volunteer Week.

“They were all really happy with what we did and have asked us to come back whenever we can. I will be going back on my free weekends to do more work there,” she said.

St Patrick’s College in Kokstad, Mpumalanga: 14 March

The Telkom Foundation currently sponsors the tuition and boarding of 16 learners at St Patrick’s College in Kokstad under its Beacon of Hope programme. These high potential learners were surprised

with a special visit from 15 Telkom employees during Employee Volunteer Week.

Martinus Murray, Technical Officer: Data Advanced Services, at Telkom, was amongst the group and said the aim of the visit was to inspire and motivate the young learners.

“It was a miserable rainy day so we had to have the activities inside. We talked to the learners in small groups to inspire them to have a better life and never give up on their dreams,” said Murray.

The learners come from disadvantaged backgrounds and adjusting to life at a top school can be challenging - and so sometimes they need some extra support and motivation.

The Telkom Foundation gave each of the learners a Telkom Foundation branded bag, T-shirt and squeeze bottle on the day, as well as a festive lunch.

“At the end of the day we all ate some Nandos together - it was a very nice day. The kids were surprised by our visit but very happy even though they were a bit shy as well,” said Murray.

Hospice Association of Transkei in Southernworld, Eastern Cape: 12 March

The Hospice Association of Transkei is a group of 18 caregivers that visit 250 homes/ patients in this rural area of the Transkei.

15 Telkom employees visited the Hospice Association on 12 March to clean and fence its garden and to hand over some much-needed donations, which included a fence for the Hospice garden, 18 first aid kits and a 5000 litre water tank.

Telkom Foundation Board member, Iqbal Moolla, mops the floor at Nokuthula.





GIVING THROUGH OTHERS '09

THE TELKOM FOUNDATION'S CONTRIBUTION IS NOT LIMITED TO THE PROJECTS IT DESIGNS AND IMPLEMENTS ITSELF. ITS IMPACT IS ALSO BEING FELT THROUGH THE MONEY IT DONATES AND THE SUPPORT IT PROVIDES TO SEVERAL NON-GOVERNMENTAL ORGANISATIONS IN SOUTH AFRICA.

APD

FUNDRAISING DRIVE BOOSTS HELP FOR THE DISABLED

When Ray Blecher, Manager of Fundraising at the Western Cape Association for People with Disabilities (APD), picked up the phone in a moment of desperation several years ago, she never dared hope that the Telkom Foundation would heed her cries for assistance.

To her even greater pleasure, the Foundation has donated to the APD every year since then.

For more than 70 years, the APD has challenged prejudices and helped disabled children and adults living in poor communities to realise a more comfortable and dignified life - and its clever use of Telkom Foundation funds is helping it to make a big impact.

Blecher said the APD's work is hugely rewarding, but challenging at times too.

"As a Non Governmental Organisation, the APD constantly struggles to find the funds to meet the needs of our massive network of disabled people," she said.

"Thankfully the Telkom Foundation is making a huge difference by sponsoring our main fundraising initiative each year."

For the past six years the Foundation has fully sponsored the APD's popular car giveaway - in which members of the public are given a chance to win a car by making a R5 donation. This competition raised a massive R750 000 in 2008 and was the single largest fund contributor to the APD during the last financial year.

Marius Els of the Strand in the Western Cape was last year's lucky winner of a Hyundai Atos. Like many thousands of hopeful winners he bought his ticket from an APD vendor in his local shopping centre.

His R5, along with the thousands of other donations, is being used to fund the sterling work of the APD's 21 Western Cape branches - which span from Cape Town to Knysna - and offer a range of vital services that include: training mothers to look after their disabled children; providing employment to disabled people; and offering day-care centres, social work services, education and food and blankets to those with disabilities.

"We carry out our work amongst the poorest of the poor, in places where people can barely afford food and basic necessities, let alone wheelchairs and specialised care," explained Blecher.

Prelene Schmidt, Acting CEO of the Foundation, said she was hugely impressed by the APD's ability to turn a modest donation into such a massive return.

"Each year the APD shows great ingenuity at their ability to turn our humble donation into such a large amount of money. Instead of just using the cash we give them for day-to-day expenses, they have designed a fundraising initiative that is turning this money into a far greater amount to help many more people," said Schmidt.

According to Blecher, it would be very difficult for the APD to continue to function without the support of the Foundation.

"We are truly grateful to the Telkom Foundation for sponsoring us - they are helping to feed and care for our children and are making a big difference in the lives of people who really need and appreciate all the help they get."

This year, the APD is expanding nationally, with branches in Gauteng and Mpumalanga to participate in the car giveaway.

CHILDLINE SA

TELKOM FOUNDATION GIVES A VOICE TO SA'S MOST VULNERABLE

Every day thousands of children in South Africa are abused and denied their right to a healthy, happy childhood. The Telkom Foundation believes that protecting these vulnerable children is a tough job and is committed to making it easier for these young citizens to find the help and support they need.

One way the Foundation is doing this is through an on-going donor-partnership with Childline SA - a well-known non-profit organisation that is dedicated to protecting children from violence and championing their rights within our society.

Childline SA services can be accessed in many ways, but the main way is through the Childline call-in facility - termed the crisis line. Calls to this toll-free number are sponsored by Telkom SA to make sure that children all over the country have easy, reliable AND FREE access to help and support when they need it.

Joan van Niekerk, National Co-ordinator of Childline SA, said the Telkom Foundation's support over the years has been critically important to the organisation's success.

"The Telkom Foundation came on-board to assist the organisation almost 15 years ago and their donations have had a huge impact on the work that we do.

"Without the Foundation's sponsorship of our call-in service we would not be able to offer our free telephone service to children. The Foundation's support has effectively helped to save the lives of many children in South Africa and they should be very proud of their involvement with Childline SA," said Van Niekerk.

Nationally, Childline receives about 100 000 calls a month - that's more than 1 million calls annually. "This is a huge number of calls

to process - the Foundation has also made this process easier for us by funding the set up of a data collection programme on our system a few years ago. This programme allows our counsellors to simply and quickly collect detailed information on every call we receive," she said.

Van Niekerk also explained that through the data collection programme they can trace which areas are prone to certain problems and collect statistical information about what problems are more likely to increase or decrease over time.

"This kind of information is vital and helps us to train the staff efficiently," said Van Niekerk.

In 2009, the Telkom Foundation again donated more than R1 million to upgrade this data collection system and the call centre capacity across all provincial call centres.

"Since the installation of the first data collection programme, Childline SA has grown exponentially. The system was in need of an upgrade to support the growth we were experiencing and once again the Telkom Foundation was more than eager to assist.

"The money donated will allow us to not only fund the new upgrade but also to send programme designers out to all the different provinces in South Africa so that we can train the staff on the new upgrades of the programme," explained Van Niekerk.

Childline SA is fully reliant on sponsorships and donations to keep providing this valuable and much-needed service and the Foundation will continue to nurture this important partnership in the years ahead to ensure that South Africa's vulnerable children are not left without a voice.

LIFELINE

HELPING TO BREAK THE SILENCE OF GENDER-BASED VIOLENCE

Gender-based violence is a human rights issue that affects thousands of people in South Africa on a daily basis. The Telkom Foundation recognises that the fight to stop gender-based violence must first start with breaking the silence.

In 2004, the Foundation took concrete steps to give the victims of violence a voice and partnered with the 24-hour crisis telephone service organisation LifeLine to help fund their STOP Gender Violence Project (toll-free facility).

Founded in 1963, today LifeLine has 19 centres, 17 in South Africa and one each in Botswana and Namibia. It also reaches out to other countries in the SADC region. The organisation offers a toll-free service 365 days a year and provides counsel for countless issues, including bereavement, HIV/AIDS, different kinds of trauma and all types of abuse. The Stop Gender Violence help line, however, operates Monday to Friday from 7am - 9pm.

Milo Zama, Project Development Manager for LifeLine South Africa, explained that different organisations choose to sponsor different "components" or areas of projects and each project has its own toll-free number, which means that **0800 150 150** belongs exclusively to the Telkom Foundation sponsored Stop Gender Violence help line.

"The Telkom Foundation provides us with an invaluable service because without their funding there is no way we could make the crisis number for gender-based violence in South Africa a toll-free one. That would mean that the almost 100 000 callers we get each year would not have had an outlet for their problems.

"It's important to know that many people who experience these struggles don't have the resources to get help and often can't even afford to call hospitals or clinics for assistance. That is why the

service we provide is so important, it offers them a free solution that can lead to life-saving benefits," she said.

In addition to funding the toll-free crisis line, the Telkom Foundation has in the past also assisted LifeLine by donating funds towards its *16 days of activism against the abuse of women and children* programmes. In 2006 they donated funds which made it possible for LifeLine to visit different areas in southern Africa with the goal of educating citizens about gender-based violence and informing them about what LifeLine does and how they can help.

"LifeLine is not just a call centre - if callers are extremely vulnerable and need urgent help, we offer face-to face counselling through any of our 19 Centres in South Africa," she said.

The Telkom Foundation again came to the aid of LifeLine in 2007 when it helped fund one of these centres in KwaZulu Natal.

"It was one of our centres where there was hardly any infrastructure - our staff was operating out of a little room in the back of some building and it wasn't easy for them to do their job because they had almost no resources.

"We really wanted to build them a nice facility where they could help people while working in a functional environment. The Telkom Foundation assisted us in doing so and we were very grateful for their generosity," she said.

"LifeLine believes that every person has the right to be listened and understood. With the on-going help of the Telkom Foundation, we are able to do so each and every day, it's wonderful that there are organisations out there who care enough to go the extra mile," she added.

HEARTLINES

BETTER VALUES EQUAL A BETTER NATION

Values, good or bad, are what drive us as human beings to make the choices we make. This is what the organisation known as Heartlines believes and what has motivated it to help thousands of South Africans to evaluate their values and change the way they approach issues such as HIV/AIDS, abuse, crime and corruption.

The CEO of Heartlines, Garth Japhet, explained that the Heartlines initiative is all about using different types of media to tell pertinent stories to get people talking, thinking and acting on their values.

“Despite the fact that the majority of people in the country declare that they have good values, there is a gap between what we believe and what we do which leads to a myriad of issues that threaten our future as human beings. What Heartlines does is to help people live their values such as self control, respect, trust, perseverance, integrity and selflessness,” said Japhet.

Along with its different media campaigns, including successful television programmes like Hopeville (a drama series aimed at inspiring South Africans to take action for good), Heartlines also focuses on partnering with faith-based organisations and schools across the country to channel the values message.

“One of our strategies is to align ourselves with institutions that instill good values in society, and our work with schools is particularly important to us because by targeting children we can do our bit to build a more values-conscious society,” said Japhet.

In 2008, the Telkom Foundation lent its support to Heartlines handing over a donation of R1.2 million so that the organisation could increase its focus on teaching children about values and values-based actions in schools.

The Telkom Foundation donation has gone a long way to increasing resources, like media tools and written materials for values workshops and values training for teachers at schools across the country.

Japhet said that a large degree of the Telkom Foundation’s work is also focussed around the development of children in schools.

“There is indeed a synergy between what we are doing with our school-targeted programmes and the long-term objectives of the Telkom Foundation,” said Japhet.

“We appreciate the support of the Telkom Foundation - through its generous donation we are helping the children of our society to learn about the importance of not just having good values but living them,” said Japhet.

Another way that the Telkom Foundation is helping to make a difference at Heartlines is by spreading the message of values through its own organisation.

“The Telkom Foundation has committed to helping its staff, friends, families and business partners to live their values by utilising many of the Heartlines resource programmes. It’s all about practising what you preach, and I think it’s wonderful that they have started this process,” said Japhet.

According to Japhet, the most valuable kinds of partnerships are the ones that have common goals.

“I believe that this particular donor-partnership with the Telkom Foundation will be mutually beneficial. We are committed to finding ways to assist the Foundation in any way possible.”

NOAH

BUILDING AN ARK FOR AN ORPHAN-FREE SOCIETY

The Telkom Foundation has identified many noteworthy not-for-profit organisations to which it has donated in various ways. One such organisation where its money, time and love has made a commendable difference is the NOAH (Nurturing Orphans of AIDS for Humanity) organisation.

The key focus of NOAH is to build the capacity of communities to care for their orphaned and vulnerable children. Their mission is to help sustain such communities in key areas of health (nutritional, physical and emotional), education and economic status.

Lynette Finlay, co-founder of the organisation, says that NOAH was conceptualised in 2000, in response to the realisation that South Africa was facing an “epidemic of orphans”.

“The enormous number of orphans across the country was staggering and ruled out a model of traditional care, where NOAH alone was responsible. There was little chance that a project such as this could sustain itself, thus we came up with a new model to achieve our goal,” explained Finlay.

The NOAH model is one that empowers whole communities to care for their own orphaned children.

“The goal is to mobilise communities to meet this challenge and this results in the formation of a committee of community leaders that can focus on the care of the children - these are called Arks,” said Finlay.

Once an Ark has been set up, NOAH provides a back-bone of care and support. As the communities develop, they are encouraged to increase their participation and responsibility so that they can

function more independently - NOAH, however, closely monitors the initiative and maintains financial control and oversight of all activities.

In 2004, the Telkom Foundation came on board as a sponsor to NOAH and funded an Ark just outside of Pretoria, known as the Mathibestad Ark.

Finlay reports that since the Mathibestad Ark was started, almost five years ago, there have been numerous successes, which have contributed to Noah’s overall vision.

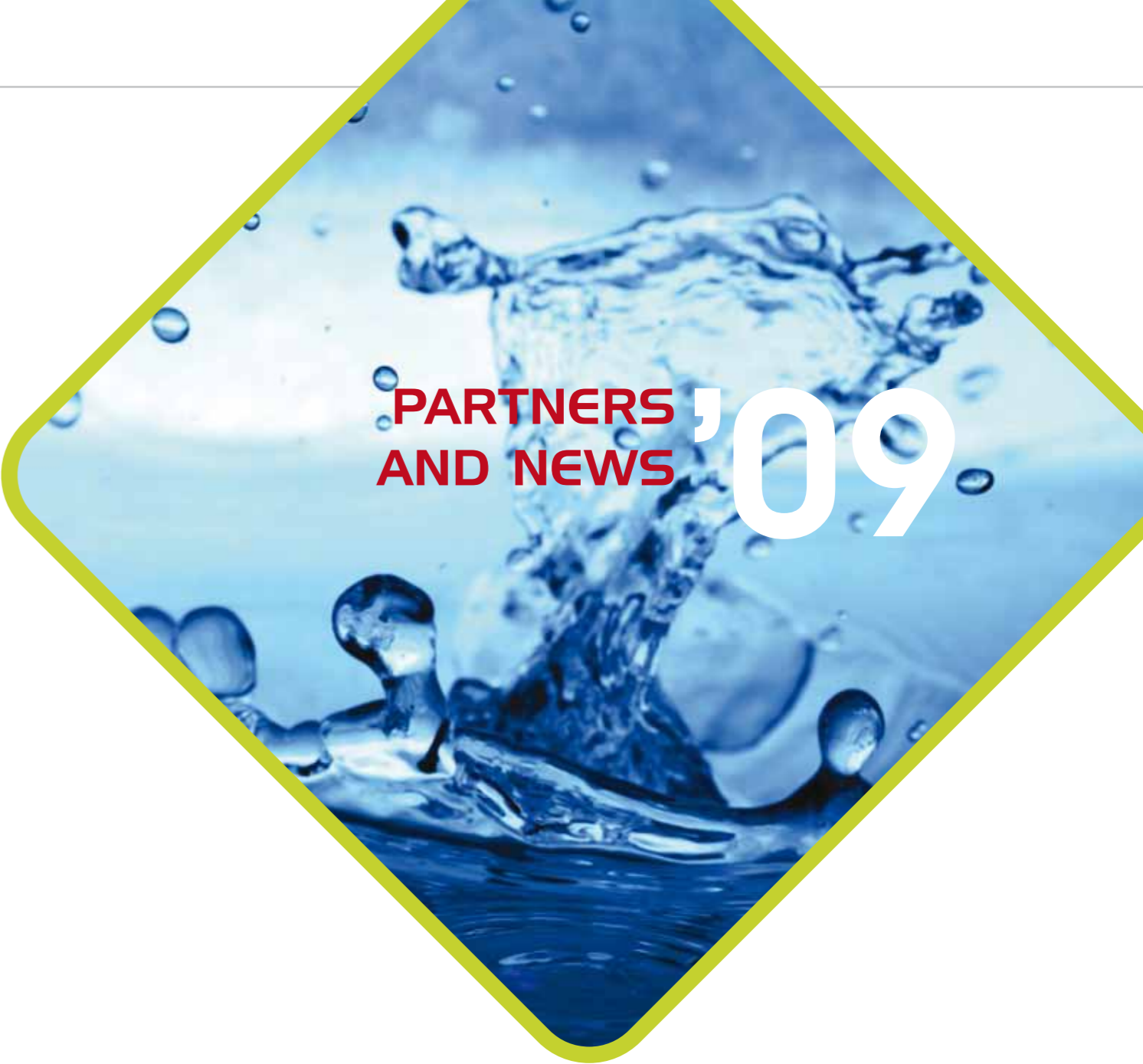
“Mathibestad has become a fully resourced centre - this has taken a lot of time and dedication,” said Finlay.

“Today the Ark has its own day-care and an after-care facility and is providing support to over 200 orphaned and vulnerable children.”

The Telkom Foundation decided again in 2008 to donate to the cause - this time not to one specific Ark, but to the benefit of many Arks across South Africa. Their donations have also helped some of Noah’s other programmes, like their sport and life skills initiatives.

“For us, it’s not just about getting these children off the street or out of abusive homes,” explained Finlay, “it’s also about finding ways to develop them into functioning human beings that can one day go out into society and live full lives.

“Generous sponsors like the Telkom Foundation make what we set out to do possible - our goal is to give these children more than hope, what we want to give them is the possibility of a bright future,” said Finlay.



**PARTNERS
AND NEWS '09**



KHANYA ALLIANCE BOOSTS 2010 SCHOOLS DRIVE

In October 2008 the Telkom Foundation initiated a fruitful partnership with Khanya - the Western Cape Education Department's Technology in Education project - to help roll out its ambitious 2,010 for 2010 Schools Connectivity Initiative within the province.

According to Prelene Schmidt, Acting CEO of the Telkom Foundation, the collaboration is bolstering the success of the project by providing critical training and technical support to the schools.

"We are thrilled that Khanya is lending their support to our connectivity drive in the Western Cape," said Schmidt.

"This is a massive undertaking that needs public/private alliances to be successful and Khanya is filling a critical gap by providing training and post-installation support to ensure that the technology we give schools keeps working optimally long after the Telkom team has finished its work."

These sentiments were echoed by Ingrid Graham, Coordinator of Public/Private Partnerships at Khanya.

"We are very happy that the Telkom Foundation has decided to work along with Khanya and not to implement the 2010 project in isolation. Other projects that have worked independently in the past have not been successful," explained Graham.

"For the 2010 project, the Telkom Foundation has chosen to provide schools with interactive electronic whiteboards with laptops and projectors instead of just supplying computers in a lab. This supports Khanya's drive to move technology into the classroom. If a school has one computer lab of 25 computers and 1000 learners, you can see that learners will have limited access to the facility.

"However, if every classroom has a connected interactive electronic whiteboard, educators can access learning materials and the Internet directly from the classroom to improve lessons," she added.

Established in 2001, Khanya's principle objectives are to: address the shortage of teaching capacity through technology; co-ordinate the efforts of government, business and NGOs in their bids to improve education in the province; bridge the digital divide in schools; and prepare the Western Cape for the Knowledge Economy of the 21st Century. These are ambitious goals that Graham believes will only be met with the input of stakeholders like the Telkom Foundation.

"Government alone does not have the capacity to implement and sustain all aspects of the ICT projects in the province and around the country. It is vital for public/private partnerships to be formed to meet both public and private objectives," she said.

The interactive whiteboards, laptops and Internet connections that the Telkom Foundation is donating to 150 schools in the province have a monetary value of R22 million, but, as Graham indicates, the value of the Telkom Foundation/Khanya partnership extends well beyond that of just financial assistance.

"Essentially, this partnership means that 150 poor schools in the Western Cape will each have free broadband access for at least one year and a special rate from Telkom thereafter. Three classrooms in 150 schools will also have technology in the classroom to enhance specialised subjects like Maths and Science," she said.

In turn, Khanya is adding great value to the Foundation's 2010 Initiative by providing a project management framework, the all-important teacher training, and by helping to select the 150 schools from the Western Cape.



Alcatel-Lucent 

A SHARED VISION FOR DIGITAL EMPOWERMENT

A leader in fixed, mobile and converged broadband networking, IP technologies, applications and services, with operations in more than 130 countries and the most experienced global services organisation in the industry, Alcatel-Lucent is a local partner with a global reach.

According to Mervin Kamoetie, CEO of Alcatel-Lucent SA, the company's partnership with the Telkom Foundation is based on the synergies between the two organisations and their similar views on corporate social investment.

"We saw that the Telkom Foundation had a similar approach to corporate social investment, underpinned by the belief that ICTs have massive potential to uplift previously disadvantaged communities in South Africa.

"We approached them to partner with us to invest in an Internet Café start-up in Tembisa in 2006 and we have remained closely associated since then," said Kamoetie.

The Internet Café in question, Mzansi, was started by two students - Given Mahlangu and Sipiwe Mbethe - who saw a real need for Internet and computer access as well as faxing and photocopying facilities in the Tembisa township, north east of Johannesburg.

The entire business set-up and all ICT equipment was equally sponsored by the Telkom Foundation and Alcatel-Lucent SA, at an estimated cost of R500 000.

"This was a truly worthy investment," said Kamoetie. "The people of Tembisa now have reliable Internet access and can use the

facilities to look for work and do research for business and school projects. It has been a big success."

More recently, Alcatel-Lucent SA again joined forces with the Telkom Foundation to sponsor the pilot Internet Café at Grassy Park High School in Cape Town, launched this year.

The Internet Café concept, if successful, will be taken to other schools around the country.

Kamoetie described it as an exciting initiative, given its dual purpose to service schools as well as entire communities.

"The Internet Café facilities will of course benefit learners and educators at schools, but also community members in underprivileged areas, who will be able to access safe, reliable and affordable ICT facilities after school hours and on weekends," he said.

Prelene Schmidt, Acting CEO of the Telkom Foundation, said the partnership with Alcatel-Lucent had also extended into other important areas in recent years.

"Together we sponsor the Centres for Excellence programme - which is a collaboration between the telecommunications industry and government that promotes research in communication technology and sciences and sponsors promising young scientists and engineers studying in the country," said Schmidt.

"The Telkom Foundation is very happy to have Alcatel-Lucent SA on board as a firm partner, so that together we can assist the country in realising a future of equal access to ICTs."

MAGAZINE TO CONNECT FOUNDATION WITH THE PUBLIC

This year, the Telkom Foundation took its communication strategy to new heights with the March release of a custom-published magazine, *Connect*.

Connect is a free magazine, distributed through Telkom Direct stores and designed to share news of the Telkom Foundation's work with the public and its key stakeholders.

Prelene Schmidt, Acting CEO of the Telkom Foundation, described the magazine as an important communication channel between the Foundation and the South African public, but said that it is also intended to be a fun and entertaining read in its own right.

"*Connect* is designed to give people a look into the world of corporate social investment in South Africa and show what the Telkom Foundation and its partners are doing to empower communities across the country.

"First and foremost it is about the people of South Africa, but it is also about technology and how Information and Communication Technologies can change lives by bringing a world of ideas and information into homes, schools and offices as never before," said Schmidt.

She continued, "*Connect* is also designed to inspire its readers, share

useful information, and bring them closer to interesting people and celebrities in each issue," she added.

The first publication was released in March 2009 and featured a Q&A with up-and-coming Bafana Bafana star Bernard Parker, who recently took his playing career to Europe with a professional contract at FC Red Star Belgrade in Serbia.

The magazine features competitions and puzzles and will be released twice yearly - with issues in March and October 2009. Every issue will give readers a chance to win one of five laptops.

Schmidt said that while the Foundation had published newsletters in the past, *Connect* would hopefully have a wider appeal and provide a better platform for interacting with the public.

"For many years we produced a newsletter targeted specifically at the schools we have partnered with. We wanted to develop this into a publication with broader appeal that would allow us to engage with people of all ages and from all walks of life - a custom magazine seemed like the perfect solution.

"Each issue will feature personal stories from the people and organisations that the Foundation supports - thereby taking CSI out of the corporate realm and into the public eye," she said.



FOUNDATION LAUNCHES TELKOM EDUCATOR OF THE YEAR AWARDS

The Telkom Foundation has been extremely busy over the past 12 months arranging its biggest-ever awards ceremony to honour South Africa's top Maths, Science and Technology educators, at both primary and high schools levels.

The Telkom Educator of the Year Awards, to be televised on national TV for the first time in August 2009, stem from the Aggrey Klaaste Educator of the Year Awards sponsored by the Telkom Foundation in years gone by.

"The new, bigger and bolder awards event represents the Telkom Foundation's invigorated efforts to bolster teaching and education in the country - particularly in the areas of Maths, Science and Technology," said Acting CEO Prelene Schmidt.

"Maths, Science and Technology, I believe, should be a part of the basic foundation of education for all learners," stated Schmidt. "These subjects teach children to think logically and we need them to develop the young professionals in Engineering, Medicine, Information and Communication Technologies and Science that South Africa so badly requires.

"Too many learners, however, shy away from these subjects as they are considered too difficult," she added.

Instead of giving up so easily, it is the Telkom Foundation's dream that learners persevere with the challenging, but all-important, subjects. With effort and the right attitude, the subjects can be mastered by anyone - providing, of course, that well-trained and enthusiastic educators are available.

"We all know how important these subjects are - now we need to recognise and reward the passionate educators who make a real effort to bring them to life in the classroom," said Schmidt.

"It is no easy task, with many of our educators facing serious resource constraints on a daily basis. We know it isn't always easy and these awards are our way of saying 'thank you' to them."

The national media campaign for the Telkom Educator of the Year Awards was launched on 27 May this year, with a public voting campaign running until 28 June 2009. The national winners will be announced on 23 August 2009, with the top teachers winning outstanding prizes, and above all, national recognition.

The Awards are set to become a major annual event on the Telkom Foundation calendar and it is hoped they will become nationally recognised and respected within the education sector - serving as a motivating factor for the country's educators.



FOUNDATION HONOURED, HONOURS OTHERS

TELKOM HONOURED AS TOP EMPOWERMENT COMPANY

The Telkom Foundation was announced as South Africa's "Top Empowered Company in Corporate Social Investment" at the 8th annual Metropolitan Oliver Empowerment Awards, held at the Sandton Convention Centre in March this year.

The Awards, hosted by Topco Media's annual empowerment publication *Impumelelo*, are widely recognised as the country's foremost BEE awards and celebrate the strides made by local companies towards the development of Black Economic Empowerment and Employment Equity in South Africa.

Prelene Schmidt, Acting CEO of the Telkom Foundation, said she was honoured that the Telkom Foundation had been recognised as a top empowered company, given the efforts that have been made towards employment equity at Telkom.

"The Telkom Foundation was established to uplift previously disadvantaged communities throughout South Africa and we are proud that our own efforts towards empowerment within the Foundation, and Telkom as a whole, mirror the vision of our social investment work," she said.

"That we are reflecting these empowerment values within our own organisation is a testament to our commitment to seeing equal opportunities for all children and previously disadvantaged people become a living reality in this country," she added.

The winning organisations honoured at the Awards each demonstrated exceptional performance in the seven Broad-Based Black Economic Empowerment (BBBEE) pillars of Codes of Good Practice, as specified by the Department of Trade and Industry. These include, Residual Factor, Enterprise Development, Preferential Procurement, Skills Development, Employment Equity, Management, and Ownership.

This year's judging panel featured distinguished names from the world of business like Victor Kgomoewana, Chairman of Moneybiz; Kelly Masete, Project Director - Members in Business, South African Institute of Chartered Accountants; Lot Ndlovu, Chairman, Nedbank Group; Tyrone Naidoo, Managing Director and owner of Joint Venture BEE Online Cape Central; and Zelphina Mvula, BEE Manager from Metropolitan Holdings Ltd.

Schmidt said the quality of the judging panel as well as the growing reputation of the "Olivers" would contribute to employment equity in South Africa.

"It is important to recognise those companies that are making real progress in employment equity and are prioritising the empowerment agenda alongside their business concerns," said Schmidt.

TELKOM SPONSORS ICT YOUTH AWARD

The Foundation's involvement in awards ceremonies was not limited to sweeping aside the competition during the past 12 months. It also sponsored a prize at the inaugural BBQ Youth Awards, held at the Emperors Palace on 6 March 2009.

The Youth Awards are hosted by *Black Business Quarterly* to honour young South Africans from historically disadvantaged backgrounds who have shown creativity and innovation in their fields of expertise and commitment to South Africa's economic and social development goals.

Schmidt attended the ceremony to hand over the first prize for the Telkom Foundation-sponsored award in the ICT category.

Patrick Makhubedu walked away with the aforementioned honours for his sterling performance at TSS Managed Services where, as Sales and Marketing Director, he turned the company into a formidable ICT service provider within a nine-month period.

"Patrick has transformed his company from a relative unknown in the industry into an up-and-coming player in the ICT sector - the Telkom Foundation congratulates him on this noteworthy achievement," said Schmidt after the awards.



Miss SA, Tatum Keshwar, hands the Oliver Empowerment Award to Prelene Schmidt.



**CORPORATE
GOVERNANCE AND
FINANCIAL REPORT** '09

CORPORATE GOVERNANCE

COMPOSITION OF THE BOARD

The Telkom Foundation has a unitary Board consisting of four Telkom trustees and three Public trustees. The Board sits at least four times per annum and more frequently if necessary. The trustees bring a wide range of experience, diversity, insight and independence of judgment on issues of strategy, performance, resources and standards of conduct to the Board. The Amended Trust Deed and Letter of Authority has been lodged with the Masters office. We expect approval of this during the 2010 financial year.

INDEPENDENCE OF THE BOARD

The role of the Chairperson and the Chief Executive Officer of the Telkom Foundation is separated and the Board is chaired by an Executive Chairman. The Public trustees are not appointed under service contracts and their remuneration is not tied to Telkom's financial performance. Trustees are entitled to ask questions of any personnel and have access to all company documentation, information and property.

ROLE AND FUNCTION OF THE BOARD

The Board's main responsibilities include strategy, risk management, financing and corporate governance. In addition, the Board is accountable for timely and transparent reporting and for acting at all times in the best interests of the Telkom Foundation. It is the responsibility of the Board to ensure a sound system of internal control.

APPOINTMENT OF THE FINANCIAL, AUDIT, AND RISK MANAGEMENT COMMITTEE

The Board has established a combined financial, audit and risk committee comprising of one Telkom trustee and two Public trustees. The committee meets at least four times per year or more frequently if necessary. The company secretary is in attendance at the meetings. The committees' responsibilities include reviewing the scope, quality, independence and objectivity of the statutory audit, ensuring the integrity of the Foundation's accounting and financial reporting system, evaluating the effectiveness of the management functions and ensuring that appropriate systems are in place for monitoring risk, financial control, compliance with the law and codes of conduct and promoting the overall effectiveness of corporate governance within the Foundation. The external and internal auditors are permanent invitees and have unrestricted access to the committee and its chairperson.

EXCO, HUMAN RESOURCES AND REMUNERATION COMMITTEE

EXCO is represented by two Telkom trustees and two Public trustees. The purpose of this committee is to review the operations of the Foundation and to review its financial performance. The committee meets at least four times per annum and more frequently if necessary. The remuneration committee forms part of EXCO and their objective is to ensure that the correct calibre of resources is appointed to ensure the successful running of the Foundation.

EMPLOYMENT DEVELOPMENT AND EMPLOYMENT EQUITY

The Telkom Foundation strives to promote a culture that provides all employees with opportunities to advance to their optimal levels of career development. The Foundation upholds and supports the objectives of the Employment Equity Act and furthermore strives to provide a secure, healthy and participative social and working environment for the staff.

CODE OF ETHICS

The Board of trustees and Telkom Foundation employees subscribe to the highest level of professionalism and integrity in conducting its business and dealing with all its stakeholders and beneficiaries.



OUMA RASETHABA

CHAIRPERSON OF THE BOARD

Advocate Rasethaba holds a BProc from the University of the North, an LLB from University of the Witwatersrand and an LLM from University of Pretoria. She also successfully pursued a Higher Diploma in Company Law.

She started her professional legal career in 1987 as a candidate attorney and later became professional assistant at Maluleke, Msimang and Associates. In 1993, she started her own practise in partnership with Matolo. She was a practising advocate of the Supreme Court of South Africa for two years. She joined the Road Accident Fund as Regional Manager in 1998

She joined the National Prosecuting Authority as a Special Director of Public Prosecution in the Asset Forfeiture Unit from 1999 - beginning of 2006.

She joined Telkom SA as Group Executive for Regulatory and Public Policy in February 2006. She was responsible for ensuring that Telkom crafts and delivers its strategy in line with stipulated regulations. In 2008, she was promoted to Chief of Corporate Governance. In this capacity, she is responsible for ensuring overall compliance of Telkom with governance requirements.

She is very active in community projects and offers free legal advice to those communities. She is admitted as an Attorney and an Advocate in the Supreme Court of South Africa.



PRELENE SCHMIDT

Prelene holds a BSc in Mathematics and Statistics. She also holds a Masters in Engineering Management from the University of Pretoria. She commenced her career in the Civil Engineering field managing the PE Cement and Concrete Institute laboratory. Whilst heading up the civil's laboratory she obtained her certification as a concrete technologist.

Her experience and studies span the Telecommunications Industry, Marketing environment, Capital Management, Concrete Technology arena and Programme Management disciplines. Her area of specialisation is "Turn around strategies".

She has also completed various courses and certified programmes locally and abroad.

She has managed and led various teams in her career and is currently the Acting CEO of the Telkom Foundation Trust. Her responsibilities span the overall leadership and strategic guidance and management of the Foundation.





IQBAL MOOLLA

Iqbal Moolla was appointed as trustee on the Telkom Foundation Board in 2008, and is Chairman of the Board's Finance, Audit and Risk Management Committee (FARMC).

He currently holds the position of Executive: Financial Services, at Telkom SA Ltd, tasked with a diverse portfolio which includes Revenue Assurance and Accounting, Accounts Receivable, Accounts Payable and Cash and Banking. He has also held positions in the Internal Audit Department of the company, where he ultimately served as Senior Manager responsible primarily for the company's revenue audit.

He joined Telkom during 1994 after commencing his career in the South African steel industry during 1991. Moolla has spent the past 15 years in the telecommunications industry, has extensive experience in the financial, information technology and commercial facets thereof, and holds a post-graduate qualification in Economics, as well as a Masters degree in Business Leadership.

MATSELISO BRENDA LETLAKA

Matseliso Brenda Letlaka is currently the Director of Employment Equity and Transformation in Ekurhuleni Metropolitan Municipality. She has been with the Municipality for the past seven years.

Prior to this Brenda worked for Rand Water and the Department of Labour where she specialised in Employment Equity. She served as a part-time Commissioner in the South African National Youth Commission as well as a member of the Youth Advisory Board of the Umsobomvu Youth Trust. She led a Disability Youth Movement as a Chairperson and contributed immensely in the integration of young people with disabilities into other mainstream structures and as such achieving inclusion of the needs of persons with disabilities in policy issues.

Brenda has also been involved in promoting adherence to the rights of women both at a professional level in her employ and as an activist in the women's rights movement. She has addressed a series of seminars/conferences on issues relating to gender, disability, equity and equality.

She holds a BAdmin Degree from the University of the Western Cape and a BCom Honours Degree from the University of Johannesburg. She also received specialist training on transformation issues from the US Department of Labour, Breakwater Monitor in Cape Town and the Swedish Government.

She was commissioned to conduct international research in Sweden on mainstreaming young people with disabilities for the Office on the Status of Persons with Disabilities in the Presidency.



REBONE MABUSELA

Rebone Mabusela is a qualified Chartered Accountant (CA(SA)) with vast experience in Corporate Finance, Investment Banking, Private Equity, Corporate Tax, Accounting and Auditing.

She holds a BCom Degree from the University of Natal and an Honours Degree from the University of Cape Town. She is a Senior Associate in Musa Capital Private Equity. She was previously an Associate at Standard Bank's Corporate Finance within the Corporate and Investment Banking division.

Rebone served articles with PricewaterhouseCoopers, and went on secondment to the Chicago office in the US. She also spent time in Ernst & Young, acquiring experience in Corporate Tax Consulting and Corporate Finance.

Apart from being a trustee on the Telkom Foundation Board and being a member of the Telkom Foundation FARMC subcommittee, Rebone also holds a number of other Board positions including the Board of Hyperbola Investments (Pty) Ltd and Hyperbola Ventures (Pty) Ltd. Rebone is also highly committed to corporate social investment and is one of the founders and directors of Reikantse Botlhale, a foundation which focuses on education through the provision of additional lessons to high school students and a bursary scheme for higher education for good performing students.

An entrepreneur in her own right, Rebone also has interest in a number of businesses. She is an ambitious, determined individual who is passionate about life and embraces every opportunity to make a difference in people's lives.



STEVE LEWIS

Steve Lewis was appointed to as trustee on the Telkom Foundation Board in 2008, and is chairman of the Board's EXCO, Human Resources and Remuneration Committee.

Steve is currently the executive responsible for the technical development of new products and services in Telkom South Africa. He is also responsible for the Telkom Laboratory.

Prior to this, Steve was responsible for the integration of new technologies into the company. He has spent 32 years with Telkom South Africa in various engineering and management roles.

Steve is an international speaker on technology and product issues. He has published a number of papers on these subjects.

Steve holds an MSc Engineering and a BSc Engineering from the University of Natal in South Africa. He is a registered professional engineer. Steve has also acquired a number of business qualifications from UNISA School of Business Leadership and University of Pretoria Business School.

Steve has had a long history of being involved in community projects. He has headed up teams that provided support to children's homes and has held various church leadership positions. He is currently part of a telephone counselling ministry.

Steve is passionate in his belief that we can transform and uplift South Africa through good leadership and community involvement.





MULLIGAN PEARCE

Mulligan Pearce has been responsible for brand strategy development at Telkom SA since June 2007 and has during that time developed a comprehensive communication strategy for the company, which never previously existed.

He holds a BCom in Hotel and Tourism as well as a BCom Honours in Marketing - both from the University of Pretoria, and completed the Management Development Programme at the University of Stellenbosch in 2001.

Pearce has held a lecturing position at the Vega Brand Communications School and is a member of its Advisory Council. In addition to his position on the Telkom Foundation Board, he is also a Board member of the Bandwidth Barn (ICT incubator in the Western Cape).

Prior to joining Telkom, Pearce worked as a marketing and communication consultant in his private capacity. He has also held a position at ABSA Bank - where he was honoured as a Finalist in the ABSA Quality Awards in 1999. At ABSA, Pearce completed the three year long ABSA Leadership Programme.

Other accolades for Pearce include a Raptor Award - which recognises excellence in sponsorships for the All Africa Games property, 2000, and he was also the winner of a Nedcor Going for Gold Award in 2002.



MAMOKGETHI SETATI

Professor Mamokgethi Setati holds three professorships. She is Full Professor and Executive Dean of the College of Science, Engineering and Technology at the University of South Africa; Honorary Professor of Mathematics Education at Wits University and Professor Extraordinaire at the Tshwane University of Technology.

She holds a PhD in Mathematics Education from the University of the Witwatersrand.

Before she joined UNISA she worked at Wits University for 11 years where she served as Associate Professor and Founding Director of the Marang Centre for Maths and Science Education. She has over 35 reviewed articles published in international journals, conference proceedings and book chapters and has been invited as a speaker and visiting professor to several international conferences and universities.

She is co-chair of an international study commissioned by the International Commission on Mathematical Instruction (ICMI) entitled "Mathematics Education and Language Diversity".

She has served as secretary and member of the executive committee of the International Group for the Psychology of Mathematics Education (PME) from 2003 to 2007. She has also served as President of the Association for Mathematics Education of South Africa (AMESA) and Chairperson of the Board of the South African Mathematics Foundation (SAMF).

She is chairperson of the Lilitha Strategic Investments limited and non-executive director on the Board of the Shanduka Group. Professor Setati has won awards for her research and community work including the NSTF award for being the most outstanding young female researcher for 2003.

Trustees' Responsibility for the Annual Financial Report

The trustees are responsible for monitoring the preparation of and the integrity of the financial statements and related information included in this annual report.

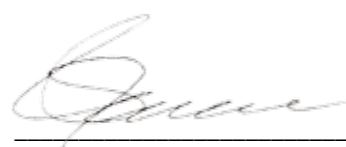
In order for the trustees to discharge their responsibilities, management has developed and continues to maintain a system of internal control. The trustees have ultimate responsibility for the system of internal control and review its operation on an ongoing basis.

The internal controls include a risk-based system of internal accounting and administrative controls designed to provide reasonable but not absolute assurance that assets are safeguarded and that transactions are executed and recorded in accordance with generally accepted business practices and the Trust's policies and procedures.

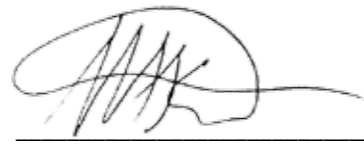
The financial statements are prepared in accordance with South African Statements of Generally Accepted Accounting Practice and incorporate disclosure policies consistently applied and supported by reasonable and prudent judgements and estimates.

The Trust's ability to continue as a going concern is dependent on the continued support from Telkom SA Limited. Accordingly, the financial statements do not include any adjustments relating to the recoverability and classification of assets or to the amounts and classification of liabilities that might be necessary if the Trust is unable to continue as a going concern.

The annual financial statements for the year ended March 31, 2009 set out on pages 73 to 79 were approved by the trustees on June 12, 2009 and are signed on its behalf by:



Ouma Rasethaba
(Trustee)



Iqbal Moolla
(Trustee)

ADMINISTRATION

| | |
|--|--|
| Founder | Telkom SA Limited |
| Trustees | GJ Rasethaba RM Setati BM Letlaka RM Mabusela (Appointed 20 June 2007) SA Lewis (Appointed 25 July 2008) MG Pearce (Appointed 25 July 2008) GS Ntoele (Resigned 1 June 2008) PL Makhubela (Resigned 1 July 2008) MI Moolla (Appointed 12 September 2009) |
| Chief Executive Officer | PE Schmidt (Acting CEO) |
| Nature of Business | Charitable Trust |
| Secretary | BS Bulunga |
| Auditors | Ernst & Young Inc. |
| Bankers | ABSA Bank Limited |
| Trust Registration Number | IT5262/02 |
| Non-profit Organisation Registration Number | 029-558-NPO |
| Registered Office | Telkom Towers East 152 Proes Street Pretoria 0001 |

Independent Auditor's Report to the Trustees of Telkom Foundation Trust

REPORT ON THE FINANCIAL STATEMENTS

We have audited the annual financial statements of the Telkom Foundation Trust, which comprise the trustees' report, the balance sheet as at March 31, 2009, the income statement, the statement of changes in equity and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes, as set out on pages 73 to 79.

TRUSTEES' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Trusts' trustees are responsible for the preparation and fair presentation of these financial statements in accordance with South African Statements of Generally Accepted Accounting Practice. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Telkom Foundation Trust as of March 31, 2009, and of the financial performance and its cash flows for the year then ended in accordance with South African Statements of Generally Accepted Accounting Practice.

Ernst & Young Inc.

Ernst & Young Inc.
Registered Auditors

Pretoria
12 June 2009

Report of the Trustees

For the year ended March 31, 2009

BUSINESS AND OPERATIONS

The Trust is a non-profit making organisation with the principal objective of contributing to the transformation of disadvantaged communities in the Republic of South Africa through sustainable development programmes.

FINANCIAL RESULTS

The results of the Trust and the state of its affairs are set out in the attached financial statements and do not, in our opinion, require further comments.

TRUST FUNDING

The Trust has no share capital.

TRUSTEES AND SECRETARY

Particulars of the present Trustees and secretary are given on page 69.

USE OF SURPLUS FUNDS

In accordance with the Trust deed, all surplus funds retained are carried forward for exclusive use by the Trust in the promotion of the Trust's mission and objective.

GOING CONCERN

The Trust's ability to continue as a going concern is dependent on the continued support from Telkom SA Limited. Accordingly, the financial statements do not include any adjustments relating to the recoverability and classification of assets or to the amounts and classification of liabilities that might be necessary if the Trust is unable to continue as a going concern.

EVENTS SUBSEQUENT TO YEAR END

No material fact or circumstance has occurred between the accounting date and the date of this report.

THE TELKOM FOUNDATION TRUST

Income Statement for the year ended March 31, 2009

| | Notes | 2009 R | 2008 R |
|------------------------------------|-------|-------------------|-------------------|
| INCOME | | 54,352,415 | 58,619,050 |
| Donations received | 1.2 | 54,227,155 | 58,523,828 |
| Interest received | | 125,260 | 95,222 |
| EXPENSES | | 54,152,641 | 58,399,567 |
| Donations paid | | 47,780,960 | 52,484,679 |
| Staff expenses | 1.3 | 4,481,444 | 5,020,108 |
| Office and administration expenses | | 1,890,237 | 894,780 |
| NET SURPLUS FOR THE YEAR | | 199,774 | 219,483 |

THE TELKOM FOUNDATION TRUST

Balance Sheet at March 31, 2009

| | Note | 2009 R | 2008 R |
|-----------------------------|------|------------------|------------------|
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | 1.5 | 1,465,571 | 1,265,797 |
| Total assets | | <u>1,465,571</u> | <u>1,265,797</u> |
| EQUITY | | | |
| Capital and reserves | | | |
| Capital and reserves | | 1,465,571 | 1,265,797 |
| Total equity | | <u>1,465,571</u> | <u>1,265,797</u> |

THE TELKOM FOUNDATION TRUST

Cash Flow Statement for the Year Ended March 31, 2009

| | Note | 2009 R | 2008 R |
|---|------|------------------|------------------|
| Cash flows from operating activities | | | |
| Cash receipts | | 74,514 | 124,261 |
| Cash generated by operations | | <u>125,260</u> | <u>95,222</u> |
| Interest received | | 125,260 | 95,222 |
| Net increase in cash and cash equivalents | | 199,774 | 219,483 |
| Cash and cash equivalents at beginning of year | | <u>1,265,797</u> | <u>1,046,314</u> |
| Cash and cash equivalents at end of year | 1.5 | <u>1,465,571</u> | <u>1,265,797</u> |

THE TELKOM FOUNDATION TRUST

Statement of Charges in Funds for the Year Ended March 31, 2009

| | Programme Funds R | Total R |
|---------------------------|-------------------------|------------|
| Balance at 31 March, 2007 | 1,046,314 | 1,046,314 |
| Net surplus for the year | 219,483 | 219,483 |
| Balance at 31 March, 2008 | 1,265,797 | 1,265,797 |
| Net surplus for the year | 199,774 | 199,774 |
| Balance at 31 March, 2009 | 1,465,571 | 1,465,571 |

Notes to the Annual Financial Statements

1.1 Accounting Policies

The financial statements are prepared in accordance with South African Generally Accepted Accounting Practice and on the historical cost basis and incorporate the following principal accounting policies.

1.1.1 Income

Income from donations is recognised at the cash value. Donations in the form of goods or services are recognised at the open market value of the goods or services being received. Interest is recognised on a time proportion basis that takes into account the effective yield on the asset. Income is stated at amounts excluding Value Added Tax.

1.1.2 Financial Instruments

Financial instruments are initially recognised when the Trust becomes a party to the contractual provisions of the instrument. Financial instruments are initially recognised at fair value. Financial assets, or a portion of financial assets, are derecognised when the Trust loses control of the contractual rights that comprise the financial asset. The Trust loses such control if it realises the rights to benefits specified in the contract, the rights expire, or if the Trust surrenders those rights. A financial asset is impaired if its carrying amount is greater than its estimated recoverable amount. At each balance sheet date financial assets are assessed for objective evidence of impairment. If any such evidence exists the recoverable amount is estimated and an impairment loss is recognised in accordance with IAS39. Subsequent measurement of financial instruments carried on the balance sheet is on the following basis:

Cash and Cash Equivalents

Cash and cash equivalents consists of cash on hand, cash in banks, short-term deposits, bank overdrafts. These are at amortised cost where fixed maturity dates exist, otherwise these amounts are measured at cost. For cash flow purposes cash equivalents consist of cash at bank and on hand and instruments which are readily convertible to known amounts of cash.

1.1.3 Adoption of new Accounting Standards during the year

There were new Accounting Standards issued during the year which are not yet effective, these standards have no effect on the Trust.

The standards or interpretations issued and not yet effective for 28 February 2009:

IFRS 2 (AC 139) Share-based Payment - Vesting Conditions and Cancellations

Effective date: 1 January 2009

Effect: Based on the current nature of the association, the statement should have no effect.

IFRS 3 (AC 140) Business Combinations

Effective date: 1 July 2009

Effect: Based on the current nature of the association, the statement should have no effect.

IFRS 8 (AC 145) Operating Segments

Effective date: 1 January 2009

Effect: Based on the current nature of the association, the statement should have no effect.

IAS 1 (AC 101) Presentation of Financial Statements - Revised
Effective date: 1 January 2009
Effect: Only disclosure changes and amendments.

IAS 23 (AC 114) Borrowing Costs
Effective date: 1 January 2009

Effect: Based on the current nature of the association, the statement should have no effect.

IAS 32 (AC 125) Financial Instruments: Presentation
Effective date: 1 January 2009

Effect: Based on the current nature of the association, the statement should have no effect.

IAS 39 (AC133) Financial Instruments: Recognition and Measurement

Effective date: 1 July 2009

Effect: Based on the current nature of the association, the statement should have no effect.

IFRIC 13 (AC 446) Customer Loyalty Programmes

Effective date: 1 July 2008

Effect: Based on the current nature of the association, the statement should have no effect.

IFRIC 14 (AC 447) - The limit on a Defined Benefit Asset, Minimum Funding Requirements and their interaction

Effective date: 1 July 2008

Effect: Based on the current nature of the association, the statement should have no effect.

IFRIC 15 (AC 448) - Agreements for the Construction of Real Estate
Effective date: 1 July 2008

Effect: Based on the current nature of the association, the statement should have no effect.

IFRIC 16 (AC 449) - Hedges of a Net Investment in a Foreign Operation

Effective date: 1 July 2008

Effect: Based on the current nature of the association, the statement should have no effect.

1.2 Donations Received

| | 2009 R | 2008 R |
|---|-------------------|-------------------|
| DONATIONS | 54,227,155 | 58,523,828 |
| Donations received from Telkom SA Ltd | 47,780,960 | 52,484,679 |
| Donations from other sources | 74,514 | 124,261 |
| In kind | | |
| - Services provided by Telkom SA Ltd | 6,200,478 | 5,726,123 |
| - Use of Telkom Facilities Office space (TTE) | 171,203 | 188,765 |

1.3 Staff Expenses

The Trust does not employ staff in its own capacity. Staff costs represent the cost of employment of Telkom SA Limited staff

dedicated to the activities of the Trust. All benefits are provided by Telkom SA Ltd and are regarded as donations in kind.

1.4 Taxation

The Trust is a public benefit organisation and is exempt from the provisions of the Income Tax Act, as per section 30 and as approved by the South African Revenue Service. Accordingly no taxation has been provided for.

1.5 Cash and cash equivalents

| | 2009 R | 2008 R |
|------------------------|-----------|-----------|
| Cash and bank balances | 1,465,571 | 1,265,797 |

1.6 Related Parties

A related party relationship exists between the Telkom Foundation Trust and Telkom SA Limited. Through representation on the Board of Trustees, Telkom SA Limited is able to exercise significant influence over the financial and operating policy decisions of the Telkom Foundation Trust. In terms of the Trust Deed, the Board of Trustees consists of four Telkom Trustees and three Public Trustees.

LOOKING AHEAD

The year ahead is going to be an extremely busy one for the Telkom Foundation and its employees. Preparations for the Telkom Educator of the Year Awards, to be held in August, are moving into the final stages just as the roll out of the 2,010 for 2010 Connectivity Initiative reaches a climax.

Together these two projects encapsulate the Foundation's intention to invest heavily in education and ICT in the coming years.

The next financial year will also see the Telkom Foundation moving into an altogether new arena: Chess.

The idea is either to sponsor or host a major national chess tournament during the coming months and the Foundation is in talks with major national chess bodies to make this intention a reality. In addition, the Foundation will sponsor the establishment of chess clubs at various schools across South Africa.

Acting CEO of the Telkom Foundation, Prelene Schmidt, described the move to promote chess as an obvious one for the Foundation, given the game's perceived ability to enhance strategic thinking and other important cognitive skills.

"We want to encourage chess playing amongst the youth as we believe it can teach attributes like discipline, patience and can train the brain to work in logical pathways.

"Chess playing has been shown to improve memory and strategic thinking - skills which are crucial to developing strong learners and future skilled workers, especially in the fields of Science and Technology," said Schmidt.

The Telkom Foundation also has plans to publish a teacher's handbook and establish a website containing useful tips for Maths, Science and Technology educators, especially those working with limited resources, during the coming year.

A roundtable discussion with some of the country's top educators has already been held, and it is hoped the book and website will improve the teaching and learning of these crucially important subjects.

Work on the Beacon of Hope and Giving from the Heart initiatives will remain a key priority for the Foundation, as will its sponsorships of various needy organisations looking after disadvantaged women and youth and those with disabilities.

Schmidt said that each of the projects that the Foundation will engage in has been carefully selected to support its strategic focus on technology and education as a means to creating an equal-opportunity society in South Africa.

"As one of the country's biggest CSI spenders, we strive to be making a real impact on the lives and futures of this country's people," she said.
