



***MTN Group Limited
Business Report 2004***



Y'ello

*Our vision is to be
the leading provider of
communication services*

Contents

Financial highlights	1	Group Finance Director's report	28	Five-year review	56
MTN Group profile	2	Review of operations	37	Group cash value added statement	58
Group structure	3	MTN South Africa	38	Corporate governance	59
Accomplishments	4	MTN Nigeria	41	Corporate governance	60
MTN Group values	10	MTN Cameroon	44	Risk management report	69
MTN Today	11	MTN Uganda	46	Glossary	78
Group footprint	12	MTN Rwanda	48	Annual financial statements	79
Board of Directors	14	MTN Swaziland	50	Notice to members	151
EXCO members	18	Strategic Investments	52	Notice of annual general meeting	152
Chairman's report	22	MTN Group Support Services	54	Administration	162
Group Chief Executive Officer's report	24	Shareholder information	55	Shareholders' diary	162

Ten years of cellular freedom

1993 – 1994

MTN Network Operator awarded national GSM 900 MHz licence

M-Cell (now MTN Group) incorporated in South Africa

MTN Network Operator commercial launch in June 1994

MTN's South African GSM network roll-out recorded as one of the world's fastest

1997 – 1998

MTN expanded into Africa, acquiring licences in Uganda, Rwanda and Swaziland

MTN Network Operator awarded ISO 9001 accreditation for network, the first in Africa

1999

M-Cell acquired 100% of Orbicom

MTN Network Operator awarded ISO 14001 accreditation for environmental management

M-Cell increased stake in MTN Holdings to 72%

2000

MTN International acquired a national GSM 900 MHz licence in Cameroon

Launch of MTNICE – MTN's innovative mobile portal for information, commerce and entertainment

M-Cell acquired the remaining shareholding in MTN Holdings from Transtel

1996

MTN Network Operator first to launch pre-paid platform

1995

M-Cell converted to a public company with investments that include a 25% shareholding in MTN Holdings and a 60% shareholding in M-Tel, a cellular service provider (now MTN Service Provider)

MTN Holdings acquired service provider M-Tel



2002

MTN management and staff acquired an 18,7% interest in the MTN Group through the acquisition of the interest held by Ice Finance BV/Transnet – the shares are held in trust by Newshelf 664

M-Cell renamed MTN Group to consolidate group structure, reinforce African presence and awareness of the brand

MTN Nigeria started construction of Y'elloBahn, a 3 400-kilometre long countrywide microwave radio transmission backbone

MTN telecoms provider and sponsor of the World Summit on Sustainable Development held in Johannesburg in August

2004

MTN celebrated ten years of operation

MTN recorded almost ten million subscribers in its operations across the Group

2003

Johnnic unbundled 31,9% stake in the MTN Group increasing free float to just under 75%

MTN Nigeria secured US\$345 million project finance package to fund the further expansion of its infrastructure in the country

First to launch MyChoice range, MTN's unique package that allows consumers to spend their inclusive value on voice or data calls, or SMS. With MyChoice TopUp, consumers can top up their accounts with Pay as You Go cards

Group decision to establish MTN Foundation in all operations, for social investment

First Sustainability Report published

2001

MTN International acquired national GSM 900 MHz and GSM 1 800 MHz licences in Nigeria at a cost of US\$285 million and launched operations in August

MTN Holdings acquired CiTEC, a tier-one internet service provider (now MTN Network Solutions), to increase the range of data services provided to corporate customers

Launch of MTN's social investment vehicle, the MTN Foundation, which strives to improve the quality of life in the communities in which MTN operates

Highlights



Subscribers increased to over 9,5 million

↑ 42%

Revenue increased to R23,9 billion

↑ 23%

Profit after tax increased to R4,3 billion

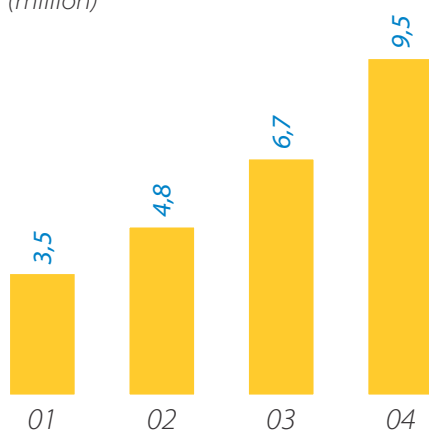
↑ 94%

Adjusted headline EPS increased to 253,1 cents

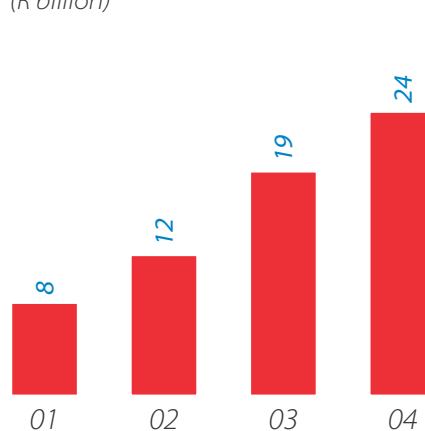
↑ 77%

Dividend of 41 cents per share declared

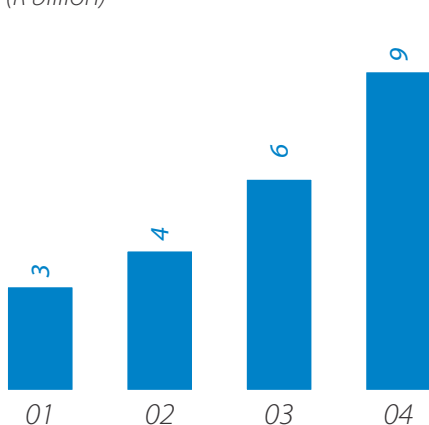
Subscribers
(million)



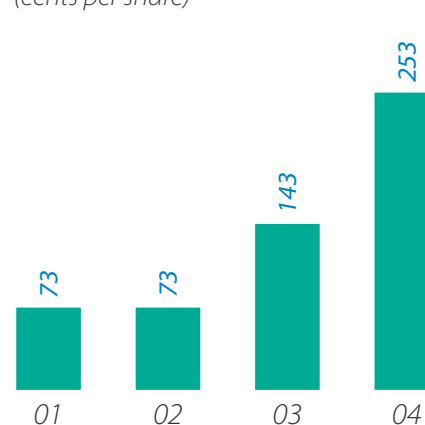
Group revenue
(R billion)



Group EBITDA
(R billion)



Adjusted headline EPS
(cents per share)



MTN Group profile

MTN Group Limited is a leading provider of communications services, offering cellular network access and business solutions. The MTN Group is listed on the JSE Securities Exchange South Africa under the Industrial – Non-cyclical services – Telecommunications sector.

As at 31 March 2004, the MTN Group had 9,5 million subscribers across its cellular network operations. To date, MTN Group has invested approximately R17 billion in telecommunications infrastructure across the African continent.

MTN South Africa

MTN South Africa operates through MTN Network Operator and MTN Service Provider. Launched in 1994, MTN is South Africa's second-largest cellular network operator with 6,3 million subscribers at the end of the year under review. The Company's national GSM network is one of the largest networks in the world, with approximately 4 245 sites covering 19 200 km of road and 1 000 000 km² of land, and provides access to 96% of South Africa's population.

MTN Nigeria

A subsidiary of MTN International, MTN Nigeria was launched in 2001 and is the leading GSM operator in that country, with a base of almost 2 million subscribers as at 31 March 2004. MTN Nigeria's GSM network currently comprises over 839 base stations, 16 mobile switches and 3 400 km of transmission infrastructure, providing access to approximately 43% of Nigeria's population.

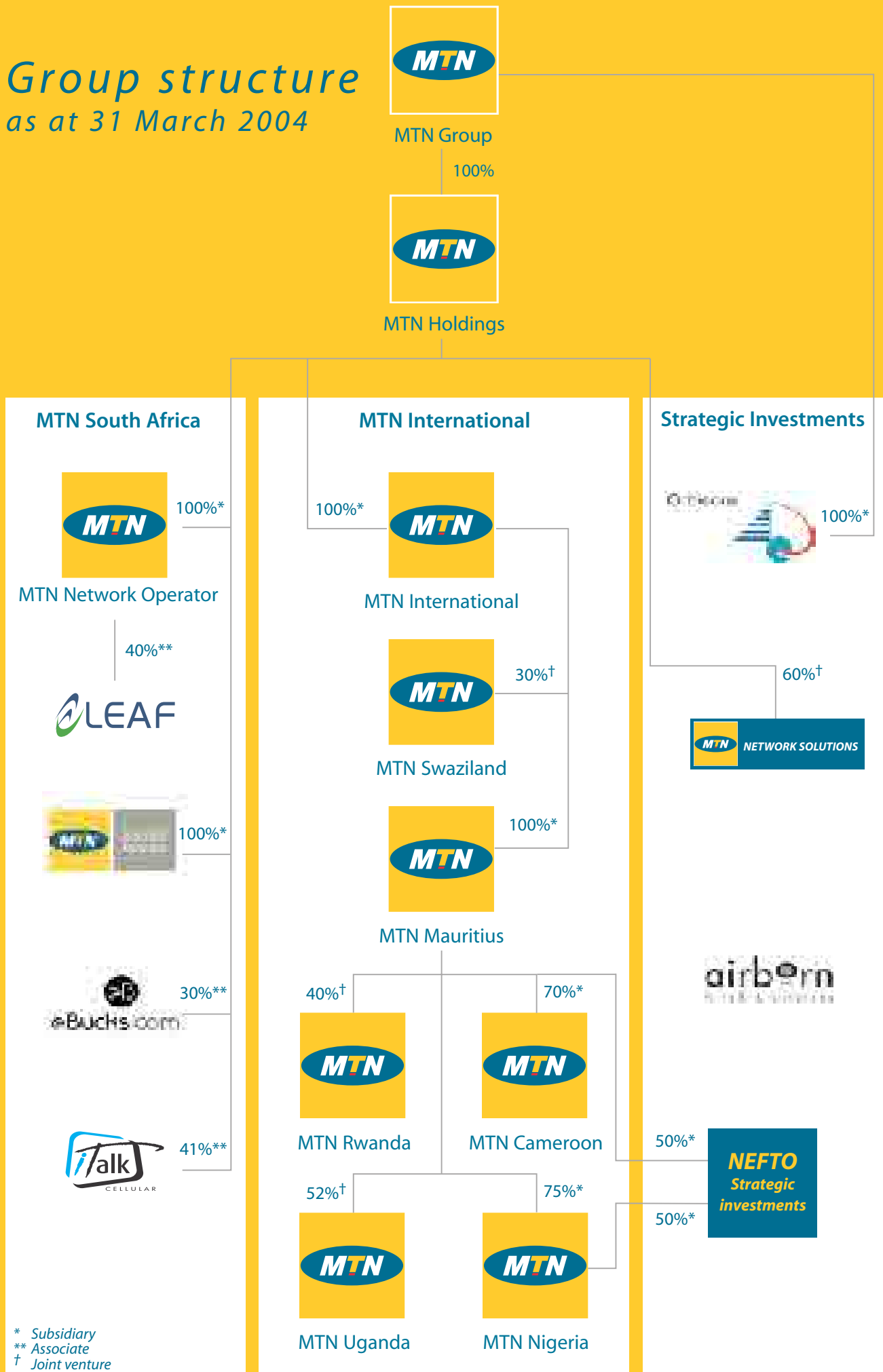
Other mobile operations

MTN International also offers cellular network access and associated services through its subsidiaries and joint ventures in Cameroon, Uganda, Rwanda and Swaziland. These operations recorded a combined total of 1,2 million subscribers as at 31 March 2004.

Strategic Investments

Strategic Investments is responsible for identifying and exploiting new growth opportunities on behalf of the Group, both in South Africa and internationally. The division also manages the Group's investments in non-mobile ventures, including: MTN Network Solutions, providing managed network services to the corporate market; Airborn, responsible for exploitation of innovation and intellectual property; Orbicom, a pan-African satellite signal distributor, which the Board is currently considering divestment of; and Electronic Funds Transfer Operation, Nigeria.

Group structure as at 31 March 2004





*Some of our accomplishments
over the past 10 years*



Technology

sms_{pop}

A PC-based SMS application that enables users to send and receive SMS messages on PCs or mobile handsets

MyChoice TopUp

An innovative post-paid/pre-paid hybrid package offering consumers the benefits of contract with the control of pre-paid

Mobile_{credit}

A mobile point of sale solution for credit card processing and cheque guarantees that can be accessed from any cellphone, anywhere, anytime

Y'ello_{bahn}

Nigeria's first nationwide transmission backbone that spans 3 400 km and enables 1 900 voice calls simultaneously



*Some of our accomplishments
over the past 10 years*



People

6 063 employees

Businesses in related industries have also created several times this amount of jobs as part of the wider economic impact of MTN's investment activities

Developing staff

On average, 3% of payroll is spent on training

9,5 million
subscribers

in six countries across Africa



*Some of our accomplishments
over the past 10 years*



Community

a solid contribution to CSI

A continent-wide investment in ICT educational support, science and technology, health and HIV/AIDS, economic empowerment and the arts – growing in tandem with our operations

R17 billion investment in telecommunication infrastructure

Group infrastructural developments contribute to long-term economic development and the realisation of NEPAD's ICT goals

Commitment to empowerment

Group procurement policy focuses on developing a proudly African company through employing a representative workforce, and building local supply chain partnerships in the countries where we operate

MTN Group values

The MTN Group is a multinational Company operating in a wide range of countries and cultures. The Company has, at its core, five shared values adopted and accepted across all its operations that inform our business principles, conduct and interaction with all stakeholders:

Leadership

Qualities – foresight, commitment, guidance

- Building a future for our people and the customers we serve.
- Leading the way in connectivity enablement.

Integrity

Qualities – solid principles, trusted, togetherness

- We are, because of you, our customer.
- We are, because of you, our employee.
- With your trust and belief we will always succeed.

Can do

Qualities – optimism, future focus, passionate, happening

- Creating brighter futures, for everyone whose life we touch.
- Empowering people, communities and countries.
- Creating possibility.

Innovation

Qualities – simplicity, imagination, insight, creativity

- Doing things differently.
- Making unlikely connections.
- The unexpected exceeds expectations.

Relationships

Qualities – teamwork, friendly, personal, warm and caring

- Connecting with people on their level.
- Having empathy for their unique situations.
- Building relationships with our customers (internal and external).

MTN Group Limited Business Report 2004



MTN today

Group footprint at a glance	12
Board of Directors	14
Board of Directors CVs	16
EXCO Members	18
EXCO Members CVs	20
Chairman's report	22
Group Chief Executive Officer's report	24
Group Finance Director's report	28

*We are proud of our continued
strong performance*



Group footprint at a glance

Cameroon

Launch date:	Feb 2000
MTN Group shareholding:	70%
Population:	16,6 million
Mobile penetration:	6,7%
Subscriber numbers:	581 000

South Africa

Launch date:	Jun 1994
MTN Group shareholding:	100%
Population:	45,7 million
Mobile penetration:	36%
Subscriber numbers:	6 270 000

Nigeria

Launch date:	Aug 2001
MTN Group shareholding:	75%
Population:	130 million
Mobile penetration:	3,1%
Subscriber numbers:	1 966 000

Swaziland

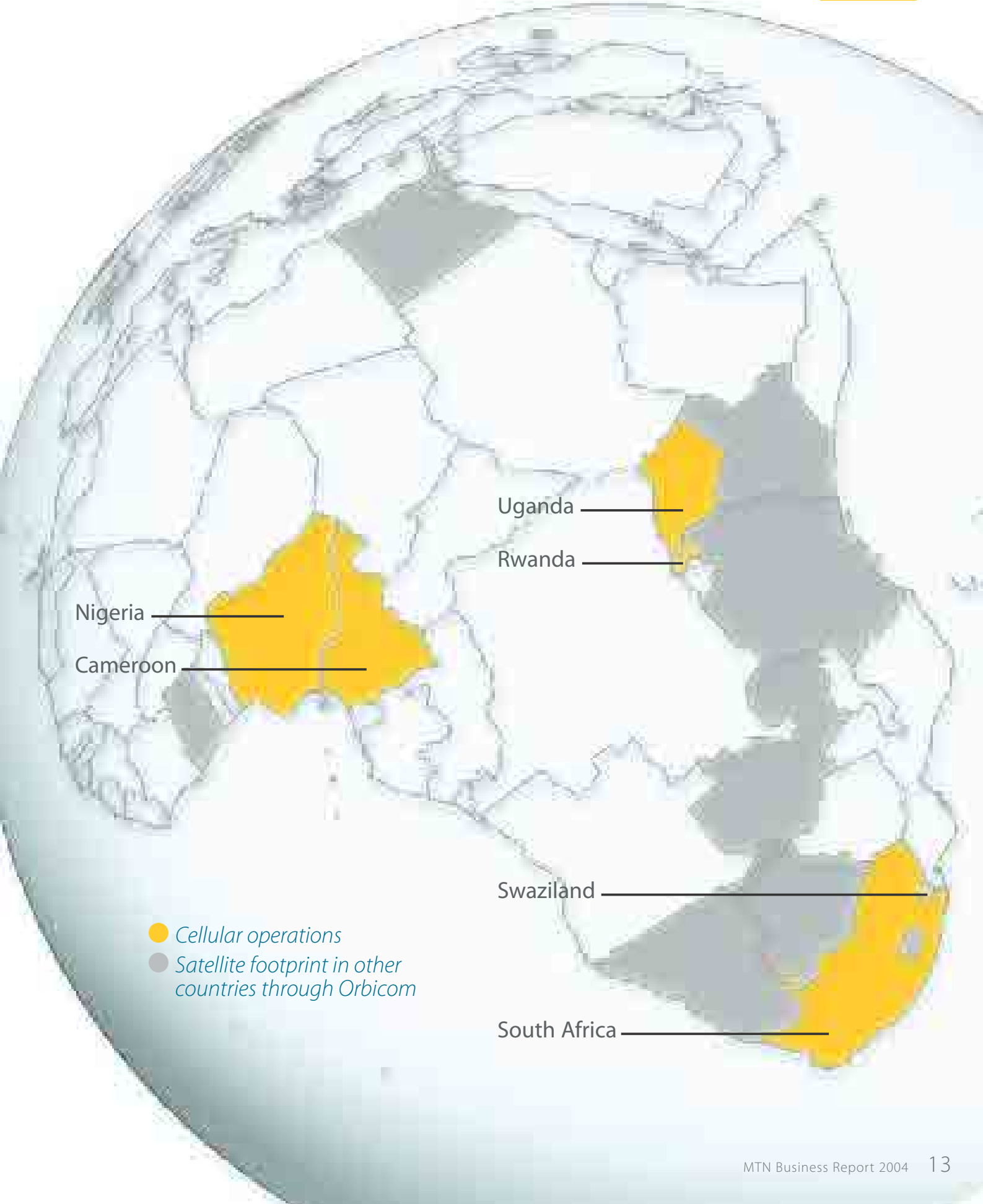
Launch date:	Jul 1998
MTN Group shareholding:	30%
Population:	1,1 million
Mobile penetration:	7,7%
Subscriber numbers:	85 000

Rwanda

Launch date:	Jul 1998
MTN Group shareholding:	40%
Population:	8,7 million
Mobile penetration:	1,2%
Subscriber numbers:	146 000

Uganda

Launch date:	Oct 1998
MTN Group shareholding:	52%
Population:	24,5 million
Mobile penetration:	3,1%
Subscriber numbers:	495 000



Board of Directors

The MTN Group Board constitutes a strong team that advises and guides business strategy and operations.



MC Ramaphosa (51)

BProc, LLD (hc)
Chairman

Non-executive Director
since 2001



PF Nhleko (43)

BSc (Civil Eng), MBA
Group Chief Executive
Officer

Executive Director
since 2002



DDB Band (59)

BCom, CA(SA)
Non-executive Director
since 2001



SL Botha (39)

BEcon (Hons)
Executive Director
Marketing

Executive Director
since 2003



PL Heinemann (62)

AMP (INSEAD), FSRM (SA)
Non-executive Director
since 2001



SN Mabaso (34)

BCom, CA(SA)
Non-executive Director
since 2002



RD Nisbet (48)

BCom, BAcc, CA(SA)
Group Finance Director
Executive Director
since 2001



JHN Strydom (65)

MCom(Acc), CA(SA)
Non-executive Director
since 2004



I Charnley (43)
MAP, CPIR
Commercial Director
Executive Director
since 2001



ZNA Cindi (53)
Non-executive Director
since 1999



RS Dabengwa (45)
BSc (Eng), MBA
Group Chief Operating
Officer
Executive Director
since 2001



AF van Biljon (57)
BCom, CA(SA), MBA
Non-executive Director
since 2002



LC Webb (55)
BSc (Elec Eng)
Alternate to SN Mabaso
since 2002

Board of Directors CVs

MC Ramaphosa (51)

BProc, LLD (hc)

Chairman

Non-executive Director* since 2001

Cyril is the Executive Chairman of Millennium Consolidated Investments and serves as Non-executive Director of a number of other companies including Johnnic Holdings Limited, SABMiller plc, FirstRand Limited and Macsteel Holdings (Pty) Limited. He was involved in the political transformation process in South Africa as head of the ANC's negotiating team. His previous positions include Chairperson of the Constitutional Assembly, Member of Parliament, Secretary General of the ANC and General Secretary of the National Union of Mineworkers.

PF Nhleko (43)

BSc Civil Eng, MBA

Group Chief Executive Officer since 2002

Phuthuma assumed the position of Group CEO MTN Group Limited effective 1 July 2002. Phuthuma was previously the Executive Chairman and one of the founding members of Worldwide African Investment Holdings (Pty) Limited ("WAIH"), a pre-eminent investment holding company with significant interests primarily in the Petroleum and Telecommunications/IT industries.

Prior to the establishment of WAIH, Phuthuma was a senior executive of the Standard Merchant Bank corporate finance team (1991 – 1994). Phuthuma practised as a civil engineer in the USA, Swaziland and South Africa prior to his joining Standard Merchant Bank. Phuthuma has been a director on various boards of listed companies which include among others: Johnnic Holdings Limited, Nedbank Investment Bank, Nedcor Limited, The Bidvest Group Limited, Alexander Forbes and Old Mutual South Africa.

DDB Band (59)

BCom, CA(SA)

Non-executive Director* since 2001

Doug has had a varied business career, rising to the position of Managing Director of CNA Gallo Limited in 1987. In 1990, he was appointed Chief Executive of The Argus Holdings Group, and in 1995 was appointed Chairman and Chief Executive of Premier Group Limited. In January 2000, he took up a position as consultant to the capital investments division of Standard Corporate and Merchant Bank and currently serves as a Non-Executive on the boards of MNet/Supersport, Standard Bank Group, Tiger Brands Limited and the Bidvest Group.

SL Botha (39)

BEcon (Hons)

Executive Director: Marketing

Executive Director since 2003

Santie joined MTN in 2003 as Executive Director responsible for marketing. Prior to that, she was Group Executive Director at Absa Bank. She was awarded Young Business Person of the Year 1998 and Marketer of the Year 2002. Prior to Absa, she worked for Unilever (UK) for six years before returning to South Africa in April 1996. Other board appointments outside the Group include the Marketing Federation of Southern Africa and National Business Initiative.

I Charnley (43)

MAP, CPIR

Commercial Director

Executive Director since 2001

Irene, a former Non-executive Chairperson of the Group, joined MTN as Commercial Director of the Group in 2001 to head up the Strategic Investments division. She was awarded Business Woman of the Year in 2000 and nominated as one of the top 50 businesswomen outside of the USA. Other major directorships outside the Group include Metropolitan Holdings Limited and FirstRand Bank Limited. She was also a member of the King Committee on Corporate Governance.



ZNA Cindi (53)

Non-executive Director* since 1999

Zithulele has 15 years of trade union background as an educator, trustee and chief administrator for the Black Electrical and Electronics Workers Union and the Metal and Electrical Workers Union of SA. Other directorships in major companies are Community Growth Management Company, National Productivity Institute and Johnnic Holdings Limited.

RS Dabengwa (45)

BSc (Eng), MBA

Group Chief Operating Officer

Executive Director since 2001

Prior to joining MTN in 1999, Sifiso was employed by Eskom as Executive Director responsible for distribution. Before joining Eskom in 1992, he worked as a consulting electrical engineer in the building services and township development areas. Outside the Group he currently serves on the board of Impala Platinum Holdings Limited.

PL Heinemann (62)

AMP (INSEAD), FSRM (SA)

Non-executive Director* since 2001

Paul started in the insurance broking industry in 1960. He was the President of South African Insurance Brokers Association and Insurance Institute of South Africa. In September 1976, he joined what is now Alexander Forbes. Other major directorships include Guardrisk Holdings Limited. He was recently re-appointed as Non-executive Chairman of Alexander Forbes Limited.

SN Mabaso (34)

BCom, CA(SA)

Non-executive Director since 2002

Sindi is currently Chief Financial Officer of Transnet Limited. Before joining Transnet, she was Financial Director for SARHWU Investment Holdings and a partner of Gobodo Incorporated.

RD Nisbet (48)

BCom, BAcc, CA(SA)

Group Finance Director

Executive Director since 2001

Rob has been with MTN since 1995. His previous experience includes Managing Director, positions in the Engineering sector, as well as Financial Directorships of both listed and unlisted companies.

JHN Strydom (65)

MCom (Acc), CA(SA)

Non-executive Director since 2004

Jan was previously Financial Manager of the Rumble Group. He is a registered practicing public accountant and auditor and is the founding partner of Strydoms Incorporated, Chartered Accountants (SA); Registered Accountants and Auditors, a firm specialising in business valuations, litigation support and forensic investigations. He serves as a non-executive on the board of GrowthPoint Properties Limited, is a Commissioner of the Public Investment Commissioners and a member of the Special Income Tax Court.

AF van Biljon (57)

BCom, CA(SA), MBA

Non-executive Director* since 2002

Alan has a specialised financial consultancy under the name of van Biljon and Associates. Alan served as Chief Financial Officer to the Standard Bank Group from 1996 to 2002. Among other appointments he is on the boards of Sage Group Limited and Hans Merensky Holdings.

LC Webb (55)

BSc (Elec Eng)

Alternate to SN Mabaso since 2002

* Independent

EXCO members

At the core is an executive team which manages the day to day business operations.



PF Nhleko

BSc (Civil Eng), MBA
Group Chief Executive
Officer



SL Botha

BEcon (Hons)
Executive Director
Marketing



I Charnley

MAP, CPIR
Commercial Director



Y Muthien

MA, DPhil (Oxford)
Group Executive
Corporate Affairs



PD Norman

MA (Psychology)
Group Executive
Human Resources



KW Pienaar

BSc (Electrical & Electronic
Engineering), PrEng
Group Chief Technology
and Information Officer



RS Dabengwa
BSc (Eng), MBA
Group Chief Operating
Officer



RD Nisbet
BCom, BAcc, CA(SA)
Group Finance Director



CG Utton
BCom, BAcc, CA(SA)
Group Executive
Operations



CS Wheeler
BA, LLB, Higher Diploma in Tax
Law, Attorney of the High Court
of South Africa
Group Executive
Commercial Legal

EXCO members CVs

PF Nhleko

BSc (Civil Eng), MBA

Group Chief Executive Officer

Phuthuma assumed the position of Group CEO MTN Group Limited effective 1 July 2002. Phuthuma was previously the Executive Chairman and one of the founding members of Worldwide African Investment Holdings (Pty) Limited ("WAIH"), a pre-eminent investment holding company with significant interests primarily in the Petroleum and Telecommunications/IT industries.

Prior to the establishment of WAIH, Phuthuma was a senior executive of the Standard Merchant Bank corporate finance team (1991 – 1994). Phuthuma practised as a civil engineer in the USA, Swaziland and South Africa prior to his joining Standard Merchant Bank. Phuthuma has been a director on various boards of listed companies which include among others: Johnnic Holdings Limited, Nedbank Investment Bank, Nedcor Limited, The Bidvest Group Limited, Alexander Forbes and Old Mutual South Africa.

SL Botha

BEcon (Hons)

Executive Director Marketing

Santie joined MTN in 2003 as Executive Director responsible for marketing. Prior to that, she was Group Executive Director at Absa Bank. She was awarded Young Business Person of the Year 1998 and Marketer of the Year 2002. Prior to Absa, she worked for Unilever (UK) for six years before returning to South Africa in April 1996. Other board appointments outside the Group include Marketing Federation of Southern Africa and National Business Initiative.

I Charnley

MAP, CPIR

Commercial Director

Irene, a former Non-executive Chairperson of the Group, joined MTN as Commercial Director of the Group in 2001 to head up the Strategic Investments division. She was awarded Business Woman of the Year in 2000 and nominated as one of the top 50 businesswomen outside of the USA. Other major directorships outside the Group include Metropolitan Holdings Limited and FirstRand Bank Limited. She was also a member of the King Committee on Corporate Governance.

RS Dabengwa

BSc (Eng), MBA

Group Chief Operating Officer

Prior to joining MTN in 1999, Sifiso was employed by Eskom as Executive Director responsible for distribution. Before joining Eskom in 1992, he worked as a consulting electrical engineer in the building services and township development areas. Outside the Group, he currently serves on the board of Impala Platinum Holdings Limited.

RD Nisbet

BCom, BAcc, CA(SA)

Group Finance Director

Rob has been with MTN since 1995. His previous experience includes Managing Director positions in the Engineering sector, as well as Financial Directorships of both listed and unlisted companies.

Y Muthien

MA, DPhil (Oxford)

Group Executive Corporate Affairs

Before joining MTN in 2000 as Group Executive Corporate Affairs, Yvonne was Executive Director, Democracy and Governance for Human Sciences Research Council, RSA. She was awarded Grand Counsellor of the Order of Baobab by President Mbeki in 2002 and awarded the Status Officer, The Order of St John, an Order of Her Majesty the Queen in 1999. She serves as the Chairperson of the President's Advisory Council on National Orders, and as non-executive director of Transnet.



PD Norman

MA (Psychology)

Group Executive Human Resources

Paul has been Group Executive since 1997. He has spent more than 10 years in the field of HR and has worked extensively in the transport and telecommunications industry.

Paul is a registered psychologist. He completed various executive development programmes at Wits Business School and IMD in Switzerland. He is a trustee of CAMAF ("Chartered Accountants Medical Aid Fund"). He was awarded HR Practitioner of the Year in 2003 by the Institute for People Management (IPM).

KW Pienaar

BSc (Electrical and Electronic Engineering), PrEng

Group Chief Technology and Information Officer

Karel started his career at Telkom SA Limited and was involved in the full spectrum of Telecommunication and Technical Management. Subsequent to Telkom, he was the Technical Director of Elex Electronic Limited, CRB Divisional Head Communications and MultiChoice (Strategic Business Development Manager).

Karel is and has been for the past 10 years the Group Executive Networks, Chief Technology Officer in charge of the network for MTN. In 2001, after MTN won the licence for Nigeria, Karel was appointed CEO of MTN Nigeria for a year to handle the start up. In 2003 Karel was promoted to the position of Group Chief Technology and Information Officer.

CG Utton

BCom, BAcc, CA(SA)

Group Executive Operations

Campbell has been with the Group since January 1999, previously in the role of Financial Director of MTN International. Before joining MTN, he was Financial and Operations Director of ABB's operations in sub-Saharan Africa. Prior to that, he was a partner in the Cape Town offices of Arthur Andersen & Co. Campbell is on the boards of all the MTN International operations.

CS Wheeler

BA, LLB, Higher Diploma in Tax Law, Attorney of the High Court of South Africa

Group Executive Commercial Legal

Charles spent 12 years as an attorney in private practice concentrating on commercial law. Prior to joining MTN, Charles was employed by the Standard Bank Group as Director Legal Services. He is in charge of all commercial legal, company secretarial and governance issues in the MTN Group.

Chairman's report



In its ten year existence, the MTN Group has earned a reputation for being enterprising and contributing to the African renaissance.

MC Ramaphosa Chairman

Dear stakeholder

It is a great pleasure to review the MTN Group's results for the 2004 financial year. This year's annual report is distinguished as we jointly celebrate ten years of democracy in South Africa and our tenth anniversary of operation.

In line with the MTN Group's adopted reporting format, the 2004 annual report comprises two complementary publications, the business and the sustainability reports. The former reviews the Company's operational and financial performance for the financial year ended 31 March 2004, while the latter reviews our economic, social and environmental business practices.

Financial and operational highlights

The financial year to 31 March 2004 has again yielded positive results for the Group. Consolidated revenue amounted to R23,9 billion, a 23% increase from last year's R19,4 billion. EBITDA grew by 44% to R9,0 billion, while adjusted headline earnings per share amounted to R253,1 cents, a 77% increase on the previous year.

Due to the Group's strong performance and free cash generation, especially by the South African operations, the dividend policy was reinstated, and a dividend of 41 cents per share declared subsequent to year-end.

Tenth anniversary review

MTN is indeed proud that its tenth birthday coincides with that of the advent of democracy in South Africa.

It is a great honour for us to share such special origins. The Group has, in its ten-year existence, earned a reputation as one of the most enterprising companies to enter the telecommunications arena, a pioneer in economic development efforts and a contributor towards the African renaissance.

The Group's investments are rooted in the belief that telecommunications infrastructure and associated benefits are a crucial element in continental development initiatives.

With its roots in South Africa, the MTN Group is today a truly African multinational telecommunications company with cellular, fixed-line, satellite, internet connectivity and mobile application assets that have established it as a pre-eminent provider of communications services and solutions.

Since inception in 1994, MTN has invested R17 billion in infrastructure to deliver communication solutions. Its six GSM cellular networks provide 9,5 million Africans with basic voice and enhanced data services. The Group's infrastructure enables communication across countries and continents, and the accompanying teledensity improvements and economic benefits have contributed significantly to NEPAD's information and communication technology priorities.

Corporate governance

The Group, at all levels, subscribes to the values of formal good corporate governance and applies the



recommendations of the King report on Corporate Governance and the JSE Listings Requirements. Our commitment is founded on the conviction that good corporate governance yields disciplined business management and ethics.

Developments in the year under review include the formal approval and adoption of our code of ethics. The code details our commitment to the principles of integrity, honesty, ethical behaviour and compliance with all laws and regulations. Subsequent to the year-end, the Board approved the formation of the Group Tender Committee. The latter will consider all Group procurement tenders and ensure transparency of processes. The committee also augments the existing Executive, Group Audit, Risk Management and Corporate Governance, Nominations, Remuneration and Human Resources Committees.

During the year it was my pleasure to welcome Santie Botha to the Board as Executive Director Marketing and Jan Strydom as a Non-executive Director appointed by the Public Investment Commissioners, a key funding provider to Newshelf 664. Unfortunately the Board also saw the resignation of Lazarus Zim as Executive Director and Jacob Modise as Alternate Non-executive Director, who moved on to pursue other interests.

Sustainable development

The Board, executive management and employees are committed to a triple bottom-line approach in managing the Group's activities. We seek to ensure a balance between the Company's economic performance, and the impact on the society and the environment in which we operate.

In our various operations, sustainability practices and impact are highlighted by management practices that encompass employment equity, staff development, occupational safety and health, and addressing HIV/AIDS in the workplace.

We strive to maintain excellence in the roll-out of our services, especially in the manner in which we serve our customers. The Group has continued its focus on providing improved customer service while developing customer-driven communication solutions.

In the communities in which we operate, the sustainability of our engagements is supported

by contributions to bridge the digital divide, good corporate citizenship and local empowerment practices.

The Group's empowerment achievements are manifest in progress made to achieve employment equity targets and black economic empowerment procurement spend. To date, 34,2% of managers are black (African, coloured and Asian), over the set South African target of 33,1%, and at an operational level, 68,2% of staff members are black, slightly below the set target of 68,4%. MTN South Africa's BEE procurement spend for the year was R647 million, 29% above the amount of R500 million last year.

Detailed information regarding employment equity and BEE achievements and our sustainability principles and practices is contained in our Sustainability Report 2004.

Prospects

In pursuit of sustained growth that will benefit all our stakeholders, the Group has and will continue to evaluate new investments on the African continent as well as in the Middle East.

We remain confident that the Group's endeavours to gain new licences and to establish operations in new markets will be successful in the short to medium term.

Acknowledgements

The milestone achieved by the Group and the strides made in the year under review are the result of passionate and concerted efforts of employees and management teams throughout MTN's operating units who continue to lay the foundation on which our future will be built.

I express the Board's sincere thanks to MTN's employees, the thousands of individuals who collectively have embraced the MTN vision, mission and values.

I also thank our shareholders, customers and business partners for their ongoing support, without which the milestones reached would have been impossible.

Lastly, I thank my colleagues on the Board for their wisdom and counsel.

Cyril Ramaphosa
Chairman

Group Chief Executive Officer's report



The positive results delivered by our operations encourage us to explore additional value-enhancing expansion opportunities in line with our vision to be the leading provider of communication services in our chosen markets.

PF Nhleko Group Chief Executive Officer

Overview

As a Group, MTN celebrates its tenth anniversary this year and can look back with pride on its achievements in improving telecommunications services across the African continent and empowering many people, both economically and socially.

Africa's mobile markets have expanded rapidly in recent years. Mobile subscribers now far outstrip fixed line subscribers, and mobile telephony has become firmly entrenched as the predominant mode of communication in almost every African nation. This development is the result of a combination of factors: the demand for communication services, sector reform, the licensing of new competitors and direct investment by African and international companies seeking to expand their operations.

From a global investment perspective, the telecommunications sector has returned to favour after a few discouraging years, and mobile telephony companies operating in high-growth emerging markets, have experienced a market re-rating based on good fundamentals, strong cash generation, as well as good growth prospects.

Key objectives for the past year

Strategic objectives

Building on our strategic vision and operational strength, the Group's key strategic objectives for the past year were:

- to establish an efficient structure to deal with the demands of an expanding Group,

- to entrench market leadership,
- to meet demand by speeding-up the network roll-out in Nigeria, and
- to pursue value-enhancing expansion opportunities.

By means of Project Y'ello Africa, a distinctive and cohesive Group identity was established, based on a strong centre and core services able to leverage the synergies, economies of scale and efficiencies within the Group. Y'ello Africa's objective was to create a vision of one group, one brand and one future among all MTN staff and customers.

Several new management positions were also created, filled mainly through internal promotions. Sifiso Dabengwa was promoted to Group Chief Operating Officer, Karel Pienaar became Group Chief Technical and Information Officer, Santie Botha joined the Group as Executive Director Marketing, and Paul Norman took on the responsibilities of Group Human Resources. As part of the restructuring, several services are now centralised to ensure that the Group can not only take full advantage of its skills and knowledge base, but also exploit economies of scale in critical areas such as procurement.

With the exception of South Africa, all of our mobile operators are the largest in their respective markets, and the MTN brand is often better recognised than other leading global brands in several countries in which we operate.

Another area of focus was the network roll-out in Nigeria. During the reporting period, not as much



progress was made as was hoped, which resulted in the temporary suspension of new subscriber sign-ups. However, one needs to bear in mind the complexities of network roll-out in Nigeria, where basic support infrastructure such as power supplies and transmission services are often not as consistent as one may wish, requiring significant additional planning and logistical support to complement those services, over and above the building of a GSM network.

The Group has also pursued various expansion opportunities during the period under review, bidding for new licences as well as exploring potential merger and acquisition opportunities. Such efforts have not yet resulted in the acquisition of new licences or properties; however, the Group continues to explore such opportunities as they arise.

Financial objectives

As regards financial matters, our key areas of focus were:

- to maintain profitable growth in all operations,
- to restore the EBITDA margin in South Africa,
- to consolidate our position in MTN Cameroon,
- to secure project finance for MTN Nigeria,
- to further reduce unhedged US\$ debt exposure with direct recourse to SA based operations, and
- to optimise our return to shareholders.

All operations maintained or increased their profit margins. MTN South Africa halted its decline in EBITDA margin and achieved a more acceptable level of 30%. MTN Cameroon delivered a solid, improved performance on all levels.

All operations are now fully funded, with project finance for MTN Nigeria of US\$345 million being secured in November 2003. To the extent that any additional funding is required for MTN Nigeria, this may be raised with no credit enhancement or support from MTN Mauritius or MTN Group. This transaction was singled out by Project Finance International as one of the deals of the year and has established new funding mechanisms in the local Nigerian market.

The Group's balance sheet continues to strengthen, with the consolidated net cash position being R1,2 billion compared to R2,7 billion of net debt last year. The effective unhedged debt position in MTN Mauritius has reduced to US\$5 million, from US\$157 million last year.

The strong cash generation by all operations, but particularly in South Africa, resulted in a significant reduction in the Group's gearing levels. Consequently, the Board of Directors re-instated a dividend policy for the Group, with a dividend of 41 cents per share being declared for the past financial year. We propose to follow a conservative dividend pay-out ratio, with a dividend cover of approximately 6 to 7 times based on adjusted headline earnings, in order to enable the Group to retain sufficient funds to pursue expansion opportunities, while optimising the return to shareholders.

MTN Group results

The Group delivered a strong performance for the financial year ended 31 March 2004. Adjusted headline earnings per share increased by 77% to 253,1 cents, up from 143,3 cents last year. Consolidated revenue increased to R23,9 billion, up 23% from R19,4 billion last year.

EBITDA increased significantly by 44% to R9 billion, with profit after tax of R4,3 billion, which is 94% up on last year.

This good growth in income was driven by solid performances in all of the Group's operations.

- MTN South Africa delivered better than expected results in terms of both revenue growth and EBITDA margin. Trading conditions were favourable, as the South African economy is experiencing historically low inflation and interest rates, resulting in higher disposable income and a growing subscriber market. Adjusted headline earnings per share from South African operations increased by 50% to 135,8 cents. This represents approximately 54% of total Group adjusted headline earnings per share.
- MTN Cameroon's performance continues to improve, with an increase in EBITDA margin to 42%, from 34% last year.
- MTN Nigeria performed well and in line with expectations, contributing approximately 29% and 40% to overall Group revenue and EBITDA respectively.

These results have been affected by the continuing appreciation of the rand against the US dollar and

Group Chief Executive Officer's report

continued

most international operating currencies. When the Group's international results are translated, the rand's strength impacted negatively on consolidated income, however, this also reduced the Group's borrowing levels, which are predominantly denominated in foreign currencies.

Operational overview

Market overview

9,5 million capable subscribers were recorded in the Group's operations, an increase of 42% for the year.

The MTN brand maintained its strong position and remains one of the most well-recognised brands in all the countries in which we operate. With the exception of Rwanda and Swaziland, where MTN is the sole mobile telephony provider, the Group has experienced higher levels of competition in all markets.

The robust South African market demonstrated a higher demand for mobile telephony than previously projected. As a result, 2004 has been a record year for **MTN South Africa**, which signed up an additional net 1,5 million subscribers to reach a total subscriber base of 6,3 million, up 33% on last year. Market share at year-end stabilised at 38%. Going forward, we expect further increases in penetration levels based on the current estimated addressable market of some 23 million subscribers.

MTN Nigeria reported strong growth in its subscriber base, despite the challenges it faced during the year. Limited transmission backbone and satellite capacity, together with intermittent power supplies, necessitated the construction of its own transmission backbone and power supply infrastructure, both of which are critical to the roll out of a quality GSM service. Meeting the needs of the market remains a challenge, as the overwhelming demand last year exceeded the pace of the accelerated network roll-out, resulting in the suspension of subscriber sign-ups for almost five months. The market has also grown from two to four participants. At the end of March 2004 MTN Nigeria reported a subscriber base of 2 million, a growth of 90% year on year, resulting in mobile market share of close to 50%.

The pleasing performance of **MTN Cameroon** points towards a sustained turn-around of this operation, as a result of strong management. Operating in a highly competitive environment, the company reported a market share of 52% and a subscriber base of 581 000, which represents 35% growth year on year.

MTN Uganda, despite strong competition on tariffs, reported a mobile subscriber base of 495 000 and growth of 36% year on year. Mobile market share remains steady at 66%.

MTN Rwanda achieved a subscriber base of 146 000, and growth of 39% year on year. **MTN Swaziland** reported 85 000 subscribers, an increase of 25% for the year.

Strategic investments and expansion

The Strategic Investments division, although small in revenue contribution, remains critical to the Group's future strategy.

Research and development activities are housed in Airborn, whose current objectives include finding new business models that can become significant value-contributors for the Group, prioritising models for focused research, as well as ensuring that adopted projects remain relevant and well co-ordinated within the Group.

As a result of its interest in MTN Network Solutions, the Group is well positioned to take advantage of convergence between voice and data technologies.

Expansion into new geographic markets is also driven by the Strategic Investments division. At the beginning of the reporting period, the Group completed an in-depth evaluation of mobile growth opportunities globally and identified the Middle Eastern and North African regions as natural extensions of MTN's current geographic footprint, in addition to the pursuit of strategically important opportunities in sub-Saharan Africa. While several expansion opportunities have been pursued during the year, through greenfield licence bids and attempted mergers and acquisitions, none of the potential opportunities came to fruition.

Human resources

The Group today employs a total of 4 598 permanent staff, of which 2 286 are based in South Africa, 1 436 in Nigeria and 876 in the other operations. As the Group continues to grow rapidly, both in terms of the scale of existing operations and potential future licence acquisitions, the building of leadership capability to deliver competitive advantage is a primary focus. To this end, the Group has increased its pool of potential leaders by developing a succession strategy and implementing succession forums across all operating units.



This approach is enabling the Group to enlarge its talent pool and align resources closer with strategic objectives. Internal mentors and coaches are being deployed to guide and sponsor the emerging talent pool, as part of succession planning. This investment in people-development will better equip the Group to deploy people rapidly through our various operations.

Agreements have been entered into with global partners to source top talent for existing and new operations. The Group has also participated in programmes on four different continents, aimed at connecting companies with top talent. This worldwide partnership approach has increased MTN's global talent pool, and paved the way for the repatriation of many skilled African professionals that were based abroad.

After the reporting period, Sifiso Dabengwa was deployed to become CEO of MTN Nigeria, effective 1 August 2004. He will retain his position as Chief Operating Officer of the Group.

Social investment

Over the reporting period, the MTN Group spent R58,8 million on social investment. The social investment needs in each country are extensive and the Group will continue to focus on four key areas – education, arts, culture and heritage, science and technology, and HIV/AIDS.

Looking ahead

On the operational side, customer-centricity will remain a key area of focus across all operations in the immediate future, with the aim of improving customer service and driving brand leadership.

The Group will also continue to target cost efficiencies with a view to further expanding its margins, especially in the South African market where the overall margin lags international benchmarks.

A key challenge lies in accelerating the Nigerian network roll-out. Several initiatives ranging from logistics, clearance of goods to additional build-out teams, are already under way to enable MTN Nigeria to meet customer demand, improve network quality as well as maintain brand and market leadership in an increasingly competitive environment.

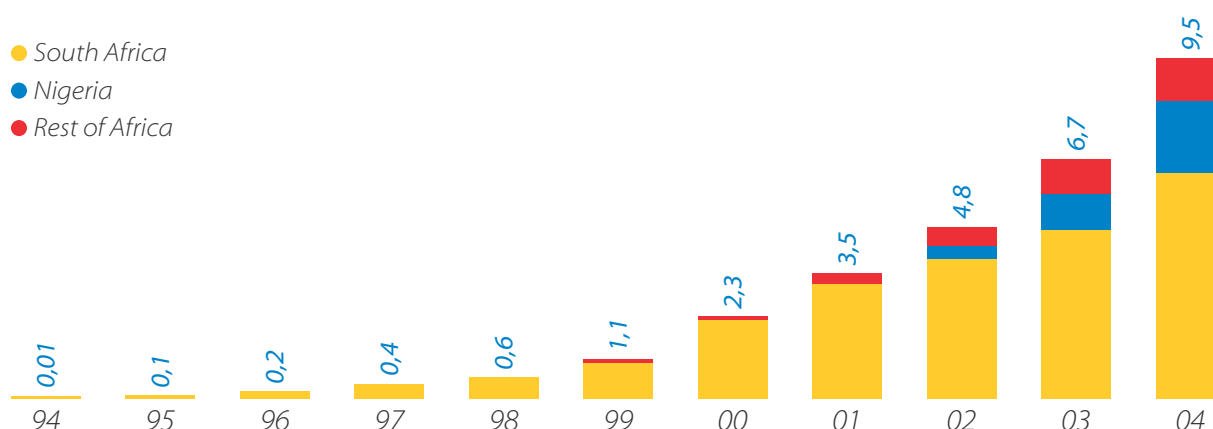
The Group's expansion is currently constrained by the limited size and growth potential of the remaining mobile markets in sub-Saharan Africa. As a result, we will continue to pursue value-enhancing opportunities for geographic expansion during 2005. In addition, we will continue to identify opportunities for leveraging our infrastructure and developing new and complementary revenue streams by expanding and enhancing services to existing subscribers.

Over the year, the MTN Group has established a strong leadership team at executive level, supported by competent staff across all operations and guided by the Board of Directors. I would like to express my sincere thanks to all directors and staff for their commitment and support during the year, and I trust that their efforts will elevate the Group to new heights in the coming year.

Phuthuma Nhleko
Group Chief Executive Officer

MTN subscriber numbers (million)

- South Africa
- Nigeria
- Rest of Africa



Group Finance Director's report

For the year ended 31 March 2004



MTN Group recorded another strong financial performance for the year ended 31 March 2004 with all operations profitable at the PAT level and generating positive free cash flows, and MTN International increasing its contribution to the Group's results.

RD Nisbet Group Finance Director

Overview

MTN Group recorded another strong financial performance for the year ended 31 March 2004, reporting consolidated revenues of R23,9 billion, up 23% year-on-year, and adjusted headline earnings per share of 253,1 cents, an increase of 77%. The Group's total asset base at 31 March 2004 was R32,0 billion, an increase of 14%, while its net debt/equity has turned negative (as a result of cash on hand exceeding borrowings).

Since taking control of 100% of MTN Holdings in 2000 and therefore consolidating its results in full, MTN Group has lifted revenues by 297%, driven by sustained subscriber growth in the South African market, as well as by the Group's aggressive expansion strategy into the rest of Africa.

The initial diversification objectives set at the outset of the expansion strategy have been achieved, with MTN International now contributing 36% of revenue, 50% of EBITDA and 52% of MTN Group's profit after tax for the year (prior to goodwill amortisation). However, to maintain these levels of growth into the future from a larger base, and balance the exposure to South Africa and Nigeria, the Group continues to look for new growth opportunities, both organic and otherwise.

Macroeconomic environment

The prevailing economic environment in the various markets in which the Group operates was broadly favourable during the year. Interest rates maintained a gradual downward trend which, coupled with relative US dollar weakness, reduced the Group's debt-servicing costs and foreign exchange exposure and improved the case for capital investment, a fundamental prerequisite to MTN Group's expansion strategy.

The strengthening of the rand against the US dollar and the functional currencies of the various international operations had a significant impact on the Group's income statement and balance sheet during the year.

Table 1 illustrates the substantial appreciation in the closing and average exchange rates between the rand and the functional currencies of the Group's international operations.

These foreign exchange movements had a significant effect on the results of the Group's operations expressed in rand, which must be taken into account when analysing the Group's financial performance from 2003 to 2004.

	Average exchange rates			Closing exchange rates		
	2004	2003	% change	2004	2003	% change
Rand per dollar	7,14	9,70	26	6,30	7,89	20
NGN per rand	18,38	13,61	35	21,21	16,14	31
CFA per rand	80,61	67,76	19	86,36	76,72	13
UGS per rand	277,87	197,34	41	304,32	249,68	22
RWF per rand	80,29	53,50	50	93,82	65,97	42

Table 1: Exchange rates

Income statement

Revenues

The increase in Group revenues of 23% was underpinned by sustained high growth levels in MTN South Africa of 23% year on year to R15,1 billion, and 30% in MTN Nigeria to R7,0 billion, which together accounted for 99% of the total increase in Group revenues. In line with the prior year, MTN International accounted for 36% of revenues.

In general, mobile operations' revenue growth has been driven by healthy subscriber acquisition in all operations including markets previously regarded as relatively mature, such as South Africa which achieved record gross and net connections during the year. In line with the natural evolution of mobile telephony, the Group's younger operations have experienced price reductions in real terms, but the

effect on revenues has been offset by volume increases.

As indicated in Table 2, all operations recorded satisfactory revenue increases in local currency terms, however, on consolidation into MTN International this growth has been diluted by the strengthening of the rand. For example, in naira terms MTN Nigeria grew revenues by 83% against the prior year, which translated to a 30% increase on conversion into rand. Theoretically, had the naira remained constant against the rand, this would have amounted to an additional R2,8 billion in revenues for the Group. Similarly, although MTN Uganda and MTN Rwanda experienced significant revenue growth in their local currencies, this translated into negative growth in rand terms. It should be noted that the inflation rates and interest rates are higher in these countries than in South Africa, and therefore some depreciation of their currencies against the rand is expected.

Revenue for the year ended 31 March	2004 Rm	2003 Rm	% change rand	% change local currency	% of total 2004
South Africa**	15 098	12 298	23	23	63
International	8 687	6 972	25	–	36
Nigeria	6 973	5 361	30	83	29
Cameroon	1 069	874	22	41	4
Uganda	477	585	(19)	20	2
Rwanda	83	87	(5)	33	*
Swaziland	70	58	21	21	*
Mauritius/International	15	7	114	–	*
Other	86	135	(36)	(36)	*
Total	23 871	19 405	23	–	100

* Less than one percent

** Including MTN Network Solutions

Table 2: Analysis of revenue

Group Finance Director's report *continued*

MTN South Africa posted revenues of R15,1 billion, up 23% against the prior year. The increase was primarily attributable to record growth in the subscriber base during the year, coupled with slight tariff increases. Pre-paid and post-paid airtime revenues, excluding interconnect, increased by 49% and 24% respectively. Revenue, excluding handset sales, grew by 24% to R13,3 billion for the year, 65% of which was derived from airtime and subscriptions, the balance being interconnect (29%) and minor revenue streams. The composition of revenue has not changed significantly from the prior year, although data and SMS revenue as a percentage of total revenue excluding handsets has increased from 4% to 5%. Handset revenues were boosted by connection volumes, but offset by the impact of lower pricing due to the strong rand. Net interconnect as a percentage of (non-handset) revenue declined to 12%, from 15% in the prior year, partly due to the shifting interconnect traffic patterns towards other mobile networks which have higher termination charges.

MTN Nigeria continues to experience unprecedented demand for its services, recording revenues of R7,0 billion, up 30% in rand terms against the prior year. This growth was achieved in the context of connections having to be restricted for several months due to capacity constraints. The major components of MTN Nigeria's revenue are airtime and subscriptions (74%), interconnect (13%) and connection fees (8%). Airtime and subscriptions increased as a proportion of total revenue year-on-year, as a result of sustained high levels of usage by the rapidly expanding subscriber base. The percentage of total revenue derived from connection fees, handsets and other services decreased accordingly, further aided by the reduction in connection fees per subscriber during the year.

Revenue in **MTN Cameroon** comprises airtime and subscriptions (78%), interconnect (16%), and handset and other revenues (6%). Airtime as a percentage of total revenue increased by 2% compared to the previous year, while interconnect decreased by a similar percentage.

The amounts in respect of **MTN Uganda**, **MTN Rwanda** and **MTN Swaziland** represent only the Group's share of revenue for the respective entities as they are proportionately consolidated. The revenue mix in all of these operations reflects a reduction in the proportion of subscription fees due to decreases in pre-paid access fees during the year.

EBITDA

MTN Group lifted EBITDA by 44% to R9,0 billion, of which 50% was generated from international operations, up from 46% in the prior year. The Group's EBITDA margin improved to 38% from 32% as a result of the higher contribution from MTN International, coupled with the improvement in MTN South Africa's EBITDA margin. EBITDA growth rates exceeded revenue growth rates in all operations except Rwanda, reflecting sustained potential for profitable growth across the Group.

The EBITDA margin for **MTN South Africa** has increased from 27,6% to 30,1% (excluding MTN Network Solutions and head office functions) owing primarily to significant operating cost savings, coupled with strong revenue generation. Increased connection incentives and discounts to the distribution channel, and a decrease in net interconnect revenue have, however, continued to exert pressure on margins.

EBITDA for **MTN Nigeria** increased by 70% to R3,6 billion, with the EBITDA margin increasing to 51% from 39%. MTN Nigeria's profitability was boosted by strong revenue growth as a result of pent-up demand.

The EBITDA margin for **MTN Cameroon** increased from 34% to 42%, through a combination of sustained revenue growth in a highly-competitive market, and tight cost control. The recoverability of interconnect debtors remains a challenge in this market, however, during the year US\$10 million of long-outstanding balances was received.

The EBITDA margins in **MTN Uganda** and **MTN Swaziland** have improved slightly from the prior year as a result of effective cost controls and good revenue growth.



EBITDA and EBITDA margin for the year ended 31 March	2004 Rm	2003 Rm	% change rand	% change local currency	2004 EBITDA margin %	2003 EBITDA margin %
South Africa*	4 514	3 389	33	33	29,9	27,6
International	4 461	2 842	57	–	–	–
Nigeria	3 557	2 088	70	135	51,0	38,9
Cameroon	450	297	52	73	42,1	34,0
Uganda	236	277	(15)	24	49,5	47,4
Rwanda	37	40	(8)	5	44,6	46,0
Swaziland	32	26	23	23	45,7	44,8
Mauritius/International	149	114	31	–	–	–
Other	8	(14)	–	–	9,3	(10,4)
Total	8 983	6 217	44	–	37,6	32,0

* Including MTN Network Solutions

Table 3: Analysis of EBITDA

Net finance costs

EBITDA to net interest cover improved significantly from 7,5 times in 2003 to 14,9 times in 2004, due to both an increase in EBITDA and a decrease in net finance costs.

Net finance costs decreased by 27% to R604 million, against R828 million in the previous year. This was due to a variety of factors, including a reduction in exchange losses to R224 million from R325 million, given the relative strength of the Group's major functional currencies against the US dollar, relatively low interest rates and reduced net debt levels.

Finance costs in MTN South Africa decreased by R125 million as most of its long-term debt was repaid in the previous year.

Although finance costs in MTN Nigeria increased in line with the higher debt levels, the impact on consolidation was offset by the strengthening of the rand against the naira and dollar.

Included in Group net finance costs is an amount of R72 million relating to unrealised foreign exchange losses on the sinking fund policy taken out by MTN International.

Taxation

The Group's effective tax rate of 18,3%, excluding goodwill amortisation charges, is slightly below the prior year's effective rate of 19,6%.

MTN Nigeria is currently in the second year of a five-year tax holiday. This has resulted in no corporate tax being payable by MTN Nigeria as well as a deferred tax asset of R226 million for the current financial year. MTN Cameroon received tax credits of US\$16 million as part of an investment incentive scheme, of which US\$8 million were utilised during the year, effectively eliminating its corporate tax liability.

The Group's offshore holding company, MTN Mauritius, has been classified as South African resident for tax purposes. As a result, tax provisions have been raised to cater for a number of tax liabilities which could not be finally resolved until the tax residence was determined by SARS. The total tax expense in MTN Mauritius for the year amounted to US\$36 million, which translated to R257 million.

Group Finance Director's report *continued*

Adjusted headline earnings

Adjusted headline EPS increased by 77% to 253,1 cents. MTN South Africa contributed 135,8 cents, a 50% increase on last year, while MTN International again increased its contribution to 117,3 cents compared with 54,4 cents last year. Table 4 reflects the headline earnings per share contribution by operation.

Last year, the Board resolved to report adjusted headline earnings (excluding the net impact of the deferred tax asset in MTN Nigeria) in addition to basic headline earnings, which it believed did not adequately reflect the Group's underlying economic performance, given the inherent uncertainties over

the valuation of a deferred tax asset to be realised so far into the future.

Balance sheet

Although the total assets of the Group increased by R3,8 billion, the strengthening of the rand against the functional currencies of the international operations by between 13% and 42%, significantly reduced their assets and liabilities on consolidation.

Table 5 analyses the proportion of the Group's balance sheet derived from MTN International. As a result of the impact of exchange rate fluctuations on consolidation, the Group's foreign currency translation reserve has decreased by R988 million.

Adjusted headline earnings per share for the year ended 31 March	2004 Cents	2003 Cents	% change
Wireless operations	253,2	145,1	74
South Africa	135,9	90,7	50
Nigeria	112,4	55,3	103
Cameroon	10,7	4,9	118
Uganda	6,4	7,0	(9)
Rwanda	1,0	1,2	(17)
Swaziland	1,1	0,7	57
Mauritius/International	(14,3)	(14,7)	3
Other operations	(0,1)	(1,8)	n/a
Total	253,1	143,3	77

Table 4: Analysis of headline EPS

Balance sheet analysis as at 31 March	Total 2004 Rm	South Africa Rm	Inter- national Rm	Total 2003 Rm	% change
Non-current assets	23 357	14 649	8 708	22 854	2
Intangible assets (including goodwill)	11 399	9 794	1 605	12 561	(9)
Tangible and other	11 958	4 855	7 103	10 293	16
Current assets	8 643	4 674	3 969	5 303	63
Bank balances and security cash deposits	5 336	2 323	3 013	2 137	150
Other current assets	3 307	2 351	956	3 166	4
Total assets	32 000	19 323	12 677	28 157	14
Capital, reserves and minority interests	21 266	15 010	6 256	17 938	19
Non-current liabilities	4 376	911	3 465	4 056	8
Interest-bearing	3 710	332	3 378	3 249	14
Other	666	579	87	807	(17)
Current liabilities	6 358	3 402	2 956	6 163	3
Interest-bearing	439	118	321	1 600	(73)
Other	5 919	3 284	2 635	4 563	30
Total equity and liabilities	32 000	19 323	12 677	28 157	14

Table 5: Balance sheet analysis

Non-current assets

Intangible assets consist primarily of goodwill and telecommunication licence fees capitalised. No significant additions occurred in either category. The decrease in intangible assets is due to amortisation as well as the appreciation of the rand which had an impact of approximately R445 million.

Tangible assets consist primarily of property, plant and equipment. Capital expenditure in this regard is detailed in Table 6. R1,2 billion of the movement year-on-year is attributable to exchange rate fluctuations. MTN Nigeria accounts for 67% of the Group's capital expenditure, which is lower than the anticipated capital commitments, primarily because of the strengthening of the rand.

MTN Nigeria's capital expenditure was boosted by the fact that during the last two months of the financial year, a significant amount of fixed assets, which had been held up in the supply chain because of logistical difficulties, was released. This equipment had not been commissioned at year-end, resulting in an additional R1,1 billion in capital work-in-progress.

During the year, the useful life of certain network equipment in MTN Nigeria was reduced as a result of higher wear and tear being experienced in the Nigerian environment. This resulted in additional depreciation of R190 million during the year.

Group Finance Director's report *continued*

Capital expenditure (tangible assets only) for the year ended 31 March	2004 Rm	2003 Rm	% change	Capital commit- ments 2005 Rm	% of total
Wireless operations	5 045	4 234	19	9 502	100
South Africa	1 070	1 004	7	2 081	22
Nigeria	3 403	2 590	31	7 052	74
Cameroon	410	436	(6)	202	2
Uganda	129	165	(22)	124	1
Rwanda	22	26	(15)	24	*
Swaziland	11	12	(8)	19	*
Mauritius/International	—	1	n/a	—	—
Other operations	3	1	n/a	—	—
Total	5 048	4 235	19	9 502	100

* Less than one percent

Table 6: Analysis of capital expenditure

Included in other non-current assets is the deferred tax asset of R303 million relating to timing differences in MTN Nigeria, which are expected to reverse after the five-year Nigerian tax holiday expires. Also included is an investment of R302 million relating to the sinking fund policy taken out as an indirect hedge against the US dollar-denominated debt in MTN Mauritius.

Current assets

The increase in current assets was primarily driven by the significant increase in cash on hand. MTN South Africa's cash balance increased from R623 million to R2,3 billion. In MTN Nigeria, cash on hand at year-end was R2,1 billion, compared to R901 million in the prior year. This balance includes R1,7 billion of cash collateralised against letters of credit.

Non-current liabilities

Long-term borrowings for international operations increased by R848 million. The increase in the borrowing of underlying operations was even greater, however, the effect on the Group balance sheet was offset to an extent by the appreciation of the rand.

MTN South Africa has used excess cash to repay approximately R387 million of long-term loans.

The long-term borrowings of MTN Nigeria increased significantly as project funding of the equivalent of US\$345 million was raised, of which US\$250 million is naira-denominated. US\$300 million of this facility was drawn-down at year-end. The funding was partially used to repay the short-term commercial paper facility in place at the end of the previous financial year.

The Group is in a net cash position of R1,2 billion from a net debt position of R2,7 billion in 2003. This includes long-term borrowings of R3,7 billion, short-term borrowings of R334 million and bank overdrafts of R105 million, offset by cash of R5,3 billion including securitised cash deposits of R1,7 billion. Also included in borrowings is a finance lease liability of R314 million.

The Group's gearing ratio, being interest-bearing net debt as a percentage of total equity adjusted for capitalised goodwill, decreased significantly to (10%) from 35% at the end of the previous year.



Cash flow

Cash flow from operating activities increased by 59% to R8,6 billion during the current year. Cash from operations generated by MTN South Africa was very positive during the current year at R4 billion. However, the strong growth and high profitability of MTN Nigeria, and positive operating cash flow contribution from all other international operations, resulted in MTN International surpassing MTN South Africa, in terms of operating cash flows, for the first time.

As in 2003, the Group has generated positive free cash flows after investing activities. This is the first financial year in which the Group's international operations have shown positive free cash flow after investing activities, despite the significant capital investments made in those operations.

Financing and group facilities

During November, MTN Nigeria raised US\$345 million for further network expansion. The facility consists of a naira-denominated US\$250 million local facility and a US\$55 million facility provided by several finance institutions, including the IFC, German Investment and Development Company and Netherlands Development Finance Company, as well as a

US\$40 million tranche arranged by Standard Corporate and Merchant Bank, backed by the South African Export Credit Agency ("ECICSA"). This was the first time that ECICSA had invested into Nigeria, representing a major vote of confidence in the sector and West African region. In addition, the IFC also provided a stand-by facility of US\$50 million to cover roll-over risk.

The Group's offshore borrowings in MTN Mauritius were US\$160 million at 31 March 2004. This debt is partly hedged by a sinking fund policy of US\$47 million and cash on deposit of US\$108 million.

Capital commitments

The Group's capital commitments for the next financial year are outlined in table 6. The Group continuously monitors capital expenditure to ensure it is matched to market requirements and within the financial capacity of the Group. As in the current year, the majority of capital commitments for the next financial year relate to MTN Nigeria. Our experience continues to demonstrate that Nigeria has structurally higher costs of rolling-out the GSM network than those experienced in South Africa, primarily as a result of the need for significant investment into ancillary infrastructure such as transmission, power supply and other facilities as well as high import duties.

Cash flow analysis for the year ended 31 March	Total 2004 Rm	South Africa Rm	International Rm	Total 2003 Rm	% change
Cash inflows from operating activities	8 597	4 010	4 587	5 393	59
Cash outflows from investing activities	(4 898)	(1 051)	(3 847)	(4 391)	12
Cash in/(out) flows from financing activities	233	(1 173)	1 406	187	25
Net movement in cash and cash equivalents	3 932	1 786	2 146	1 189	231

Table 7: Analysis of cash flows

Group Finance Director's report *continued*

It is expected that these commitments will be funded through strong cash flows from current operations as well as from additional borrowing facilities, where necessary.

Changes in shareholding

In line with its stated intention of introducing strategic shareholders into MTN Nigeria, during the year MTN Group disposed of 4,5% of the equity of the Nigerian operation in various tranches, reducing its effective interest to 75% at year-end. 3% of this was sold to the IFC as part of the medium term financing arrangement, and the balance to the Group's local partners in MTN Nigeria. MTN Group realised a net loss of R72 million on the transaction.

MTN Group also increased its stake in MTN Rwanda during the year, bringing its effective interest to 40%.

Accounting policies

The Group adopted AC133 "Financial Instruments: Recognition and Measurement" (equivalent of IAS39) during the year. The MTN Share Incentive Scheme and the MTN Group Share Option Scheme, were also consolidated for the first time, and the prior year comparatives restated accordingly. Both of these had a relatively minor effect on the opening reserves and income statement for the year.

MTN Group's current accounting policy is not to expense share options through the income statement. In assessing the impact of the new international accounting standard IFRS2 "Share based payments" on the Group's results, transitional provisions indicate that the standard is only applicable to share options

granted after 7 November 2002, which had not vested at the effective date (1 January 2005). The majority of MTN Group share options currently in existence fall outside these criteria. However, the impact of expensing the most recent issue of options under the MTN Group Share Option Scheme (2 683 800 options at R27,00 each issued on 1 December 2003) on the results for the year ended 31 March 2004 is estimated to be an expense of approximately R3 million.

Conclusion

The Group's performance over the past financial year was pleasing, with the profitability of all operations increasing. MTN Nigeria continues to surpass initial expectations from a financial perspective, notwithstanding the substantial operational challenges it faces in realising its full potential. All operations generated positive free cash flows in excess of their capital expenditure requirements, enabling the Group to resume payment of dividends.

The Group's gearing level at 31 March 2004 was well below its stated target of 30% – 40%. This strong balance sheet positions the Group well to actively pursue and take advantage of viable expansion opportunities.

Robert Nisbet

Group Finance Director

MTN Group Limited Business Report 2004



Review of operations

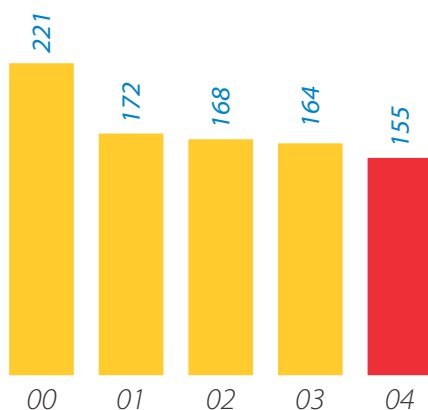
MTN South Africa	38
MTN Nigeria	41
MTN Cameroon	44
MTN Uganda	46
MTN Rwanda	48
MTN Swaziland	50
Strategic Investments	52
MTN Group Support Services	54
Shareholders' information	55
Five-year review	56
Group cash value added statement	58

All operations experienced significant subscriber growth ranging from 90% in Nigeria to 25% in Swaziland and South Africa growing by 33%. Market share in South Africa remained at approximately 38% while the Group continues to be the largest operator network in all other international operations.

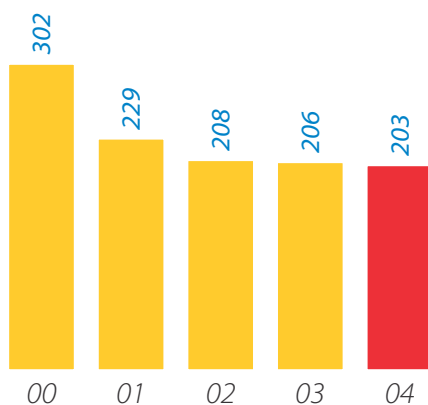


MTN South Africa

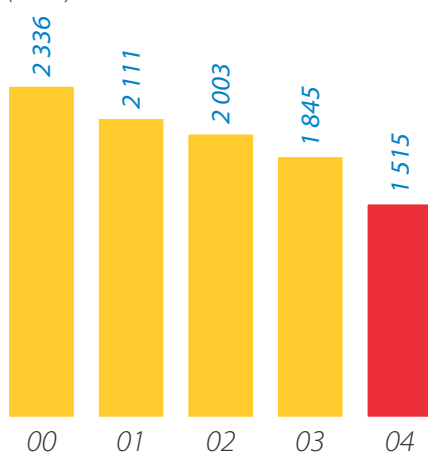
Average MOU trend
(minutes)



Blended ARPU trend
(rand)



Cumulative capex per subscriber
(rand) as at 31 March



Company overview

MTN South Africa, one of three South African cellular operators, has successfully established a reputation for network excellence and high service quality.

MTN South Africa entered the cellular arena in June 1994 as the second licensed mobile operator. The continued deployment of competitive, innovative and affordable telecommunications services has contributed to sustained growth of MTN South Africa's subscriber base beyond expectations. As of the end March 2004, MTN South Africa had attracted a subscriber base of 6,3 million subscribers representing a growth of 33% on the previous year.

One of MTN South Africa's most passionately pursued goals is making telecommunications accessible to the wider population – the MTN pre-paid mobile package "Pay as You Go" helps to achieve this goal. Recently a subscriber reward element further enhanced the product, another first in the South African cellular market from MTN.

MTN South Africa acquired an additional 4% stake in Leaf during the year. Leaf is MTN's strategic partner providing platforms for data services, the MTNICE portal and generates opportunities for MTN to be leader in the provision of data services.

During the year under review, MTN South Africa appointed two senior executives in marketing and finance. In addition, the current Managing Director was appointed to the Group as Chief Operating Officer.

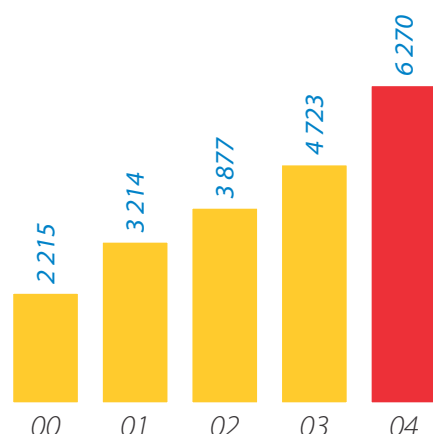
Network infrastructure

MTN South Africa continues to invest in its infrastructure and to date has invested R9,5 billion. This year, a total of R1,1 billion has been invested primarily in the network to cater for increased subscribers and traffic volumes. An additional 161 base stations were integrated into the network, resulting in the total number of sites reaching 4 245 by year-end.

Currently, MTN South Africa's network covers a geographic area of over 1 million square kilometres, equating to a total of 75% land coverage, covering an estimated 96% of the population and 19 200 kilometres of national highway, connecting all major towns and cities.



Subscriber base
(‘000)



Financials

	2004 Rm	2003 Rm
Revenue	15 098	12 298
EBITDA	4 514	3 389
PAT	2 245	1 490

Market information

Population	45,7 million
Mobile penetration	36%
Market share	38%

Operational information

Pre-paid/post-paid mix (%)	81/19
----------------------------	-------

Note: financial data reflects 100% of the operation

The growth in subscribers was obtained without compromising quality of services. Network management procedures including software have been developed that allow MTN South Africa to maintain service levels in the top bracket of international GSM operators.

Marketing

Brand affinity and awareness measured 78,5% and 99% respectively for the year.

The contract base at 31 March 2004 of 1,2 million subscribers and the pre-paid subscriber base of 5,1 million have increased by 20% and 36% respectively year on year. No significant changes occurred in the overall composition of the subscriber base with pre-paid subscribers representing 81% at March 2004.

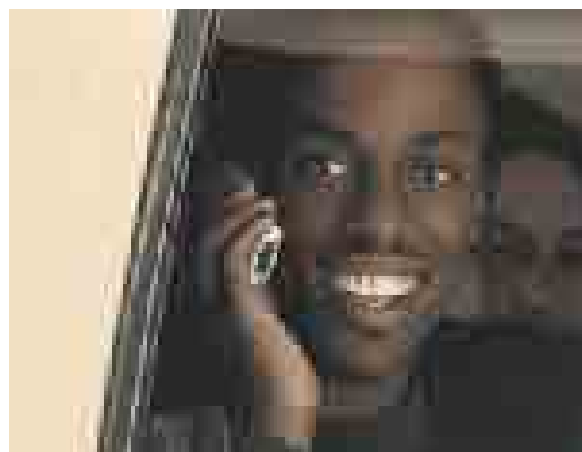
Blended ARPU of R203 per month was recorded for the current year compared to R206 in the prior year. ARPU for the year was R597 on post-paid and R104 for pre-paid. The reduction in blended ARPU was mainly due to the decrease in MOU.

Products and services

Improved economic conditions, together with low interest rates, led to an increase in consumers' disposable income and as expected, the mobile market has benefited, especially pre-paid where 1,3 million net connections were recorded during the year.



MTN South Africa's advertising brand campaign reflected MTN's personalised approach to its subscribers, including soul, warmth and a distinctly South African spirit. The commercial was entitled Taxi.



MTN South Africa *continued*

As part of the ongoing focus on product development, the innovative MyChoice tariff plans were launched during the year. This constitutes a major shift from the minute bundles, that have dominated the post-paid market for most of the 10-year life of the South African cellular industry, to value-based bundles. In addition, MyChoice TopUp is a hybrid product which allows contract subscribers to top-up with pre-paid airtime.

Distribution

Distribution remains a key criteria for the continued success of the South African operation. During 2004, existing channels were consolidated and new channels were established, particularly for the mass-market pre-paid products. MTN South Africa's distribution model had evolved into the following by the end of the year:

- Approximately 15 chain store retailers, with points of presence in more than 4 000 outlets countrywide, the main channel for pre-paid handset connections.
- Approximately 80 specialist outlets, made up primarily of franchise stores and independent dealers, the main channel for post-paid connections.
- Approximately 20 wholesalers, whose main focus is the distribution of pre-paid airtime.
- Twelve owned service centres which are one-stop shops for the distribution of all MTN products.
- Direct call centre, used primarily for the connection of low-end post-paid subscribers.
- Direct (corporate) sales force in regional offices across the country.

Customer satisfaction

MTN South Africa continued to strive for improvements in customer satisfaction. A customer management framework was implemented to focus all staff and organisational activities on the customer. Steady improvements in customer satisfaction have already been noted through the Customer Satisfaction Index.

Competition

South Africa is a highly competitive three-player market. MTN's market share has remained steady at 38%.

Regulatory environment

The regulatory environment in South Africa is considered stable. MTN continued to engage and participate in ICASA sponsored industry initiatives focusing on improving access to telecommunications services.

The Department of Communications and ICASA are in negotiations with operators regarding the implementation of the conditions under which the 1 800 MHz spectrum is to be allocated. It has been confirmed that the negotiations on the 1 800 MHz spectrum will include 3G.

Number portability is scheduled to be introduced by 2005. In addition, a convergence bill is being drafted which may have an impact on the telecommunication environment in South Africa. MTN is however, actively involved with the stakeholder participation processes in this regard.



MTN Service Centre, Rivonia, Johannesburg, South Africa.



Company overview

In February 2001, MTN successfully secured a GSM licence for a fee of US\$285 million. In May 2001, just three months after signing the licence, MTN Nigeria completed the first test call. MTN commenced commercial operations in Nigeria in August 2001, beginning with three cities, Lagos, Abuja and Port Harcourt. The Company's digital microwave transmission backbone, Y'elloBahn, was commissioned in January 2003. As at March 2004, MTN Nigeria covers over 82 cities and towns, has achieved a subscriber base of 2 million – growth of 90% this year – and a mobile market share of close to 50%.

During the review period, MTN Mauritius disposed of 3% of its 79,5% shareholding in MTN Nigeria to the IFC. This gives MTN Nigeria an international affiliate of the World Bank as a shareholder. In addition, MTN Mauritius disposed of 1,5% of its shareholding in MTN Nigeria to existing local shareholders. The current ownership structure for MTN Nigeria is MTN Mauritius 75%, local partners 22% and the IFC 3%.

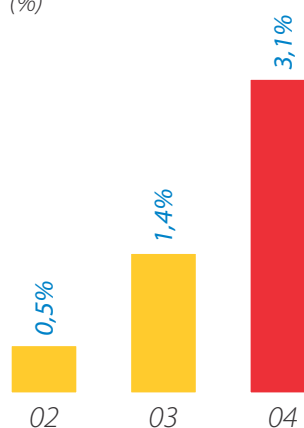
Network infrastructure

MTN Nigeria's GSM network coverage extends to approximately 43% of the population, while geographic coverage has reached 165 759 km². As at 31 March 2004, the network was serviced by 16 mobile switches, housed in seven switching centres, with an additional five centres under construction. At 31 March 2004, 839 base stations had been deployed across the country.

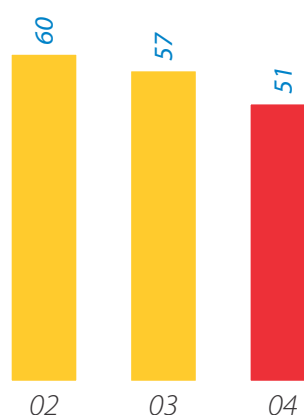
Building the GSM network in Nigeria has presented MTN with a number of unique challenges, including the construction of a nationwide transmission infrastructure as well as a national electric power system.

In the absence of sufficient transmission capacity in Nigeria, MTN embarked on the construction of a microwave transmission backbone at a cost of US\$120 million. When the original Y'elloBahn backbone was commissioned in January 2003, it comprised 3 400 km of STM-1 capacity digital transmission microwave. It soon became apparent that capacity would be insufficient. Y'elloBahn phase two commenced in July 2003, aimed at quadrupling the most heavily-congested links such as Lagos-Ibadan and Port Harcourt-Onitsha.

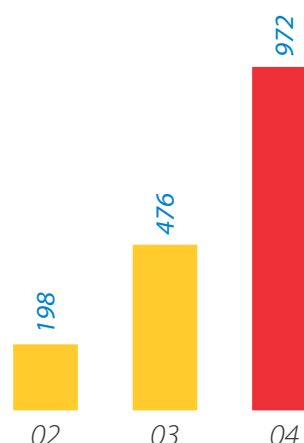
GSM penetration of population
(%)



ARPU trend
(US\$)

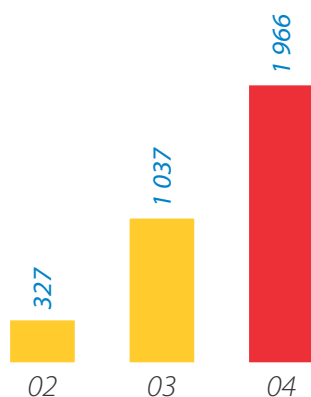


Cumulative capex
(US\$ million)



MTN Nigeria continued

Subscriber base
('000)



Financials

<i>Financials</i>	2004	2003
	Rm	Rm
Revenue	6 973	5 361
EBITDA	3 557	2 088
PAT*	2 366	1 146

Market information

Population	130 million
Mobile penetration	3,1%
Mobile market share	48%

Operational information

Pre-paid/post-paid mix (%)	97/3
----------------------------	------

Note: financial data reflects 100% of the operation

* Excluding deferred tax asset

Due to the unreliable power supply in Nigeria, MTN was compelled to construct its own power system, Y'elloWatts, to keep the entire MTN network at peak performance 24 hours per day, 365 days a year. Each base station is constructed with twin generators and a large diesel tank. Expensive power management electronics are installed at every site to provide clean electricity and protection for the highly sensitive base station circuitry.

To-date, MTN Nigeria has invested a total of US\$972 million in infrastructure roll-out.

At year-end US\$172 million of infrastructure had been purchased for commissioning in the next financial year.

Marketing

MTN Nigeria's top-of-mind brand awareness remains consistently high at 71%. For the past two years, it has been recognised as the top brand in the country.

The market size in Nigeria is expected to increase significantly over the next year due to increasing competition in a four-player market. Deeper



Friendship Centre in Lagos, Nigeria.

penetration of the addressable market is expected to occur during the next financial year.

In line with industry trends, ARPU declined from US\$57 during 2003 to US\$51 during 2004. Approximately half of the decrease was due to exchange rate fluctuation and the remainder to a reduction in tariffs as well as penetration into lower usage subscriber segments.

Products and services

As the ever-demanding Nigerian market grows, MTN Nigeria has met the challenge by introducing a number of tailored products and tariff structures for the market.

MTN Flexi enables subscribers to enjoy lower tariffs, the more talk time they accumulate monthly. A per-second billing option was introduced on all MTN Nigeria's products where subscribers who select this option enjoy a flat tariff of 80 kobo per second. MTN also introduced a N750 recharge card to meet the requirements of lower-income users and a virtual booster service, which halves the pre-paid tariff for a month and can be loaded by subscribers using their available credit. MTN Nigeria subscriber profile remains predominantly pre-paid, making up 97% of the base versus post-paid of 3%.

Distribution

MTN Nigeria works through 340 distributors, super dealers and several sub-dealer tiers of distribution, totalling more than 9 000 retail points of presence. Channels are supported extensively by MTN sales and distribution teams. The informal distribution level consists of over 50 000 points nationwide.

A total of ten MTN-owned and operated friendship centres have been commissioned to date, servicing six main areas of regional operations (Lagos, Abuja, Kano, Enugu, Ibadan and Port Harcourt).

Competition

During the year, market share declined to just below 50%. One reason for this was the introduction of a fourth GSM operator, and the scaling up of the state-owned operator, effectively changing the market from two-player to a four-player market. In addition MTN Nigeria held back the sale of pre-paid



Former MTN Nigeria CEO Adrian Wood with his exec team, at a new product announcement press conference.

starter packs, to ensure a high quality of service, for 20 weeks due to capacity constraints on the network.

Regulatory environment

MTN Nigeria's GSM licence was issued in January 2001 and is valid for a term of 15 years. Conditions allow for MTN to implement a national GSM 900 MHz and 1 800 MHz network and operate an international gateway. To-date, MTN Nigeria has been duly compliant with all relevant licence conditions.

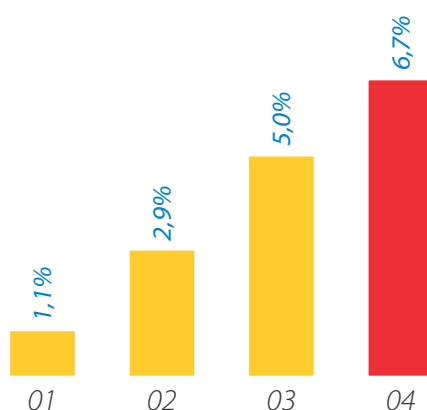
In line with the telecom legislation and relevant licence conditions, MTN Nigeria has in place a uniform and non-discriminatory interconnect regime with 21 other licensed operators, including the national carrier, fixed operators and other mobile operators.

Funding

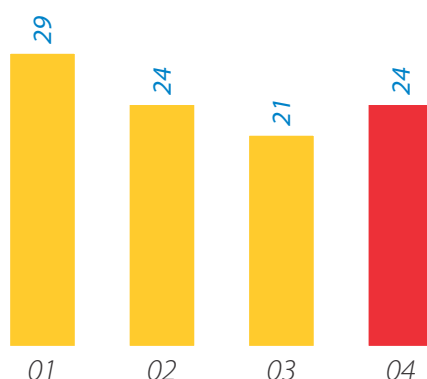
In November 2003, MTN Nigeria secured a medium-term project finance facility of US\$345 million to fund further expansion of its infrastructure in the country. An additional US\$50 million standby facility has been provided by the IFC.

MTN Cameroon

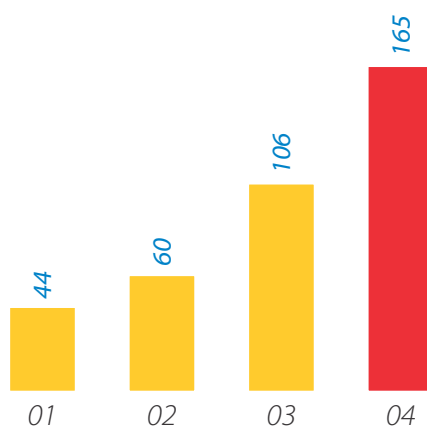
GSM penetration of population
(%)



ARPU trend
(US\$)



Cumulative capex
(US\$ million)



Company overview

In February 2000, MTN successfully bid against top international operators for the privatisation of Camtel-Mobile, the first GSM operator on the African continent, for a fee of approximately US\$60 million. The name of the operation was officially changed to MTN Cameroon Limited at that time. Within five months, MTN Cameroon upgraded the network to triple its capacity and doubled its subscriber base. MTN Cameroon exceeded its licence obligation to provide a quality service in all administrative territories within five years of operation and, as such, currently provides coverage in all ten provinces. At the end of March 2004, MTN Cameroon reported a subscriber base of 581 000, growth of 35% in the year.

There has been no change for this reporting period in MTN Cameroon's shareholder structure (MTN Mauritius 70% and Broadband Telecommunications Limited 30%).

Network infrastructure

Since inception, MTN Cameroon has invested US\$165 million in infrastructure.

During the review period, MTN Cameroon invested US\$59 million. A modern switching centre was opened in Douala, offering a state-of-the-art environment for the core network. The addition of a new MSC and BSC in Douala provides additional capacity and flexibility. The implementation of a new pre-paid system offers advanced services and flexibility. The completion of the SDH backbone between Douala, Yaoundé and Bafoussam added transmission capacity and route diversity.

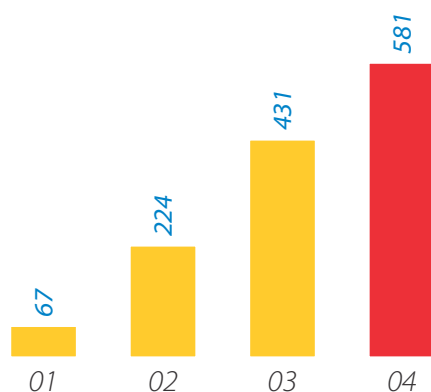
A total of 64 BTS sites were added, taking the total number of base stations to 219. This increases the coverage of the population from 55% last year to 65% this year.

Marketing

Results of a survey on brand health show MTN Cameroon holding its position as the premier telecommunications brand in Cameroon. MTN has maintained its leadership with 52% market share, despite strong competition by the global telecommunications operator, Orange.



Subscriber base
(‘000)



Financials

	2004 Rm	2003 Rm
Revenue	1 069	874
EBITDA	450	297
PAT	219	102

Market information

Population	16,6 million
Mobile penetration	6,7%
Mobile market share	52%

Operational information

Pre-paid/post-paid mix (%)	98/2
----------------------------	------

Note: financial data reflects 100% of the operation

MTN Cameroon's subscriber profile remains pre-paid 98%, and 2% post-paid.

The ARPU in MTN Cameroon increased from US\$21 to US\$24, primarily due to the strengthening of the local currency (which is linked to the euro) to the US dollar.

Products and services

MTN Cameroon prides itself on providing competitive products and services. During the year a number of successful promotions took place.

Distribution

MTN Cameroon has a total of seven service centres, supported by 55 distribution outlets and over 10 000 points of presence countrywide.

Competition

The mobile communications sector in Cameroon is currently a two-player market. No new entrants are expected in the new financial year.

Regulatory environment

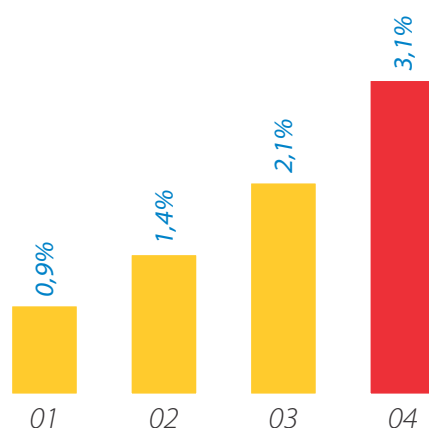
Operators are monitored by the ART, the Cameroon regulatory authority. MTN Cameroon is compliant with its main licence obligations.



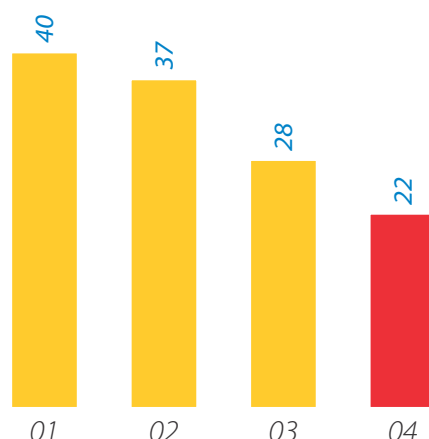
MTN Cameroon billboard advertising.

MTN Uganda

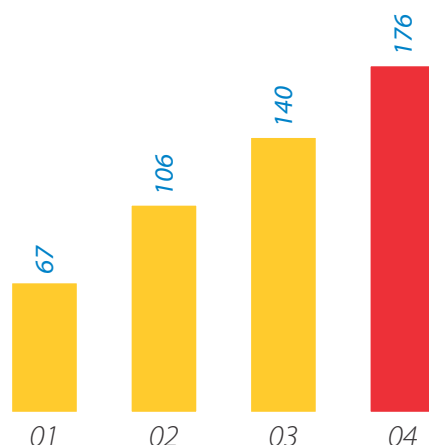
GSM penetration of population
(%)



ARPU trend
(US\$)



Cumulative capex
(US\$ million)



Company overview

Less than six months after being licensed as the country's second national operator in 1998, MTN Uganda launched a commercial mobile service. MTN Uganda's product range extends beyond mobile services, with its fixed wireless terminals and broadband fibre technology being used by over half of Uganda's largest corporations. Wireless local loop is offered to small and medium businesses, providing voice, fax and high-speed data services.

At the end of March 2004, MTN Uganda reported a subscriber base of 495 000 mobile subscribers, growth of 36% year on year.

MTN Uganda's shareholder structure remains unchanged (MTN Mauritius 52%, Telia 32%, Tri-Star Investments S.A.R.L. 13% and Invesco Uganda Ltd 3%).

Network infrastructure

To-date MTN Uganda has invested US\$176 million in both fixed and mobile network infrastructure.

This year, the total mobile switching centre capacity was significantly upgraded to cater for growth, while 29 additional base stations were commissioned, bringing its total to 257 base stations. This provides approximately 70% population coverage and 35% geographic coverage.

Development in MTN Uganda's fixed-line infrastructure has seen further expansion of the fibre-based access network in Kampala, being supplemented with GSM and WLL overlay. WLL was also extended to cover Entebbe and Jinja.

The fixed-line service was upgraded and expanded with the installation of a new fixed-line switch, providing increased capacity and IN-based services.

Today, 400 km of underground fibre-optic cable exists countrywide. MTN Uganda's transmission network consists of both fibre-optic cable and SDH microwave links.

Marketing

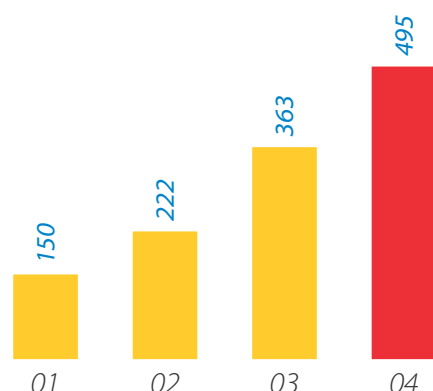
MTN Uganda remains the leading operator in Uganda. Its mobile market share has been maintained at 66%.

Overall brand awareness remains at a very positive 98%, with a 75% top-of-mind mention as a total telecommunications provider.

MTN Uganda received the premier award in the ICT sector as the most respected ICT company in the East African region. MTN Uganda was also voted the third



Mobile subscriber base
(‘000)



Financials

	2004 Rm	2003 Rm
Revenue	917	1 124
EBITDA	453	533
PAT	199	223

Market information

Population	24,5 million
Mobile penetration	3,1%
Mobile market share	66%

Operational information

Pre-paid/post-paid mix (%)	98/2
----------------------------	------

Note: financial data reflects 100% of the operation

most respected company in the region, despite the fact that it operates in just one East African country and the operation is only five years old.

MTN Uganda's subscriber profile remains predominantly pre-paid at 98% of the base, with post-paid at 2%.

Blended ARPU in Uganda reduced from US\$28 to US\$22 per month. This decline was primarily attributable to exchange rate fluctuations and reductions in service fees, coupled with an increase in excise duty on mobile services from 7% to 10%. ARPU is also expected to decline gradually as low usage subscribers are continually added to the base.

Products and services

Despite a strong competitive market, MTN Uganda maintains its position as market leader with the introduction of tailored products and value-added services. This year, along with seasonal promotions, MTN Uganda launched its pre-paid fixed-line service, the MTN Business Solution Centre concept to better address the corporate market, and the MTN VillagePhone concept as a means of empowering small-scale entrepreneurs in the public access telecommunication segment.

Distribution

MTN Uganda continues to focus on expanding its distribution network countrywide. At year-end, approximately 1 300 distribution points existed, excluding informal points of presence.

Competition

The current market consists of three players, two of which are national fixed-line operators with a GSM licence, and the third with a GSM licence only. No new entrants are expected in the new financial year.

Regulatory environment

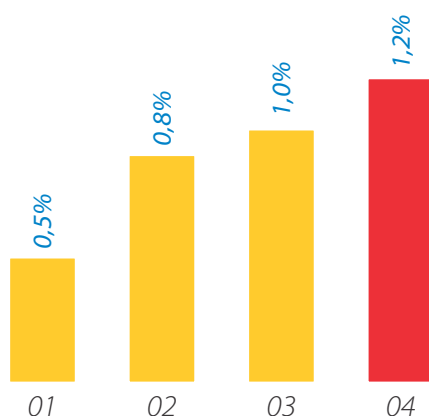
The Uganda Communications Commission has indicated satisfaction with MTN Uganda's fulfilment of the minimum requirements under the SNO licence.



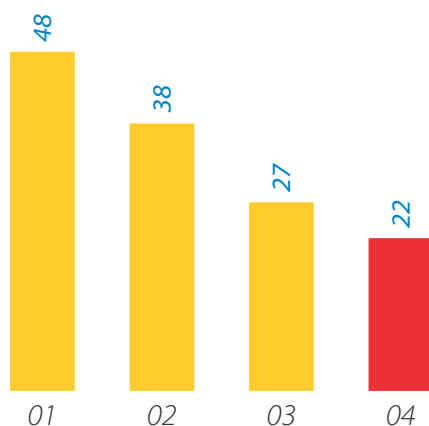
Ugandans have access to quality telecommunications through mobile, fixed lines and payphone services.

MTN Rwanda

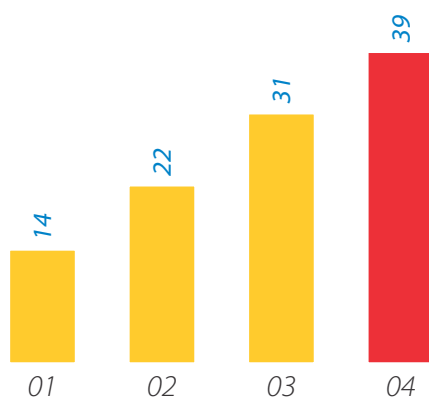
GSM penetration of population
(%)



ARPU trend
(US\$)



Cumulative capex
(US\$ million)



Company overview

MTN Rwanda was awarded a national GSM licence in April 1998, and was commercially operational by September 1998. During the year, the operation reported growth of 39% in its subscriber base to 146 000, of which 40 000 were Supercell subscribers who utilise MTN Rwanda's network in terms of a network access agreement entered into between MTN Rwanda and Supercell.

During the year, Rwandatel SA sold 18% of its stake in equal proportions in the Company. Those shares were acquired in equal proportions by the other shareholders. The 10% shares still held by Rwandatel SA may also be sold at a later stage. The current shareholder structure is Tri-Star Investments 50%, MTN Mauritius 40%, Rwandatel 10%.

Network infrastructure

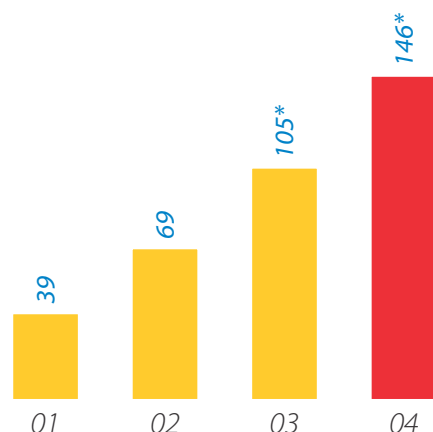
MTN Rwanda's infrastructure includes two mobile switching centres and 77 base stations including the roll-out of 16 base stations during 2004 servicing rural areas. Today, its infrastructure provides geographic coverage estimated at 60%. To-date MTN Rwanda has invested US\$39 million in infrastructure.



MTN Rwanda outlets are everywhere including petrol station forecourts.



Subscriber base (‘000)



Financials

	2004 Rm	2003 Rm
Revenue	242	280
EBITDA	108	130
PAT	51	60

Market information

Population	8,7 million
Mobile penetration	1,2%
Mobile market share	100%

Operational information

Pre-paid/post-paid mix (%)	98/2
----------------------------	------

Note: financial data reflects 100% of the operation

* Includes 40 000 Supercell subscribers (2003: 26 000)

Marketing

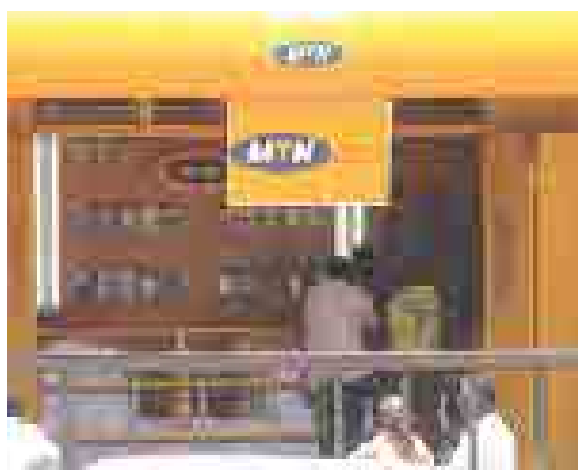
A recent survey showed that MTN Rwanda continues to maintain its position as the number one brand, with a very high affinity in the country and 96% prompted brand recognition. MTN Rwanda has 100% mobile market share as it operates in an exclusive market. Its subscriber profile remains predominantly pre-paid at 98% of the base, with post-paid at 2%. Mobile population penetration at the end of March 2004 was 1,2%.

Products and services

MTN Rwanda continues to introduce innovative products, such as international SMS and a 32K SIM card which enables the provision of SMS information services. This year saw the launch of a community payphone, known as "Tuvugane", to develop communication in rural communities. Through the installation of PABX units, MTN Rwanda is also servicing corporate and SME subscribers.

Distribution

MTN Rwanda's distribution network continues to grow. Countrywide, there are 970 distribution points, including two MTN service centres. During the year, the MTN franchise store concept was successfully introduced.



MTN dealer in Rwanda.

Competition

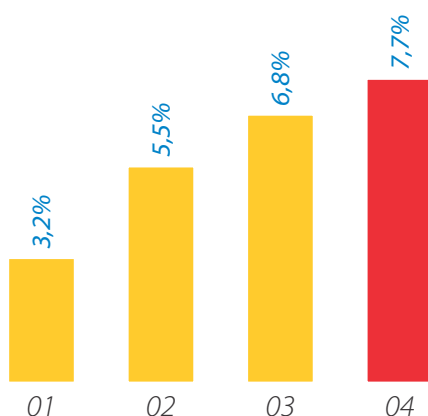
The local public fixed-line telecommunication operation is in the process of privatisation, which may result in a second licence being issued.

Regulatory environment

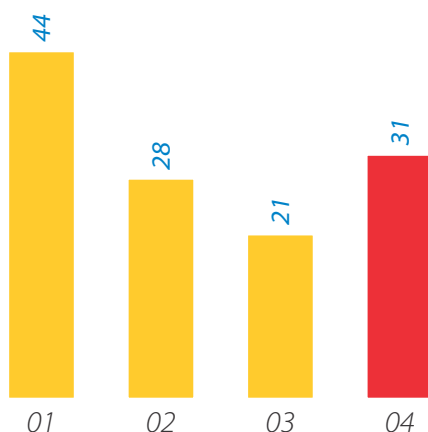
MTN Rwanda is currently in full compliance with all licence conditions.

MTN Swaziland

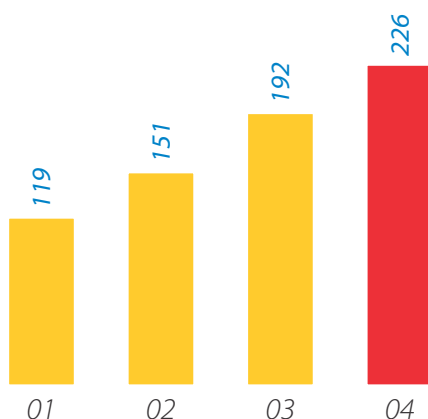
GSM penetration of population
(%)



ARPU trend
(US\$)



Cumulative capex
(ZAR million)



Company overview

MTN joined forces with SPTC in July 1998 to operate Swaziland's only national GSM licence. One month later, the first test call was made and by December 1998, MTN Swaziland was commercially operational. As at March 2004, MTN Swaziland reported 85 000 subscribers representing growth of 25% from the prior year.

MTN Swaziland boasts a staff complement of 100% indigenous Swazis.

There has been no change to the MTN Swaziland shareholder structure (MTN International 30%, SPTC 51% and Swazi Empowerment Limited 19%).

Network infrastructure

A total of R226 million has been spent on infrastructure to date. This year, an additional seven base stations were rolled-out, giving a total of 66 base stations across the country. National geographic coverage has increased from 75% to 78%, with population coverage growing from 80% to 88%.

Marketing

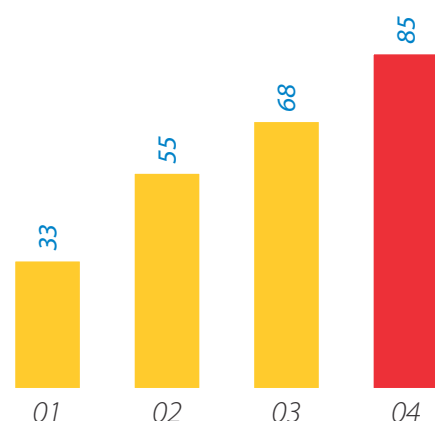
MTN Swaziland's brand remains consistently strong, reporting 98% brand awareness across the country. MTN Swaziland has 100% market share for mobile telephony since it is operating in an exclusive market. However, its share of the total telecommunications market has grown from approximately 66,6% last year to some 71,0% at the end of March 2004.



MTN Swaziland prides itself on excellent customer service.



Subscriber base (‘000)



Financials

	2004 Rm	2003 Rm
Revenue	233	194
EBITDA	107	85
PAT	53	39

Market information

Population	1,1 million
Mobile penetration	7,7%
Mobile market share	100%

Operational information

Pre-paid/post-paid mix (%)	96/4
----------------------------	------

Note: financial data reflects 100% of the operation

The increase in ARPU from US\$21 to US\$31 was mainly due to the strengthening of the rand against the US dollar.

Products and services

MTN Swaziland's subscriber profile remains primarily pre-paid at 96% of the base with post-paid at 4%.

Products introduced in the year include SMS to e-mail, "Who Called", whilst access fees were reduced from E50 to E30 per month.

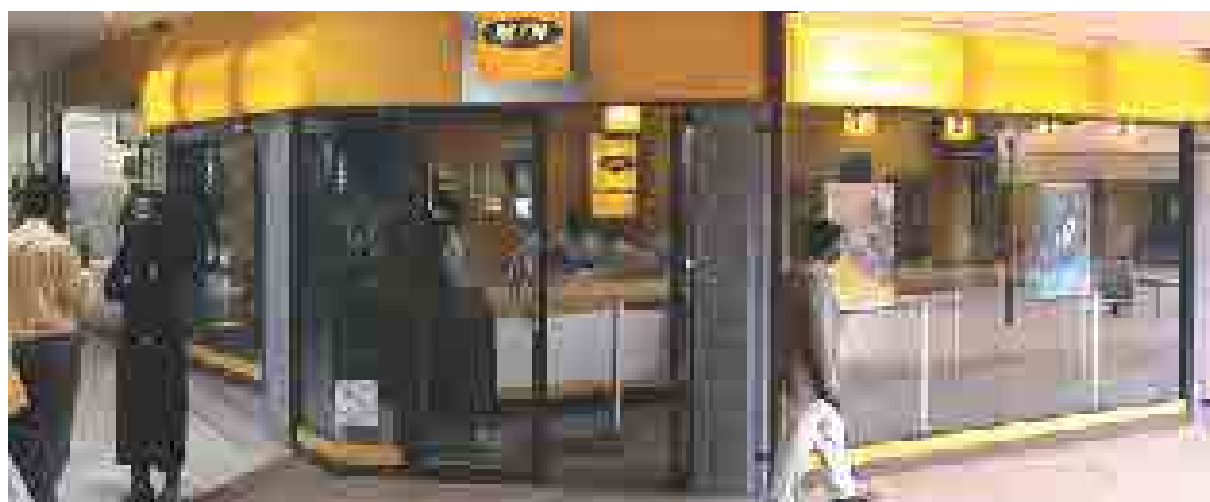
Distribution

MTN Swaziland's national distribution network ensures a widespread presence and accessibility. It currently

has 279 distribution outlets nationally. In addition, MTN Swaziland has two service centres, in the major cities of Mbabane and Manzini, and five franchise stores branded "Connect Stores" in three main towns.

Regulatory environment

There is no independent regulatory authority in place. The Ministry of Tourism, Environment and Communications and SPTC currently act as regulator. A new Telecommunications Act will be tabled in parliament, approval of which would lead to the establishment of an independent regulator.



MTN service centre in Mbabane, Swaziland.

Strategic Investments

Overview

MTN Group has identified growth as a key focus area, and has invested significant effort and resources in sustaining its growth record. To ensure appropriate focus on this key issue, responsibility for identifying and exploiting new growth opportunities has been consolidated within Strategic Investments, its role being expanded during the year to include international expansion.

Strategic Investments has pursued a multi-pronged approach, through amongst others, the investigation of new business opportunities, the creation of space and resources for new ventures to be incubated, the management of non-mobile businesses in the Group, support on key strategic initiatives, taking responsibility for research and development across the Group and driving initiatives to enhance innovation across the Group.

Key growth initiatives

MTN continued to identify and pursue opportunities for geographic expansion which had the potential to create significant value for the Group.

During 2004, the Group has completed an in-depth evaluation of global mobile growth opportunities. Consequently, in addition to the continued pursuit of strategic opportunities in sub-Saharan Africa, the Group is expanding its focus to include North Africa and the Middle East, being the natural extension of MTN's current geographic footprint.

Another key focus area is the development of mobile payments and associated businesses in the financial services arena.

In conjunction with other MTN divisions, Strategic Investments continues to identify emerging opportunities for leveraging MTN's infrastructure.

The Group's investments in non-mobile ventures (currently Orbicom, MTN Network Solutions, Airborn and NEFTO) are managed by Strategic Investments.



Orbicom installed the MTN Nigeria Asaba SES ("Satellite Earth Station") to provide backbone capacity for the GSM service in Nigeria.

Group investments in non-mobile ventures

Airborn

Airborn houses the Group's R&D activities.

The objectives of the current R&D effort have been identified as finding new business models that can become significant value contributors for MTN and prioritise these for focused research, ensuring the adopted projects are relevant and well co-ordinated within the MTN Group.

In addition, Airborn is charged with the commercial exploitation of existing technologies and intellectual property. This encompasses advanced application development, concept technology incubation, business model incubation, and the exploration of solutions that fall at the convergence point between mobile technologies and the internet. The initiatives currently under commercial incubation have shown improvement in revenues over the year.

Airborn provides the Group with an environment that allows entrepreneurial activities to develop, and connects them to the Group's resources, knowledge and strategic objectives, ensuring that innovation is closely aligned to the Group's strategies. Airborn aims to provide the platform for strategic growth outside core activities that both revitalise and challenge the status quo.



MTN Network Solutions

The MTN Group has a 60% equity stake in MTN Network Solutions, which provides managed internet, VPN, hosting and other services for the corporate market.

The Company achieved significantly improved sales in a difficult market during the year, and surpassed its targets for annuity revenue and EBITDA. Having reached break-even in the 2003 financial year, MTN Network Solutions continues to be cash positive and is not expected to require additional funding from shareholders. During the year, MTN Network Solutions entered into various reseller agreements to extend its reach, including Namibia, Port Elizabeth and Durban. It has launched a number of new products, and was the first ISP to be appointed a wireless data provider for MTN clients.

Over the next financial year, MTN Network Solutions will focus on further extending its already broad range of corporate clients, and extending its reach across Africa.

Electronics funds transfer operations, Nigeria

MTN Mauritius has, in a joint venture with MTN Nigeria, set up a new company in Nigeria to establish a financial transactions platform. This company is expected to offer services to MTN Nigeria initially, expanding to other customers over time. First revenues are expected in the 2005 financial year.

Orbicom

Orbicom's core business is satellite signal distribution, providing broadcast satellite solutions for clients such as MultiChoice and Global Access SA. It also utilises its technology and skills to offer a diverse range of business solutions, especially in the rest of Africa.

Orbicom has remained EBITDA profitable during the financial year, despite revenues and margins coming under pressure in a highly competitive market. During 2004, Orbicom allocated considerable resources to the successful building of the MTN Nigeria satellite earth station. This was a significant milestone as it was the first such installation built for MTN to assist in its roll-out of capacity in this fast-growing market. Orbicom employees also completed the construction and commissioning of a satellite earth station in Cape Town for the parliamentary uplink for MultiChoice.

During the year, Orbicom has taken the in-principle decision to exit its businesses in Ghana. The implemented sale process is at an advanced stage and will be completed during the 2005 financial year.

Looking ahead, Orbicom will continue to focus on identifying and capturing new revenue opportunities to enhance its profitability. A key focus will be in the area of satellite signal distribution across Africa.

Post-year-end events

As part of its regular strategic review of its investments, MTN Group has taken the decision to explore the possible disposal of its 100% interest in Orbicom. This has been necessitated by the slower-than-expected convergence between broadcasting and telecommunications, as well as the continued below-average performance of the business in comparison to the rest of MTN's businesses. MTN will continue to find new ways to exploit the convergence space between telecommunications and broadcasting, as and when it happens.



Parliamentary uplink facility, Cape Town, South Africa.

MTN Group Support Services

The Support Services are the outcome of the Group's internal restructuring project, "Y'ello Africa" aimed at creating the most efficient operating structure for the Group.

The vision and purpose of Support Services include:

- Brand uniformity and protection – to build a consistent brand experience
- Operational excellence – to build efficiencies in terms of service excellence and financial performance
- Group strength – to be a credible partner for creating economies of scale
- Leadership – home for the leadership brand
- Our people – a place for people to share learning and experience the MTN way

Objectives of the Support Services

The objectives of the Support Services are to:

- achieve economies of scale, to reduce costs and leverage systems processes across the Group
- achieve a uniform expression of the MTN brand across the Group
- achieve integration of activities
- share a common vision
- minimise and eradicate costly duplication

Role and function

The Support Services play the role of strategic architect and knowledge centre, providing the vision, strategic direction and framework within which the Group operates. The Support Services also review business logic and strategic investment programmes and monitor key financial and operational measures, initiate change management programmes where required and run shared services wherever there are synergies or economies of scale to be captured.

To realise the objectives set, the Group's functional departments are:

- **Group Commercial Legal and Group Company Secretariat** – provides commercial legal services to the MTN Group's South African entities to manage commercial risks arising from all major transactions or agreements being entered into. In addition, the unit co-ordinates Company Secretariat functions across the Group to ensure alignment of policies and procedures. The department also deals with corporate governance requirements.
- **Group Corporate Affairs** – contributes towards building, promoting and protecting MTN Group's reputation and image amongst stakeholders across the Group as a whole. The unit is also the custodian
- **Group Finance** – co-ordinates and supports the development and maintenance of financial processes in order to meet statutory and operational requirements both at Group and operations levels. The unit also provides centralised support on structuring, negotiation and optimisation of funding arrangements, mergers and acquisitions, treasury management and tax structuring. Investor relations also forms part of the department's mandate.
- **Group Human Resources** – co-ordinates the development and maintenance of Group-wide frameworks to handle critical HR processes and the standardisation of job profiling and organisational design principles across the Group, and alignment with remuneration.
- **Group Marketing** – ensures the desired positioning of the Group and alignment of operating and business units to the MTN brand, its values and associated customer experience. The unit also aims at establishing and enhancing MTN as a leading global brand.
- **Group Operation and Procurement** – supports the Group Executive Operations in the stewardship and management of the Group's international operations. In addition, it contributes to an improvement in profitability of operations and the Group as a whole by leveraging synergies and economies of scale with the procurement of goods and services.
- **Group Technology and Information** – develops and drives the implementation of coherent strategic technology and information frameworks in order to optimise operating efficiencies and service levels within the operations.
- **Group Strategic Investments** – manages operations which fall outside of the core GSM focus, with a view to ensuring their effective integration into the Group's overall strategic agenda over time.

of the Group's CSI strategy framework. The division manages public announcements and co-ordinates corporate communications across the Group.

The Group is of the firm belief that the establishment of the Support Services will enable it to achieve lower cost to revenue metrics, drive higher shareholder value and enhance the Group's position as a leading provider of communications services.

Shareholders' information

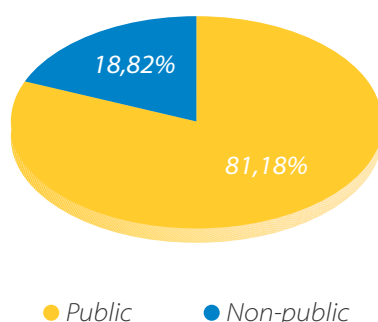


Spread of ordinary shareholders

as at 31 March 2004	Number of shareholders	Number of shares	%
Public	37 769	1 346 676 063	81,18
Non-public	9	312 126 292	18,82
– Directors of MTN Group Limited and major subsidiaries	6	1 416 347	0,09
– MTN Group employee shares held by trust	1	631 648	0,04
– MTN Group Share Incentive Scheme	1	1 078 297	0,06
– Newshelf 664 (Proprietary) Limited*	1	309 000 000	18,63
Total issued share capital	37 778	1 658 802 355	100,00

* Although Newshelf 664 has an economic interest in 309 million MTN Group shares, it currently only has voting rights over 253 million MTN Group shares. Further details of the Newshelf 664 shareholding are provided on page 94.

Shareholding
(% shares)



Stock exchange performance

	2004	2003
Closing price (cents per share) as at 31 March	3 296	1 198
Highest price (cents per share)	3 336	1 515
Lowest price (cents per share)	1 187	830
Total number of shares traded (million)	1 436,9	746,5
Total value of shares traded (R million)	28 975,2	9 049,2
Number of issued shares as at 31 March (million)	1 658,8	1 652,0
Number of shares traded as a percentage of issued shares (%)	86,6	45,2
Number of transactions	78 626	51 206
Average weighted trading price (cents per share)	2 063	1 211
Average telecommunications index	470	252,1
Average industrial index	6 055	6 325
Dividend yield (%)**	1,2	n/a
Earnings yield (%) (headline earnings)	8,00	12,57
Earnings yield (%) (adjusted headline earnings)	7,68	11,92
Price/earnings multiple (adjusted headline earnings) as at 31 March	13,02	8,39
Market capitalisation as at 31 March (R billion)	54,6	19,8

** Dividend relating to the current financial year divided by the closing share price.

Five-year review

	2004	2003	2002	2001	2000
INCOME STATEMENT – EXTRACTS (RM)					
Revenue	23 871	19 405	12 432	8 337	6 008
Gross profit	14 212	11 084	7 351	4 985	3 684
EBITDA	8 983	6 217	3 626	2 659	1 913
Profit from operations	6 008	3 737	1 777	1 513	1 376
Net finance costs	(604)	(828)	(316)	(183)	(142)
Taxation	(1 101)	(687)	(908)	(576)	(413)
Minority interest	(612)	(289)	44	(61)	(229)
Attributable earnings	3 700	1 934	592	692	592
Headline earnings	4 362	2 488	1 184	1 103	592
BALANCE SHEET EXTRACTS (RM)					
Property, plant and equipment	11 042	9 374	8 322	5 491	3 923
Goodwill	9 753	10 298	10 803	11 191	–
Intangible assets	1 646	2 263	3 685	2 795	479
Investments and loans	560	746	347	255	212
Deferred taxation	356	173	42	37	1
Bank balances, deposits and cash	5 336	2 137	1 568	809	333
Other current assets	3 307	3 166	2 646	1 586	1 371
Total assets	32 000	28 157	27 413	22 164	6 319
Ordinary shareholders' interest	19 848	17 056	15 916	14 714	1 892
Minority interest	1 418	882	820	144	580
Interest-bearing liabilities	4 149	4 849	5 776	4 364	2 001
Non-interest-bearing liabilities	5 919	4 563	3 997	2 259	1 350
Deferred taxation	666	807	904	683	496
Total liabilities	10 734	10 219	10 677	7 306	3 847
Total equity and liabilities	32 000	28 157	27 413	22 164	6 319
CASH FLOW STATEMENT – EXTRACTS (RM)					
Net cash flow from operations	10 027	6 813	4 359	2 986	1 612
Cash inflows from operating activities	8 597	5 393	3 109	2 640	1 459
Cash outflows from investing activities	(4 898)	(4 391)	(3 502)	(4 531)	(1 680)
Cash inflows from financing activities	233	187	702	2 330	359
Cash and cash equivalents	3 932	1 189	1 230	804	380
Dividends paid	–	–	–	(142)	(38)
Capital expenditure	5 048	3 919	3 356	2 219	1 513
PERFORMANCE PER ORDINARY SHARE					
Basic headline earnings (cents)	263,7	151,1	72,5	73,1	51,0
Adjusted headline earnings (cents)	253,1	143,3	72,5	73,1	51,0
Attributable earnings (cents)	223,6	117,4	36,3	45,9	51,0
Dividends (cents)	–	–	–	10,0	7,9
Net asset value – book value (rand) ⁽¹⁾	12,0	10,2	9,7	9,1	1,5
RETURNS AND PROFITABILITY RATIOS					
Return on assets (%) ⁽²⁾	20,0	13,5	7,1	10,8	15,1
Return on average shareholders' funds (excluding goodwill) (%) ⁽³⁾	51,8	41,9	27,4	40,7	44,7
Gross profit margin (%)	59,5	57,1	59,1	59,8	61,3
EBITDA margin (%)	37,6	32,0	29,2	31,9	31,8
Enterprise value/EBITDA multiple (times) ⁽⁴⁾	6,1	3,8	7,4	12,7	24,7
Effective taxation rate (%)	20,3	23,6	62,4	43,3	33,5
Effective taxation rate excluding goodwill (%)	18,3	19,6	44,4	33,1	33,5
SOLVENCY AND LIQUIDITY RATIOS					
Gearing (%) ⁽⁵⁾	(10,3)	35,4	70,9	96,9	67,5
Interest cover (times) ⁽⁶⁾	8,0	3,9	4,0	5,7	5,9
Dividend cover (times) ⁽⁷⁾	6,2	n/a	n/a	6,9	6,1
Net debt to EBITDA ⁽⁸⁾	(0,1)	0,4	1,2	1,3	0,9
Operating cash flow/revenue (%)	42,0	35,1	32,2	35,8	26,8



	2004	2003	2002	2001	2000
OPERATIONAL INFORMATION: SOUTH AFRICA					
ARPU (rand)	203	206	208	229	302
Number of subscribers (million)	6,3	4,7	3,9	3,2	2,2
Mobile penetration of South African population (%)	36,0	27,0	21,8	16,6	12,4
Capital expenditure to revenue (%)	7	8	10	27	25
Cumulative capex per subscriber (rand)	1 515	1 845	2 003	2 111	2 336
OPERATIONAL INFORMATION: NIGERIA					
ARPU (US\$)	51	57	60		
Number of subscribers (thousand)	1 966	1 037	327		
Capital expenditure to revenue (%)	49	48	149		
OPERATIONAL INFORMATION: CAMEROON					
ARPU (US\$)	24	21	24		
Number of subscribers (thousand)	581	431	224		
Capital expenditure to revenue (%)	38	50	34		
OPERATIONAL INFORMATION: UGANDA					
ARPU (US\$)	22	28	37		
Number of subscribers (thousand)	495	363	222		
Capital expenditure to revenue (%)	27	28	43		
OPERATIONAL INFORMATION: RWANDA					
ARPU (US\$)	22	27	38		
Number of subscribers (thousand)	146	105	69		
Capital expenditure to revenue (%)	27	30	32		
OPERATIONAL INFORMATION: SWAZILAND					
ARPU (US\$)	31	21	28		
Number of subscribers (thousand)	85	68	55		
Capital expenditure to revenue (%)	16	21	26		
SHARE PERFORMANCE					
Number of ordinary shares in issue (million)					
– at year-end	1 658,8	1 652,1	1 640,4	1 620,2	1 249,1
– weighted average during the year	1 654,4	1 646,9	1 632,9	1 508,9	1 160,1
Closing price (cents per share)	3 296	1 198	1 330	1 860	3 600
Market capitalisation (Rm)	54 674,05	19 792,16	21 817,32	30 135,72	44 967,60

DEFINITIONS

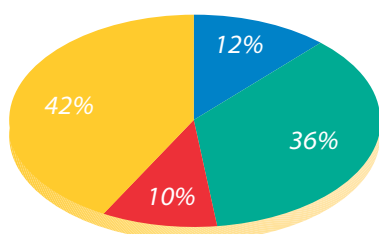
- (1) Ordinary shareholders' interest divided by the number of ordinary shares in issue at year-end.
- (2) Profit before interest and tax as a percentage of the average of the opening and closing balances of total assets.
- (3) Headline earnings as a percentage of the average of the opening and closing balances of ordinary shareholders' interest.
- (4) Market capitalisation plus net debt (interest-bearing liabilities less bank balances, deposits and cash) plus minority interest divided by EBITDA.
- (5) Net debt as a percentage of total equity (excluding goodwill).
- (6) Profit from operations divided by finance costs.
- (7) Adjusted headline earnings divided by total dividend relating to the financial year.
- (8) Interest-bearing liabilities less cash divided by EBITDA.

Group cash value added statement

for the year ended 31 March 2004

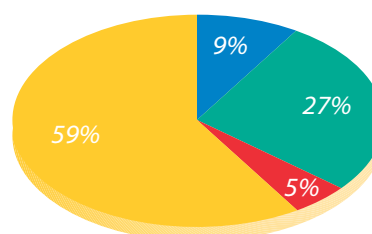
	2004 Rm	2003 Rm
CASH VALUE ADDED		
Cash value generated from revenue	23 458	18 668
Cost of materials and services	(11 796)	(10 585)
Cash value added by operations	11 662	8 083
Finance income	139	124
	11 801	8 207
CASH VALUE DISTRIBUTED		
Employees	1 096	974
Salaries, wages and other benefits	942	845
Employees' tax	154	129
Governments	3 163	2 980
Corporate and indirect taxation	2 624	2 605
Licence fees	539	375
Providers of capital	634	832
Finance costs	634	832
Dividends	–	–
Total cash value distributed	4 893	4 786
Reinvested in the Group	6 908	3 421
	11 801	8 207

Wealth distribution 2003
(R million)



- To employees
- To governments
- To providers of capital
- Reinvested in the Group

Wealth distribution 2004
(R million)



- To employees
- To governments
- To providers of capital
- Reinvested in the Group

MTN Group Limited Business Report 2004



Corporate governance

Corporate governance	60
Risk management report	69
Glossary	78

The Board regards good corporate governance as a priority requiring strict observance, not just to ensure compliance with new legislation and best practice, but also as a critical business imperative.

The basis and philosophy of the MTN Group business hinges on the principles and implementation of good corporate governance.



Corporate governance

The Board regards good corporate governance as a priority requiring strict observance, not just to ensure compliance with new legislation and best practices, but also as a critical business imperative.

The basis and philosophy of the MTN Group business hinge on the principles and implementation of good corporate governance.

The directors of MTN Group and its subsidiaries regard corporate governance as vitally important to the success of the Group's business and are committed to applying the principles necessary to ensure that good governance is practised at all levels in the Group, and forms an integral part of all Group operations.

The Group is fully committed to an open governance process, through which its shareholders may derive the assurance that, in protecting and adding value to MTN Group's financial and human investments, the Group is being managed ethically, according to prudently-determined risk parameters, and is striving to achieve and advance local best practice in the countries in which it operates.

Corporate governance within the MTN Group is managed and monitored by a unitary Board of Directors and several sub-committees appointed by the Board. The Board is of the opinion that the significant requirements incorporated in the code of corporate practices and conduct and the JSE Listings Requirements must be observed at all times. It also believes that, while compliance with the **form** of governance is important, greater emphasis must be

placed on complying with the **substance** of governance.

The Board is of the view that the Company and its subsidiaries are compliant with the recommendations as set out in the code of corporate practices and conduct contained in King II.

The Board of Directors and non-executive directors

The MTN Group has unitary Board structures in all its entities. The Group's Board of Directors is chaired by an independent non-executive director, Mr MC Ramaphosa. It comprises five executive and seven non-executive directors. Five of the non-executive directors are independent. The roles of Chairman and Group Chief Executive Officer do not vest in the same person.

The Board remains responsible to all stakeholders in the execution of its duties. The executive directors generally have responsibility for making and implementing operational decisions relating to the running of the Group's businesses. The non-executive directors complement the skills and experience of the executive directors, contributing to the formulation of policy and decision-making through their knowledge and experience in other business sectors. Together, the directors bring a wealth of skills, knowledge and experience from their own businesses to the Board to ensure that issues of strategy, performance, resources, transformation, diversity, employment equity and corporate governance are soundly and constructively managed on an informed basis.

Details of attendance by directors at quarterly Board meetings held during the year under review are set out below.

Names of directors	19/06/03	8/09/03	1/12/03	11/03/04
DDB Band***	P	P	P	P
SL Botha*	NAD	P	P	P
I Charnley*	P	P	P	P
ZNA Cindi***	P	P	A	A
RS Dabengwa*	P	P	P	P
PL Heinemann***	P	P	P	P
SN Mabaso**	A	P	A	P
PF Nhleko*	P	P	P	P
RD Nisbet*	P	P	P	P
MC Ramaphosa***	A	P	A	P
JHN Strydom**	NAD	NAD	NAD	P
AF van Biljon***	P	P	P	P
PL Zim*	P	A	NAD	NAD
JRD Modise** (Alternate to MC Ramaphosa)	P	NAD	NAD	NAD
LC Webb** (Alternate to SN Mabaso)	A	P	A	A

A = Apologies

P = Present

NAD = Not a director at the time

* Executive

** Non-executive

*** Independent non-executive

Details of attendance by directors at special Board meetings held during the year under review are set out below.

Names of directors	22/04/03	4/06/03	6/10/03	27/11/03	22/01/04	2/02/04
DDB Band***	P	P	P	P	P	P
SL Botha*	NAD	NAD	A	P	P	P
I Charnley*	P	P	A	P	P	P
ZNA Cindi***	P	P	P	A	P	P
RS Dabengwa*	A	P	P	P	A	P
PL Heinemann***	P	P	P	P	P	P
SN Mabaso**	A	A	P	A	A	A
PF Nhleko*	P	P	P	P	P	P
RD Nisbet*	P	P	P	P	P	P
MC Ramaphosa***	P	A	P	P	A	P
JHN Strydom**	NAD	NAD	NAD	NAD	NAD	NAD
AF van Biljon***	P	P	P	P	P	P
PL Zim*	P	P	NAD	NAD	NAD	NAD
JRD Modise** (Alternate to MC Ramaphosa)	A	A	NAD	NAD	NAD	NAD
LC Webb** (Alternate to SN Mabaso)	A	P	A	P	A	A

A = Apologies

P = Present

NAD = Not a director at the time

* Executive

** Non-executive

*** Independent non-executive

Corporate governance *continued*

Board procedures and related issues

The Board meets quarterly, or more frequently if circumstances dictate, to review matters requiring a Board decision, including financial and operational results, matters of a strategic nature including major acquisitions and disposals and approval of major capital expenditure and any other matters that have a material effect on the Group's performance and results.

Where directors are personally unable to attend a meeting, teleconferencing facilities are made available as required to include them in the proceedings and allow them to participate in the decisions and conclusions reached at the meeting.

In addition, the Board has unrestricted access to all company information, records, documents and property to enable it to discharge its responsibilities as exclusively as possible. All directors have access to the advice and services of the Company Secretary who acts as an advisor to the Board and its sub-committees on issues including compliance with Group policies and procedures, statutory regulations and with the King II code of corporate governance recommendations. The directors are also entitled to obtain independent professional advice at the Group's expense should they deem such advice necessary.

The Board has adopted a Charter which includes:

- the mission, role, duties and responsibilities of the Board and its directors
- the demarcation of the roles of the Chairman and the Group Chief Executive Officer
- Board composition (including criteria and key competencies for Board membership)
- directors' orientation, induction and training
- succession planning and directors' selection and appointment processes
- Board governance
- terms of reference of the various Board committees
- matters reserved for final decision-making or pre-approval by the Board, including the approval of:
 - MTN's objectives, overall strategy, strategic financial plans, business plans, annual budgets and monitoring actual performance relative to these criteria
 - the annual financial statements, interim reports and related financial matters
 - code of ethics
 - delegations of authority to the Group's Chief Executive Officer and executive directors
 - Board committee mandates, levels of authority and membership

- the policies and practices of the Board on matters such as corporate governance, including trading by directors in the securities of the Company and the evaluation of the performance of directors and members of Board committees

In terms of the Board Charter, the directors are assessed annually, both individually and collectively as a Board. In addition, the Nominations, Remuneration and Human Resources Committee formally evaluates the Group CEO each year based on objective performance criteria.

The Board as a whole approves the appointment of new directors, on recommendation by the Nominations, Remuneration and Human Resources Committee.

Board committees

The Board has established a number of standing committees to assist it in discharging its responsibilities.

These committees have specific responsibilities with defined terms of reference approved by the Board. There is full transparency and disclosure from these committees to the Board.

The Group's subsidiaries have established their own complementary Board and committee structures to ensure the maintenance of similar high standards and best practice in respect of corporate governance and internal controls throughout the various operations as subsist at Group Board level.

The current Board committees comprise:

- Executive Committee
- Group Audit Committee
- Risk Management and Corporate Governance Committee
- Nominations, Remuneration and Human Resources Committee

Subsequent to 31 March 2004, the Board approved the formation of a Group Tender Committee.

These committees operate within the defined terms of reference laid down in writing by the Board.

At Board meetings, the relevant minutes of each sub-committee meeting are submitted for noting and the responsible chairperson reports on the deliberations and recommendations relating to these minutes.



Executive Committee

The Executive Committee is constituted to assist the Group CEO in managing the business of the Group when the Board is not in session, subject to authority limits delegated to the Group CEO and the Executive Committee, in terms of the Group's delegation of authority policy. The Executive Committee assists the Group CEO in guiding and controlling the overall direction of the business of the Group and acts as a medium of communication and co-ordination between business units, Group subsidiary companies and the Board.

The members of the Executive Committee are:

PF Nhleko (Chairman)

SL Botha

I Charnley

RS Dabengwa

Y Muthien

RD Nisbet

PD Norman

KW Pienaar

CG Utton

CS Wheeler

Group Audit Committee

The Board has established a Group Audit Committee and subsidiary audit committees as required by regulation or where deemed appropriate. The Group Audit Committee comprises non-executive directors, the majority of whom, including its Chairman, are independent.

The Group Audit Committee members are:

AF van Biljon*** (Chairman)

DDB Band***

PL Heinemann***

SN Mabaso**

LC Webb** (Alternate to Ms SN Mabaso)

** Non-executive

*** Independent non-executive

On 25 August 2003, Mr JRD Modise resigned as a member.

The purpose of the Group Audit Committee is to assist the Board in discharging its duties relating to the safeguarding of assets, the operation of adequate financial and record-keeping systems, financial control and reporting processes, and the preparation of accurate financial reports and financial statements in compliance with all legal and accounting requirements.

The internal and external auditors have unrestricted access to the reporting structures of these committees. The audit committees identify and evaluate exposure to significant risks, review the effectiveness and adequacy of the systems of internal, financial and operational controls, and the appropriateness of accounting policies. The Group Audit Committee also reviews financial and operational information provided to shareholders and other stakeholders in the annual reports.

The Group Audit Committee oversees compliance with corporate governance practices and specific disclosures in the annual financial statements. It is also responsible for the review of major audit recommendations and the approval of interim and annual results' announcements. The members of the committee are all financially literate. The Group CEO, the Group Finance Director, external and internal auditors, together with the relevant members of the management team are invited to attend meetings of the Group Audit Committee as the case may be. The committee evaluates the performance, independence and effectiveness of the external auditors and considers any material non-audit services to determine whether or not such services substantively impair their independence as external auditors. The committee also considers and makes recommendations on the appointment and retention of the external auditors. Before an audit commences, the committee discusses and reviews with the external auditors their engagement letter and the terms, scope and nature of the audit function, procedure and engagement, as well as the audit fee. It also obtains feedback from major Group subsidiary audit committees and deals with any other significant matters.

The Group Audit Committee operates in full compliance with defined terms of reference established by the Board in the form of a Charter and in consideration of current international trends and developments pertaining to the functions of audit committees.

The head of internal audit and the external audit partners have unrestricted access to the Chairman of the committee.

Corporate governance *continued*

Details of attendance by committee members at meetings held during the year are set out below:

Names of members	27/05/03	3/06/03	12/06/03	22/09/03	6/11/03	19/11/03	31/03/04
AF van Biljon***	P	P	P	P	P	P	P
DDB Band***	P	P	P	P	P	P	P
PL Heinemann***	P	P	P	P	P	P	P
SN Mabaso**	P	A	A	P	P	A	A
JRD Modise**	P	A	P	NAM	NAM	NAM	NAM

Alternate director

Names of members	27/05/03	3/06/03	12/06/03	22/09/03	6/11/03	19/11/03	31/03/04
LC Webb** (Alternate to SN Mabaso)	P	P	P	A	P	P	P

A = Apologies

P = Present

NAM = Not a member

** Non-executive

*** Independent non-executive

Internal Audit and Forensic Services

The Group Internal Audit function, supported by internal audit functions within each operation, is responsible for providing assurance as to the adequacy and effectiveness of internal controls within the Group. The Group Internal Audit function reports to the Group Chief Executive Officer and Group Audit Committee. Subsidiary audit committees are similarly structured but have a strong reporting line to Group Internal Audit.

Internal audits are planned and conducted according to a risk based audit methodology to ensure that assurance is provided on the inherently high risk areas within the Group.

The Group has a zero tolerance policy towards acts of fraud and has established a Group Forensic function which is supported by fraud detection and investigation disciplines in certain operations. The Group Forensic function is responsible for the implementation of fraud awareness and prevention programmes in all operations. It also investigates and reports on potential fraudulent activities identified through the Group's anonymous fraud and ethics hotline. It works closely with legal authorities to ensure successful criminal prosecution of offenders.

The Group Forensic function submits regular reports on fraud within the organisation to management as well as to the Group Audit Committee.

Risk Management and Corporate Governance Committee

The objective of the Risk Management and Corporate Governance Committee is to identify, assess, and where feasible, manage and monitor the risks to which the business is exposed, both nationally and internationally. This committee is also responsible for reviewing the quality of corporate governance in the Group, for making recommendations for its enhancement and for providing advice to directors and management on issues that may lead to conflicts of interest. Other key issues such as people risk, environment controls and sustainability, constitute important aspects of this committee's mandate.

The Board has determined the level of acceptable risk and requires operations to manage and report in terms thereof.

The Risk Management and Corporate Governance Committee Charter includes the following key terms of reference:

- to provide an independent and objective review to the Board on the status of risk management and corporate governance within the Group
- to examine the relationship between the Group and its stakeholders to ensure that appropriate procedures are in place to prevent conflicts of interest that may arise; the aim being to align, as



closely as possible, the interests of employees, the Company and society in general

- to promote the “seven pillars” of good corporate governance, ie discipline, transparency, independence, accountability, responsibility, fairness and social responsibility

The current members of the committee are:

PL Heinamann*** (Chairman)

ZNA Cindi***

AF van Biljon***

LC Webb**

PF Nhleko*

RS Dabengwa*

CG Utton*

* Executive

** Non-executive

*** Independent non-executive

On 30 September 2003, Mr PL Zim resigned as a committee member and Mr CG Utton was appointed in his stead.

Details of attendance by members at committee meetings during the year are set out below:

Names of members	2/10/03	5/11/03	1/04/04
ZNA Cindi***	P	P	P
RS Dabengwa*	P	P	P
PL Heinamann***	P	P	P
PF Nhleko*	P	P	P
CG Utton*	NAM	P	P
AF van Biljon***	P	P	P
LC Webb**	A	P	P

A = Apologies

P = Present

NAM = Not a member at the time

* Executive

** Non-executive

*** Independent non-executive

Nominations, Remuneration and Human Resources Committee

The purpose of the Nominations, Remuneration and Human Resources Committee is set out in its Charter approved by the Board. The main responsibilities of this committee are:

- to review the size, structure and the composition of the Board
- to conduct an annual assessment of the Board's performance
- to set criteria for the nomination of directors and committee members of the Board
- to identify, evaluate and nominate candidates for appointment to the Board to fill vacancies as and when they arise
- to authorise the grant of share options to executive directors and all senior staff
- to determine the remuneration of executive directors, consider, review and approve the Group's policy on executive remuneration and to communicate this policy to stakeholders in the annual report

- to make recommendations to the Board on annual salary increases and performance related bonus awards.

The members of the Nominations, Remuneration and Human Resources Committee are:

DDB Band*** (Chairman)

MC Ramaphosa ***

SN Mabaso**

** Non-executive

*** Independent non-executive

On 11 March 2004, Mr MC Ramaphosa stepped down as Chairman of the committee and Mr DDB Band was appointed Chairman in his stead.

Although not appointed as members of the committee, the Group CEO, Group Finance Director and Group Executive Human Resources are invited to attend all meetings and recommend changes to the remuneration of other executives and senior staff members.

Corporate governance *continued*

At all times, due attention is paid to the development of employment equity strategies, succession planning and the retention of key executives. The Group's remuneration philosophy is designed to ensure that it attracts and retains the critical skills necessary to promote business prosperity. This philosophy is subject to ongoing reviews by means of internal and external benchmarking, with the objective of maintaining competitiveness within the labour market.

Group executive directors and senior executives receive performance-related salaries and benefits commensurate with their management

responsibilities. Bonuses are paid annually, and are structured to reward executive directors and senior executives relative to the performance of divisions for which they have responsibility as well as the performance of the Group. Within the limits imposed by the Group's shareholders, share options are allocated to the directors and senior staff in proportion to their contributions to the business, based on levels of seniority. The options, which are allocated at the closing price ruling on the date of allocation, vest after stipulated periods and are exercisable up to a maximum of ten years from the date of allocation.

Details of attendance by members of the committee during the year are set out below:

Names of members	17/06/03	29/10/03	27/11/03	11/03/04
MC Ramaphosa***	P	P	P	P
DDB Band***	P	P	P	P
SN Mabaso**	A	A	A	A
LC Webb**	P	P	P	P

A = Apologies

P = Present

** Non-executive

*** Independent non-executive

Group Tender Committee

On 8 April 2004, the Group Tender Committee was formed to consider all Group procurement tenders and to ensure that the procurement of goods and services is commercially and legally sound and conducted in a fair, honest, transparent and equitable manner.

The Group Tender Committee Charter includes the following key terms of reference:

- to create a uniform Group tender culture to promote consistent procurement practices in line with the values of MTN
- to ensure that the tender system is competitive and cost-effective at all times
- to promote local empowerment in a constructive and sustainable manner, thereby ensuring sound economic development of all markets in which MTN operates.

The current members of the committee are:

D Marole (Independent Chairperson)
I Hassen (Chairperson of MTN South Africa Tender Committee)

A Wood (Chairperson of MTN Nigeria Tender Committee)
I Charnley (Commercial Director)
CS Wheeler (Group Executive: Commercial Legal)
RD Nisbet (Group Finance Director)

and on rotation, Chairperson of the MTN Cameroon, MTN Uganda, MTN Swaziland and MTN Rwanda Tender Committees.

Appointment of directors

Generally, directors have no fixed term of appointment but, in accordance with the Company's articles of association, are subject to retirement by rotation every three years and, if available, are considered for reappointment at the annual general meeting. The only exception to this is the current Group CEO who has an employment contract to 31 July 2007.

Non-executive directors are remunerated for their membership of the Boards of MTN Group Limited and its subsidiaries as well as Board-appointed committees. Non-executive directors do not qualify for share options.



Induction of directors

On appointment, each new director undergoes an induction programme designed to meet individual needs and circumstances. The Company Secretary manages the induction programme.

New and prospective directors are required to complete the necessary formalities in terms of the relevant legislative and regulatory requirements for service in this capacity.

Dealings in JSE Securities

All directors of the Group and its subsidiaries are required to notify the Company Secretary of any intention to buy or sell shares in the Group, whether directly or indirectly. Directors, executive members and senior management are prohibited from dealing in the Company's shares during prohibited periods, in compliance with regulatory and governance requirements.

It is the Group's policy for any director of the Group Board and subsidiary boards wishing to conclude any transaction in the Company's shares to obtain the prior approval of either the Chairman or the Group Chief Executive Officer.

Staff with access to confidential potential price sensitive information are prohibited from disclosing this to outsiders and from trading in MTN shares during the prohibited periods after the year-end and half year-end, until the final or interim results are published. The provisions of insider trading legislation are communicated to staff from time to time.

Management reporting

Group operational performance and financial progress are reported monthly against approved budgets and compared with the results achieved over the corresponding period in the previous financial year. Profit projections and cash flow forecasts are updated quarterly, while working capital and borrowing levels are monitored continuously.

Internal controls

The Group maintains internal controls and systems designed to provide reasonable assurance as to the integrity and reliability of the financial statements and to adequately safeguard and verify the Group's assets and debt levels. Established policies and procedures are in place and are implemented by trained personnel with an appropriate segregation of duties.

The internal auditors have confirmed that these monitoring procedures are being effectively applied. All significant findings arising from audit activities are brought to the attention of the Audit Committee and, where necessary, the Group CEO and/or the Board, ensuring full transparency and compliance at all levels of management.

Nothing has come to the attention of the directors, or to the attention of the external and internal auditors, to indicate that any material breakdown occurred in the functioning of the internal control systems which would have had a material effect on the results of the Group during the year under review.

External audit

The external auditors provide an independent assessment of certain systems of internal financial control and express an independent opinion on the annual financial statements. The external auditors complement the work of the internal audit department and review relevant internal audit reports. The external audit function offers reasonable, though not absolute, assurance concerning the accuracy of financial disclosures. The independence of the external auditors is confirmed on an annual basis.

Group Company Secretary

All directors have access to the advice and services of the Group Company Secretary, who provides guidance to the Board as a whole and to individual directors with regard to how their responsibilities should properly be discharged in the best interests of the Company.

The Group Company Secretary also oversees the induction of new directors and assists the Group Chairman and the Group Chief Executive Officer in determining the annual Board plan, Board agendas and formulating governance and other Board-related issues.

Going concern

The annual financial statements set out on pages 80 to 150 have been prepared on the going concern basis since the directors, after due deliberation at the last meeting of the Board, have no reason to believe that the Company and the Group will not have adequate resources in place to continue to operate the business in the year ahead.

Corporate governance *continued*

Corporate code of conduct

The Group has a vision, mission statement, a set of values and a code of ethics. The updated code of ethics is consistent with the principles of integrity, honesty, ethical behaviour and compliance with all laws and regulations.

The Group is committed to the highest standards of integrity and ethical behaviour in all dealings with stakeholders, including society at large, conducting its business through fair commercial competitive practices and trading with suppliers who subscribe to ethical practices and are proactive in environmental, social and sustainability issues.

The Group ensures that staff buy-in to the code of ethics. Employees are expected to act in terms of the code at all times and failure to do so will result in disciplinary action being taken against them.

Regarding the provisions of the Insider Trading Act, the Company operates closed periods prior to the publication of its interim and year-end financial results, during which directors, officers, and other employees of the Group may not deal in the shares or other instruments pertaining to the Company.

Employment equity

The MTN Group has a clearly defined employment equity strategy and a comprehensive employment equity plan for South African based operations. These, together with other specific affirmative action programmes, aim at realising the full potential of previously disadvantaged personnel, while meeting all legislative requirements.

Sustainability reporting

The Group recognises its obligation to contribute to socio-economic goals and general social upliftment.

The Group strives to conduct its business with due regard for environmental concerns, and is committed to developing operating policies to address the environmental impact of its business activities.

A comprehensive sustainability commentary dealing with the Group's economic, social and environmental performance, is contained in the attached Sustainability Report.

MTN Group is included in the JSE Socially Responsible Investment Index as of May 2004.

Disclosure

In terms of the JSE Listings Requirements, the Group is required to disclose individual directors' emoluments, which can be found in the directors' report contained on pages 83 to 97.

Communication with stakeholders

The Group is engaged in meaningful and constructive dialogue with investors and shareholders and endeavours to maintain open and honest communications with all external parties. As a matter of good corporate governance, it communicates the promises made by the Board and the progress made towards the achievement thereof.

Shareholders are accordingly invited to attend the annual general meeting to be held on 18 August 2004 at 14:30 at the Innovation Centre at MTN Campus, 14th Avenue, Fairlands. The chairmen of the Group Audit, Nominations, Remuneration and Human Resources and Risk Management and Corporate Governance Committees will be available to answer any questions from shareholders.

Abridged curricula vitae of directors who retire at the annual general meeting are included in the notice of the AGM and set out on page 152 in this report.

The directors acknowledge on page 80 their responsibility for the fair presentation in the financial statements of the:

- state of affairs of the Group as at the end of the year under review
- net income for the period
- cash flows for the period.

The Group recognises the need for full, equal and timeous disclosure to all shareholders, as prescribed by the JSE Listings Requirements. Apart from annual and interim reports, it uses a broad range of communication channels, including SENS, print, radio, television media and the MTN website (www.mtngroup.com) to achieve this.

MTN Group has an investor relations department responsible for ensuring appropriate communication with shareholders and the investment community. Contact with domestic and international institutional shareholders, fund and asset managers and analysts, is maintained regularly by means of a comprehensive investor relations programme. This includes meetings with executive management and investor road shows.

Risk management report



Risk philosophy

Risk management is fundamental to effective corporate governance and the development of a sustainable business.

The King report on Corporate Governance states that “enterprise is the undertaking of risk for reward. A thorough understanding of the risks accepted by a company in the pursuance of its objectives, together with those strategies employed to mitigate those risks, is thus essential for a proper appreciation of the Company’s affairs by the Board and stakeholders”.

MTN endorses these principles and has adopted a risk philosophy to maximise business success and deliver shareholder value by optimising the balance between risk and reward.

Responsibility and accountability for the management of risks remain primarily with MTN’s business units, supported by its overall governance structure and integrated risk management framework.

Risk management objectives

In MTN, risk management is ultimately about:

- proactively **identifying** and understanding the risk factors and events that may affect the achievement of MTN’s strategic and business objectives

- developing appropriate **response strategies** for risks. This could include taking certain considered and calculated risks and/or managing risks through various initiatives
- continuously **monitoring** and **reporting** risks
- establishing a **culture** where risk management forms part of MTN’s day-to-day activities
- adhering to the **value system** of the Group
- continuously striving to **mitigate risk**.

Risk management framework

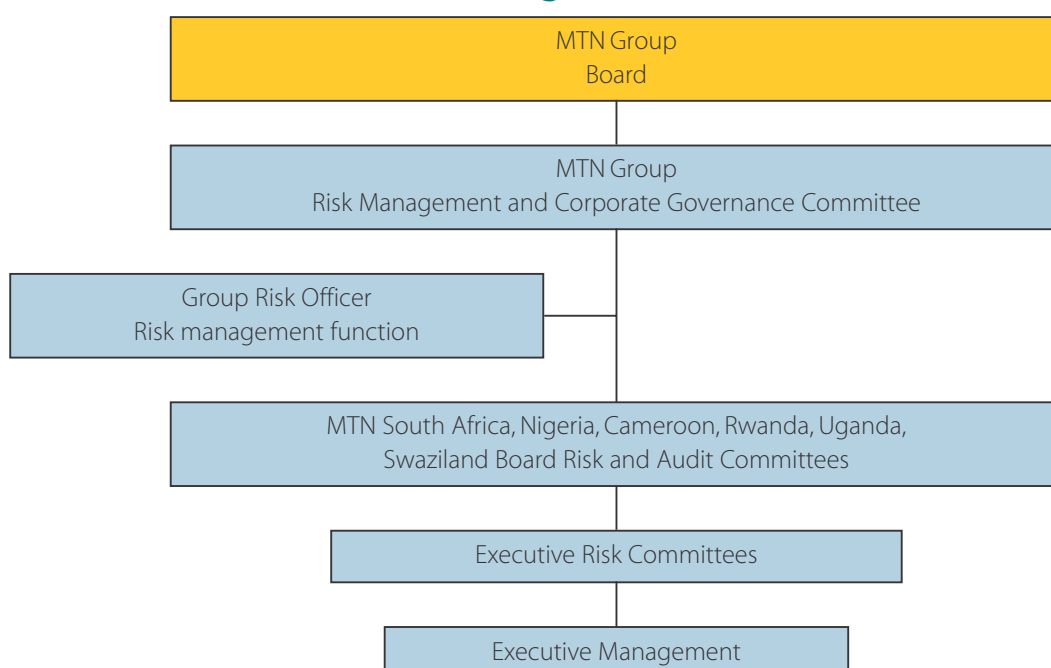
The MTN risk management framework has been approved by the Group Board and sets the foundation for risk management in MTN, guided by the risk philosophy and objectives.

Roles and responsibilities at all levels of the organisation have been defined and are enforced by set key performance indicators for observance by executive management and CEOs of MTN’s various operations.

Risk management structures ensure continuous focus on risk management and provide an escalation structure where appropriate actions are taken and risks monitored.

A defined risk management process ensures consistency in the identification, evaluation and reporting of risks and appropriate responses.

Risk management structures



Risk management report *continued*

The MTN Group Board is ultimately responsible for ensuring that risks are managed effectively. The Board considers risk reports from the Risk Management and Corporate Governance Committee and takes account of the assurance provided via the Group Audit Committee to enable it to assess the effectiveness of risk management in MTN.

The Risk Management and Corporate Governance Committee is the oversight body for risk management in MTN and is a sub-committee of the Board. The committee sets and approves the risk management framework for the Group. The committee also reviews the adequacy and overall effectiveness of risk management structures and practices in the Group. It reviews the risk profile as well as management's reports on the mitigation of key risks. The committee also oversees the reporting of risk matters to shareholders and the public.

The Group Risk Officer is responsible for the risk management function and reports to the Group CEO as well as the Risk Management and Corporate Governance Committee and Group Audit Committee. The risk management function is an independent specialist function that ensures that an effective risk management framework is maintained throughout the Group. This includes:

- facilitating, supporting and enabling executive management and the operating companies in performing their risk management processes
- providing a central source of information and guidance on risk management
- encouraging and creating awareness of risk management throughout MTN
- ensuring consistency in evaluating and reporting risks throughout MTN to facilitate comparability at an organisational level
- performing a risk report co-ordinating function on behalf of management and the Board Risk Committee.

The risk and audit committees at operating company level are the oversight bodies for these companies in respect of risk management. These committees are sub-committees of the boards of each operation. The Risk Management and Corporate Governance Committee acts as the Board Risk Committee for MTN South Africa. In all other operations, the audit committee also fulfils the role of the risk committee with a separate agenda for risk management matters.

Each operating company has an Executive Risk Committee represented by the CEO and first-line managers who are responsible for the day-to-day management of the operation and its risks. The purpose of this committee is to identify new risks, decide on mitigating strategies for risks and actively track and monitor progress. The committee is also responsible for embedding risk management into normal business processes. Each Executive Risk Committee submits regular reports to the Board risk committees of the operation through the Group Risk Officer. Members of the Executive Risk Committee are responsible for ensuring that the management of risks within their areas of responsibility is integrated with the operational management of their areas of responsibility.

The Risk Management and Corporate Governance Committee and the risk committees for the country operations meet at least quarterly as do the executive risk committees.

The CEOs of each operation have defined key performance indicators for ensuring that the Group risk management framework is implemented and risks are well managed within that operation.

Risk management process

The process followed for risk management within MTN is in line with corporate governance requirements and general practice in the industry.

Risk identification

Risks are continuously identified through focused risk discussions as well as the use of a risk model. The risk model is also used to ensure that all operations consider the same types of risk while taking into account their different operating environments. To ensure continuous reassessment of risks, changes in MTN's external and internal environment are analysed in terms of the opportunities and threats they present.

External environment	Internal environment
Political environment	Policies
Regulatory environment	Procedures
Economic conditions	Strategies and business plans
Business environment	Structures
Customer behaviour and expectations	People
Stakeholder expectations	Systems and technology



The Group risk management function and the risk champions within the operations facilitate risk identification through regular interaction with the operations.

Risk evaluation

Risks are evaluated based on their potential impact to the organisation as well as the probability of occurrence. The impact of risks is assessed using qualitative and quantitative guidelines that have been developed and standardised across the Group. Inherent risk and residual risk factors are calculated, based on these assessments.

Risks are classified as either strategic risks or business risks depending on their impact on the organisation. Strategic risks are monitored by the Executive Committee and the Board, while business risks are managed and monitored by operational management.

The risk appetite for each operation has been determined and approved by the Group Risk Management and Corporate Governance Committee. The following factors were taken into account in determining the risk appetite:

- financial strength of the Group
- expected revenue contribution of each operation
- reputational importance of each operation
- level of conservatism to be applied by the Group in establishing the risk appetite.

Response strategies

Response strategies are developed or reconfirmed for all risks. These are determined by taking into account the risk appetite of the operation in which the risk exists as well as the inherent impact and probability of occurrence of the risk.

Response strategies depend on the nature of the risk and are often a combination of various actions which include insurance, outsourcing, risk avoidance and/or active management of the risk through people, processes and systems.

The cost of risk mitigation is taken into account in determining the response strategies. Certain risks are

accepted based on their impact to the organisation as well as MTN's risk appetite. Risks such as political, economic, currency and regulatory are largely beyond MTN's control and mitigation is limited to responsive actions to counter the impact of such. This could include insurance, diversification and hedging.

Monitoring

Ownership is allocated for each risk as well as for the response strategies of each. Risk owners are responsible for the day-to-day management and monitoring of risks and for the overall adequacy and effectiveness of mitigating actions.

The various risk management structures in the Group (outlined under risk management structures) provide additional management, escalation and oversight for risks.

Internal audit provides independent assurance that a sound risk management framework exists within the Group.

Risk management software

The Group's business risk function is currently dispensing risk management software to all operations. The software will be used to assist with recording and evaluating risks and controls, tracking progress on mitigating strategies and reporting to the various risk management structures.

Reporting

Regular reporting on new risks as well as on the current status of MTN's strategic and business risk profiles is channelled to the various components of the risk management structure.

The model on page 72 contains the types of risks that are considered in all operations in the Group. Risk scenarios relating to these risk types are identified, considered, debated and prioritised in terms of their impact on the organisation. Mitigating strategies are then developed and integrated into operational management activities.

Risk management report *continued*

MTN risk model				
Business environment	Financial	Human Resources	Customer	Operations
Social Political Economic Competition Natural hazards Safety and health National pandemic	Market Credit Interest rates Commodity Currency Accounting Fraud	Motivation Productivity Retention Compensation Training and development Skills and experience Key dependencies Employee actions Performance management HIV/AIDS	Market research Product development Advertising and promotion Customer services Customer management Pricing of products/services Performance	Process and data integrity Process flow effectiveness Process capacity Billing and collections Supply chain relationships Distribution channel Quality control Service level support Revenue assurance
Strategic and structural	Regulatory affairs	Cultural		Systems
Strategic planning and execution Governance structure Organisational structure Policy development Alliance/partnering Stakeholders Business continuity	Regulatory change Social/environmental Employment Compliance Contractual liabilities Privacy and confidentiality	Ethics and values Collusion Goal alignment Communications Change readiness		Strategy Effectiveness Availability Obsolescence Integrity Maintenance Redundancy Service level support
Projects				Network
Alignment Feasibility Procurement Execution Change management				Strategy Effectiveness Availability Obsolescence Integrity Maintenance Redundancy Service level support Interdependence
Information				
Confidentiality Integrity Availability				

The table below contains a summary of those risks that have been assessed as key strategic risks due to the impact they could have on the organisation if not well mitigated. The risks are not listed in order of priority or severity.

Risk	Response strategy/control measure
Political risk MTN has expanded its business into various African countries in recent years. The Group is planning to continue this expansion programme. The possibility of political instability and the impact on MTN's profits and strategic objectives is an inherent risk.	<ul style="list-style-type: none"> • Extensive due diligence assessments are performed before investment decisions into new countries are finalised • Most operations are sufficiently ring-fenced to limit the systemic risk to the Group of possible failure in operations • Political risk insurance cover where deemed necessary • Continuous political risk assessments are performed • Corporate citizenship and social responsibility programmes in each country • Relationship management with governments and regulators • Careful selection of business partners



Risk	Response strategy/control measures
<p>Regulatory risk</p> <p>The telecommunications industry, in South Africa as well as in other countries in which the Group operates, is highly regulated. Regulatory change in terms of tariffs, licence restrictions and demographic restrictions might impact MTN's business.</p> <p>In the South African environment, pending regulatory changes include the new convergence bill. In Nigeria, discussions are ongoing with the local regulator regarding regulatory changes and jurisdictional issues on interconnect pricing.</p>	<ul style="list-style-type: none"> • Strict compliance with regulations is ensured • Legal and regulatory compliance functions operate in each country • Active participation in regulatory frameworks • Active participation in regulation and rule-making procedures • Policy-lobbying actions undertaken at legislative, executive and ministerial levels • Relationship management with governments and regulators
<p>Brand reputation risk</p> <p>The MTN brand is one of the most successful in South Africa and is the leading brand in many of the other countries in which MTN operates.</p> <p>Protecting the brand is extremely important and reputational damage might have severe consequences for the Group.</p>	<ul style="list-style-type: none"> • Group marketing and brand management function • Corporate communication function • Mature product development processes • Stable networks and network disaster recovery plans • Constant market research and environment scan • Customer-centric focus • Managing stakeholder expectations
<p>Competition</p> <p>Competition risk in MTN refers to the risk of losing market share or the risk of price erosion in countries in which we operate. This could be a result of current competition or new competition entering the market.</p> <p>The MTN operation in the mature South African market is well established, with continuous focus on maintaining and preferably growing market share.</p> <p>Similarly, a key focus is to continue growing market share in the other African countries. The probability of new competition entering these markets is high. Mitigation strategies for this risk are in place.</p>	<p><i>Loss of market share to current competition:</i></p> <ul style="list-style-type: none"> • Marketing strategy • Brand-building strategy • Constant market research and environment scan • Customer feedback • Innovative and proactive product design • Speed to market • Quality coverage with maximum availability <p><i>New competition entering the market:</i></p> <ul style="list-style-type: none"> • As above • Entrenching the MTN brand ahead of competitors • Establishing extensive network infrastructures ahead of competition
<p>Governance in MTN operations</p> <p>The implementation of consistently good governance practices at all operations in the Group is a key focus at this stage. Poor governance could obviously result in significant losses and reputational damage to the Group. The Group has made good progress on this front, however, it will remain a key focus especially in newer, less mature operations.</p>	<ul style="list-style-type: none"> • Operational management required to maintain good governance • Formal policies and procedures • Risk Management and Corporate Governance Committee (Board sub-committee) • Executive Risk and Governance Committee for each country operation • Risk management framework for the Group and all operations • Code of ethics • Group risk management function • Internal audit and forensic audit functions in each operation as well as at Group level • External audits

Risk management report *continued*

Risk

Response strategy/control measures

Investment decisions

Over the past five years, the Group has followed a strategic vision to become the leading provider of communications services on the continent, driven by the need to expand the Group's revenue base and exploit prospects for growth offered in the emerging markets of Africa, against the background of a maturing market in South Africa. Significant investments in five countries outside South Africa have been made and the Group continues to look for opportunities to expand operations into other countries in Africa and the Middle East.

Given the high upfront investment required in the telecommunications industry in the form of licence fees in greenfield operations as well as intensive capital roll-out plans, it is crucial that these decisions are based on proper due diligence studies and that the risk involved in the start-up operation is understood and factored into risk/return calculations. Failure in this regard could result in significant loss to the Group. However, it must be emphasised that all new ventures are inherently high-risk.

- Economic and political risk assessments are performed, often in co-operation with the London-based, Control Risk Group
- Market research to assess market size potential
- Financial impact assessment
- Detailed build-up of business plan which is then transformed into financial valuations
- US dollar-based return requirements
- Assistance from financial advisers including international investment banks where required
- Board approval process

Repatriation of earnings

Changes in regulations or fiscal policies regarding repatriation of earnings to South Africa in the countries in which we operate might pose a threat to the MTN Group. Although this risk is closely linked with political risk, it has separate mitigation strategies and we are treating it as a separate risk.

- The MTN Group only invests in countries where the regulatory/exchange control framework is such that foreign direct investment and repatriation of returns on such investments are allowed at the time of investment. This aspect is a key consideration in due diligences performed before investment decisions are finalised. Changes in regulations are closely monitored.
- Full compliance with import, export, foreign investment, foreign exchange and tax regulations in each country
- Legal and regulatory compliance functions in each country
- Most operations are sufficiently ring-fenced to limit the systemic risk to the Group of possible failure in operations
- Careful constitution of capital structures

Relationships with external shareholders in operations

The external shareholders of MTN's operations in the rest of Africa fulfil an important role in the continued success of these operations. They are often key role players in establishing good relationships with the local regulating bodies and subscriber base. Since the inception of the Group's expansion strategy, relationships with local shareholders have been a key strength.

A breakdown in these relationships could have a negative impact on MTN's success.

- Careful selection of partners and shareholders
- Shareholder representation on the Board of each operation
- Extensive shareholder agreements
- Regular interaction and discussions between local shareholders/directors and MTN Group directors



Risk

Response strategy/control measures

Staffing of new operations

Staffing new operations with an experienced team is extremely important to ensure successful start-ups. New operations are normally staffed with a large contingent of expatriates with the task of recruiting and training local skills. The expatriate team is highly specialised and their services are in demand throughout the Group.

Inability to staff new operations or sufficiently train local staff could have a significant impact on the successful start-up of a new operation.

- Human resource strategy
- Dedicated employee pool to staff new operations
- Dedicated function to manage expatriate human resource requirements
- Staff retention programmes
- Resource planning processes
- Training programmes to ensure successful handover to local staff

Emerging technology

Telecommunications is arguably the fastest-developing industry from a technology point of view. Emerging technology in the telecommunications industry evolves around the convergence of traditional voice and data into the so-called third and fourth generation wireless broadband technologies. These technologies bring both opportunity and risk to MTN.

Future growth in market demand for high-speed wireless data services is an opportunity to expand product offerings and grow revenue. This could also present a competitive threat if not proactively managed. MTN will continue to perform extensive research on emerging technology to ensure we respond to market needs.

Similarly, emerging technology and resultant legislation often require changes in infrastructure which could result in significant investment and/or instability if not well managed.

- Technology strategy
- Continuous research into emerging technologies and their impact on the market
- Market analysis
- Extensive impact analysis and feasibility assessments
- In-house development teams
- Project management and change management processes

Risk management report *continued*

Risk	Response strategy/control measures
<p>Network quality</p> <p>Quality and availability of our GSM networks are crucial to MTN's continued success. A key inherent risk to the business is the unexpected failure of the networks or components due to disasters, hardware or software failure, sabotage, etc. Intensive proactive management of this risk in all operations is crucial.</p> <p>This risk is adequately mitigated in the more established operations within the Group, including South Africa.</p> <p>The network roll-out in Nigeria has been a key focus over the last year and has not met expectations. The logistical arrangements to get network equipment into Nigeria, obtain sites for base stations and the instability of the power infrastructure are challenging. Network coverage and quality has improved significantly as has MTN's subscriber base. MTN is now the leading telecommunications provider in Nigeria. Continuous expansion of network coverage and capacity to keep up with market demands in Nigeria will remain a key focus in the short term.</p>	<ul style="list-style-type: none"> • Network planning • Comprehensive generator-powered infrastructure in Nigeria to compensate for unstable power infrastructure • Network redundancy • Proactive maintenance • Network monitoring centres in each operation • Continuous and controlled upgrade of network equipment and software • Disaster recovery plans • Service level agreements with suppliers • Continuous research into technology changes • Physical security protection of network infrastructure • ISO 9001 accreditation
<p>Information systems</p> <p>MTN depends on information systems to ensure excellent customer service, accurate billing and financial management of the business.</p> <p>An information system strategy that supports business needs is crucial. Control over information systems to ensure availability and continuity of systems, confidentiality of information and data integrity, is key. Failure of these mechanisms could result in significant losses.</p>	<ul style="list-style-type: none"> • Information strategy that is aligned to business strategy • Defined information architecture • Change management, incident management, configuration management procedures • Information security strategy • Service level agreements with suppliers • Implementation of well-known and well-supported enterprise resource planning solutions • A project for the replacement of our billing system and standardisation across the Group is under way



Risk	Response strategy/control measures
<p>Procurement</p> <p>Procurement risk refers to the risk of fraud and wasted expenditure as a result of inadequate procurement practices and lack of proper controls. This includes:</p> <ul style="list-style-type: none"> • lack of proper procurement/supply chain policies and procedures • lack of appropriately skilled procurement resources • uncontrolled supplier selection • inefficient procurement • poor management of the supply chain • unauthorised or unnecessary procurement • poor contract management and supplier management <p>Active management of this risk is key as MTN Group procures almost R12 billion worth of goods and services per year.</p> <p>The current focus is to maximise procurement synergies and standardise procurement practices. Optimisation of the supply chain in Nigeria is a further key focus.</p>	<ul style="list-style-type: none"> • Standardised procurement policies • Group procurement function established to leverage synergies and economies of scale for the procurement of goods and services in the Group while ensuring compliance with best practice • Formal tender processes • Preferred supplier lists • Black economic empowerment requirements • Delegation of authority structures • Budget control • Anti-fraud strategy
<p>Currency risk</p> <p>This risk refers to potential losses due to currency fluctuations in the countries where MTN operates.</p>	<ul style="list-style-type: none"> • Hedging strategies
<p>Human resource risk</p> <p>This risk refers to the detrimental impact on the organisation if we are unable to attract, develop and retain the right staff in our operations and simultaneously meet our responsibilities regarding employment equity.</p>	<ul style="list-style-type: none"> • Group Human Resource function • Employment equity targets and programmes • Integrated performance management and development programmes • Bonus incentive and share option schemes • Succession planning • AIDS awareness programme

Glossary of terms and acronyms

Group companies

MTN, MTN Group, the Group	MTN Group Limited formerly known as M-Cell
--	--

The following companies are jointly referred to as MTN South Africa:

MTN Network Operator	Mobile Telephone Networks (Proprietary) Limited
MTN Service Provider	MTN Service Provider (Proprietary) Limited formerly known as M-Tel
e-Bucks	New Bucks Holdings (Proprietary) Limited
i-Talk	i-Talk (Proprietary) Limited
Leaf	Leaf Wireless (Proprietary) Limited
MTN Cameroon	Mobile Telephone Networks Cameroon Limited
MTN Holdings	Mobile Telephone Networks Holdings (Proprietary) Limited
MTN International	MTN International (Proprietary) Limited
MTN Mauritius	MTN International (Mauritius) Limited
MTN Network Solutions	MTN Network Solutions (Proprietary) Limited formerly known as CiTEC
MTN Nigeria	MTN Nigeria Communications Limited
MTN Rwanda	RwandaCell S.A.R.L.
MTN Swaziland	Swazi MTN Limited
MTN Uganda	MTN Uganda Limited
NEFTO	Nigeria Electronic Funds Transfer Operation
Orbicom	Orbicom (Proprietary) Limited
Supercell	Supercell S.P.R.L.

Terms and acronyms

Active subscribers	Pre-paid subscribers that have made or received a call in the last 30 days
AGM	Annual general meeting
AIDS	Acquired Immune Deficiency Syndrome
ARPU	Average revenue per user
ART	Agence de Regulation des Telecommunication
BEE	Black Economic Empowerment
BTS	Base transceiver station
BSC	Base Station Controller
Capable subscribers	Pre-paid subscribers that have made or received a call in the last 90 days
CEO	Chief Executive Officer

CFA	Communaute Financiere Africaine franc
CSI	Corporate Social Investment
EBITDA	Earnings Before Interest Tax Depreciation and Amortisation
ECICSA	Export Credit Insurance Corporation of South Africa
EPS	Earnings per share
GSM	Global System for Mobile Communication
HIV	Human Immuno deficiency virus
ICASA	Independent Communications Authority of South Africa
ICT	Information and Communication Technologies
IFC	International Finance Corporation
ISDN	Integrated Services Digital Network
ISP	Internet service provider
IVR	Intelligent Voice Recognition
JSE	JSE Securities Exchange South Africa
Johnnic	Johnnic Holdings Limited
MOU	Minutes of use per subscriber
MSC	Mobile Switching Centre
NEPAD	The New Partnership for Africa's Development
NGN	Nigerian Naira
Newshelf 664	Newshelf 664 (Proprietary) Limited
PABX	Private Automatic Branch Exchange
PAT	Profit after tax
PIC	Public Investment Commission
Post-paid subscribers	Subscribers that have a contract
Pre-paid subscribers	Subscribers without a contract that purchase pre-paid vouchers
R&D	Research and development
Rand, R	South African rand
RIVR	Remote interactive voice response
RWF	Rwanda Franc
SARS	South African Revenue Services
SDH	Synchronous digital hierarchy
SIM	Subscriber identity module
SME	Small medium enterprise
SMS	Short message service
SNO	Second national operator
SP	Service providers
SPTC	Swazi Post and Telecommunication Corporation
STM	Synchronous Transfer Mode
UGS	Ugandan Shillings
US\$	United States Dollar
VPN	Virtual private network
WLL	Wireless local loop

MTN Group Limited Business Report 2004



Annual financial statements

Statement of directors' responsibility	80
Certificate by the Company Secretary	81
Report of the independent auditors	82
Directors' report	83
Principal accounting policies	98
Group income statement	108
Group balance sheet	109
Group statement of changes in equity	110
Group cash flow statement	111
Group notes to the annual financial statements	112
Company income statement	142
Company balance sheet	142
Company statement of changes in equity	143
Company cash flow statement	143
Company notes to the annual financial statements	144
Interest in major subsidiary companies and joint ventures	148
Interest in associated companies	149
Groups' attributable interest in associated companies	150

The Group's financial performance for the current year was strong. Revenue increased by 23% to R23,9 billion and adjusted headline EPS increased by 77% to 253,1 cents. The rest of Africa contributes 36% to revenue and 46,4% to adjusted headline EPS.



Statement of Directors' responsibility

for the year ended 31 March 2004

The Directors are responsible for the preparation, integrity and fair presentation of the financial statements of MTN Group Limited and its subsidiaries. The financial statements presented on pages 83 to 150 have been prepared in accordance with Statements of Generally Accepted Accounting Practice ("GAAP") in South Africa, and include amounts based on judgements and estimates made by management.

The Directors consider that, in preparing the financial statements they have used the most appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all Statements of GAAP that they consider to be applicable have been followed. The Directors are satisfied that the information contained in the financial statements fairly presents the results of operations for the year and the financial position of the Group and Company at year-end.

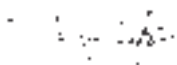
The Directors have responsibility for ensuring that accounting records are kept. The accounting records disclose, with reasonable accuracy, the financial position of the Group and Company to enable the directors to ensure that the financial statements comply with relevant legislation.

MTN Group Limited and its subsidiaries operate in an established control environment, which is documented and regularly reviewed. This incorporates risk management and internal control procedures, which are designed to provide reasonable, but not absolute, assurance that assets are safeguarded and the risks facing the business are being controlled.

The going concern basis has been adopted in preparing the financial statements. The Directors have no reason to believe that the Group will not be a going concern in the year ahead, based on forecasts and available cash resources. These financial statements support the viability of the Group and Company.

The Group's external auditors, PricewaterhouseCoopers Incorporated and SizweNtsaluba vSP Incorporated, audited the financial statements and their report is presented on page 82.

The annual financial statements and Group annual financial statements, which appear on pages 83 to 150 were approved by the Board of Directors on 10 June 2004 and are signed on its behalf by:



PF Nhleko
Group Chief Executive Officer



RD Nisbet
Group Finance Director

Sandton
10 June 2004

Certificate by the Company Secretary

for the year ended 31 March 2004



In my opinion as Company Secretary, I hereby confirm, in terms of the Companies Act, 1973, that for the year ended 31 March 2004, the Company has lodged with the Registrar of Companies, all such returns as are required of a public company in terms of this Act and that such returns are true, correct and up to date.

A handwritten signature in black ink, appearing to read 'MMR Mackintosh', written in a cursive style.

MMR Mackintosh
Company Secretary

Sandton
10 June 2004

Report of the independent auditors

for the year ended 31 March 2004

TO THE MEMBERS OF MTN GROUP LIMITED

We have audited the annual financial statements and Group annual financial statements of MTN Group Limited set out on pages 83 to 150 for the year ended 31 March 2004. These financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

Scope

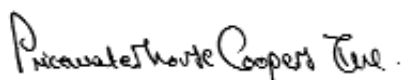
We conducted our audit in accordance with Statements of South African Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit includes:

- examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements,
- assessing the accounting principles used and significant estimates made by management; and
- evaluating the overall financial statement presentation.

We believe that our audit provides a reasonable basis for our opinion.

Audit opinion

In our opinion, the financial statements fairly present, in all material respects, the financial position of the Company and the Group at 31 March 2004 and the results of their operations and cash flows for the year then ended in accordance with South African Statements of Generally Accepted Accounting Practice, and in the manner required by the Companies Act in South Africa.



PricewaterhouseCoopers Inc.
Registered Accountants and Auditors
Chartered Accountants (SA)

2 Eglin Road
Sunninghill
10 June 2004



SizweNtsaluba vSP Inc.
Registered Accountants and Auditors
Chartered Accountants (SA)

1 Woodmead Drive
Woodmead
10 June 2004

Directors' report

for the year ended 31 March 2004



The directors have pleasure in presenting their report and audited financial statements for the year ended 31 March 2004.

NATURE OF BUSINESS

MTN Group Limited ("MTN Group or the Company") carries on the business of investing in the telecommunications and satellite signal distribution industries through its subsidiaries, as follows:

Mobile Telephone Networks Holdings (Proprietary) Limited ("MTN Holdings"), a wholly owned subsidiary of MTN Group, is the holding company of a group of companies that operate telecommunications networks and provide related services to subscribers in six countries. MTN Holdings conducts its business through a number of directly and indirectly held subsidiaries, joint ventures and associates.

The main subsidiaries, joint ventures and associates are as follows:

Subsidiaries:

- Mobile Telephone Networks (Proprietary) Limited ("MTN Network Operator"), a cellular network operator;
- MTN Service Provider (Proprietary) Limited ("MTN Service Provider"), a cellular service provider;
- MTN International (Proprietary) Limited ("MTN International"), the holding company of the Group's telephony operations in territories outside of South Africa;
- MTN International (Mauritius) Limited ("MTN Mauritius");
- MTN Nigeria Communications Limited ("MTN Nigeria");
- Mobile Telephone Networks Cameroon Limited ("MTN Cameroon"); and
- Nigerian Electronic Funds Transfer Operations Limited.

Joint ventures (between MTN Group and other parties):

- MTN Network Solutions (Proprietary) Limited ("MTN Network Solutions");
- Swazi MTN Limited ("MTN Swaziland");
- RwandaCell S.A.R.L ("MTN Rwanda"); and
- MTN Uganda Limited ("MTN Uganda").

Associates:

- MTN Publicom Limited (Uganda);
- i-Talk (Proprietary) Limited;
- New Bucks (Proprietary) Limited;
- Leaf Wireless (Proprietary) Limited; and
- MTN Villagephone Limited (Uganda).

Orbicom (Proprietary) Limited ("Orbicom"), another wholly owned subsidiary of the Group, is a leading satellite signal distributor in Africa.

Details of the entities in which MTN Group has a direct or indirect interest are set out in Annexures 1 and 2 of the financial statements on pages 148 and 149.

During the year, MTN Group disposed of a 4,5% stake in MTN Nigeria as part of the medium-term financing arrangements for that subsidiary, as well as its strategy of increasing local equity participation in MTN Nigeria. The Group also acquired an additional 9% of the equity of MTN Rwanda.

The Board of Directors has resolved to explore the possible disposal of Orbicom.

Directors' report continued

for the year ended 31 March 2004

DIRECTORS AND COMPANY SECRETARY

The following acted as directors during the year:

DDB Band **	
SL Botha	(appointed 7 July 2003)
I Charnley	
ZNA Cindi **	
RS Dabengwa	
PL Heinemann **	
SN Mabaso**	
PF Nhleko (Chief Executive Officer)	
RD Nisbet	
MC Ramaphosa ** (Chairman)	
JHN Strydom**	(appointed 11 March 2004)
AF van Biljon**	
LC Webb** (alternate to SN Mabaso)	
PL Zim	(resigned 30 September 2003)
JRD Modise** (alternate to MC Ramaphosa)	(resigned 25 August 2003)
** Non-executive	

The Company Secretary is MMR Mackintosh, whose business and postal addresses are set out below:

Business address	Postal address
3 Alice Lane	Private Bag 9955
Sandown Extension 38	Sandton
Sandton	2146
2196	

INTERESTS OF DIRECTORS AND OFFICERS

During the financial year, no contracts were entered into in which directors and officers of the Company had an interest and which significantly affected the business of the Group. The directors had no interest in any third party or company responsible for managing any of the business activities of the Group. The emoluments and perquisites of executive directors are determined by the Group Nominations, Remuneration and Human Resources Committee. No long-term service contracts exist between executive directors and the Company, with the exception of the contract of service between the Group CEO and the Company, which commenced on 1 July 2002 and has a duration of five years.

RESULTS OF OPERATIONS	2004 Rm	2003 Rm
Aggregate net profits in:		
Subsidiaries	4 450	2 658
Joint ventures	143	146
Associated companies	10	4
	4 603	2 808
Aggregate net losses in:		
MTN Group Company – amortisation of goodwill	(596)	(597)
Subsidiaries	(306)	(272)
Joint ventures	–	(2)
Associated companies	(1)	(3)
	(903)	(874)



The financial statements on pages 83 to 150 set out the financial position, results of operations and cash flows of the Group. Note 1 to the financial statements provides an analysis of the financial results by geographic segment.

SHARE CAPITAL AND PREMIUM

Authorised share capital

There has been no change in the authorised share capital of the Company.

Issued share capital

The issued share capital of the Company was increased during the year by the allotment and issuing to the beneficiaries of the MTN Staff Incentive Trust ("the MTN Debenture Trust") of the following ordinary share allotments in respect of the acquisition of 1 414 907 MTN Holdings ordinary shares from such beneficiaries (refer page 88):

- | | |
|-------------|-------------------------------|
| • 121 330 | at R13,26 on 15 April 2003 |
| • 3 447 521 | at R12,94 on 4 June 2003 |
| • 208 167 | at R16,42 on 7 August 2003 |
| • 537 495 | at R23,45 on 4 December 2003 |
| • 88 375 | at R23,45 on 11 February 2004 |

The issued share capital of the Company was further increased during the year by the following share allotments and issues to employees who exercised share options in terms of the MTN Group Share Option Scheme:

- | | |
|-------------|-----------|
| • 1 865 501 | at R13,53 |
| • 476 320 | at R9,31 |

Accordingly, at 31 March 2004, the issued share capital of the Company was R165 880 (2003: R165 206) comprising 1 658 802 355 (2003: 1 652 057 646) ordinary shares of 0,01 cent each (before exclusion of treasury stock of 1 078 297 (2003: 2 098 271) shares) held by the MTN Group Share Trust.

Unissued share capital

The unissued ordinary shares are the subject of a general authority granted to the Directors in terms of section 221 of the Companies Act, 1973 (Act No 61 of 1973) ("the Companies Act or the Act"). As this general authority remains valid only until the next annual general meeting, which is to be held on 18 August 2004, members will be asked at that meeting to consider an ordinary resolution placing the said unissued ordinary shares up to a maximum of 10% of the Company's issued share capital under the control of the Directors until the 2005 annual general meeting.

Acquisition of the Company's own shares

At the last annual general meeting of 29 September 2003, shareholders gave the Company or any of its subsidiaries, a general authority in terms of sections 85 and 89 of the Act, by way of a special resolution, for the acquisition of shares of the Company. As this general authority remains valid only until the next annual general meeting, which is to be held on 18 August 2004, members will be asked at that meeting to consider a special resolution to renew this general approval until the 2005 annual general meeting.

Distribution to shareholders

A dividend of 41 cents per share (2003: Nil) amounting to a total of R680 million was declared in respect of the 2004 year on 10 June 2004, payable to shareholders registered on 2 July 2004.

Directors' report continued

for the year ended 31 March 2004

SHAREHOLDERS' INTEREST

Major shareholders

The following information was extracted from the Company's share register at 31 March 2004:

	2004		2003	
	Number of shares	% of issued share capital	Number of shares	% of issued share capital
<i>Nominees holding shares in excess of 5% of the ordinary issued share capital of the Company:</i>				
Nedcor Nominees Holdings (Proprietary) Limited	629 193 999	37,93	460 773 466	27,89
Standard Bank Nominees (Tvl) (Proprietary) Limited	460 293 756	27,75	789 555 442	47,79
First National Nominees (Proprietary) Limited	143 525 925	8,65	n/a	n/a
ABSA Nominees (Proprietary) Limited	104 407 544	6,29	n/a	n/a
<i>Spread of ordinary shareholders</i>				
Public	1 346 676 063	81,18	742 484 942	44,94
Non-public	312 126 292	18,82	909 572 704	55,06
– Directors of MTN Group Limited and major subsidiaries	1 416 347	0,09	1 593 656	0,09
– MTN Group Share Incentive Scheme	1 078 297	0,06	2 098 271	0,13
– MTN Group Employees	631 648	0,04	535 514	0,03
– Johnnic Holdings Limited	n/a	n/a	596 345 263	36,10
– Newshelf 664 (Proprietary) Limited*	309 000 000	18,63	309 000 000	18,71
Total issued share capital	1 658 802 355	100,00	1 652 057 646	100,00

* Although Newshelf 664 (Proprietary) Limited ("Newshelf 664") has an economic interest in 309 million MTN Group shares, it currently only has voting rights over 253 million MTN Group shares. Further details of the Newshelf 664 shareholding are provided on page 94.

Disclosures in accordance with section 140A(8)(a) of the Companies Act and paragraph 8.63 of the JSE Listings Requirements

According to information received by the directors, the following shareholders held shares in excess of 5% of the ordinary issued share capital:

	2004		2003	
	Number of shares	% of issued share capital	Number of shares	% of issued share capital
<i>Beneficial shareholders holding 5% or more</i>				
Newshelf 664 (Proprietary) Limited*	309 000 000	18,63	309 000 000	18,71
Johnnic Holdings Limited	n/a	n/a	596 345 263	36,10
Public Investment Commissioners	171 012 112	10,31	n/a	n/a

* Although Newshelf 664 has an economic interest in 309 million MTN Group shares, it currently only has voting rights over 253 million MTN Group shares. Further details of the Newshelf 664 shareholding are provided on page 94.

Certain of these shareholdings are partially or wholly included in the nominee companies mentioned above. Apart from this, the Company is not aware of any other party who has a shareholding of more than 5% in the Company.



THE MTN GROUP SHARE OPTION AND INCENTIVE SCHEMES

The Company operates share option and incentive schemes ("the schemes") and eligible employees, including executive directors, are able to participate in accordance with the schemes' rules. The schemes are designed to recognise the contributions of executive directors and eligible staff and to provide additional incentives for them to contribute to the Company's continued growth.

In terms of the schemes, the total number of shares which may be allocated for the purposes of the schemes shall not exceed 5% of the total issued ordinary share capital of the Company from time to time, being 81 799 691 shares.

MTN Group Share Option Scheme ("the Option Scheme")

The following information is provided in accordance with the provisions of the Option Scheme:

	2004 Number of shares	2003 Number of shares
Options allocated and reserved at beginning of year	26 028 930	10 232 410
Add: Options allocated and reserved	3 779 540	17 160 539
Less: Options no longer reserved due to participants leaving the employ of the Group and lapsing of offers	(1 289 223)	(1 364 019)
Less: Options exercised and allotted	(2 439 641)	–
Options allocated at end of year	26 079 606	26 028 930

The vesting periods under the Option Scheme are as follows: 20%, 20%, 30% and 30% at each anniversary of each of the second, third, fourth and fifth years after the grant date of the options, respectively. The strike price for the options is determined as the closing market price for MTN Group Limited shares on the date of issue. All options will expire ten years after date of offer.

Options exercised during the year yielded the following proceeds, after transaction costs:

	2004 Rm	2003 Rm
Ordinary share capital – at par	*	–
Share premium	30 975	–
Proceeds	30 975	–
Fair value, at exercise date, of shares issued	60 554	–

Share options outstanding at the end of the year have the following terms:

Number outstanding at 31 March	2004 Exercise price R	Remaining contractual life (years)	Number outstanding at 31 March	2003 Exercise price R	Remaining contractual life (years)
6 814 647	13,53	7,40	9 452 791	13,53	8,50
399 400	12,88	8,48	399 400	12,88	9,58
15 086 019	9,31	8,48	16 176 739	9,31	9,58
959 540	16,81	8,98	–	–	–
2 820 000	27,00	9,30	–	–	–
26 079 606			26 028 930		

* Amount less than R1 million

Directors' report continued

for the year ended 31 March 2004

MTN Group Share Incentive Scheme ("the Incentive Scheme")

This Incentive Scheme was established when the Company formed part of MultiChoice Limited and no allocations have been made under this scheme since 2001. All share options granted will expire by 2011. The following information is provided in accordance with the provisions of the Incentive Scheme:

	2004 Number of shares	2003 Number of shares
Shares allotted and issued to the share trust at beginning of year	2 098 271	2 235 807
Less: Shares purchased by participants	(922 154)	(137 536)
Less: Shares allotted and issued to participants in the Option Scheme	(97 820)	–
	1 078 297	2 098 271
Shares allocated and reserved in previous years	3 279 881	3 279 317
Less: Shares no longer reserved due to participants leaving the employ of the Group and participants selling shares back to the trust	(3 178 642)	(2 250 216)
Add: Shares held by share trust at end of year and available for allocation	977 058	1 069 170
Shares held by share trust at end of year	1 078 297	2 098 271

One third of the shares allocated with deferred delivery vest on the anniversary of each of the third, fourth and fifth years after the grant date of the shares or options and expire ten years after the date of offer. Unvested and vested but not exercised shares are subject to cancellation upon termination of employment.

MTN Staff Incentive Scheme ("the MTN Debenture Scheme")

In terms of the MTN Debenture Scheme, which was established prior to MTN Holdings becoming a wholly owned subsidiary of MTN Group, debentures, upon vesting, are compulsorily converted into MTN Holdings ordinary shares on a one for one basis. MTN Group agreed to acquire the MTN Holdings' ordinary shares in exchange for MTN Group ordinary shares based on valuations and a formula agreed upon by the Boards of the respective companies. Historically, the exchange ratio used has approximated 3.1 MTN Group ordinary shares for each MTN Holdings ordinary share. A total of 188 917 (2003:1 639 042) debentures were outstanding as at 31 March 2004. The number of participants remaining in the scheme as at 31 March 2004 was 315 (2003: 745). Since inception of the MTN Debenture Scheme, MTN Group has issued 36 295 747 ordinary shares for MTN Holdings shares acquired under the MTN Debenture Scheme. The last issue of debentures took place in December 2000. Debentures bear interest at a rate not less than the "official rate of interest" according to South African Revenue Service and will vest on 1 December 2004.



EQUITY COMPENSATION BENEFITS FOR EXECUTIVE DIRECTORS AND OFFICERS

MTN Group Share Option Scheme

Year ended 31 March 2004

	Balance at beginning of year	Options allocated during the year	Option offer price	Date of allocation	Exercised during the year	Balance at end of year	Exercisable options	Offer price	Exercisable date
MTN Group									
I Charnley	280 000	–	R13,53	28/09/01	50 000	230 000	43 333	R13,53	28/09/02
	528 900	–	R9,31	02/09/02	–	528 900	93 333	R13,53	28/09/03
	<u>808 900</u>					758 900	105 780	R9,31	02/09/04
							93 334	R13,53	28/09/04
							105 780	R9,31	02/09/05
							158 670	R9,31	02/09/06
							158 670	R9,31	02/09/07
SL Botha	–	959 540	R16,81	07/07/03	–	959 540	191 908	R16,81	07/07/05
							191 908	R16,81	07/07/06
							287 862	R16,81	07/07/07
							287 862	R16,81	07/07/08
RS Dabengwa	330 700	–	R9,31	02/09/02	–	330 700	66 140	R9,31	02/09/04
	–	291 100	R27,00	01/12/03	–	291 100	66 140	R9,31	02/09/05
						621 800	58 220	R27,00	01/12/05
							99 210	R9,31	02/09/06
							58 220	R27,00	01/12/06
							99 210	R9,31	02/09/07
							87 330	R27,00	01/12/07
							87 330	R27,00	01/12/08
RD Nisbet	935 800	–	R9,31	02/09/02	–	935 800	187 160	R9,31	02/09/04
	–	64 500	R27,00	01/12/03	–	64 500	187 160	R9,31	02/09/05
						1 000 300	12 900	R27,00	01/12/05
							280 740	R9,31	02/09/06
							12 900	R27,00	01/12/06
							280 740	R9,31	02/09/07
							19 350	R27,00	01/12/07
							19 350	R27,00	01/12/08
PF Nhleko	2 388 700	–	R9,31	02/09/02	–	2 388 700	477 740	R9,31	02/09/04
							477 740	R9,31	02/09/05
							716 610	R9,31	02/09/06
							716 610	R9,31	02/09/07
PL Zim ~	682 900	–	R13,53	28/09/01	136 580	Resigned			
MMR Mackintosh *	24 100	–	R9,31	02/09/02	–	24 100	4 820	R9,31	02/09/04
							4 820	R9,31	02/09/05
							7 230	R9,31	02/09/06
							7 230	R9,31	02/09/07

* Group Company Secretary

~ Mr Zim resigned on 30 September 2003

Directors' report continued

for the year ended 31 March 2004

EQUITY COMPENSATION BENEFITS FOR EXECUTIVE DIRECTORS AND OFFICERS (continued)

MTN Group Share Option Scheme (continued)

Year ended 31 March 2004 (continued)

	Balance at beginning of year	Options allocated during the year	Option offer price	Date of allocation	Exercised during the year	Balance at end of year	Exercisable options	Offer price	Exercisable date
MTN subsidiaries									
K Badimo	365 100	–	R9,31	02/09/02	–	Resigned			
Z Bulbulia	75 900	–	R13,53	28/09/01	–	75 900	15 180	R13,53	28/09/03
	92 400	–	R9,31	02/09/02	–	92 400	18 480	R9,31	02/09/04
	–	24 700	R27,00	01/12/03	–	24 700	15 180	R13,53	28/09/04
	<u>168 300</u>					193 000	18 480	R9,31	02/09/05
							22 770	R13,53	28/09/05
							4 940	R27,00	01/12/05
							27 720	R9,31	02/09/06
							22 770	R13,53	28/09/06
							4 940	R27,00	01/12/06
							27 720	R9,31	02/09/07
							7 410	R27,00	01/12/07
							7 410	R27,00	01/12/08
I Hassen	–	160 500	R27,00	01/12/03	–	160 500	32 100	R27,00	01/12/05
							32 100	R27,00	01/12/06
							48 150	R27,00	01/12/07
							48 150	R27,00	01/12/08
JB McGrath	529 600	–	R9,31	02/09/02	–	529 600	105 920	R9,31	02/09/04
							105 920	R9,31	02/09/05
							158 880	R9,31	02/09/06
							158 880	R9,31	02/09/07
FL Molusi	148 200	–	R9,31	02/09/02	–	148 200	29 640	R9,31	02/09/04
							29 640	R9,31	02/09/05
							44 460	R9,31	02/09/06
							44 460	R9,31	02/09/07
Y Muthien	407 600	–	R9,31	02/09/02	81 520	326 080	0	R9,31	02/09/03
							81 520	R9,31	02/09/04
							122 280	R9,31	02/09/05
							122 280	R9,31	02/09/06
PD Norman	550 100	–	R9,31	02/09/02	–	550 100	110 020	R9,31	02/09/04
							110 020	R9,31	02/09/05
							165 030	R9,31	02/09/06
							165 030	R9,31	02/09/07
KW Pienaar	620 600	–	R9,31	02/09/02	–	620 600	124 120	R9,31	02/09/04
							124 120	R9,31	02/09/05
							186 180	R9,31	02/09/06
							186 180	R9,31	02/09/07
MH Steinlechner	207 900	–	R9,31	02/09/02	–	207 900	41 480	R9,31	02/09/04
							41 480	R9,31	02/09/05
							62 370	R9,31	02/09/06
							62 370	R9,31	02/09/07
CG Utton	350 600	–	R9,31	02/09/02	–	350 600	70 120	R9,31	02/09/04
	–	83 200	R27,00	01/12/03	–	83 200	70 120	R9,31	02/09/05
						433 800	16 640	R27,00	01/12/05
							105 180	R9,31	02/09/06
							16 640	R27,00	01/12/06
							105 180	R9,31	02/09/07
							24 960	R27,00	01/12/07
							24 960	R27,00	01/12/08



EQUITY COMPENSATION BENEFITS FOR EXECUTIVE DIRECTORS AND OFFICERS (continued)

MTN Group Share Option Scheme (continued)

Year ended 31 March 2003

	Balance at beginning of year	Options allocated during the year	Option offer price	Date of allocation	Exercised during the year	Balance at end of year	Exercisable options	Offer price	Exercisable date
MTN Group									
I Charnley	280 000	–	R13,53	02/09/02	–	808 900	93 333	R13,53	28/09/02
	–	528 900	R9,31				93 333	R13,53	28/09/03
							105 780	R9,31	02/09/04
							93 334	R13,53	28/09/04
							105 780	R9,31	02/09/05
							158 670	R9,31	02/09/06
							158 670	R9,31	02/09/07
RS Dabengwa	–	330 770	R9,31	02/09/02	–	330 700	66 140	R9,31	02/09/04
							66 140	R9,31	02/09/05
							99 210	R9,31	02/09/06
							99 210	R9,31	02/09/07
RD Nisbet	–	935 800	R9,31	02/09/02	–	935 800	187 160	R9,31	02/09/04
							187 160	R9,31	02/09/05
							280 740	R9,31	02/09/06
							280 740	R9,31	02/09/07
PF Nhleko	–	2 388 700	R9,31	02/09/02	–	2 388 700	477 740	R9,31	02/09/04
							477 740	R9,31	02/09/05
							716 610	R9,31	02/09/06
							716 610	R9,31	02/09/07
PL Zim	682 900	–	R13,53	–	–	682 900	136 580	R13,53	02/09/03
							136 580	R13,53	02/09/04
							204 870	R13,53	02/09/05
							204 870	R13,53	02/09/06
MTN subsidiaries									
K Badimo	–	365 100	R9,31	02/09/02	–	365 100	73 020	R9,31	02/09/04
							73 020	R9,31	02/09/05
							109 530	R9,31	02/09/06
							109 530	R9,31	02/09/07
Z Bulbulia	75 900	–	R13,53	02/09/02	–	168 300	15 180	R13,53	28/09/03
	–	92 400	R9,31				18 480	R9,31	02/09/04
							15 180	R13,53	28/09/04
							18 480	R9,31	02/09/05
							22 770	R13,53	28/09/05
							27 720	R9,31	02/09/06
							22 770	R13,53	28/09/06
							27 720	R9,31	02/09/07
JB McGrath	–	529 600	R9,31	02/09/02	–	529 600	105 920	R9,31	02/09/04
							105 920	R9,31	02/09/05
							158 880	R9,31	02/09/06
							158 880	R9,31	02/09/07
PD Norman	–	550 100	R9,31	02/09/02	–	550 100	110 020	R9,31	02/09/04
							110 020	R9,31	02/09/05
							165 030	R9,31	02/09/06
							165 030	R9,31	02/09/07
KW Pienaar	–	620 600	R9,31	02/09/02	–	620 600	124 120	R9,31	02/09/04
							124 120	R9,31	02/09/05
							186 180	R9,31	02/09/06
							186 180	R9,31	02/09/07
CG Utton	–	350 600	R9,31	02/09/02	–	350 600	70 120	R9,31	02/09/04
							70 120	R9,31	02/09/05
							105 180	R9,31	02/09/06
							105 180	R9,31	02/09/07

The exercise of options and resulting share trades can be viewed under "directors' share dealings" on page 93.

Directors' report continued

for the year ended 31 March 2004

MTN Staff Incentive Scheme Year ended 31 March 2004

	Balance at beginning of year	Issue price	Date of allocation	Quantity vested during the year	Vesting date	MTN Group shares awarded during the year	Balance of deben- tures at end of year	Future deben- ture vestings	Issue price	Date of vesting
MTN Group										
RS Dabengwa	120 779	R36,43	01/12/99	60 390	01/12/03	187 703	60 389	60 389	R36,43	01/12/04
RD Nisbet	214 664	R13,11	03/06/98	214 664	03/06/03	667 909	All vested			
MTN subsidiaries										
Z Bulbulia	13 730	R13,11	03/06/98	13 730	03/06/03	42 720	All vested			
JB McGrath	64 642	R13,11	03/06/98	64 642	03/06/03	201 124	All vested			
FL Molusi	7 796	R36,43	01/12/99	3 898	01/12/03	12 116	3 898	3 898	R36,43	01/12/04
Y Muthien*	28 433	R84,41	01/12/00	28 433	11/02/04	88 375	All vested			
PD Norman	61 006	R13,11	03/06/98	61 006	03/06/03	189 814	All vested			
KW Pienaar	189 294	R13,11	03/06/98	189 294	03/06/03	588 969	All vested			
CG Utton	31 110	R36,43	01/12/99	15 555	01/12/03	48 348	15 555	15 555	R36,43	01/12/04

Year ended 31 March 2003

MTN Group

RS Dabengwa	181 169	R36,43	01/12/99	60 390	01/12/02	187 576	120 779	60 390 60 389	R36,43 R36,43	01/12/03 01/12/04
RD Nisbet	16 604 429 329	R9,95 R13,11	01/09/97 03/06/98	16 604 214 665	01/09/02 03/06/02	51 673 667 909	– 214 664	214 664	R13,11	03/06/03

MTN subsidiaries

Z Bulbulia	2 753 27 460	R9,95 R13,11	01/09/97 03/06/98	2 753 13 730	01/09/02 03/06/02	8 571 42 711	– 13 730	13 730	R13,11	03/06/03
JB McGrath	11 657 129 284	R9,95 R13,11	01/09/97 03/06/98	11 657 64 642	01/09/02 03/06/02	36 275 201 088	– 64 642	64 642	R13,11	03/06/03
FL Molusi	11 694	R36,43	01/12/99	3 898	01/12/02	12 107	– 7 796	3 898 3 898	R36,43 R36,43	01/12/03 01/12/04
PD Norman	12 060 122 012	R9,95 R13,11	01/09/97 03/06/98	12 060 61 006	01/09/02 03/06/02	37 532 189 777	– 61 006	61 006	R13,11	03/06/03
KW Pienaar	15 023 378 588	R9,95 R13,11	01/09/97 03/06/98	15 023 189 294	01/09/02 03/06/02	46 756 189 294	– 189 294	189 294	R13,11	03/06/03
CG Utton	46 665	R36,43	01/12/99	15 555	01/12/02	48 315	31 110	15 555 15 555	R36,43 R36,43	01/12/03 01/12/03

* By way of resolution passed by the trustees of the MTN Debenture Scheme, and in agreement with Dr Muthien all of her outstanding debentures were vested on 11 February 2004. The resulting shares were sold and the associated loan account settled in full. Dr Muthien was issued share options as compensation.

The share trades resulting from the debenture conversions can be viewed under "directors" share dealings' on page 93.



DIRECTORS' SHAREHOLDINGS

The interests of the directors and alternate directors in the ordinary shares of the Company were as follows:

	Beneficial		Non-beneficial	
	2004	2003	2004	2003
DDB Band	14 023	14 023	–	–
I Charnley	43 800	43 800	–	–
RD Nisbet*	1 111 066	1 203 157	–	–
Z Bulbulia* (major subsidiary director)	20 871	28 151	–	–
JB McGrath* (major subsidiary director)	–	–	216 587	215 463
PD Norman* (major subsidiary director)	–	–	10 000	25 000

* Shares acquired through the MTN Debenture Scheme.

No changes occurred to the above outlined shareholding subsequent to year-end until 10 June 2004.

DIRECTORS' SHARE DEALINGS

Share trades by directors to 31 March 2004

	Shares sold	Average price obtained	Date of last sale
MTN Group			
I Charnley ^o	50 000	R32,51	17/03/04
RS Dabengwa [#]	187 703	R30,34	20/02/04
RD Nisbet [#]	760 000	R26,72	03/03/04
PL Zim ^{o~}	136 580	R27,52	02/12/03
MTN subsidiaries			
Z Bulbulia [#]	50 000	R23,14	04/03/04
JB McGrath [#]	200 000	R22,12	16/03/04
FL Molusi ^o	12 116	R28,06	18/12/03
PD Norman [#]	206 308	R15,75	10/07/03
K Pienaar [#]	588 969	R16,13	15/07/03
CG Utton [#]	48 348	R29,38	24/02/04

^o Shares exercised under the MTN Group Share Option Scheme

[#] Shares acquired through the MTN Debenture Scheme

[~] Mr Zim resigned on 30 September 2003

Derivatives traded by director

	Call options sold	Strike price call options	Sale price obtained per call option	Date of transaction
PF Nhleko	395 000	R9,31	R22,51	25/03/04

Directors' report continued

for the year ended 31 March 2004

DIRECTORS' INTERESTS IN MTN GROUP HELD THROUGH NEWSHELF 664

Newshef 664 has an economic interest in 309 million MTN Group shares (equivalent to 18,6% (2003: 18,7%) of the issued share capital of MTN Group). These shares were acquired from ICE Finance BV/ Transnet Limited at an average price of R13,90 per share between December 2002 and March 2003. As a result of the funding structure for the purchase of these shares, Newshef 664 currently has voting rights over 253 million MTN Group shares (equivalent to 15,25% of the total voting rights of MTN Group). Pursuant to a contractual undertaking contained in the original agreements for the funding of Newshef 664, and as a prerequisite to the funders entering into the funding arrangements, Newshef 664 was obliged to enter into a hedging transaction in terms of which voting rights in respect of a maximum of 65,5 million MTN Group shares are the subject of a scrip-lend. Accordingly, this percentage of 15,25% may decrease to 14,7% over the term of the funding agreements.

Newshef 664's ordinary shares are held by a trust ('the Trust') for the benefit of eligible permanent staff employed by MTN Group and its South African subsidiaries as well as eligible senior staff members of its African operations. This is expected to benefit approximately 2 400 eligible employees. Such benefits will vest over the six-year funding period but will not be tradeable until all obligations, including all debt and equity-related funding obligations to several financing institutions, have been met.

The Trust has five trustees, two of whom are directors of MTN Group, namely PF Nhleko and I Charnley. The other trustees, W Lucas-Bull, PM Jenkins and Z Sithole are independent. Furthermore, all the directors of Newshef 664 have been appointed by the Trust, such directors being PF Nhleko, I Charnley, RD Nisbet and RS Dabengwa (jointly, "the Newshef Directors"). The Newshef Directors as well as SL Botha (jointly, "the Executive Directors") are also included amongst the eligible employees who are potential beneficiaries of the Trust. Consequently, the interests of the Executive Directors in respect of the MTN Group shares held by Newshef 664 are as follows:

- As a result of being trustees of the Trust, PF Nhleko and I Charnley, together with the other trustees, have an indirect, non-beneficial interest in the MTN Group shares which are currently held by Newshef 664.
- As a result of being directors of Newshef 664, the Newshef Directors have an indirect, beneficial interest in respect of the voting rights pertaining to the MTN Group shares which are currently held by Newshef 664.
- As a result of being beneficiaries of the Trust, the Executive Directors have an indirect, beneficial interest in the MTN Group shares which are currently held by Newshef 664. This beneficial interest is in the form of rights to participate in a predetermined ratio ('the participation ratio') in the net surplus in Newshef 664 (if any) which may arise once all of Newshef 664's obligations have been met, including settlement of all funding. Certain of the financial institutions who funded the acquisition of the MTN Group shares also participate in the growth of the MTN Group shares. The participation ratio in the net surplus of Newshef 664 of each Executive Director is as follows:

– PF Nhleko	7,9270%	(2003: 7,9270%)
– I Charnley	5,5869%	(2003: 5,5869%)
– RS Dabengwa	5,5869%	(2003: 5,5869%)
– RD Nisbet	5,5869%	(2003: 5,5869%)
– SL Botha	1,1634%	(2003: Nil)
– PL Zim	Nil	(2003: 5,5869%)

Subject to the terms and conditions of the Trust Deed, the rights to participate will accrue to the Executive Directors in equal tranches of 16,6666% per annum for six years on the condition that in the event that any Executive Director is not in the employ of the MTN Group at the end of the six-year period, he or she will only be entitled to that percentage of the rights to participate, which will have vested prior to the Executive Director leaving the employ of the MTN Group.



In addition, the Newshelf Directors have exercised an option to participate in the economic benefits attaching to the redeemable preference shares and the participating preference shares held by the Public Investment Commissioners ("PIC"), as funders to Newshelf 664, for which option the Newshelf Directors paid an amount of R5 million (2003: R5 million). It was announced on SENS on 26 September 2003, that with the resignation of Mr PL Zim with effect from 30 September 2003, his participation in such preference shares was offered, in terms of pre-emptive rights and subject to the approval by the PIC which is outstanding, to the remaining MTN executive directors namely Mr PF Nhleko, Ms I Charnley, Mr RS Dabengwa and Mr RD Nisbet. The capital acquisition consideration paid by each executive director to the PIC in the 2003 financial year and to the PIC and Mr Zim in the 2004 financial year was as follows:

– PF Nhleko	R1 612 577 (2003: R1 315 500)
– I Charnley	R1 129 141 (2003: R921 125)
– RS Dabengwa	R1 129 141 (2003: R921 125)
– RD Nisbet	R1 129 141 (2003: R921 125)
– PL Zim	R Nil (2003: R921 125)

The Executive Directors thus have an indirect beneficial interest in the MTN Group shares acquired by Newshelf 664 to the extent that the proceeds of such shares (dividends and capital) are required to service and settle the preference share funding provided by the PIC, but only to the extent of the proportion that their funding of the preference shares bears to the total PIC funding.

DIRECTORS' EMOLUMENTS AND RELATED PAYMENTS

Year ended 31 March 2004

	Date appointed	Date resigned	Directors' fees R'000	Fees and salaries R'000	Retirement benefits R'000	Other benefits R'000	Bonus R'000	Total R'000
Executive directors								
PF Nhleko (CEO)	01 Jul 02			3 655	332	613	9 200	13 800
SL Botha	07 Jul 03			1 367	192	933	2 028	4 520
I Charnley	01 Aug 01			1 523	220	337	2 098	4 178
RS Dabengwa	01 Oct 01			1 880	249	164	2 625	4 918
RD Nisbet	01 Oct 01			1 623	238	430	2 509	4 800
Non-executive directors								
DDB Band	01 Oct 01		472					472
ZNA Cindi	23 Apr 99		374					374
PL Heinemann	01 Oct 01		498					498
MC Ramaphosa	01 Oct 01		586					586
JRD Modise* (alternate to MC Ramaphosa)	01 Oct 01	25 Aug 03	25					25
SN Mabaso**	01 Jul 02		210					210
AF van Biljon	01 Nov 02		465					465
LC Webb** (alternate to SN Mabaso)	15 Nov 00		82					82
JHN Strydom	11 Mar 04		35					35
Past director								
PL Zim	01 Oct 01	30 Sep 03		960	110	306		1 376
			2 747	11 008	1 341	2 783	18 460	36 339

* Paid to Johnnic Holdings Management Services Limited

** Paid to Transnet Limited

Directors' report continued

for the year ended 31 March 2004

DIRECTORS' EMOLUMENTS AND RELATED PAYMENTS (continued)

Year ended 31 March 2003

	Date appointed	Date resigned	Directors' fees R'000	Fees and salaries R'000	Retirement benefits R'000	Other benefits R'000	Bonuses R'000	Total R'000
Executive directors								
PF Nhleko (CEO)	01 Jul 02			2 436	234	500	5 662	8 832
I Charnley	01 Aug 01			1 352	198	318	1 332	3 200
RS Dabengwa	01 Oct 01			1 656	220	166	1 176	3 218
RD Nisbet	01 Oct 01			1 362	198	305	1 964	3 829
PL Zim	01 Oct 01			1 484	198	105	2 091	3 878
Non-executive directors								
DDB Band	01 Oct 01		432					432
ZNA Cindi	23 Apr 99		265					265
PL Heinemann	01 Oct 01		472					472
MC Ramaphosa	01 Oct 01		660					660
JRD Modise* (alternate to MC Ramaphosa)	01 Oct 01		20					20
SN Mabaso**	01 Jul 02		160					160
AF van Biljon	01 Nov 02		157					157
LC Webb** (alternate to SN Mabaso)	15 Nov 00		46					46
Past directors								
P Edwards	01 Aug 01	30 Jun 02		6 803	–	553	3 711	11 067#
PF Nhleko	28 Jun 01	01 Jul 02	115					115
CR Jardine**	15 Nov 00	15 Oct 02	199					199
			2 526	15 093	1 048	1 947	15 936	36 550

* Paid to Johnnic Holdings Management Services Limited

** Paid to Transnet Limited

Mr P Edwards ceased to be Chief Executive Officer and a director of MTN Group with effect from 30 June 2002, but remained a consultant to the Company until 31 July 2003. His director's emoluments and related payments include an amount of R8,3 million, comprising salary, bonus and settlement components, paid to him during the prior year. This represented the Company's entire obligation in terms of the contracted settlement and advisory arrangements, discounted back to the payment date. The Company has no further obligation towards Mr Edwards. Mr Edwards held 500 000 share options which were exercised in December 2003.



Performance bonuses

Performance bonuses for executive directors are linked to operational and financial value drivers pertaining to business performance against budget for individual operations and the MTN Group as a whole. These value drivers are determined by the Board every year in respect of the next financial year. Each executive director's performance bonus is conditional upon achievement of their specific value drivers and key performance indicators, which are structured to retain a balance between the performance of entities for which they are directly responsible, and that of the Group. In order to align incentive awards with the performance to which they relate, bonuses above reflect the amounts accrued in respect of each year and not the amounts paid in that year. The bonuses are determined by the Group Nominations, Remuneration and Human Resources Committee, and approved by the Board.

PROPERTY, PLANT AND EQUIPMENT

There were no changes in the nature of property, plant and equipment nor in the policy regarding their use during the year. The useful lives of certain categories of property, plant and equipment were reviewed during the current year, further details of which are provided in note 41 to the financial statements.

POST-BALANCE SHEET EVENTS

There were no material post-balance sheet events subsequent to year-end.

AUDITORS

PricewaterhouseCoopers Inc. and SizweNtsaluba vsp Inc. will continue in office as joint auditors in accordance with section 270(2) of the Companies Act.

Principal accounting policies

for the year ended 31 March 2004

1. PRESENTATION OF FINANCIAL STATEMENTS

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity ("the measurement currency"). The financial statements are presented in South African rand, which is the measurement currency of the parent company.

In the current year's financial statements, the principal accounting policies set out in note 2 below were consistently applied in all material respects with those of the previous year, except for the adoption of AC133: "Financial instruments – Recognition and Measurement". In addition, in order to comply with the directive issued by the JSE Securities Exchange South Africa on 16 February 2004, the Group results include the effects of consolidating the MTN Staff Incentive Scheme and the MTN Group Share Trust. The 2003 comparatives have been appropriately restated.

2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES

The financial statements have been prepared in accordance with South African Statements of Generally Accepted Accounting Practice and the requirements of the South African Companies Act. The financial statements have been prepared under the historical cost convention as modified by the revaluation of available-for-sale investment securities and financial instruments held at fair value (through net income).

The preparation of financial statements in conformity with South African Statements of Generally Accepted Accounting Practice requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period based on management's best knowledge of current events and actions. Actual results may differ from these estimates.

2.1 Basis of consolidation

The financial statements incorporate the financial statements of MTN Group Limited and all its subsidiaries, joint ventures, associates and special purpose entities for the year ended 31 March 2004.

2.1.1 Subsidiaries

Subsidiaries are enterprises controlled by the Group. Control is achieved where the Company has the power to govern the financial and operating policies of an investee enterprise so as to obtain benefits from its activities. Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

All material intercompany transactions and balances between Group enterprises are eliminated on consolidation. Special purpose entities (including insurance cell captives and the various MTN Group staff incentive schemes) are consolidated.

The purchase method of accounting is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets given up, shares issued or liabilities undertaken at the date of acquisition plus costs directly attributable to the acquisition. The excess of the cost of acquisition over the fair value of the net assets of the subsidiary acquired is recorded as goodwill (note 2.2).

Minority interest is stated at the minority's proportion of the fair values of the identifiable assets and liabilities recognised.



2.1.2 Associated companies

An associate is an enterprise over which the Group exercises significant influence with respect to its financial and operating policies but which it does not control, jointly or otherwise.

Investments in associated undertakings are accounted for using the equity method of accounting. Under this method, the Group's share of post-acquisition accumulated profits of associated companies, which is generally determined from their latest audited financial statements, is included in the carrying value of the investments, and the annual profit attributable to the Group is recognised in the income statement. The carrying amount of such interests is reduced to recognise any potential impairment, other than a temporary decline, in the value of individual investments.

Where another Group entity transacts with an associate of the Group, unrealised profits and losses are eliminated to the extent of the Group's interest in the relevant associate, except where unrealised losses provide evidence of an impairment of the asset transferred.

The Group's investment in associates includes goodwill (net of accumulated amortisation) on acquisition. When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless the Group has incurred obligations, issued guarantees or made payments on behalf of the associate.

2.1.3 Joint ventures

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity which is subject to joint control.

Joint venture arrangements which involve the establishment of a separate entity in which each venturer has an interest are referred to as jointly controlled entities. The Group reports its interests in jointly controlled entities using the proportionate consolidation method of accounting. The Group's share of the assets, liabilities, income and expenses and cash flows of jointly controlled entities are combined with the equivalent items in the financial statements on a line-by-line basis.

Where the Group transacts with its jointly controlled entities, unrealised profits and losses are eliminated to the extent of the Group's interest in the joint venture except where unrealised losses provide evidence of an impairment of the asset transferred.

2.2 Goodwill

Goodwill arising on consolidation represents the excess of the costs of acquisition over the Group's interests in the fair value of identifiable assets and liabilities of a subsidiary, associate or jointly controlled entity at the date of acquisition. Goodwill arising on acquisitions that occurred prior to 31 March 2000 was charged directly to reserves.

Goodwill arising on subsequent acquisitions is capitalised and amortised on a straight-line basis over its useful economic life, generally not exceeding 20 years. Management determines the estimated useful life of goodwill based on its evaluation of the respective companies at the time of acquisition, considering factors such as market position, potential growth, regulatory conditions and other factors inherent in the acquired companies.

Goodwill arising on the acquisition of an associate is included within the carrying amount of the associate. Goodwill arising on the acquisition of subsidiaries and jointly controlled entities is presented separately in the balance sheet. On disposal of a subsidiary, associate or jointly controlled entity, the attributable amount of unamortised goodwill or negative goodwill is included in the determination of profit or loss on disposal.

Principal accounting policies continued

for the year ended 31 March 2004

2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (continued)

2.3 Investments

Investments in subsidiaries, associates and joint ventures are recognised at cost less accumulated impairment losses in the financial statements of the Company.

The Group classifies its investments in debt and equity securities into the following categories: held for trading, held-to-maturity, available-for-sale and financial instruments held at fair value (through net income). The classification is dependent on the purpose for which the investments were acquired. Management determines the classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

Financial instruments held at fair value (through net income) comprise of investments that are not held for trading but are reflected at fair value through net income.

Investments that are acquired principally for the purpose of generating a profit from short-term (less than 12 months) fluctuations in price are classified as trading investments and included in current assets. There were no such investments as at 31 March 2004.

Investments with a fixed maturity and fixed or determinable payments that the Group has the intent and ability to hold to maturity are classified as held-to-maturity and are included in non-current assets, except for maturities within 12 months from the balance sheet date, which are classified as current assets. There were no such investments as at 31 March 2004.

Investments intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, are classified as available-for-sale. They are included in non-current assets unless management has the express intention of holding the investment for less than 12 months from the balance sheet date, or unless they will need to be sold to raise operating capital, in which case they are included in current assets.

Purchases and sales of investments are recognised on the trade date, which is the date that the Group commits to purchase or sell the asset. Cost of purchase includes transaction costs.

Available-for-sale investments are subsequently carried at fair value. Unrealised gains and losses arising from changes in the fair value of securities classified as available-for-sale are recognised in equity. Held-to-maturity investments are carried at amortised cost using the effective yield method.

The fair value of investments is based on quoted bid prices or amounts derived from cash flow models. Fair values for unlisted equity securities are estimated using applicable price/earnings or price/cash flow ratios refined to reflect the specific circumstances of the issuer. Equity securities for which fair values cannot be measured reliably are recognised at cost less impairment. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the income statement as gains and losses from investments.

Assets are derecognised when the enterprise loses control of contractual rights that comprise the assets and liabilities when the obligation is extinguished.

2.4 Revenue recognition

Revenue comprises the invoiced value of goods and services supplied by the Group, net of indirect taxes and trade discounts and after eliminating sales within the Group.

Revenue from rendering of services is recognised when it is probable that the economic benefits associated with a transaction will flow to the Group and the amount of revenue, and associated costs incurred or to be incurred can be measured reliably.



The main categories of revenue and the bases of recognition are as follows:

2.4.1 Contract products

- Connection fees
Revenue is recognised on the date of activation by the subscriber of a new Subscriber Identification Module ("SIM") card.
- Access charges
Revenue is recognised in the period to which it relates.
- Airtime
Revenue is recognised on the usage basis commencing on the date of activation.

The terms and conditions of the bundled airtime products allow the carry over of unused minutes and accumulation to a maximum of one month's allocation. This unused airtime is deferred in full. Deferred revenue related to the unused airtime is recognised when utilised by the subscriber. Upon termination of the subscriber contract, all deferred revenue for unused airtime is recognised.

2.4.2 Pre-paid products

- Connection fees
Revenue is recognised on the date of activation.
- Airtime
Revenue is recognised on the usage basis commencing on the date of activation.
- SIM kits
Revenue is recognised on the date of sale.

2.4.3 Other revenue

- Equipment sales
All equipment sales are recognised only when risks and rewards of ownership are transferred to the buyer.
- Interconnect
Revenue is recognised on the usage basis.
- Interest
Revenue is recognised on the time proportion basis with reference to the principal amount receivable and the effective interest rate applicable.
- Dividends
Dividends are recognised when the right to receive payment is established.

2.5 Leases

Leases of property, plant and equipment are classified as finance leases whenever the terms of the lease transfer substantially all risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Assets held under finance leases are capitalised at the lower of the fair value of the leased asset and the estimated present value of the minimum lease payments at the date of entering into the lease. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding liability to the lessor, net of finance charges, is included in the balance sheet as a finance lease obligation. Finance costs, which represent the difference between the total leasing commitments and fair value of the assets acquired, are charged to the income statement over the term of the relevant leases so as to produce a constant periodic rate of interest on the remaining balance of the obligations for each accounting period.

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Rentals payable under operating leases are charged to the income statement on a straight-line basis over the term of the relevant leases.

In all significant leasing arrangements in place during the year, the Group acted as the lessee.

Principal accounting policies continued

for the year ended 31 March 2004

2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (continued)

2.6 Connection incentives

Connection incentives are expensed in the period in which they are incurred.

2.7 Employee benefits

Short-term employee benefits

Remuneration to employees in respect of services rendered during a reporting period is recognised as an expense in that reporting period. Provision is made for accumulated leave and other vested benefits and for non-vested short-term benefits when there is no realistic alternative other than to settle the liability, and at least one of the following conditions is met:

- there is a formal plan and the amounts to be paid are determined before the time of issuing the financial statements; or
- achievement of previously agreed bonus criteria has created a valid expectation by employees that they will receive a bonus and the amount can be determined before the time of issuing the financial statements.

Equity and compensation plans

Where debentures vest or employees exercise options in terms of the rules and regulations of the various staff incentive schemes, treasury shares if available within the MTN Group Share Trust are allocated, or alternatively new shares are issued to participants as beneficial owners. The directors procure a listing of these shares on the JSE Securities Exchange South Africa on which the Company's shares are listed. In exchange, employees entitled to such shares or share options pay a consideration equal to the nominal debenture value or the option price allocated to them. The nominal value of shares issued is credited to share capital and the difference between the nominal value and the debenture value/option price is credited to share premium and shareholders' loans. No cost is recognised in income in respect of these options. Further details of equity compensation schemes are provided in the Directors' report.

Defined contribution plans (pension and provident funds)

A defined contribution plan is one under which the Group pays a fixed percentage of employees' remuneration as contributions into a separate entity (a fund), and will have no legal or constructive further obligations to pay additional contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. Contributions to defined contribution plans in respect of services during a period are recognised as an expense in that period.

Termination benefits

Termination benefits may be payable when an employee's employment is terminated before the normal retirement date or an employee accepts voluntary redundancy in exchange for these benefits. Termination benefits are charged against income when the Group is demonstrably committed to any such plan without the possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary redundancy.

2.8 Provisions

A provision is recognised when there is a legal or constructive obligation as a result of a past event for which it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The Group provides for onerous contracts when the expected benefits to be derived from a contract are less than the unavoidable costs of meeting the obligations under the contract.

2.9 Deferred taxation

Deferred taxation is provided, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Current enacted tax rates are used to determine deferred taxation.

Under this method, the Group is required to make provision for deferred taxation in relation to an acquisition, on the difference between the fair values of the net assets acquired and their tax base.



Provision for taxes, mainly withholding taxes, which could arise on the remittance of accumulated profits, principally relating to subsidiaries, is only made where a decision has been taken to remit such earnings.

The principal temporary differences arise from depreciation on property, plant and equipment and tax losses carried forward. Deferred taxation assets relating to the carry forward of unused tax losses and tax credits are recognised to the extent that it is probable that future taxable profits will be available in the foreseeable future against which the unused tax losses and tax credits can be utilised.

No deferred tax is recognised on temporary differences arising from:

- goodwill for which amortisation is not deductible for tax purposes; or
- initial recognition of an asset or liability in a transaction that is not a business combination, and at the time of the transaction, affects neither accounting profit nor taxable profit/(tax loss).

2.10 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation. Cost includes all costs directly attributable to bringing the asset to working condition for its intended use. Depreciation of property, plant and equipment is calculated to write off the cost to its residual values, on the straight-line basis, over their expected useful lives as follows:

Buildings	2% – 10%
Generators	25% – 50%
Network infrastructure	10% – 25%
Information systems equipment	25% – 33%
Furniture and fittings	10% – 20%
Leasehold improvements	20% – 50%
Office equipment	15% – 20%
Motor vehicles	25% – 33%

Land is not depreciated. Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the expected term of the relevant lease.

Subsequent expenditure relating to an item of property, plant and equipment is capitalised when it is probable that future economic benefits from the use of asset will be increased. All other subsequent expenditure is recognised as an expense in the period in which it is incurred. Borrowing costs are not capitalised.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between sales proceeds and the carrying amount of the asset, and is included in operating profit. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Repairs and maintenance are charged to the income statement during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group. Major renovations are depreciated over the remaining useful life of the related asset.

2.11 Impairment of assets

The carrying amounts of the Group's assets, including property, plant and equipment as well as goodwill and other intangible assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If there is any indication that an asset may be impaired, its recoverable amount is estimated. The recoverable amount is the higher of its net selling price and its value in use.

Principal accounting policies continued

for the year ended 31 March 2004

2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (continued)

2.11 Impairment of assets (continued)

In assessing value in use, the expected future cash flows from the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. For purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows.

2.12 Intangible assets

Intangible assets represent identifiable assets from which it is probable that future economic benefits will flow to the Group which can be reliably measured. Intangible assets, including payments in relation to upfront licence fees, are stated at cost less accumulated amortisation and impairment losses (if applicable). Intangible assets are amortised to the income statement on a straight-line-basis over their estimated useful lives, but not exceeding 20 years. Intangible assets are not revalued.

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other subsequent expenditure is expensed as incurred.

2.13 Inventories

Inventories are stated at the lower of cost or net realisable value on a weighted average basis. Cost comprises direct materials and, where applicable, overheads that have been incurred in bringing the inventories to their present location and condition, excluding borrowing costs. Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution. Where appropriate, an impairment provision is raised in respect of slow moving, obsolete and defective inventories.

2.14 Trade and other receivables

Trade and other receivables originated by the Group are carried at original invoice amount less provision made for the impairment of these receivables. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount provided is the difference between the carrying amount and the estimated recoverable amount, being the present value of expected cash flows, discounted at the market rate of interest for similar borrowers.

2.15 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call and in respect of Letters of Credit issued by banks, and investments in money market instruments, net of bank overdrafts, all of which are available for use by the Group unless otherwise stated. Bank overdrafts are included within current liabilities on the balance sheet.

2.16 Financial liabilities

Financial liabilities include interest-bearing borrowings, convertible debentures, trade creditors and other payables. Management determines the classification of its liabilities depending on the purpose for which the liability was incurred. All liabilities are not classified as held-for-trading or financial instruments at fair value in terms of AC133.

Borrowings are recognised initially at the cost, being fair value of proceeds received, net of transaction costs incurred, when the relevant contracts are entered into. Borrowings are subsequently stated at amortised cost using the effective interest rate method; any difference between proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings, as interest.

Financial liabilities are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expires.



2.17 Foreign currency

2.17.1 Foreign currency transactions

Transactions in foreign currencies are translated into the measurement currency at the rate of exchange ruling at the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Gains and losses arising on translation or settlement of these transactions are credited to or charged against income, except when deferred in equity as qualifying cash flow hedges.

Where a related forward exchange contract is designated as a hedge, the costs of hedging are included in the measurement of the underlying transaction. Where forward exchange contracts are not designated as hedges, they are marked to market at year-end and the exchange differences are included in the income statement. During the year, none of the forward exchange contracts entered into were designated as hedges.

2.17.2 Financial statements of Group companies

The financial statements of foreign entities are translated into the reporting currency as follows:

- assets and liabilities are translated at rates of exchange ruling at the financial year-end;
- income and expenditure and cash flow items are translated at weighted average exchange rates for the year; and
- foreign exchange translation differences are recognised in a foreign currency translation reserve.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the exchange rate at the balance sheet date. When a foreign entity is sold, such exchange differences are recognised in the income statement as part of the gain or loss on sale.

Where a foreign subsidiary is determined to be an integrated foreign operation, the income statement items are translated at the appropriate weighted average exchange rates for the period. Monetary items are translated at the ruling exchange rates at the balance sheet dates. Translation gains and losses are taken to income for the period.

Currently, all foreign Group companies are classified as foreign entities and accounted for accordingly.

2.18 Derivative instruments

Derivative financial instruments, including embedded derivatives separated from their host contracts, are initially recognised on the balance sheet at cost being the fair value of the consideration received/paid and are subsequently remeasured to fair value. Fair value movements are recognised in net income.

2.19 Basis of accounting for underwriting activities

Underwriting results are determined on the annual basis whereby the incurred cost of claims, commission and related expenses is charged against the earned proportion of premiums, net of reinsurance, as follows:

- Premiums written related to business incepted during the year and exclude value-added tax.
- Unearned premiums represent the portion of premiums written during the year that relate to unexpired terms of policies in force at the balance sheet date, generally calculated on a time-apportionment basis.
- Claims incurred comprise claims and related expenses paid in the year and changes in the provisions for claims incurred but not reported and related expenses, together with any other adjustments to claims from previous years. Where applicable, deductions are made for salvage and other recoveries.
- Claims outstanding represent the ultimate cost of settling all claims (including direct and indirect settlement costs) arising from events that have occurred up to the balance sheet date, including provision for claims incurred but not yet reported, less any amounts paid in respect of those claims. Claims outstanding are reduced by anticipated salvage and other recoveries.

2.20 Dividends

Dividends payable are recorded in the Group's financial statements in the period in which they are approved by the Board of Directors.

Principal accounting policies continued

for the year ended 31 March 2004

2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (continued)

2.21 Share capital

Ordinary shares are classified as equity. Incremental external costs directly attributable to the issue of new shares, other than in connection with a business combination, are shown in equity as a deduction, net of tax, from the proceeds. Where the Company or its subsidiaries purchases the Company's share capital, the consideration paid, including any attributable incremental external costs net of income taxes, is deducted from total shareholders' equity as treasury shares until they are cancelled. Where such shares are subsequently sold or reissued, any consideration received is included in shareholders' equity.

2.22 Segment reporting

The geographic location of the Group's production and service facilities constitutes the primary segment. The secondary business segments of the enterprise are wireless and satellite telecommunications. The basis of segment reporting is representative of the internal structure used for management reporting.

Segment results include revenue and expenses directly attributable to a segment and the relevant portion of enterprise revenue and expenses that can be allocated on a reasonable basis to a segment, whether from external transactions or from transactions with other Group segments. Intersegment transfer pricing is based on cost plus an appropriate margin. Unallocated items mainly comprise corporate expenses and amortisation of goodwill. Segment results are determined before any adjustment for minority interest. Segment assets and liabilities comprise those operating assets and liabilities that are directly attributable to the segment or can be allocated to the segment on a reasonable basis. Segment assets are determined after deducting related allowances that are reported as direct offsets in the Group's balance sheet.

Capital expenditure represents the total costs incurred during the period to acquire segment assets that are expected to be used during more than one period (namely, property, plant and equipment and intangible assets).

2.23 Financial risk management

2.23.1 Financial risk factors

The Group's activities expose it to a variety of financial risks, including the effects of changes in foreign currency exchange rates and interest rates. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses derivative financial instruments, such as forward exchange contracts, to hedge certain exposures, but as a matter of principle, the Group does not enter into derivative contracts for speculative purposes.

Risk management is carried out under policies approved by the Board of Directors of the Company and of relevant subsidiaries. The MTN Group Executive Committee identifies, evaluates and hedges financial risks in co-operation with the Group's operating units. The Board provides principles for overall risk management, as well as for specific areas such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments, and investing excess liquidity.

Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures. Certain entities in the Group, particularly in South Africa, use forward contracts to hedge their exposure to foreign currency risk in connection with the measurement currency. The Group's Nigerian subsidiary manages foreign currency risk on major foreign purchases by placing foreign currency on deposit as security against Letters of Credit ("LCs") when each order is placed. The Company has a number of investments in foreign subsidiaries whose net assets are exposed to currency translation risk, which is managed primarily through borrowings denominated in the relevant foreign currencies to the extent that such funding is available on reasonable terms in the local capital markets.



Interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group has no significant interest-bearing assets, other than cash deposits. The Group primarily borrows at variable rates, and its exposure to interest rate risk is reflected under the respective borrowings (note 20).

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed facilities. The Group remains confident that the available cash resources and borrowing facilities will be sufficient to meet its funding requirements.

Credit risk

The Group has no significant concentrations of credit risk, due to its wide spread of customers across various operations. The Group has policies in place to ensure that retail sales of products and services are made to customers with an appropriate credit history. The recoverability of interconnect debtors in certain international operations is uncertain, however, this is actively managed within acceptable limits (this has been incorporated in the assessment of the impairment of trade receivables). Derivative counterparties and cash transactions are limited to high credit quality financial institutions. The Group actively seeks to limit the amount of credit exposure to any one financial institution.

2.23.2 Accounting for derivative financial instruments and hedging activities

Derivative transactions, while providing effective economic hedges under the Group's risk management policies, do not qualify for hedge accounting under the specific rules of AC133. Changes in the fair value of these derivative instruments are recognised immediately in the income statement. The fair values of various derivative instruments used for hedging purposes are disclosed in note 38.

2.23.3 Fair value estimation

The fair value of forward foreign exchange contracts is determined using forward exchange market rates at the balance sheet date. In assessing the fair value of non-traded derivatives and other financial instruments, the Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Quoted market prices or dealer quotes for specific or similar instruments are used for long-term debt. Other techniques, such as option pricing models and estimated discounted value of future cash flows, are used to determine fair value for the remaining financial instruments.

For financial assets and liabilities with a maturity of less than one year, the face values less any estimated credit adjustments, are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate available to the Group for similar financial instruments.

2.24 Earnings per ordinary share

Attributable earnings per ordinary share is calculated using the weighted average number of ordinary shares in issue during the period and is based on the net profit attributable to ordinary shareholders.

Headline earnings per ordinary share is calculated using the weighted average number of ordinary shares in issue during the period and is based on the earnings attributable to ordinary shareholders, after excluding those items as required by Accounting Issues Task Force opinion AC306 including Circular 7/2002.

2.25 Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentation and accounting policies during the year (note 13, 16, 20).

Group

Income statement

for the year ended 31 March 2004

	Note	2004 Rm	2003 restated Rm
Revenue	2	23 871	19 405
Cost of sales		(9 659)	(8 321)
Gross profit		14 212	11 084
Operating expenses – net of other operating income		(8 204)	(7 347)
Profit from operations	3	6 008	3 737
Finance income	4	144	129
Finance costs	5	(748)	(957)
Share of results of associates	11	9	1
Profit before tax		5 413	2 910
Income tax expense	6	(1 101)	(687)
Profit after tax		4 312	2 223
Minority interest	19	(612)	(289)
Net profit		3 700	1 934
Earnings per ordinary share (cents)			
– attributable	7	223,6	117,4
– basic headline	7	263,7	151,1
– adjusted headline	7	253,1	143,3

Group
Balance sheet
at 31 March 2004



	Note	2004 Rm	2003 restated Rm
ASSETS			
Non-current assets		23 357	22 854
Property, plant and equipment	8	11 042	9 374
Goodwill	9	9 753	10 298
Intangible assets	10	1 646	2 263
Investments in associates	11	33	40
Investment	12	302	375
Originated loans	13	225	331
Deferred tax assets	14	356	173
Current assets		8 643	5 303
Inventories	15	515	435
Receivables and prepayments	16	2 791	2 728
Taxation prepaid		1	3
Cash at bank and on hand	25	3 648	1 551
Securitised cash deposits	25	1 688	586
Total assets		32 000	28 157
SHAREHOLDERS' EQUITY			
Ordinary shares and share premium	17	14 178	14 083
Retained earnings		7 174	3 493
Other reserves	18	(1 504)	(520)
Share capital and reserves		19 848	17 056
Minority interest	19	1 418	882
Total equity		21 266	17 938
LIABILITIES			
Non-current liabilities		4 376	4 056
Borrowings	20	3 710	3 249
Deferred tax liabilities	14	666	807
Current liabilities		6 358	6 163
Trade and other payables	21	4 787	3 962
Provisions	22	189	191
Current tax liabilities		943	410
Borrowings	20	334	1 394
Bank overdraft	20, 25	105	206
Total liabilities		10 734	10 219
Total equity and liabilities		32 000	28 157

Group

Statement of changes in equity

for the year ended 31 March 2004

	Note	Share capital Rm	Share premium Rm	Treasury shares Rm	Retained earnings Rm	Other reserves Rm	Total Rm
Balance at 31 March 2002		*	13 942	–	1 568	406	15 916
Change in accounting policy – share trust	39	–	–	(7)	(5)	–	(12)
Restated balance at 1 April 2002		*	13 942	(7)	1 563	406	15 904
Net profit		–	–	–	1 934	–	1 934
Transfers between reserves		–	–	–	(4)	4	–
Issue of share capital		*	148	–	–	–	148
Currency translation differences		–	–	–	–	(930)	(930)
Balance at 31 March 2003		*	14 090	(7)	3 493	(520)	17 056
Change in accounting policy – AC133	39	–	–	–	(15)	–	(15)
Restated balance at 1 April 2003		*	14 090	(7)	3 478	(520)	17 041
Net profit		–	–	–	3 700	–	3 700
Transfers between reserves		–	–	–	(4)	4	–
Issue of share capital		*	94	1	–	–	95
Currency translation differences		–	–	–	–	(988)	(988)
Balance at 31 March 2004		*	14 184	(6)	7 174	(1 504)	19 848
Note		17	17	17		18	

* Amounts less than R1 million

Group
Cash flow statement
for the year ended 31 March 2004



	Note	2004 Rm	2003 restated Rm
Cash flows from operating activities			
Cash received from customers		23 458	18 668
Cash paid to suppliers and employees		(13 431)	(11 855)
Cash generated from operations	23	10 027	6 813
Interest received	4	125	116
Interest paid	5	(634)	(852)
Tax paid	24	(921)	(684)
Net cash generated from operating activities		8 597	5 393
Cash flows from investing activities			
Purchase of property, plant and equipment	8	(5 048)	(3 919)
– to expand operations		(4 857)	(3 809)
– to maintain operations		(191)	(110)
Proceeds from sale of property, plant and equipment		3	15
Proceeds from associates, other investments and advances		7	–
Increase of interest in joint venture		(7)	–
Proceeds from reduction of interest in subsidiary		117	–
Purchase of other intangible assets		–	(20)
Interest received	4	14	13
Proceeds from other loans and advances		16	–
Purchase of investment		–	(480)
Net cash used in investing activities		(4 898)	(4 391)
Cash flows from financing activities			
Proceeds from issue of ordinary shares	17	31	–
Proceeds from borrowings		202	187
Net cash generated from financing activities		233	187
Net increase in cash and cash equivalents		3 932	1 189
Effect of exchange rate changes		(632)	(492)
Cash and cash equivalents at beginning of year		1 931	1 234
– as per prior year		1 931	1 230
– effect of consolidating the share trust		–	4
Cash and cash equivalents at end of year	25	5 231	1 931

Group

Notes to the annual financial statements

for the year ended 31 March 2004

	South Africa Rm	Rest of Africa Rm	Other Rm	Consolidated Rm
1. GEOGRAPHIC SEGMENTS				
2004				
REVENUE				
External sales	15 184	8 687	–	23 871
Total revenue	15 184	8 687	–	23 871
EBITDA	4 522	4 461	–	8 983
Depreciation	(1 231)	(973)	–	(2 204)
Amortisation of intangible assets	(17)	(155)	–	(172)
Goodwill amortisation	(2)	(1)	(596)	(599)
Finance costs	(130)	(618)	–	(748)
Finance income	91	53	–	144
Share of profits of associates	9	*	–	9
Income tax expense	(998)	(103)	–	(1 101)
Minority interest	–	(612)	–	(612)
Net profit (loss)	2 244	2 052	(596)	3 700
BALANCE SHEET				
Assets				
Non-current assets	4 921	8 708	9 728	23 357
Tangible assets	4 741	6 301	–	11 042
Intangible assets (including goodwill)	66	1 605	9 728	11 399
Other non-current assets	114	802	–	916
Current assets	4 674	3 969	–	8 643
Bank balances and security cash deposits	2 323	3 013	–	5 336
Other current assets	2 351	956	–	3 307
Total assets	9 595	12 677	9 728	32 000
Capital, reserves and minority interest	5 282	6 256	9 728	21 266
Non-current liabilities	911	3 465	–	4 376
Long-term liabilities	332	3 378	–	3 710
Deferred taxation	579	87	–	666
Current liabilities	3 402	2 956	–	6 358
Non-interest-bearing liabilities	3 284	2 635	–	5 919
Interest-bearing liabilities	118	321	–	439
Total equity and liabilities	9 595	12 677	9 728	32 000
CASH FLOW INFORMATION				
Net cash generated by operations	4 873	5 154	–	10 027
Net finance cost	(54)	(455)	–	(509)
Taxation paid	(809)	(112)	–	(921)
Cash inflows from operating activities	4 010	4 587	–	8 597
Acquisitions of property, plant and equipment	(1 073)	(3 975)	–	(5 048)
Other investing activities	(800)	128	822	150
Cash (outflows) inflows from investing activities	(1 873)	(3 847)	822	(4 898)
Cash (outflows) inflows from financing activities	(351)	1 406	(822)	233
Net movement in cash and cash equivalents	1 786	2 146	–	3 932
Average number of employees for the year	3 142	2 248	–	5 390

* Amounts less than R1 million



	South Africa Rm	Rest of Africa Rm	Other Rm	Consolidated Rm
1. GEOGRAPHIC SEGMENTS (continued)				
2003				
REVENUE				
External sales	12 496	6 972	–	19 468
Intra-segment	(63)	–	–	(63)
Total revenue	12 433	6 972	–	19 405
<i>Intra-segment sales are based on cost plus an appropriate margin</i>				
EBITDA	3 375	2 842	–	6 217
Depreciation	(1 044)	(607)	–	(1 651)
Amortisation of intangible assets	(20)	(213)	–	(233)
Goodwill amortisation	(2)	(1)	(593)	(596)
Finance costs	(255)	(702)	–	(957)
Finance income	96	33	–	129
Share of profits (losses) of associates	3	(2)	–	1
Income tax expense	(692)	5	–	(687)
Minority interest	–	(289)	–	(289)
Net profit (loss)	1 461	1 066	(593)	1 934
BALANCE SHEET				
Assets				
Non-current assets	5 109	7 440	10 305	22 854
Tangible assets	4 902	4 472	–	9 374
Intangible assets (including goodwill)	75	2 181	10 305	12 561
Other non-current assets	132	787	–	919
Current assets	2 627	2 676	–	5 303
Bank balances and security cash deposits	637	1 500	–	2 137
Other current assets	1 990	1 176	–	3 166
Total assets	7 736	10 116	10 305	28 157
Capital, reserves and minority interest	3 778	3 855	10 305	17 938
Non-current liabilities	1 438	2 618	–	4 056
Long-term liabilities	719	2 530	–	3 249
Deferred taxation	719	88	–	807
Current liabilities	2 520	3 643	–	6 163
Non-interest bearing liabilities	2 265	2 298	–	4 563
Interest-bearing liabilities	255	1 345	–	1 600
Total equity and liabilities	7 736	10 116	10 305	28 157
CASH FLOW INFORMATION				
Net cash generated by operations	3 787	3 026	–	6 813
Net finance cost	(172)	(564)	–	(736)
Taxation paid	(644)	(40)	–	(684)
Cash inflows from operating activities	2 971	2 422	–	5 393
Acquisitions of property, plant and equipment	(692)	(3 227)	–	(3 919)
Other investing activities	(922)	(470)	920	(472)
Cash (outflows) inflows from investing activities	(1 614)	(3 697)	920	(4 391)
Cash (outflows) inflows from financing activities	(1 307)	2 414	(920)	187
Net movement in cash and cash equivalents	50	1 139	–	1 189
Average number of employees for the year	3 146	1 912	–	5 058

The results of the satellite telecommunications segment have not been analysed as they are not considered material to the Group's financial statements as a whole.

Group
Notes to the annual financial statements continued
for the year ended 31 March 2004

	2004 Rm	2003 Rm
2. REVENUE		
Wireless telecommunications:	21 564	17 241
– Airtime and subscription fees	15 827	12 183
– Interconnect	5 030	4 400
– Connection fees	707	658
Cellular telephones and accessories	1 962	1 911
Other	257	135
Satellite communications	88	118
	23 871	19 405
3. PROFIT FROM OPERATIONS		
The following items have been included in arriving at profit from operations:		
Auditors' remuneration:	44	26
– Audit fees	8	7
– Fees for other services	36	19
– Expenses	*	*
Directors' emoluments:	36	37
– Services as director	33	34
– Directors' fees	3	3
– Other expenses	*	–
Operating lease rentals:	205	293
– Property	152	252
– Equipment and vehicles	53	41
Loss on disposal of property, plant and equipment (note 23)	8	19
Impairment (reversal) charge on inventories (note 15)	(32)	58
Impairment charge on trade receivables (note 16)	199	289
Depreciation (note 8, 23):	2 204	1 651
– Buildings:		
Owned	54	52
Leased	15	10
– Leasehold improvements	58	45
– Network infrastructure	1 732	1 278
– Information systems, furniture and office equipment	315	244
– Vehicles	30	22
Amortisation of intangible assets (note 10, 23):	172	233
– Licence fees	160	219
– Other	12	14

* Amounts less than R1 million



	2004 Rm	2003 Rm
3. PROFIT FROM OPERATIONS (continued)		
Amortisation of goodwill (note 9, 23)	599	596
Staff costs:	1 096	964
– Wages and salaries	981	887
– Pension costs – defined contribution plans	54	48
– Other	61	29
Average number of employees	5 390	5 058
Fees paid for services:	435	445
– Administrative	91	68
– Management	74	54
– Professional	183	169
– Secretarial	3	–
– Technical	84	154
Impairment (reversed) raised against loan arising on disposal of 20% of MTN Cameroon to reflect net asset value (note 23)	(9)	49
Gain on disposal of 20% shareholding in MTN Cameroon (note 23)	–	(91)
Loss on disposal of 4,5% interest in MTN Nigeria (note 23)	72	–
Impairment of interest in associates (note 11, 23)	4	–
Impairment charge on property, plant and equipment (note 8, 23)	–	15
Net foreign exchange (gains) losses from trading activities	(6)	48
Repairs and maintenance expenditure on property, plant and equipment	415	285
Analysis of operating expenses by function		
Administration, marketing and network	(5 862)	(5 148)
Sales and distribution	(2 342)	(2 199)
	(8 204)	(7 347)

Group

Notes to the annual financial statements *continued* for the year ended 31 March 2004

	2004 Rm	2003 Rm
4. FINANCE INCOME		
Interest income	128	129
Foreign exchange transaction gains	16	–
	144	129
<i>Reconciliation of interest received to finance income</i>		
Interest received (operating activities)	125	116
Interest received (investing activities)	14	13
Fair value adjustments	5	–
	144	129
5. FINANCE COSTS		
Interest expense – borrowings	(487)	(612)
Interest expense – finance leases	(37)	(20)
Foreign exchange transaction losses	(224)	(325)
	(748)	(957)
<i>Reconciliation of interest paid to finance cost</i>		
Interest paid (operating activities)	(634)	(852)
Unrealised exchange loss related to international sinking fund policy	(72)	(105)
Unrealised foreign exchange transaction losses and gains	(42)	–
	(748)	(957)

	2004 Rm	2003 Rm
6. INCOME TAX EXPENSE		
Current tax		
Normal tax	(1 343)	(789)
Current year	(1 343)	(781)
Prior year under provision	*	(4)
Secondary tax on companies	–	(4)
Foreign tax		
Foreign income and withholding tax	(119)	(77)
Deferred tax (note 14)	361	179
Current year	361	179
	(1 101)	(687)

South African normal taxation is calculated at 30% (2003: 30%) of the estimated taxable income for the year. Taxation for foreign jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

MTN Mauritius has been deemed to be South African resident for tax purposes by the South African Revenue Services. Consequently, the foreign exchange gains and losses on that entity's US\$ denominated borrowings have been brought into account for the purposes of calculating the entity's corporate tax liability, as required by the provisions of the South African Income Tax Act.

Tax losses

The Group has tax losses of R6 million (2003: R80 million) to carry forward against future taxable income. R2 million (2003: R10 million) has been recognised as a deferred tax asset.

Tax rate reconciliation

The charge for the year can be reconciled to the effective rate of taxation in South Africa as follows:

	2004 %	2003 %
Tax at standard rate	30,0	30,0
Expenses not deductible for tax purposes	5,2	10,2
Utilisation of previously unrecognised tax losses	–	(4,3)
Effect of different tax rates in other countries	0,4	0,3
Income not subject to tax	(0,2)	(0,1)
Effect of pioneer status/tax credit granted	(19,1)	(14,1)
Withholding taxes	1,4	–
Effect of foreign dividends	0,8	–
Other	1,8	1,6
	20,3	23,6

* Amounts less than R1 million

Group

Notes to the annual financial statements *continued*

for the year ended 31 March 2004

7. EARNINGS PER ORDINARY SHARE

The calculation of attributable earnings per ordinary share is based on net profit for the year of R3 700 million (2003: R1 934 million), and weighted average number of shares of 1 654 380 353 (2003: 1 646 933 535) ordinary shares in issue (excluding treasury shares).

The calculation of basic and adjusted headline earnings per ordinary share is based on basic headline earnings of R4 362 million (2003: R2 488 million) and adjusted headline earnings of R4 188 million (2003: R2 360 million) respectively, and weighted average number of shares of 1 654 380 353 (2003: 1 646 933 535) ordinary shares in issue (excluding treasury shares).

The calculation of diluted attributable, basic headline and adjusted headline earnings per ordinary share is based on the respective earnings as indicated above, and the weighted average of 1 681 045 602 (2003: 1 665 103 996) fully diluted ordinary shares in issue (excluding treasury shares) during the year. The number of fully diluted ordinary shares has been calculated by taking into account ordinary shares that will be in issue in respect of the MTN Holdings convertible debentures and outstanding MTN Group share options.

	2004 Rm	2003 Rm
Reconciliation between net profit and headline earnings		
Net profit for the year	3 700	1 934
<i>Add (Less):</i>		
Goodwill amortisation	599	596
Loss on disposal of 4,5% in MTN Nigeria	72	–
Gain on disposal of 20% shareholding in MTN Cameroon	–	(91)
Impairment (reversal) raised against loan arising on disposal of MTN Cameroon	(9)	49
Basic headline earnings	4 362	2 488
<i>Less: Adjustment</i>		
Reversal of deferred tax asset (note 14)	(174)	(128)
Adjusted headline earnings	4 188	2 360
Earnings per ordinary shares (cents)		
– Attributable	223,6	117,4
– Basic headline	263,7	151,1
– Adjusted headline	253,1	143,3
Diluted earnings per share (cents)		
– Attributable	220,1	116,1
– Basic headline	259,5	149,4
– Adjusted headline	249,1	141,7



	Owned					Leased	
	Land and buildings Rm	Leasehold improvements Rm	Network infrastructure Rm	Information systems, furniture and office equipment Rm	Vehicles Rm	Land and buildings (note 31) Rm	Total Rm
8. PROPERTY, PLANT AND EQUIPMENT							
8.1 Analysis of net book amount							
Year ended 31 March 2004							
Cost	677	234	14 450	1 601	106	316	17 384
Accumulated depreciation	(113)	(124)	(5 027)	(999)	(54)	(25)	(6 342)
Net book amount	564	110	9 423	602	52	291	11 042
Year ended 31 March 2003							
Cost	505	155	11 600	1 380	92	316	14 048
Accumulated depreciation	(85)	(67)	(3 747)	(728)	(37)	(10)	(4 674)
Net book amount	420	88	7 853	652	55	306	9 374
8.2 Movement in net book amount							
Year ended 31 March 2004							
Opening net book amount	420	88	7 853	652	55	306	9 374
Additions	274	98	4 302	333	41	–	5 048
Disposals	–	(1)	(8)	(1)	(1)	–	(11)
Depreciation charge	(54)	(58)	(1 732)	(315)	(30)	(15)	(2 204)
Exchange differences	(76)	(17)	(992)	(67)	(13)	–	(1 165)
Closing net book amount	564	110	9 423	602	52	291	11 042
Year ended 31 March 2003							
Opening net book amount	380	79	7 096	707	60	–	8 322
Additions	190	74	3 301	316	38	316	4 235
Disposals	(1)	–	(29)	(2)	(2)	–	(34)
Impairment charge*	–	–	(15)	–	–	–	(15)
Depreciation charge	(52)	(45)	(1 278)	(244)	(22)	(10)	(1 651)
Exchange differences	(97)	(20)	(1 222)	(125)	(19)	–	(1 483)
Closing net book amount	420	88	7 853	652	55	306	9 374

Registers with details of land and buildings are available for inspection by members or their duly authorised representative at the registered offices of the Company and its respective subsidiaries.

* An impairment charge has been recognised against the radio network infrastructure related to Orbicom's Ghanaian operations (2003).

Group

Notes to the annual financial statements *continued*

for the year ended 31 March 2004

8. PROPERTY, PLANT AND EQUIPMENT (continued)

8.3 Encumbrances

MTN Nigeria

Loans to MTN Nigeria are secured by a fixed charge over the company's moveable assets, the book value of which is R4 777 million (note 20).

MTN Cameroon

The International Amortising Senior Debt Facility ("IASDF") and Domestic Amortising Senior Debt Facility ("DASDF") are secured by a notarial bond over MTN Cameroon's land to the value of R11,9 million (2003: R13,4 million) (note 20).

MTN Rwanda

The syndicated loan acquired from four local banks and the BPC Loan are secured by a floating charge on MTN Rwanda's property, plant and equipment, the book value of which is R45,4 million (2003: R45 million) (note 20).

MTN Uganda

In terms of the Project Co-ordination and Inter-creditor Agreement, MTN Uganda has provided a first fixed charge totalling R143,2 million (2003: R102,6 million) over its property, plant and equipment as security for a syndicated loan made to MTN Uganda by various banks and financial institutions (note 20).

MTN Swaziland

Loans from Swazi Empowerment Limited and the Swaziland Industrial Development Corporation are secured by notarial bonds over MTN Swaziland's moveable assets including the network and information system infrastructure, the book value of which is R45 million (2003: R42 million) (note 20).

	2004 Rm	2003 Rm
9. GOODWILL		
Cost		
Balance at beginning of year	11 897	11 806
Increase in interest in joint venture	16	–
Arising on purchase of MTN Holdings shares	40	96
Translation differences	(2)	(5)
Balance at end of year	11 951	11 897
Accumulated amortisation		
Balance at beginning of year	(1 599)	(999)
Amortisation charge	(599)	(596)
Translation differences	*	(4)
Balance at end of year	(2 198)	(1 599)
Carrying amount		
Balance at end of year	9 753	10 298

* Amounts less than R1 million



	Licences Rm	Other intangible assets Rm	Total Rm
10. INTANGIBLE ASSETS			
Year ended 31 March 2004			
Cost	2 094	55	2 149
Accumulated amortisation	(479)	(24)	(503)
Net book amount	1 615	31	1 646
Year ended 31 March 2003			
Cost	2 622	56	2 678
Accumulated amortisation	(402)	(13)	(415)
Net book amount	2 220	43	2 263
The movement in the net book amount of intangible assets is comprised as follows:			
Year ended 31 March 2004			
Opening net book amount	2 220	43	2 263
Amortisation charge	(160)	(12)	(172)
Exchange differences	(445)	–	(445)
Closing net book amount	1 615	31	1 646
Year ended 31 March 2003			
Opening net book amount	3 560	125	3 685
Additions	–	35	35
Reclassification	–	(94)**	(94)
Amortisation charge	(219)	(14)	(233)
Exchange differences	(1 121)	(9)	(1 130)
Closing net book amount	2 220	43	2 263

The Ugandan Communications Commission has granted consent for the licences of MTN Uganda to be used as security for the syndicated loan made by various banks and financial institutions (note 20).

Included in closing net book amount is the licence relating to MTN Nigeria of R1 202 million (2003: R1 712 million) which has been provided as security against borrowings (note 20). The balance relates to licences in South Africa, Cameroon, Uganda and Swaziland.

Other intangible assets consist primarily of subscriber bases acquired.

** Loan arrangement costs have been reclassified against the relevant loans to which they relate.

	2004 Rm	2003 Rm
11. INVESTMENTS IN ASSOCIATES		
Balance at beginning of year	40	39
Impairment (note 3)	(4)	–
Share of results after tax	9	1
Repayment of loan	(7)	–
Goodwill amortisation	(*)	(*)
Dividends	(5)	–
Balance at end of year	33	40

There are no significant contingent liabilities relating to the Group's interest in associates.

* Amounts less than R1 million

Group

Notes to the annual financial statements *continued*

for the year ended 31 March 2004

	2004 Rm	2003 Rm
12. INVESTMENT		
<i>Financial instruments held at fair value (through net income)</i>		
International sinking fund policy	302	375

MTN International invested an amount of R500 million into an international sinking fund policy with a major financial services institution in South Africa. The accumulated foreign exchange losses incurred upon translating the investment to rands at the ruling spot rate at balance sheet date, together with the initial costs, amounted to R198 million (2003: R125 million), which have been charged to the income statement. The term is five years commencing on the inception date (24 October 2002). From time to time, the portfolio of assets in the investment can be restructured so as to include listed shares in offshore companies on recognised bourses, listed bonds on recognised bourses and investments in various cash instruments and bank deposits.

	2004 Rm	2003 Rm
13. ORIGINATED LOANS		
Loans to employees in respect of share incentive scheme (note 13.1)	7	33
Loan in respect of restraint of trade agreement	21	24*
Loan to minorities in MTN Nigeria (note 13.2)	94	142
Loan to Broadband Limited (note 13.3):	103	132
– Loan	144	165
– Less: impairment of loan	(41)	(33)
	225	331

13.1 Loans are granted to participants to assist in the funding of the scheme debentures. The loans are secured against 188 917 (2003: 1 639 042) debentures, and bear interest at a variable rate ranging between 9% and 14,5% per annum (2003: 11,25% and 13,25% per annum). Loans are repayable once employees sell their shares.

13.2 Loans by MTN Mauritius to minority shareholders of MTN Nigeria are US\$ denominated and interest free. The amount consists of two loans:
 Loan 1: US\$7,7 million. The loan is repayable by 1 July 2006 out of shareholder distributions to which the borrower is entitled in respect of the shares acquired from the proceeds of the loan.
 Loan 2: US\$6,3 million. There is no fixed repayment date. The loan is repayable out of all shareholder distributions to which the borrower is entitled.

13.3 The disposal of a 30% shareholding by MTN Mauritius in MTN Cameroon was effected in two tranches:

20% tranche

This was funded by two loans:

- Loan 1: US\$4,5 million is interest free and repayable on 31 December 2010 out of 80% of the borrower's entitlement to shareholder distributions.
 Loan 2: US\$15,2 million attracting interest at LIBOR plus 6% per annum which will be capitalised bi-annually. The loan is repayable by 31 December 2010 out of 80% of the borrower's entitlement to shareholder distributions.

10% tranche

The US\$ denominated loan amounting to US\$10,1 million is repayable at the higher of (i) 10% of the net realisable value of MTN Cameroon if on sold by the purchaser; and (ii) US\$10,1 million plus interest at LIBOR plus 6% per annum. If dividends are declared, an interest charge equal to the dividends will be levied.

As the Group still retains beneficial interest in this 10% stake, the Group's financial statements include 80% of the results of MTN Cameroon.

The minority shareholders in MTN Nigeria and MTN Cameroon have provided their shares in the respective companies as security for the above loans.

* To achieve better presentation, loans were reclassified from receivables and prepayments (R10 million) and borrowings (R14 million) (notes 16, 20)

	1 April 2002 Rm	Charged to income statement Rm	Charged to equity Rm	31 March 2003 Rm	Charged to income statement Rm	Charged to equity Rm	31 March 2004 Rm
14. DEFERRED INCOME TAXES							
Movement							
Deferred tax liabilities							
Tax allowances over book depreciation	861	50	(44)	867	(50)	(16)	801
Temporary differences	35	(18)	(38)	(21)	89	2	70
Working capital allowances	8	(47)	–	(39)	(166)	–	(205)
	904	(15)	(82)	807	(127)	(14)	666
Deferred tax assets							
Provisions and other temporary differences	(39)	(3)	–	(42)	(9)	–	(51)
Tax loss carried forward	(3)	–	–	(3)	1	–	(2)
MTN Nigeria deferred tax asset	–	(161)	33	(128)	(226)	51	(303)
	(42)	(164)	33	(173)	(234)	51	(356)
	862	(179)	(49)	634	(361)	37	310

The Group's subsidiary in Nigeria has been granted a five-year income tax holiday from date of approval. Furthermore, all capital allowances arising during this five-year period may be carried forward and claimed as deductions against taxable income from the sixth year of operations onwards. A deferred tax asset of R175 million (2003: R128 million) relating to these deductible temporary differences has been recognised as at 31 March 2004 in terms of the South African Statement of Generally Accepted Accounting Practice – AC102 Income Taxes. A deferred tax asset is raised where it is probable that future profits will be generated in order to utilise the deductible temporary differences.

As previously disclosed, although the Group has complied with the requirements of AC102 in this regard, the Board of Directors has reservations about the appropriateness of this treatment in view of the fact that no cognisance may be taken in determining the value of such deferred tax asset for uncertainties arising out of the effects of the time value of money or future foreign exchange movements.

The Board therefore resolved to report adjusted headline earnings (negating the effect of the deferred tax asset) in addition to basic headline earnings, to more fully reflect the Group's results for the period.

Group
Notes to the annual financial statements continued
for the year ended 31 March 2004

	2004 Rm	2003 Rm
15. INVENTORIES		
<i>At cost</i>		
Finished goods (handsets, SIM cards and accessories)*	512	483
Consumable stores and maintenance spares	22	17
Work in progress	16	13
Less: Provision for impairment of inventories	(35)	(78)
	515	435

	At beginning of year Rm	Additions Rm	Utilised/ unused Rm	Exchange differences Rm	At end of year Rm
Impairment movement					
Year ended 31 March 2004					
Movement in provision for impairment of inventories	(78)	–	32	11	(35)
Year ended 31 March 2003					
Movement in provision for impairment of inventories	(23)	(88)	30	3	(78)

* Included in inventory are amounts of R141,5 million encumbered by borrowings relating to MTN Nigeria and a notarial bond relating to MTN Swaziland of R1,8 million (2003: R1,6 million) (note 20).

	2004 Rm	2003 Rm
16. RECEIVABLES AND PREPAYMENTS		
Trade receivables	2 630	2 446
Less: Provision for impairment of trade receivables	(572)	(429)
	2 058	2 017
Sundry debtors and prepayments	733	711**
	2 791	2 728

** An amount of R10 million in respect of restraint of trade agreements was classified to originated loans (note 13).

	At beginning of year Rm	Additions Rm	Utilised/ unused Rm	Exchange differences Rm	At end of year Rm
16. RECEIVABLES AND PREPAYMENTS (continued)					
Impairment movement					
Year ended 31 March 2004					
Movement in provision for impairment of trade receivables	(429)	(199)	–	56	(572)
Year ended 31 March 2003					
Movement in provision for impairment of trade receivables	(318)	(289)	128	50	(429)

MTN Cameroon entered into a financing arrangement with Standard Chartered Bank ("SCB") whereby it transferred receivables amounting to R57 million to SCB in exchange for cash. SCB will collect this amount directly from the third party debtor and these receivables were accordingly de-recognised from the balance sheet.

MTN Nigeria's external borrowings are secured by a fixed charge over the company's trade receivables, the book value of which is R537,9 million (note 20).

	2004 Rm	2003 Rm
17. ORDINARY SHARES AND SHARE PREMIUM		
Ordinary share capital		
<i>Authorised share capital</i>		
2 500 000 000 ordinary shares of 0,01 cent each	*	*
<i>Issued and fully paid-up share capital</i>		
1 658 802 355 (2003: 1 652 057 646) ordinary shares of 0,01 cent each	*	*
Share premium		
Balance at beginning of year	14 090	13 942
Arising on the issue of shares during the year (net of share issue expenses)	94	148
Balance at end of year	14 184	14 090
Treasury shares		
Balance at beginning of year	(7)	(7)
Reduction in treasury shares	1	*
Balance at end of year	(6)	(7)
Total ordinary shares and share premium	14 178	14 083

The directors are authorised, by resolution of the shareholders and until the forthcoming annual general meeting, to dispose of unissued shares for any purpose and upon such terms and conditions as they see fit.

* Amounts less than R1 million

Group
Notes to the annual financial statements continued
for the year ended 31 March 2004

	2004 Rm	2003 Rm
18. OTHER RESERVES		
Non-distributable reserves		
Balance at beginning of year	(520)	406
Translation difference of foreign subsidiaries	(988)	(930)
Transfer from retained earnings	4	4
Balance at end of year	(1 504)	(520)
<i>Consisting of:</i>		
Contingency reserve (as required by insurance regulations)	16	13
Statutory reserve (as required by Rwandan legislation)	7	6
Translation difference of foreign subsidiaries	(1 527)	(539)
	(1 504)	(520)
A statutory contingency reserve has been created in terms of the Short-term Insurance Act, 1988. Transfers to the contingency reserve are treated as appropriation of income, and the balance of the reserve is disclosed in the balance sheet as a non-distributable reserve, forming part of shareholders' funds. On dissolution of the special purpose entities to which these reserves relate, they will become available for distribution.		
	2004 Rm	2003 Rm
19. MINORITY INTEREST		
Balance at beginning of year	882	820
Increase in minorities due to reduction in stake in MTN Cameroon	–	130
Increase in minorities due to reduction in stake in MTN Nigeria	208	6
Share of net profit of subsidiaries	612	289
Foreign exchange movements	(284)	(363)
Balance at end of year	1 418	882
20. BORROWINGS		
Unsecured		
MTN Holdings		
<i>Debenture liability</i>		
188 917 (2003: 1 639 042) unsecured variable rate compulsorily convertible debentures of R9,95, R13,11, R36,43 and R84,41 each, bearing interest at a rate not less than the "official rate of interest" according to the South African Revenue Service (effective interest rate of 11,55% per annum) (2003: 14,5% per annum). In terms of the MTN Staff Incentive Scheme, these debentures will either be redeemed by MTN Holdings at a premium or converted into MTN Holdings shares on a one for one basis, which will then be exchanged for MTN Group shares in terms of a formula to be agreed upon by the Boards of the respective companies.	8	36
MTN Service Provider		
Various composite short-term facilities, bearing interest at rates determined by the nature of each specific drawdown instrument, but essentially linked to the BA rate. Interest rates over the year varied between 8,5% and 14% per annum (2003: between 11% and 15% per annum).	104	191

	2004 Rm	2003 Rm
20. BORROWINGS (continued)		
Unsecured (continued)		
MTN Group		
<i>Overdraft</i>		
Facility bearing interest at a variable rate between 11% and 15% per annum	–	7
MTN Holdings and MTN South Africa		
Various composite facilities, bearing interest at rates determined by the nature of each specific drawdown instrument, but linked to the BA rate. Interest rates varied between 8,5% and 14% per annum during the year (2003: 11% and 15% per annum). Facilities mature in 366 days on notice.	*	396
Orbicom		
<i>Loan</i>		
Loan repaid in 12 equal instalments commenced 1 June 2003, bearing no interest.	–	2
<i>Overdraft</i>		
Facility bearing interest at prime (effective rate 17% per annum)	–	5
MTN Rwanda		
<i>Overdraft</i>		
Facility bearing interest at a variable rate, effective rate of 15,5% per annum.	1	–
MTN Swaziland		
<i>Standard Bank Swaziland Limited</i>		
The loan attracts a floating interest rate of prime less 0,25% per annum (effective rate of 10,87% per annum) (2003: 16,25% per annum) and will be repaid by April 2006.	3	9
MTN Uganda		
<i>SIDA Bond</i>		
Commercial paper issue of UGS 12,5 billion facility guaranteed by SIDA, bearing interest at the 182-day Ugandan treasury bill rate plus 1% per annum (effective rate of 21,49% per annum) (2003: 15,9% per annum). This loan is made up of 3 tranches and is repayable semi-annually with tranche 1 maturing in September 2005 and tranches 2 and 3 maturing in December 2005.	7	13
<i>European Investment Bank</i>		
Facility of EURO 3,5 million bearing interest at a composite rate of 8,48% per annum and repayable semi-annually from February 2002 until August 2009.	–	15
<i>Stanbic Bank Uganda</i>		
Short-term facility of US\$ 1,5 million bearing interest at LIBOR plus 2% per annum (effective rate of 3,3% per annum) and repayable on demand.	–	6

* Amounts less than R1 million

Group

Notes to the annual financial statements *continued*

for the year ended 31 March 2004

	2004 Rm	2003 Rm
20. BORROWINGS (continued)		
Unsecured (continued)		
MTN Cameroon		
<i>Government of Cameroon</i>		
Loan of CFA 10,6 billion arising on incorporation of MTN Cameroon. Although the terms of the loan are still under negotiation, the original terms require that the repayments be made six monthly beginning on 31 May 2002 until 30 November 2007 except the CFA 1,4 billion access fee loan which is to be repaid quarterly over one year. The annual interest rate is fixed at 7,88% per annum except for the access fee loan which bears no interest.	123	138
MTN Mauritius		
<i>Syndicated revolving loan</i>		
Facility arranged by Standard Bank London Limited and Sumitomo Mitsui Banking Corporation Europe Limited of US\$250 million, bearing interest at LIBOR plus 1,75% per annum (effective rate of 2,85% per annum) (2003: 3,1% per annum). This loan is repayable in five instalments of US\$40 million every six months, starting in September 2004 with a final instalment of US\$50 million in March 2007. MTN Holdings and other MTN Group entities have provided cross guarantees for this loan facility.	1 008	1 928
Total unsecured loans	1 254	2 746
Secured		
MTN Holdings		
<i>Rand Merchant Bank</i>		
Facility bearing interest at 13,92% per annum payable bi-annually with capital repayable on 31 January 2006. The loan is secured by a cession of the life endowment policies of key personnel.	24	24*
<i>14th Avenue Finance Lease</i>		
Finance lease obligation capitalised at an effective rate of 11,7 % per annum. The lease term is ten years with eight years to run, with renewal options of 20 years in total, and instalments are payable monthly. The book value of the underlying property is R291 million (2003: R306 million) (note 8, 31).	314	315
MTN Swaziland		
<i>Swazi Empowerment Limited</i>		
Facility bearing interest at prime less 2% per annum (2003: effective interest rate of 14,5% per annum), repayable in October 2002 and secured by second notarial bond over all moveable assets (note 8, 15).	—	4
<i>Swazi Industrial Corporation</i>		
Facility bearing interest at prime plus 2% per annum with a minimum and maximum of 12% and 22% per annum respectively, effective interest rate of 12,14% per annum (2003: 18,5% per annum), repayable monthly and secured by first notarial bond over all moveable assets (note 8, 15).	2	4

* An amount of R14 million previously offset against this loan has been reclassified to originated loans (note 13).



	2004 Rm	2003 Rm
20. BORROWINGS (continued)		
Secured (continued)		
MTN Uganda		
<i>Principal project loan</i>		
Facility of UGS 18 billion bearing interest at prime less 1% per annum (effective rate of 18% per annum) (2003: 14,5% per annum) based on the weighted average of bank prime and repayable quarterly from December 2000 to September 2004.	4	14
<i>Development Finance Company of Uganda</i>		
Facility of UGS 453 million bearing interest at prime less 1% per annum (effective rate of 15,5% per annum) (2003: 14,5% per annum) based on weighted average of bank prime and repayable quarterly from December 2000 to September 2005.	1	2
<i>European Investment Bank</i>		
Loan of US\$4,8 million bearing fixed interest at 7,5% per annum and repayable semi-annually from February 2002 until August 2009.	16	22
<i>Swedfund International</i>		
Subordinated loan of UGS 3 billion bearing no interest and repayable by September 2007. The repayment value will be based on the equity and net operating profit for the three years ending 31 March 2008. Lenders are entitled to a remuneration fee pro-rata to dividends declared to ordinary shareholders. The inherent interest rate applicable to this facility, having considered the estimated repayment instalment, equates to 16,0% per annum.	10	10
<i>Nordic Development Fund</i>		
Subordinated loan of UGS 3 billion bearing no interest, repayable in September 2007. The repayment value will be based on the equity and net operating profit for the three years ending 31 March 2008. Lenders are entitled to a remuneration fee pro-rata to dividends declared to ordinary shareholders. The inherent interest rate applicable to this facility, having considered the estimated repayment instalment, equates to 16,0% per annum.	10	10
<i>Stanbic Bank Promissory Note</i>		
Facility of UGS 6 billion bearing interest at 1% less than Stanbic Bank prime rate (effective rate of 16% per annum) repayable monthly with a roll-over option.	10	–
<i>Standard Bank London/LB KIEL Loan</i>		
Facility of US\$10,3 million bearing interest at LIBOR plus 1,25% (effective rate of 2,4% per annum). Facility repayable from May 2003 semi annually in payments of US\$1,9 million with Tranche A maturing in December 2006 and Tranche B maturing in March 2007.	27	–
All of the above MTN Uganda loans participate in the inter-creditor security package comprising of an assignment of the MTN Uganda telecommunication licence, and debentures providing security of R143,2 million (2003: R102,6 million) by means of a first fixed charge in favour of the inter-creditor agent, Stanbic Bank Uganda Limited, over all property, plant and equipment (note 8, 10).		

Group

Notes to the annual financial statements *continued*

for the year ended 31 March 2004

	2004 Rm	2003 Rm
20. BORROWINGS (continued)		
Secured (continued)		
MTN Cameroon		
<i>International Amortising Senior Debt Facility</i>		
Facility of EURO 58,5 million bearing interest at EURIBOR plus 2,25% per annum (effective interest rate of 4,4% per annum) (2003: 4,4% per annum), repayable bi-annually, starting 30 June 2003 and secured against the shares held by MTN Mauritius in MTN Cameroon and a notarial bond over property, plant and equipment to the value of US\$164,2 million (note 8).	335	425
<i>Domestic Amortising Senior Debts Facility</i>		
Facility of CFA 23 billion bearing interest at Taux d'Interets de Appels D'Offres ("TIAO") plus 1,75% per annum (effective rate of 7,93% per annum) (2003: 8,1% per annum), repayable bi-annually, starting 30 June 2003 and secured against the shares held by MTN Mauritius in MTN Cameroon and a notarial bond over property, plant and equipment (note 8).	255	72
A credit enhancement agreement was provided by MTN Holdings which guarantees the obligations of MTN Cameroon under the above facilities in certain circumstances.		
MTN Nigeria		
Overdraft facility, trade finance and commercial paper loan of NGN 19 billion bearing interest at a variable rate benchmarked against the average 30 day, NIBOR (2003: effective rate of 18,8% per annum). The loan is secured against the shares held by MTN Mauritius in MTN Nigeria. In addition, through a negative pledge, MTN Nigeria is restricted from disposing of certain assets outside the ordinary course of the business.	–	1 188
<i>IFC facility</i>		
The facilities comprise a US\$50 million standby guarantee facility from the International Finance Corporation (to be utilised in event of a shortfall at each of the 2006 and 2008 roll-over dates) and a loan of US\$35 million, repayable bi-annually from September 2006 and terminating in November 2010. Pricing is linked to LIBOR (effective interest rate of 5,01% per annum).	120	–
<i>Local facility</i>		
US\$250 million naira equivalent commercial paper instrument reducing to 75% and 50% of the initial loan value in November 2006 and November 2008 respectively. The facility matures in November 2010. Pricing is linked to NIBOR (effective interest rate of 22,88% per annum).	1 562	–
<i>DFI term loan</i>		
A loan of US\$20 million from a combined DEG/FMO facility repayable bi-annually from November 2005, maturing in March 2010. The interest rate is linked to LIBOR (effective interest rate of 4,47% per annum).	69	–



	2004 Rm	2003 Rm
20. BORROWINGS (continued)		
Secured (continued)		
MTN Nigeria (continued)		
<i>SCMB facility</i>		
US\$40 million facility from ECICSA/Standard Corporate Merchant Bank ("SCMB"), repayable in six equal instalments from September 2005 until March 2008. The interest rate is linked to LIBOR (effective interest rate of 3,9% per annum).	126	–
All of the above MTN Nigeria loans are secured by a fixed charge over the company's moveable assets, service licence, ordinary share deposit accounts and a floating charge over the undertaking and its assets, property and receivables. The proceeds of the insurance policies are secured in favour of the Security Trustee (note 8, 10, 16). MTN Mauritius has also provided its shares in MTN Nigeria as security for these loans.		
MTN Rwanda		
Syndicated loan from four local banks totalling RWF 2,9 million bearing interest at a fixed rate of 16% per annum, repayable over 39 months effective from April 2003. The loan is secured by a floating charge on MTN Rwanda's property plant and equipment of R44,6 million and by subordination of its shareholders' loan (note 8).	9	13
<i>BPC loan</i>		
Facility of US\$600 000 bearing interest at a fixed rate of 9,25% per annum, repayable in 12 equal instalments commencing in April 2004. The loan is secured by a floating charge over the assets and by subordination of its shareholder loans (note 8).	1	–
Total secured borrowings	2 895	2 103
Total borrowings	4 149	4 849
The maturity of the above loans and overdrafts is as follows:		
Payable within one year or on demand	439	1 600
Short-term borrowings	334	1 394
Bank overdrafts	105	206
More than one year but not exceeding two years	1 035	1 169
More than two years but not exceeding five years	1 627	1 750
More than five years	1 048	330
Total borrowings	4 149	4 849
<i>Less: Amounts included within current liabilities</i>	(439)	(1 600)
Total long-term borrowings	3 710	3 249

Further details of the Group's finance lease commitments are presented in note 31 to the financial statements.

Group
Notes to the annual financial statements continued
for the year ended 31 March 2004

	2004 Rm	2003 Rm
21. TRADE AND OTHER PAYABLES		
Trade payables	1 586	1 346
Sundry creditors	554	609
Accrued expenses and other payables	2 647	2 007
	4 787	3 962

	At beginning of year Rm	Additional provisions Rm	Utilised Rm	Exchange differences Rm	At end of year Rm
22. PROVISIONS					
Year ended 31 March 2004					
Leave pay	31	18	(14)	(2)	33
Bonus	80	115	(84)	(6)	105
Onerous leases	80	(8)	(21)	–	51
	191	125	(119)	(8)	189
Year ended 31 March 2003					
Leave pay	34	17	(16)	(4)	31
Bonus	76	126	(109)	(13)	80
Onerous leases	–	80	–	–	80
	110	223	(125)	(17)	191

Leave pay provision

The leave pay provision relates to the vested leave pay to which employees may become entitled upon leaving the employment of subsidiary companies. The provision arises as employees render services that increases their entitlement to future compensated leave. The provision is utilised when employees, who are entitled to leave pay, leave the employment of subsidiary companies or when the accrued entitlement is utilised.

Bonus provision

The bonus provision consists of a performance-based bonus, which is determined by reference to the overall company performance with regard to a set of pre-determined key performance areas. Bonuses are payable annually after the MTN Group annual results have been approved.

Onerous leases provision

The onerous lease provision represents the recognition of the present value of the liability due under non-cancellable leases in respect of various leased office premises.



	2004 Rm	2003 Rm
23. CASH GENERATED FROM OPERATIONS		
Profit before tax	5 413	2 910
<i>Adjustments for:</i>		
Share of profits in associates less dividends received (note 11)	(4)	(1)
Finance cost (note 5)	748	957
Finance income (note 4)	(144)	(129)
Depreciation of property, plant and equipment (note 3, 8)	2 204	1 651
Amortisation of intangible assets (note 3, 10)	172	233
Amortisation of goodwill (note 3, 9)	599	596
Loss on disposal of property, plant and equipment (note 3)	8	19
Impairment charge on property, plant and equipment (note 3, 8)	–	15
Gain on disposal of 20% shareholding in MTN Cameroon (note 3)	–	(91)
Impairment (reversed) raised against loan arising on disposal of 20% of MTN Cameroon (note 3)	(9)	49
Loss on disposal of 4,5% interest in MTN Nigeria (note 3)	72	–
Impairment of interest in associate (note 3, 11)	4	–
	9 063	6 209
Changes in working capital	964	604
(Increase) decrease in inventories	(124)	37
Increase in receivables and prepayments	(435)	(1 001)
Increase in trade and other payables	1 523	1 568
Cash generated from operations	10 027	6 813
24. TAX PAID		
Balance at beginning of year	(407)	(285)
Amounts charged to income statement	(1 101)	(687)
Deferred tax credit	(361)	(179)
Exchange differences	51	22
Withholding taxes not paid	–	38
Revaluation of tax balance	(45)	–
Balance at end of year	942	407
Total tax paid	(921)	(684)
25. CASH AND CASH EQUIVALENTS		
For purposes of the cash flow statement, cash and cash equivalents comprise the following:		
Cash at bank and on hand	3 648	1 551
Securitised cash deposits*	1 688	586
Bank overdraft	(105)	(206)
	5 231	1 931

* These monies are placed on deposit with banks in Nigeria to secure Letters of Credit, which at year-end were undrawn and the monies accordingly not freely available.

Group
Notes to the annual financial statements continued
for the year ended 31 March 2004

	2004 Rm	2003 Rm
26. UNDERWRITING ACTIVITIES		
Underwriting activities are conducted through special purpose entities on commercial terms and conditions at market prices.		
Income statement effect		
– Gross premiums written	24	21
– Outwards reinsurance premium	(14)	(4)
– Change in unearned premiums	(5)	(3)
– Reinsurance commission	3	14
	8	28
Balance sheet effect		
Share of technical provision		
– Outstanding claims	127	87
– Provision for unearned premiums	5	6
Receivables		
– Investment in sinking fund policy	107	70
– Unlisted preference shares	8	8
– Cash	16	22
– Short-term money-market deposits	21	14
Payables	(4)	(4)
27. CONTINGENT LIABILITIES		
MTN International (Mauritius) Bid Bond (note 27.1)	192	–
R100 million guarantee in favour of Rand Merchant Bank Properties (note 27.2)	100	–
Upgrade incentives (note 27.3)	493	443
Other (note 27.4)	3	52
	788	495

27.1 A Euro 25 million bid bond was issued on 8 February 2004 on behalf of MTN Mauritius with a validity period of 180 days. This bid bond formed part of the bid submission for the second GSM licence in Iran. MTN Holdings, MTN Network Operator as well as MTN SP, have cross-guaranteed any outstanding liabilities under such bid bond. MTN Mauritius was not the preferred bidder for such licence. The bid bond will be returned and cancelled once the successful bidder has complied with all conditions precedent to the awarding of the licence.

27.2 As at 31 March 2004, the Company had signed guarantees in favour of Rand Merchant Bank to the value of R100 million relating to the bridging finance facility granted to Rand Merchant Bank Properties for the development of the second phase of the MTN Innovation centre. As at balance sheet date, no draw-downs had been made against this facility.

27.3 The present policy of the Group's South African subsidiary is to pay incentives to Service Providers ("SP") for handset upgrades. These upgrades are only payable once the subscriber has completed a 24-month period with the SP since the initial commencement of their contract or previous upgrade. The value of the obligation may vary dependant on the prevailing business rules at the time of upgrade. The number of eligible subscribers that were entitled to, but which have not exercised their right to upgrade at 31 March 2004 was 275 000 (2003: 175 000). The estimated contingent liability at 31 March 2004, based on the prevailing business rules on such date, amounted to R493 million (2003: R443 million). The subsidiary has however provided for those upgrades which have occurred but which have not yet been presented for payment.

27.4 This consists of MTN Uganda licence obligations and MTN Cameroon employee vehicles.



28. COMMERCIAL COMMITMENT

The granting of a national cellular telecommunication licence placed an obligation on a subsidiary company, MTN Network Operator, to set up a Joint Economic Development Plan Agreement with the Postmaster General (now ICASA). This agreement was a condition for the commencement of commercial operations in June 1994 and involves a commitment by the subsidiary company to assist in the development of the South African economy and, in particular, the telecommunications industry. The commitment is estimated at R1 billion over a period of 10 years and is arrived at by a series of multipliers which apply to specific categories of activities.

ICASA reviews MTN's Network Operator compliance on a two-yearly basis. A review for the period ended 31 March 2003 was conducted and confirmed that MTN Network Operator had met its service obligations.

	2004 Rm	2003 Rm
29. CAPITAL COMMITMENTS		
Capital expenditure contracted for at the balance sheet date but not recognised in the financial statements was as follows:		
<i>Commitments for the acquisition of property, plant and equipment</i>		
Contracted but not provided for	3 490	1 105
Authorised but not contracted for	5 838	5 303
<i>Group's share of capital commitments of joint ventures</i>		
Contracted but not provided for	26	39
Authorised but not contracted for	148	164
Total commitments	9 502	6 611
Capital expenditure will be funded from operating cash flows and where necessary, from existing borrowing facilities.		
30. OPERATING LEASE COMMITMENTS		
The future aggregate minimum lease payments under non-cancellable operating leases were as follows:		
Within one year	154	288
More than one year but less than two years	162	148
More than two years but less than five years	126	210
More than five years	168	301
	610	947

Group
Notes to the annual financial statements continued
for the year ended 31 March 2004

	2004 Rm	2003 Rm
31. FINANCE LEASE COMMITMENTS		
At the balance sheet date, the Group had outstanding commitments under non-cancellable finance leases which fall due as follows:		
Minimum lease payments		
Within one year	43	39
More than one year but less than two years	47	43
More than two years but less than five years	170	154
More than five years	270	332
Total minimum lease payments	530	568
Less: future finance charges on finance leases	(216)	(253)
Present value of finance lease obligation	314	315
Present value of finance lease obligations are as follows:		
Within one year	6	1
More than one year but less than two years	11	6
More than two years but less than five years	78	55
More than five years	219	253
	314	315
32. OTHER COMMITMENTS		
Orders placed to purchase handsets	34	214
33. RETIREMENT BENEFIT PLANS		
Employee benefit obligations		
The Group operates provident and pension funds, which are defined contribution funds and are governed by the Pension Funds legislation in the respective countries. Contributions are made to the funds based upon employees' pensionable salary packages. All employees are eligible to join the funds and it is a condition of employment.		
Post retirement medical benefits		
The Group has no post retirement medical benefit obligations.		
34. INTEREST IN JOINT VENTURES		
The Group had the following effective percentage interests in joint ventures:		
<i>Indirect</i>	%	%
Swazi MTN	30	30
MTN Uganda	52	52
MTN Rwanda	40	31
MTN Network Solutions	60	60



	2004 Rm	2003 Rm
34. INTEREST IN JOINT VENTURES (continued)		
The following amounts represent the Group's share of the assets and liabilities, revenue and results of the joint ventures and are included in the consolidated balance sheet and income statement.		
Current assets	88	141
Non-current assets	308	466
Current liabilities	(116)	(100)
Non-current liabilities	(134)	(162)
Revenue	585	747
Expenses	(186)	(132)
Cash generated by operations	141	180
Cash invested	(148)	(166)
Cash from financing activities	11	*
Average number of employees relating to joint ventures:		
– Full-time	621	546
– Part-time	22	20

There are no significant contingent liabilities relating to the Group's interests in the joint ventures.

* Amounts less than R1 million

35. TRANSFER PRICING

In terms of the transfer pricing provisions contained in section 31 of the South African Income Tax Act, 58 of 1962 ("the Act") where a taxpayer supplies financial services to a connected person who is a non-South African resident, interest should be charged on an arm's length basis. The Group has consistently taken the view, based on professional advice, that the provisions of section 31 should not apply in respect of the loan element of shareholder equity funding to its African subsidiaries and joint ventures. The Group and its professional advisors continue to believe in the soundness of the approach adopted and accordingly consider that there is no necessity to raise a provision for any potential liability in this regard.

36. LICENCE AGREEMENTS

MTN Network Operator

The licence authorises MTN Network Operator to construct, maintain and use a 900 MHz GSM national mobile cellular telecommunication service within the South African geographic territory. The licence was published on 29 October 1993 and is valid for a period of 15 years from 1 June 1994, automatically renewable on mutatis mutandis, the same terms and conditions, subject to certain provisions. The Group paid an initial fee of R100 million and pays an annual licence fee based on 5% of net operating income as defined in the licence.

MTN Cameroon

The licence authorises MTN Cameroon to set up and run a 900 MHz national mobile GSM cellular telephony network within the geographic territory of Cameroon. The licence was granted on 15 February 2000 and is valid for a period of 15 years, renewable every ten years thereafter. The Group paid an initial fee of CFA 40,4 billion and the annual licence fee payable is CFA 2,9 billion.

Group

Notes to the annual financial statements *continued*

for the year ended 31 March 2004

36. LICENCE AGREEMENTS (continued)

MTN Nigeria

The licence authorises MTN Nigeria to provide and operate a 900 and 1 800 MHz second generation digital mobile service within the geographic territory of Nigeria. The licence was granted on 9 February 2001 and is valid for a period of 15 years, renewable every five years thereafter. The Group paid an initial licence fee of US\$285 million and pays an annual licence fee based on 2,5% of assessed net revenue as defined in the licence.

MTN Rwanda

The licence authorises MTN Rwanda to provide a 900, 1 800 and 1 900 MHz (including cellular public pay telephone) GSM telecommunication network within the geographic territory of Rwanda. The licence was granted on 2 April 1998 and is valid for 10 years and may be terminated thereafter with a two-year written notice period. The Group paid an initial licence fee of US\$200 000 and pays an annual licence fee based on 2,5% of network revenue as defined in the licence, a frequency fee of US\$2 000 per 1 MHz granted and an annual spectrum fee of US\$50 000.

MTN Uganda

The national operator licence authorises MTN Uganda to construct, maintain and operate fixed-line, as well as 900 and 1 800 MHz national second generation digital mobile radio telephony services within the geographic territory of Uganda. The licence was granted on 15 April 1998 and is valid for a period of 20 years. The Group paid initial licence fees of US\$5,8 million and pays an annual spectrum fee of 1% of network revenue as contribution to the Rural Communications Development Fund.

MTN Swaziland

The licence authorises MTN Swaziland to provide and operate a 900 MHz GSM network within the Swaziland geographic territory. The licence was granted on 31 July 1998 and is valid for a period of ten years, renewable for 10 years thereafter. The Group pays annual spectrum fees of E20 000 per channel used (with a minimum of E600 000) and a licence fee of 5% of audited net operational income as defined in the licence.

	2004 Rm	2003 Rm
37. EXCHANGE RATES TO SOUTH AFRICAN RAND		
Year-end closing rates		
United States dollar	0,16	0,13
Uganda shilling	304,32	249,68
Rwanda franc	93,82	65,97
Cameroon Communaute Financiere Africaine franc	86,36	76,72
Nigerian naira	21,21	16,14
Swazi emalangeni	1	1
Average rates for the year		
United States dollar	0,14	0,10
Uganda shilling	277,87	197,34
Rwanda franc	80,29	53,50
Cameroon Communaute Financiere Africaine franc	80,61	67,76
Nigerian naira	18,38	13,61
Swazi emalangeni	1	1

	2004 Rm	2003 Rm
38. FINANCIAL INSTRUMENTS		
Foreign exchange risk		
Included in the Group balance sheet are the following amounts denominated in currencies other than the measurement currency of the reporting entities:		
<i>Assets</i>		
Accounts receivable		
– United States dollar	114	37
– Euro	1	–
– Swazi emalangeni	4	2
– Special drawing rights**	13	9
Securitised cash deposits	1 688	586
Other assets	–	28
Total assets	1 820	662
<i>Liabilities</i>		
Long-term liabilities		
– United States dollar	909	717
– Euro	85	522
	994	1 239
<i>Current liabilities</i>		
– United States dollar	621	121
– Pounds sterling	3	3
– Euro	299	194
– South African rand	2	*
– Swedish krona	–	1
– Special drawing rights**	1	5
	926	324
Total liabilities	1 920	1 563

* Amounts less than R1 million

** Unit of payment for international telecommunication transactions

Group
Notes to the annual financial statements continued
for the year ended 31 March 2004

	Foreign amounts		Rand amounts	
	2004 million	2003 million	2004 Rm	2003 Rm
38. FINANCIAL INSTRUMENTS (continued)				
Outstanding forward exchange contracts are as follows:				
United States dollar	40	46	272	380
Euro	29	40	260	342
Fair value				
United States dollar			260	373
Euro			243	329

Fair value losses recognised in the income statement amount to R29 million (2003: R20 million)

Liquidity risk

The Group has no material risk of liquidation and limited exposure to liquidity risk as it has significant banking facilities and reserve borrowing capacity, including liquid resources as follows:

	Carrying amounts		Fair value	
	2004 Rm	2003 Rm	2004 Rm	2003 Rm
Cash at bank and on hand; net of overdrafts	3 543	1 345	3 543	1 345
Letters of credit	1 688	586	1 688	586
Receivables and prepayments	2 791	2 728	2 791	2 728
Trade and other payables	(4 787)	(3 962)	(4 787)	(3 962)

Effective interest rate ranges from 0,75% – 11,0% (2003: 4,2% – 13%).

Deposits have an average maturity of less than 60 days (2003: 30 days).

39. CHANGE IN ACCOUNTING POLICIES

39.1 With effect from 1 April 2003, the Group has adopted accounting statement AC133 "Financial instruments: Recognition and Measurement". In terms of AC133, retained earnings at 1 April 2003 have been adjusted according to the transitional provisions. Therefore, retained earnings at 1 April 2003 have been decreased by an amount of R15 million in the statement of changes in equity. In terms of AC133, comparative figures have not been restated as a result of the change in accounting policy. The effect of the adoption of AC133 was as follows:

	Gross Rm	Tax effect Rm	Net Rm
Opening retained earnings – reduction	(15)	–	(15)
Current year profits – increase	13	(3)	10

	2004 Rm	2003 Rm
39. CHANGE IN ACCOUNTING POLICIES (continued)		
39.2 The Group changed its accounting policy with respect to the treatment of share incentives and option schemes/trusts. It now consolidates these schemes, the effect of which is as follows:		
Increase in profit after tax	1	5
Increase in profit before tax	1	5
Taxation	*	*
Decrease in retained earnings	*	(5)
Gross	*	(5)
Taxation	*	*
The change in accounting policy had no effect on the minority interest.		
40. ACQUISITION		
The assets and liabilities arising from the acquisition of an additional 9% stake in MTN Rwanda on 15 December 2003 were as follows:		
Property, plant and equipment	12	
Intangible assets	*	
Inventories	*	
Trade and other receivables	4	
Bank and cash	1	
Long-term borrowings	(2)	
Deferred taxation	(2)	
Trade and other payables	(4)	
Provisions	(1)	
Tax liabilities	(1)	
Short-term borrowings	*	
Bank overdraft	*	
Inter-company creditors	(1)	
Net asset value	6	
Total purchase price:	(22)	
– Cash paid	(7)	
– Fair value of dividend receivable	(15)	
Goodwill (note 9)	(16)	

* Amounts less than R1 million

41. CHANGE IN ACCOUNTING ESTIMATE

The useful life of certain fixed assets was reviewed with effect from 1 April 2003. As a result, certain depreciation rates of certain assets in the Group's Nigerian operation were adjusted in the current year namely: air-conditioners (from 20% to 50%), generators (from 25% to 50%) and certain network hardware (from 10% to 14,28%) per annum. These changes resulted in an increase of R190 million in the current year's depreciation charge (tax effect of R57 million).

42. POST-BALANCE SHEET EVENTS

There are no significant post balance sheet events.

Company

Income statement

for the year ended 31 March 2004

	Note	2004 Rm	2003 Rm
Revenue		–	–
Cost of sales		–	–
Gross profit		–	–
Operating expenses – net of other operating income		(28)	(2)
Loss from operations	1	(28)	(2)
Finance income	2	2	*
Finance costs	3	*	(1)
Income from investments	4	–	7
(Loss) profit before tax		(26)	4
Income tax expense	5	–	(2)
(Loss) profit after tax		(26)	2
Net (loss) profit		(26)	2

* Amounts less than R1 million

Company

Balance sheet

at 31 March 2004

	Note	2004 Rm	2003 Rm
ASSETS			
Non-current assets		14 153	14 111
Interest in subsidiaries	6	14 147	14 104
Originated loans	7	6	7
Current assets		189	58
Receivables and prepayments		161	58
Taxation prepaid		1	–
Cash at bank and on hand	8	27	–
Total assets		14 342	14 169
SHAREHOLDERS' EQUITY			
Ordinary shares and share premium	9	14 184	14 090
Retained earnings		22	52
Total equity		14 206	14 142
LIABILITIES			
Current liabilities		136	27
Trade and other payables	10	136	17
Current tax liabilities		–	3
Bank overdraft	8	–	7
Total liabilities		136	27
Total equity and liabilities		14 342	14 169

Company

Statement of changes in equity

for the year ended 31 March 2004



	Note	Share capital Rm	Share premium Rm	Retained earnings Rm	Total Rm
Balance at 1 April 2002		*	13 942	50	13 992
Net profit		–	–	2	2
Issue of share capital		*	148	–	148
Balance at 31 March 2003		*	14 090	52	14 142
Change in accounting policy – AC133	13	–	–	(4)	(4)
Restated balance at 1 April 2003		*	14 090	48	14 138
Net loss		–	–	(26)	(26)
Issue of share capital		*	94	–	94
Balance at 31 March 2004		*	14 184	22	14 206
Note		9	9		

Company

Cash flow statement

for the year ended 31 March 2004

	Note	2004 Rm	2003 Rm
Cash flows from operating activities			
Cash received from customers		13	–
Cash paid to suppliers and employees		–	(7)
Cash generated from (used in) operations	11	13	(7)
Interest received	2	1	*
Interest paid	3	*	(1)
Tax paid	12	(4)	–
Dividends received	4	–	7
Net cash generated from (used in) operating activities		10	(1)
Cash flows from investing activities			
Repayments of other loans and advances		(7)	(6)
Net cash used in investing activities		(7)	(6)
Cash flows from financing activities			
Proceeds from issue of ordinary shares		31	–
Net cash generated from financing activities		31	–
Net increase (decrease) in cash and cash equivalents		34	(7)
Cash and cash equivalents at beginning of year		(7)	*
Cash and cash equivalents at end of year	8	27	(7)

* Amounts less than R1 million

Company

Notes to the annual financial statements

for the year ended 31 March 2004

	2004 Rm	2003 Rm
1. LOSS FROM OPERATIONS		
The following items have been included in arriving at loss from operations:		
Auditors' remuneration:	1	*
– Audit fees	*	*
– Fees for other services	–	*
– Expenses	*	*
Directors' emoluments:	3	2
Directors' fees	3	2
Fees paid for services:	104	11
– Administrative	2	2
– Management	102	–
– Technical	*	9
Management fees received	(107)	(14)
Impairment of interest in subsidiary (note 6, 11)	26	–
<i>Analysis of operating expenses by function</i>		
Administration, marketing and network	(28)	(2)
2. FINANCE INCOME		
Interest income	2	*
<i>Reconciliation of interest received to finance income</i>		
Interest received (operating activities)	1	*
Fair value adjustments	1	–
3. FINANCE COSTS		
Interest expense – borrowings	*	(1)
4. INCOME FROM INVESTMENTS		
Dividends received from subsidiary	–	7

* Amounts less than R1 million

	2004 Rm	2003 Rm
5. INCOME TAX EXPENSE		
Current tax		
Normal tax	–	(2)
Current year	–	(1)
Prior year underprovision	–	(1)
	–	(2)
South African normal taxation is calculated at 30% (2003: 30%) of the estimated taxable income for the year.		
Tax rate reconciliation		
The charge for the year can be reconciled to the effective rate of taxation in South Africa as follows:		
	%	%
Tax at standard rate	30,0	30,0
Expenses not deductible for tax purposes	(30,0)	39,0
Income not subject to tax	–	(42,0)
Other	–	12,0
	–	39,0
6. INTEREST IN SUBSIDIARIES		
525 593 246 shares (100%) in Mobile Telephone Networks Holdings (Proprietary) Limited at cost	12 599	12 540
Loan owing by subsidiary (note 6.1)	1 520	1 515
Net interest in subsidiary	14 119	14 055
100 shares (100%) in Orbicom (Proprietary) Limited at cost	1	1
Loan owing by subsidiary (note 6.2)	53	48
Less: Impairment of loan account	(26)	–
Net interest in subsidiary	28	49
Total interest in subsidiary companies	14 147	14 104
6.1 This loan account has been subordinated in favour of certain of the Group's lenders.		
6.2 This loan account has been subordinated in favour of all creditors of the subsidiary until such time as its assets, fairly valued, exceed its liabilities. In light of the subsidiary's investment in Ghana which has been fully written-down at year-end, the directors have taken a decision to impair the carrying value of the loan.		

Company

Notes to the annual financial statements continued for the year ended 31 March 2004

	2004 Rm	2003 Rm
7. ORIGINATED LOANS		
Loans to employee share incentive schemes**	6	7
8. CASH AND CASH EQUIVALENTS		
Cash at bank and on hand	27	–
Bank overdraft	–	(7)
	27	(7)
9. ORDINARY SHARES AND SHARE PREMIUM		
Ordinary share capital		
Authorised share capital		
2 500 000 000 ordinary shares of 0,01 cent each	*	*
Issued and fully paid-up share capital		
1 658 802 355 (2003: 1 652 057 646) ordinary shares of 0,01 cent each	*	*
Share premium		
Balance at beginning of the year	14 090	13 942
Arising on the issue of shares during the year (net of share issue expenses)	94	148
Balance at end of the year	14 184	14 090
Total ordinary shares and share premium	14 184	14 090
The directors are authorised, by resolution of the shareholders and until the forthcoming annual general meeting, to dispose of unissued shares for any purpose and upon such terms and conditions as they see fit.		
10. TRADE AND OTHER PAYABLES		
Sundry creditors	3	7
Accrued expenses and other payables	133	10
	136	17

* Amounts less than R1 million

** These loans bear interest at a variable rate not less than the "official rate of interest" according to the South African Revenue Service, ranging between 9% and 14,5% per annum (2003: 11,25% and 13,25% per annum).

	2004 Rm	2003 Rm
11. CASH GENERATED FROM (USED IN) OPERATIONS		
(Loss) Profit before tax	(26)	4
Adjustments for:		
Finance cost (note 3)	*	1
Finance income (note 2)	(2)	–
Investment income (note 4)	–	(7)
Impairment of interest in subsidiary (note 1,6)	26	–
	(2)	(2)
Changes in working capital	15	(5)
Increase in receivables and prepayments	(103)	(18)
Increase in trade and other payables	118	13
Cash generated from (used in) operations	13	(7)
12. TAX PAID		
Balance at beginning of year	(3)	(1)
Amounts charged to income statement	–	(2)
Balance at end of year	(1)	3
Total tax paid	(4)	–

13. CHANGE IN ACCOUNTING POLICY

With effect from 1 April 2003, the Company has adopted accounting statement AC133. In terms of AC133, retained earnings at 1 April 2003 have been adjusted according to the transitional provisions. Therefore, retained earnings at 1 April 2003 have been decreased by an amount of R4 million in the statement of changes in equity. In terms of AC133, comparative figures have not been restated as a result of the change in accounting policy. The effect of the adoption of AC133 was as follows:

	Gross Rm	Tax effect Rm	Net Rm
Opening retained earnings – reduction	(4)	–	(4)
Current year profits – increase	1	–	1

* Amounts less than R1 million

Interest in major subsidiary companies and joint ventures

as at 31 March 2004

ANNEXURE 1

Subsidiaries and joint ventures in which MTN Group Limited has a direct and indirect interest	Principal activity	Place of incorporation	Issued ordinary share capital	Effective % interest issued ordinary share capital		Book value of holding company interest		Indebtedness	
				2004 %	2003 %	Shares 2004	2003	2004	2003
Mobile Telephone Networks Holdings (Proprietary) Limited	Investment holding company	South Africa	5	100	100	12 599	12 540	1 520	1 515
Mobile Telephone Networks (Proprietary) Limited	Network operator	South Africa	*	100	100	–	–	–	–
MTN Service Provider (Proprietary) Limited	Service provider	South Africa	*	100	100	–	–	–	–
MTN International (Proprietary) Limited	Investment holding company	South Africa	*	100	100	–	–	–	–
MTN International (Mauritius) Limited	Investment holding company	Mauritius	*	100	100	–	–	–	–
Mobile Telephone Networks Cameroon Limited	Network operator	Cameroon	2	70	70	–	–	–	–
MTN Nigeria Communications Limited	Network operator	Nigeria	*	75	79,5	–	–	–	–
Mobile Telephone Networks Insurance (Proprietary) Limited	Insurance company	South Africa	*	100	100	–	–	–	–
M-Tel Insurance (Proprietary) Limited	Insurance company	South Africa	*	100	100	–	–	–	–
MTN Network Solutions (Proprietary) Limited**	Internet service provider	South Africa	*	60	60	–	–	–	–
Orbicom (Proprietary) Limited	Satellite telecommunications	South Africa	*	100	100	1	1	27	48
MTN RwandaCell S.A.R.L.**	Network operator	Rwanda	*	40	31	–	–	–	–
MTN Uganda Limited**	Network operator	Uganda	*	52	52	–	–	–	–
Swazi MTN Limited**	Network operator	Swaziland	*	30	30	–	–	–	–

* Amounts less than R1 million

** Joint ventures

Interest in associated companies as at 31 March 2004



ANNEXURE 2

Name of associate	Principal activity	Place of incorporation	Financial year end	Effective interest in issued ordinary share capital		Group book value of shares		Group loans		Group share of post-acquisition reserves		Directors' valuation	
				2004 %	2003 %	2004 Rm	2003 Rm	2004 Rm	2003 Rm	2004 Rm	2003 Rm	2004 Rm	2003 Rm
Cellular Calls (Proprietary) Limited	Cellular dealership	South Africa	31 Mar	26	26	*	*	–	–	–	–	*	*
Cell Place (Proprietary) Limited	Cellular dealership	South Africa	31 Mar	35	35	*	*	–	–	–	–	*	*
I-Talk Cellular (Proprietary) Limited	Service provider	South Africa	28 Feb	41	41	4	4	–	7	10	8	14	19
Leaf Wireless (Proprietary) Limited	Cellular dealership	South Africa	31 Mar	40	36	16	15	–	–	*	–	16	15
MTN Publicom Limited	Payphone services	Uganda	31 Mar	23	23	*	*	3	3	(3)	(3)	*	*
New Bucks Holdings Limited	Internet exchange	South Africa	30 Jun	30	30	*	*	8	12	(5)	(7)	3	5
Transaction Management Services Limited	Electronic payments	Ghana	31 Mar	36	36	*	1	3	3	(3)	(3)	*	1
MTN Villagephone Limited	Payphone services	Uganda	31 Mar	26	–	*	–	–	–	*	–	*	–
Total book value of associated companies						20	20	14	25	(1)	(5)	33	40

* Amounts less than R1 million

Groups' attributable interest in associated companies as at 31 March 2004

ANNEXURE 3

	Effective interest		e-Bucks		i-Talk		Leaf		Publicom		Transaction Management Services		Villagephone	
	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm
ASSETS AND LIABILITIES														
Property, plant and equipment	9	6	–	–	14	4	4	4	4	6	3	3	*	–
Investments and long-term receivables	35	50	118	168	–	–	–	–	–	–	–	–	–	–
Intangible assets	17	17	–	–	8	4	34	38	–	–	–	–	–	–
Current assets	67	30	107	–	72	63	12	11	1	1	–	–	*	–
Total assets	128	103	225	168	94	71	50	53	5	7	3	3	*	–
Long-term borrowings	76	20	228	40	*	–	10	12	17	19	–	–	–	–
Current liabilities	39	74	12	151	73	56	2	3	1	1	11	11	*	–
Total liabilities	115	94	240	191	73	56	12	15	18	20	11	11	*	–
Attributable net asset value	13	9	(15)	(23)	21	15	38	38	(13)	(13)	(8)	(8)	*	–
Indebtedness	18	25	40	40	–	18	–	–	13	13	8	8	–	–
Impairment	(4)	–	–	–	–	–	–	–	–	–	–	–	–	–
Goodwill arising on acquisition	7	7	–	–	–	–	–	–	–	–	–	–	–	–
Goodwill amortised	(1)	(1)	–	–	–	–	–	–	–	–	–	–	–	–
Book value	33	40	25	17	21	33	38	38	*	*	–	–	*	–
INCOME STATEMENT														
Revenue	153	128	50	30	300	269	35	21	6	7	*	–	*	–
Net profit (loss) for the year	9	1	8	6	19	12	*	*	*	(2)	*	(8)	*	–
Dividends	(5)	–	–	–	(13)	–	–	–	–	–	–	–	–	–

* Amounts less than R1 million

MTN Group Limited Annual Report 2004



Notice to members

Notice of annual general meeting	154
Explanatory notes to resolutions for annual general meeting	158
Explanatory notes to notice of annual general meeting	160
Appendix	161
Administration	162
Shareholders' diary	162
Form of proxy	163

During the financial year the shareholder composition of the Company changed significantly with the unbundling of Johnnic.



Notice of annual general meeting

MTN GROUP LIMITED

Incorporated in the Republic of South Africa

(Registration number 1994/009584/06)

("MTN Group" or "the Company")

JSE code: MTN

ISIN: ZAE000042164

Notice is hereby given that the 9th annual general meeting of shareholders of the Company will be held at 14th Avenue Campus, Fairlands, Gauteng, on Wednesday, 18 August 2004 at 14:30, for the following purposes:

ORDINARY BUSINESS

1. To receive, consider and adopt the annual financial statements of the Group and the Company for the year ended 31 March 2004 together with the report of the external auditors.
2. To authorise the appointment of directors of the Company referred to in 3. below, by single resolution in terms of the provisions of section 210 of the Companies Act 1973 (Act No 61 of 1973) as amended ("the Companies Act").
3. To re-elect Mr MC Ramaphosa, Ms I Charnley, Mr ZNA Cindi and Ms SN Mabaso as directors who retire by rotation at this meeting in terms of Article 84 of the articles of association and, being eligible, offer themselves for re-election.
4. To elect Mr JHN Strydom as a director of the Company.
5. To transact any other business capable of being transacted at an annual general meeting.

Details of the directors who retire at this meeting and are offering themselves for re-election are as follows:

1. **MC Ramaphosa** – Age: 51
Appointed: 1 October 2001
Educational qualifications: BProc, LLD (hc)
Other directorships: Johnnic Holdings Limited, SAB Miller plc, FirstRand Limited and Macsteel Holdings (Pty) Limited.
Member: Nominations, Remuneration and Human Resources Committee.
2. **I Charnley** – Age: 43
Appointed: 1 August 2001
Educational qualifications: MAP, CPIR
Other directorships: Metropolitan Holdings Limited and FirstRand Bank Limited.
3. **ZNA Cindi** – Age: 53
Appointed: 22 April 1999
Other directorships: Community Growth Management Company ("COMANCO"), National Productivity Institute (NPI) and Johnnic Holdings Limited.
Member: Risk Management and Corporate Governance Committee.
Mr Cindi is the Chief Executive Officer of the Unity Incorporation (section 21 company)
4. **SN Mabaso** – Age: 34
Appointed: 1 July 2002
Educational qualifications: BCom, CA(SA)
Member: Audit Committee and Nominations, Remuneration and Human Resources Committee.
Ms Mabaso is the Chief Financial Officer of Transnet Limited.

The details of the director offering himself for election are as follows:

1. **JHN Strydom** – Age: 65
Appointed: 11 March 2004
Educational qualifications: MCom (Acc), CA(SA)
Directorships: GrowthPoint Properties Limited.
Mr Strydom is a Commissioner of the Public Investment Commissioners and a Member of the Special Income Tax Court.



SPECIAL BUSINESS

In addition, shareholders will be requested to consider, and if deemed fit, to pass the following special and ordinary resolutions with or without amendment:

SPECIAL RESOLUTION NUMBER 1

Preamble

For the purposes hereof "Group" shall bear the meaning assigned to it by the Listings Requirements ("JSE listings requirements") of the JSE Securities Exchange South Africa ("JSE"), which defines "Group" as a holding company, not itself being a wholly owned subsidiary, together with all companies being its subsidiaries, if any.

A general repurchase of the Company's shares shall not be effected before the JSE has received written confirmation from the Company's sponsor in respect of the directors' working capital statement.

The Board of Directors of the Company has considered the impact of a repurchase of up to 10% of the Company's shares, which falls within the amount permissible under a general authority in terms of the JSE listings requirements. Although there is currently no intention to repurchase any of the Company's shares, should the opportunity arise and should the directors deem it to be advantageous to the Company to repurchase such shares, it is considered appropriate that the directors be authorised to repurchase the Company's shares. This authority is subject to such repurchase not resulting in:

- the Company and the Group in the ordinary course of business being unable to pay its current debts for a period of 12 (twelve) months after the date of this notice of annual general meeting;
- the liabilities of the Company and the Group exceeding or being equal to the assets of the Company and the Group for a period of 12 (twelve) months after the date of this notice of annual general meeting, calculated in accordance with the accounting policies used in the audited financial statements of the Group for the year ended 31 March 2004;
- the share capital and reserves of the Company and the Group for a period of 12 (twelve) months after the date of the notice of annual general meeting being insufficient for ordinary business purposes; and
- the working capital of the Company and the Group for a period of 12 (twelve) months after the date of this notice of annual general meeting being insufficient for ordinary business purposes.

"RESOLVED THAT the Company, or a subsidiary of the Company, be and is hereby authorised, by way of a general authority, to acquire shares issued by the Company, in terms of sections 85 and 89 of the Companies Act, 1973 (Act 61 of 1973), as amended, and in terms of the JSE listings requirements, being that:

- any such repurchase of shares shall be implemented through the order book operated by the JSE trading system and done without any prior understanding or arrangement between such company and the counter party;
- authorisation thereto is given by the Company's articles of association;
- at any point in time, such company may only appoint one agent to effect any repurchase(s) on its behalf;
- the general authority shall only be valid until the Company's next annual general meeting, provided that notwithstanding anything to the contrary contained in this resolution, shall not extend beyond 15 (fifteen) months from the date of passing of this special resolution number 1;
- when the Company or a subsidiary of the Company has cumulatively repurchased 3% of any class of the Company's shares in issue on the date of passing of this special resolution number 1 ("the initial number"), and for each 3% in aggregate of that class of shares acquired thereafter, in each case in terms of this resolution, an announcement shall be published on SENS and the press as soon as possible and not later than 08:30 on the second business day following the day on which the relevant threshold is reached or exceeded, and the announcement shall comply with the requirements of the JSE listings requirements;
- that all repurchases by the Company of its own shares shall not, in aggregate in any one financial year, exceed 10% of the Company's issued share capital of that class;
- that any repurchase by the Company or a subsidiary of the Company of the Company's own shares, shall only be undertaken if, after such repurchase, the Company still complies with the shareholder spread requirements as contained in the JSE listings requirements;

Notice of annual general meeting continued

- that the Company or a subsidiary of the Company may not purchase any of the Company's shares during a prohibited period as defined in the JSE listings requirements;
- no repurchases may be made at a price which is greater than 10% above the weighted average of the market value for the securities for the five business days immediately preceding the date on which the transaction is effected."

For the purpose of considering special resolution number 1 and in compliance with paragraph 11.26 of the JSE listings requirements, the information listed below has been included in the Annual Report in which this notice of Annual General Meeting is included, at the places indicated:

- Directors and management –refer to page 55 of this report;
- Major shareholders – refer to page 55 of this report;
- There have been no material changes in the financial or trading position of the Company and its subsidiaries that have occurred since March 2004.

The reason for and effect of special resolution number 1 is to grant the Company, or a subsidiary of the Company, a general approval in terms of the Companies Act, 1973 (Act 61 of 1973), as amended ("the Act"), for the acquisition of shares of the Company. Such general authority will provide the Board with the flexibility, subject to the requirements of the Act and the JSE, to repurchase shares should it be in the interests of the Company at any time while the general authority exists. This general approval shall be valid until the earlier of the next annual general meeting of the Company, or its variation or revocation of such general authority by special resolution by any subsequent general meeting of the Company, provided that the general authority shall not be extended beyond 15 (fifteen) months from the date of passing this special resolution.

The resolution is required to be passed, on a show of hands, by not less than 75% of the number of shareholders of the Company entitled to vote on a show of hands, at the meeting, who are present in person or by proxy or, where a poll has been demanded, by not less than 75% of the total votes to which the shareholders present in person or by proxy are entitled.

ORDINARY RESOLUTION NUMBER 1

"RESOLVED THAT all the unissued ordinary shares of 0,01 cent each in the share capital of the Company (other than those which have specifically been reserved for the Share Incentive Schemes, being 5% of total issued share capital, in terms of ordinary resolutions duly passed at previous annual general meetings of the Company) be and hereby placed at the disposal and under the control of the directors, and that the directors be and are hereby authorised and empowered to allot, issue and otherwise to dispose of such shares to such person or persons on such terms and conditions and at such times as the directors may from time to time at their discretion deem fit, subject to the aggregate number of such ordinary shares able to be allotted, issued and otherwise disposed of in terms of this resolution being limited to 10% of the number of ordinary shares in issue as at 31 March 2004 and subject to the provisions of the Companies Act, 1973 (Act No 61 of 1973), as amended, and the listings requirements of the JSE."

ORDINARY RESOLUTION NUMBER 2

"RESOLVED THAT the pre-emptive rights, to which ordinary shareholders may be entitled in terms of the JSE listings requirements to participate in any future issues of equity securities (as defined in the JSE listings requirements) for cash which may be made by the Company subsequent to the date of passing this resolution be and are hereby waived subject to the following conditions:

1. That equity securities or rights that are convertible into equity securities to be issued for cash be of a class already in issue and be issued to public shareholders as defined in the JSE listings requirements and not to related parties;
2. That where the Company, subsequent to the passing of this resolution, issues equity securities representing, on a cumulative basis within a financial year, 5% or more of the total number of equity securities in issue prior to such issue, a press announcement giving full details of the issue, including the average discount to the weighted average traded price of the equity securities over the 30 (thirty) days prior to the date that the price of the issue



was determined or agreed by the directors of the Company, the number of equity securities issued, the effect of the issue on net asset value per share, net tangible asset value per share, headline earnings per share and earnings per share, will be made at the time the said percentage is reached or exceeded;

3. That general issues of equity securities for cash in the aggregate in any one financial year may not exceed 10% of the Company's issued share capital of that class (for the purpose of determining the securities comprising the 10% number in any one year, account shall be taken of the dilution effect, in the year of issue of options/convertible securities, by including the number of any equity securities which may be issued in future arising out of the issue or exercise of such options/convertible securities);
4. That the maximum discount at which the equity securities will be issued for cash will be 10% of the weighted average traded price of those equity securities measured over the 30 (thirty) business days prior to the date that the price of the issue is determined or agreed by the directors of the Company and where the equity securities have not traded in such 30 (thirty) business day period, the JSE should be consulted for a ruling; and
5. That the approval for the waiver of the pre-emptive rights will be valid until the earlier of the next annual general meeting of the Company and the expiry of a period of 15 (fifteen) months from the date of passing this resolution."

A 75% majority of the votes cast by the shareholders present or represented by proxy at the annual general meeting will be required to approve this resolution.

ORDINARY RESOLUTION NUMBER 3

Approval of the non-executive directors' fees for the year ending 31 March 2005

"RESOLVED THAT:

1. the annual remuneration of the directors of the Company be fixed at the rate of R120 000 per annum and that the annual remuneration of the Chairman of the Company be fixed at the rate of R150 000 per annum, with effect from 1 April 2004. In addition to the above, an attendance fee of R25 000 and R50 000 per meeting will be paid to the directors and Chairman of the Company respectively; and
2. the annual remuneration of the following committee members and trustees will be as set out below:

Audit Committee

Chairman – R10 000

Attendance per meeting – R10 000

Member – R7 500

Attendance per committee meeting – R7 500

Risk Management and Corporate Governance Committee

Chairman – R10 000

Attendance per committee meeting – R10 000

Member – R7 500

Attendance per committee meeting – R7 500

Subsidiary boards: Mobile Telephone Networks Holdings (Proprietary) Limited, MTN International (Proprietary) Limited, Mobile Telephone Networks (Proprietary) Limited and MTN Service Provider (Proprietary) Limited

Chairman – R10 000

Attendance per meeting – R10 000

Member – R7 500

Attendance per meeting – R7 500

Nominations, Remuneration and Human Resources Committee

Chairman – R10 000

Attendance per committee meeting – R10 000

Member – R7 500

Attendance per committee meeting – R7 500

Notice of annual general meeting continued

MTN Share Incentive Trust and MTN Group Share Trust

Chairmen – R10 000

Trustees – R7 500

Group Tender Committee

Chairman – R15 000

3. Non-executive directors who have to travel abroad on Group business will be paid a daily amount of R12 500.

ORDINARY RESOLUTION NUMBER 4

Amendments to the MTN Group Share Trust IT8412/95

"RESOLVED THAT,

1. the entire provisions of clause 1.2.34 of the MTN Group Share Trust be deleted and replaced by the following:
 - 1.2.34.1 which is a subsidiary of the Company within the meaning of the Act; or
 - 1.2.34.2 in which MTNH holds equity shares, whether directly or indirectly; or
 - 1.2.34.3 which the directors, from time to time, declare to be a subsidiary of the Company for the purpose of this deed and the scheme.

ORDINARY RESOLUTION NUMBER 5

"RESOLVED THAT any two directors of the Company be and are hereby authorised to do all such things as are necessary and to sign all such documents issued by the Company so as to give effect to special resolution number 1 and ordinary resolution numbers 1, 2, 3, and 4."

VOTING

Each shareholder entitled to attend and vote at the above meeting is entitled to appoint one or more proxies (who need not be a shareholder of the Company) to attend, speak and vote in his/her stead.

PROXIES

A form of proxy, in which is set out the relevant instructions for its completion, is attached for use by shareholders of the Company who wish to appoint a proxy. The instrument appointing a proxy and the authority, if any, under which it is signed, must be received by the Company or its registrars at the addresses given below, by not later than 14:30 on Monday, 16 August 2004.

All beneficial owners of shares who have dematerialised their shares through a Central Securities Depository Participant ("CSDP") or broker, other than those shareholders who have dematerialised their shares in "own name" registrations, and all beneficial owners of shares who hold certificated shares through a nominee, must provide their CSDP, broker or nominee with their voting instructions. Voting instructions must reach the CSDP, broker or nominee in sufficient time and in accordance with the agreement between the beneficial owner, and the CSDP, broker or nominee (as the case



may be) to allow the CSDP, broker or nominee to carry out the instructions and lodge the requisite authority by 14:30 on Monday, 16 August 2004.

Should such beneficial owners, however, wish to attend the meeting in person, they may do so by requesting their CSDP, broker or nominee to issue them with appropriate authority in terms of the agreement entered into between the beneficial owner, and the CSDP, broker or nominee (as the case may be).

Shareholders who hold certificated shares in their own name and shareholders who have dematerialised their shares in "own name" registrations, must lodge their completed proxy forms with the Company's registrars or at the registered office of the Company not later than 14:30 on Monday, 16 August 2004.

By order of the Board

A handwritten signature in black ink, appearing to read "MMR Mackintosh", is positioned above the typed name.

MMR Mackintosh
Company Secretary

10 June 2004

BUSINESS ADDRESS AND REGISTERED OFFICE

3 Alice Lane
Sandown Extension 38
(Private Bag 9955, Sandton, 2146)

SOUTH AFRICAN REGISTRARS

Computershare Investor Services 2004 (Pty) Limited
Registration number 2004/003647/07
70 Marshall Street, Johannesburg, 2001
(PO Box 61051, Marshalltown, 2107)
Fax number: +27 11 370 5390

SHAREHOLDER COMMUNICATION

Computershare Investor Services 2004 (Pty) Limited
Registration number 2004/003647/07
70 Marshall Street, Johannesburg, 2001
(PO Box 61051, Marshalltown, 2107)
Toll-free: 0800 202 360
Tel: +27 11 373 0036 (if phoning from outside South Africa)

Explanatory notes to resolutions for annual general meeting

For any assistance or information, please phone the MTN Group ShareCare Line on 0800 202 360 or on +27 11 373 0036 if you are phoning from outside South Africa.

Receipt, consideration and adoption of the Group and Company annual financial statements for the year ended 31 March 2004.

The directors have to present to shareholders at the annual general meeting the annual financial statements, incorporating the report of the directors, for the year ended 31 March 2004, together with the report of the auditors contained in this annual report.

Election of directors by a single resolution

The appointment of two or more directors standing for election or re-election at the annual general meeting may be taken by a single resolution provided a resolution to pass such resolution has first been passed unanimously. This is common corporate practice in South Africa.

Re-election of directors retiring at the annual general meeting

In terms of articles 84 and 85 of the Company's articles of association, one third of the directors who have been longest in office since their last election are required to retire at each annual general meeting and may offer themselves for re-election. Biographical details of the retiring directors offering themselves for re-election are given on page 154 of the annual report.

Confirmation of appointments as directors

Any person appointed by the Board of Directors to fill a casual vacancy on the Board of Directors, or as an addition thereto, holds office until the next annual general meeting in terms of the Company's articles of association, and is eligible for election at that meeting.

Placing of unissued ordinary shares under the control of the directors but limited to 10% of shares in issue at 31 March 2004

and
Ordinary resolution number 1

In terms of sections 221 and 222 of the Companies Act, No 61 of 1973, as amended ("the Companies Act"), the shareholders of the Company have to approve the placement of the unissued shares under the control of the directors.

The existing authority is due to expire at the forthcoming annual general meeting, unless renewed. The authority will be subject to the Companies Act and the listings requirements ("JSE listings requirements") of the JSE Securities Exchange South Africa ("JSE").

The Directors consider it advantageous to renew this authority to enable the Company to take advantage of any business opportunity that may arise in the future.

Waiving the pre-emptive rights to which shareholders may be entitled for the issue of shares for cash

and
Ordinary resolution number 2

The pre-emptive rights, to which shareholders are entitled, in terms of the JSE listings requirements to participate in any future issues of new shares for cash which may be made by the Company can be waived subject to certain conditions as set out in ordinary resolution number 2. The existing authority is due to expire at the forthcoming annual general meeting, unless renewed.

The directors consider it advantageous to renew this authority to enable the Company to take advantage of any business opportunity that may arise in the future. It also has to be noted that, in terms of the JSE listings requirements, ordinary resolution number 2 has to be passed by a 75% majority of shareholders present or represented by proxy and entitled to vote at the annual general meeting.



General authority for the Company and/or a subsidiary to acquire shares in the Company

and

Special resolution number 1

The reason for and effect of special resolution number 1 is to grant the Company, or a subsidiary of the Company, approval, in terms of the Companies Act and the JSE Listings Requirements, to repurchase the Company's shares should it be in the interests of the Company to do so at any time while the authority exists.

This general approval shall be valid until the earlier of the next annual general meeting of the Company, or its variation or revocation of such general authority by special resolution by any subsequent general meeting of the Company, provided that the general authority shall not be extended beyond 15 (fifteen) months from the date of passing the special resolution.

The resolution is required to be passed, on a show of hands, by not less than 75% of the number of shareholders of the Company entitled to vote on a show of hands at the meeting, who are present in person or by proxy or, where a poll has been demanded, by not less than 75% of the total votes to which the shareholders present in person or by proxy are entitled.

Remuneration of directors

and

Ordinary resolution number 3

In terms of article 72(b) of the Company's articles of association, the directors shall be entitled to such remuneration as may be determined in general meeting. Full particulars of all fees and remuneration paid to non-executive directors for the year ended 31 March 2004 are set out in the Directors' report on pages 95 and 96 of the annual report.

Amendments to the MTN Group Share Trust Deed

and

Ordinary resolution number 4

The purpose of this ordinary resolution is to amend the Company's MTN Group Share Trust Deed to:

1. delete the entire provisions of clause 1.2.34 and replace it with provisions to make it clear that issues of shares under the Scheme may be made to employees of the non-South African companies in which the Group has a significant investment.

Consequential amendments as a result of the aforesaid amendment and other amendments that do not require authority of the Company in general meeting are contained in copies of the MTN Group Share Trust document which are available for inspection at the Company's registered office during normal business hours up to the date of the annual general meeting and will also be made available at the annual general meeting for perusal by shareholders.

Explanatory notes to notice of annual general meeting

Voting and proxies

1. Every holder of shares present in person or by proxy at the meeting, or, in the case of a body corporate represented at the meeting, shall be entitled to one vote on a show of hands and on a poll shall be entitled to one vote for every share held. Duly completed proxy forms or powers of attorney must be lodged with the Company's registrars or at the registered offices of the Company, not less than 48 (forty-eight) hours before the time appointed for holding the meeting. As the meeting is to be held at 14:30 on Wednesday, 18 August 2004, proxy forms or powers of attorney must be lodged on or before 14:30 on Monday, 16 August 2004. The names and addresses of the registrars are given on the back of the proxy forms as well as on page 162 of the annual report.
2. A shareholder (including certificated shareholders and dematerialised shareholders who hold their shares in "own name" registrations) entitled to attend and vote at the meeting may appoint a proxy or proxies to attend, speak and vote in his/her stead. A proxy does not have to be a shareholder of the Company. The appointment of a proxy will not preclude the shareholder who appointed that proxy from attending the annual general meeting and speaking and voting in person thereat to the exclusion of any such proxy. A form of proxy for use at the meeting is attached.
3. The attention of shareholders is directed to the additional notes relating to the form of proxy attached.
4. Dematerialised shareholders, other than dematerialised shareholders who hold their shares in "own name" registrations, who wish to attend the annual general meeting, have to contact their Central Securities Depository Participant ("CSDP") or broker who will furnish them with the necessary authority to attend the annual general meeting, or they have to instruct their CSDP or broker as to how they wish to vote in this regard. This has to be done in terms of the agreement entered into between such shareholder and its CSDP or broker.

Appendix to the notice of annual general meeting



Important notes about the annual general meeting ("AGM")

Date: Wednesday, 18 August 2004, at 14:30.

Venue: 14th Avenue Campus, Fairlands, Gauteng.

Time: The AGM will start promptly at 14:30.

Shareholders wishing to attend are advised to be in the auditorium by not later than 14:15. Staff will direct shareholders to the venue of the AGM. Refreshments will be served after the meeting.

Travel information: The map alongside indicates the location of 14th Avenue Campus.

Admission: Shareholders and others attending the AGM are asked to register at the registration desk in the auditorium reception area at the venue. Shareholders and proxies may be required to provide proof of identity.

Security: Secured parking is provided at the venue at owners own risk. Mobile telephones should be switched off for the duration of the proceedings.

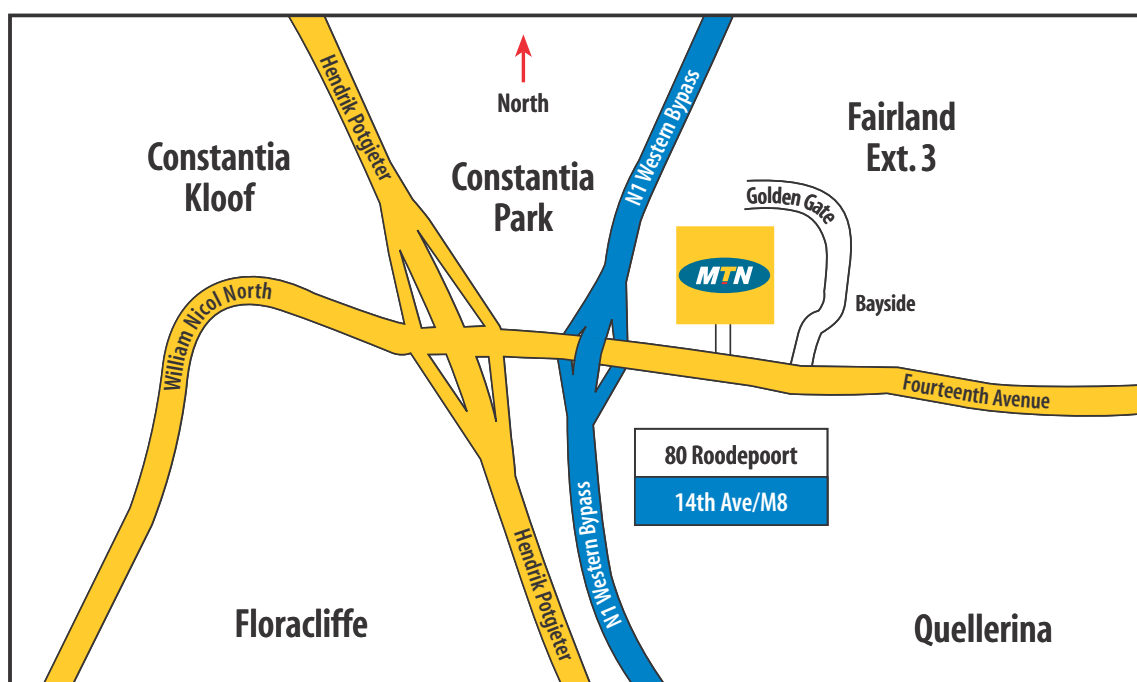
PLEASE NOTE:

1. **Certificated shareholders and dematerialised shareholders who hold their shares with "own name" registration**

Shareholders wishing to attend the AGM have to ensure beforehand with the registrars of the Company that their shares are in fact registered in their own names. Should this not be the case and the shares are registered in any other name or in the name of a nominee company, it is incumbent on shareholders attending the meeting to make the necessary arrangements with that party to be able to attend and vote in their personal capacity. The proxy form contains detailed instructions in this regard.

2. **Enquiries**

Any shareholders having difficulties or queries with regard to the AGM or the above procedures are invited to contact the Company Secretary, Ms M Mackintosh on +27 (0) 11 301 6000 or the ShareCare Line on 0800 202 360 or +27 11 373 0036 if calling from outside South Africa. Calls may be monitored for quality control purposes and customer safety.



Administration

as at 31 March 2004

COMPANY REGISTRATION NUMBER

1994/009584/06
JSE code: MTN
ISIN code: ZAE 0000 42164

BOARD OF DIRECTORS

MC Ramaphosa (Chairman)
PF Nhleko
DDB Band
SL Botha
I Charnley
ZNA Cindi
RS Dabengwa
PL Heinemann
SN Mabaso
RD Nisbet
JHN Strydom
AF van Biljon
LC Webb (alternate)

COMPANY SECRETARY

Ms MMR Mackintosh
3 Alice Lane
Sandown Extension 38
Private Bag 9955, Sandton, 2146

REGISTERED OFFICE

3 Alice Lane
Sandown Extension 38
Sandton, 2196

American Depository Receipt (ADR) programme

Cusip no 55271U109 ADR to ordinary share 1:1

Depository: The Bank of New York,

101 Barclay Street, New York, NY
10286, USA

CONTACT DETAILS

Telephone: National 011 301 6000
International +27 11 301 6000
Facsimile: National 011 301 6587
International +27 11 301 6587
E-mail: investor_relations@mtn.co.za
Internet: <http://www.mtngroup.com>

OFFICE OF THE SOUTH AFRICAN REGISTRARS

Computershare Investor Services 2004 (Pty) Limited
Registration number 2004/003647/07
70 Marshall Street
Marshalltown
Johannesburg, 2001
PO Box 61051, Marshalltown, 2107

JOINT AUDITORS

PricewaterhouseCoopers Inc.
2 Eglin Road, Sunninghill, 2157
Private Bag X36, Sunninghill, 2157

SizweNtsaluba vsp Inc
1 Woodmead Drive
Woodmead Estate
Woodmead, 2157
PO Box 2939, Saxonwold, 2132

SPONSOR

Merrill Lynch South Africa (Pty) Limited
Registration number 1995/001805/07
(Registered sponsor and member of the JSE
Securities Exchange South Africa)
138 West Street, Sandown, Sandton, 2196
PO Box 5591, Johannesburg, 2000

ATTORNEYS

Webber Wentzel Bowens
10 Fricker Road, Illovo Boulevard
Sandton, 2196
PO Box 61771
Marshalltown, 2107

MTN GROUP SHARECARE LINE

Computershare Investor Services 2004 (Pty) Limited
Registration number 2004/003647/07
70 Marshall Street
Marshalltown
Johannesburg, 2001
PO Box 61051, Marshalltown, 2107

Toll-free: 0800 202 360
or +27 11 373 0036
if phoning from outside South Africa

Shareholders' diary

Annual general meeting		18 August 2004
REPORTS		
Preliminary announcement of annual financial results	Published	10 June 2004
Annual financial statements	Posted	27 July 2004
Interim report for half year to September 2004		18 November 2004
DIVIDEND		
Dividend payment		5 July 2004
Please note that these dates are subject to alteration		

Form of proxy

Only for use by registered members



TO BE COMPLETED BY CERTIFICATED SHAREHOLDERS AND DEMATERIALISED SHAREHOLDERS WITH "OWN NAME" REGISTRATION ONLY

MTN GROUP LIMITED

(Incorporated in the Republic of South Africa)
(Registration number: 1994/009584/06)
("MTN Group" or "the Company")
JSE code: MTN
ISIN: ZAE 000042164

For use at the annual general meeting to be held on Wednesday, 18 August 2004, at 14th Avenue Campus, Fairlands, Gauteng.

For assistance in completing the proxy form, please phone the MTN Group ShareCare line on 0800 202 360 or on +27 11 373 0036 if you are phoning from outside South Africa.

A member entitled to attend and vote at the annual general meeting may appoint one or more proxies to attend, vote and speak in his/her stead at the annual general meeting. A proxy need not be a member of the Company.

I/We _____ (name in block letters)

being a member(s) of the Company, and entitled to _____ votes, do hereby appoint:

_____ of _____ or failing him/her,
_____ of _____ or failing him/her,

the Chairman of the annual general meeting, as my/our proxy to represent me/us at the annual general meeting which will be held at 14th Avenue Campus, Fairlands, Gauteng, for the purposes of considering and, if deemed fit, passing, with or without modification, the resolutions to be proposed thereat and at each adjournment or postponement thereof, and to vote for and/or against the resolutions and/or abstain from voting in respect of the shares in the issued share capital of the Company registered in my/our name (see note 2 overleaf) as follows:

Ordinary business	For	Against	Abstain
1. The adoption of the Group annual financial statements for the year ended 31 March 2004			
2. The appointment of directors referred to below by single resolution			
3. The re-election of the following directors:			
3.1 MC Ramaphosa			
3.2 I Charnley			
3.3 ZNA Cindi			
3.4 SN Mabaso			
4. The election of the following Director			
4.1 JHN Strydom			
Special business			
5. Special resolution number 1			
To approve an authority of the Company and/or a subsidiary of the Company to acquire shares in the Company			
Ordinary resolutions			
6.1 Ordinary resolution number 1			
To authorise the directors to allot and issue the unissued ordinary shares of 0,01 cent each up to 10% of issued share capital			
6.2 Ordinary resolution number 2			
To waive pre-emptive rights to which shareholders may be entitled for the issue of equity securities for cash			
6.3 Ordinary resolution number 3			
To approve the directors' and committee members' annual remuneration effective for the year ending 31 March 2005			
6.4 Ordinary resolution number 4			
To amend the Company's Share Incentive Scheme as indicated			
6.5 Ordinary resolution number 5			
To authorise any two Company directors to implement the special and ordinary resolutions			

Mark with "X" whichever is applicable.

Signed at _____ on _____ 2004
Signature _____ of _____ member(s)

Assisted by (where applicable) _____ (state capacity and full name)

Completed voting instruction forms should be forwarded to the CSDP or broker through whom the MTN Group shares are held.
This voting instruction form is only for use by members with dematerialised shareholdings via STRATE.

Please read the notes on the reverse side hereof.

Notes to proxy

1. Only shareholders who are registered in the register of the Company under their own name may complete a proxy or alternatively attend the meeting. Beneficial owners who are not the registered holder and who wish to attend the meeting in person, may do so by requesting the registered holder, being their Central Security Depositary Participant ("CSDP"), broker or nominee, to issue them with a letter of representation in terms of the custody agreements entered into with the registered holder. Letters of representation must be lodged with the Company's registrars by no later than 14:30 on Monday, 16 August 2004.
2. Beneficial owners who are not the registered holder and who do not wish to attend the meeting in person, must provide the registered holder, being the CSDP, broker or nominee with their voting instruction. The voting instructions must reach the registered holder in sufficient time to allow the registered holder to advise the Company or the Company's registrar of your instructions by no later than 14:30 on Monday, 16 August 2004.
3. A shareholder may insert the name of a proxy or the names of two alternative proxies of his/her choice in the space/s provided, with or without deleting "the chairman of the general meeting", but any such deletion or insertion must be initialled by the shareholder. Any insertion or deletion not complying with the foregoing will be declared not to have been validly effected. The person whose name stands first on the proxy form and who is present at the general meeting will be entitled to act as proxy to the exclusion of those whose names follow. In the event that no names are indicated, the proxy shall be exercised by the chairman of the general meeting.
4. A shareholder's instructions to the proxy must be indicated by the insertion of an "X" or the relevant number of votes exercisable by that shareholder in the appropriate box provided. An "X" in the appropriate box indicates the maximum number of votes exercisable by that shareholder. Failure to comply with the above will be deemed to authorise the proxy to vote or to abstain from voting at the annual general meeting as he/she deems fit in respect of all the shareholder's votes exercisable thereat. A shareholder or his/her proxy is not obliged to use all the votes exercisable by the shareholder or by his/her proxy, but the total of the votes cast and in respect of which abstention is recorded, may not exceed the maximum number of votes exercisable by the shareholder or by his/her proxy.
5. To be effective, completed proxy forms must be lodged with the Company's South African registrars in Johannesburg not less than 48 hours before the time appointed for the holding of the meeting. As the meeting is to be held at 14:30 on Wednesday, 18 August 2004, proxy forms must be lodged on or before 14:30 on Monday, 16 August 2004.
6. The completion and lodging of this proxy form will not preclude the relevant shareholder from attending the annual general meeting and speaking and voting in person thereat instead of any proxy appointed in terms hereof.
7. The chairman of the general meeting may reject or accept any proxy form which is completed and/or received other than in compliance with these notes.
8. Any alteration to this proxy form, other than a deletion of alternatives, must be initialled by the signatories.
9. Documentary evidence establishing the authority of a person signing this proxy form in a representative or other legal capacity must be attached to this proxy form unless previously recorded by the Company or the registrars or waived by the chairperson of the annual general meeting.
10. Where there are joint holders of shares:
 - 10.1 any one holder may sign the proxy form; and
 - 10.2 the vote of the senior shareholder (for that purpose seniority will be determined by the order in which the names of the shareholders appear in the Company's register) who tenders a vote (whether in person or by proxy) will be accepted to the exclusion of the vote(s) of the other joint shareholders.

OFFICE OF THE SOUTH AFRICAN REGISTRARS

Computershare Investor Services 2004 (Pty) Limited
Registration number 2004/003647/07
70 Marshall Street
Johannesburg, 2001
(PO Box 61051, Marshalltown, 2107)
Fax number: +27 11 370 5390

Shareholders are encouraged to make use of the **toll-free ShareCare line** for assistance in completing the proxy form and any other queries.

If you have any questions regarding the contents of this report, please call the MTN Group toll-free ShareCare line on

0800 202 360

(or +27 11 373 0036 if phoning from outside South Africa)



Please note that your call will be recorded for customer safety

MTN

Whilst great care has been taken to ensure that all the information and statistics herein are accurate, no responsibility can be accepted for any mistakes, errors or omissions or for any actions taken in reliance thereon. Opinions expressed herein represent those of MTN at the time of publication.

This report is printed on environmentally friendly paper, is totally chlorine-free and has been awarded the Nordic Swan label.



www.mtngroup.com