MTN Group Limited

Integrated business report for the year ended 31 December 2006

Contents

our vision *"to be the leading provider of telecommunications services in emerging markets"*

everywhere you go, we're with you

Setting and achieving challenging targets is an MTN hallmark

For 2007, our strategic priorities include:

- *Improve operational efficiency through least-cost operator strategy*

- *Continue to pursue appropriate expansion opportunities to diversify earnings and consolidate MTN's position in emerging markets*

Financial highlights

EBITDA margin

43,4%

up from *42% driven by operating improvements

Profit after tax

R12 billion

up from R7 billion

Dividend

90 cents per share

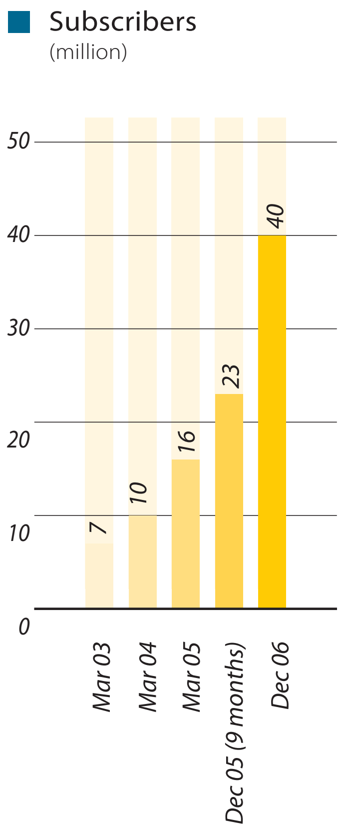
up from 65 cents per share

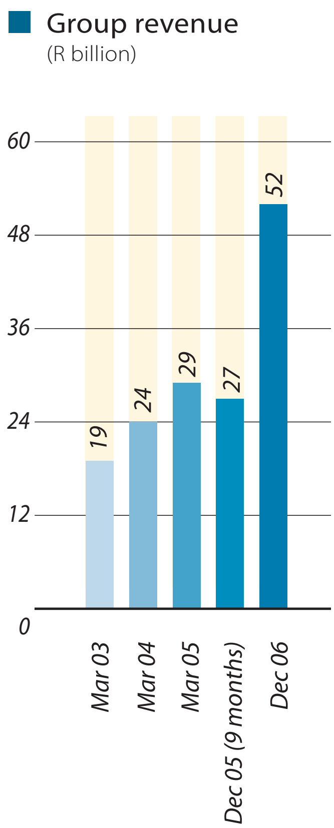
Acquisition of Investcom LLC

Concluded – effective July 2006

* *Compared to previous unaudited 12-month period due to change to year-end. Previous nine months is audited.*

Financial highlights

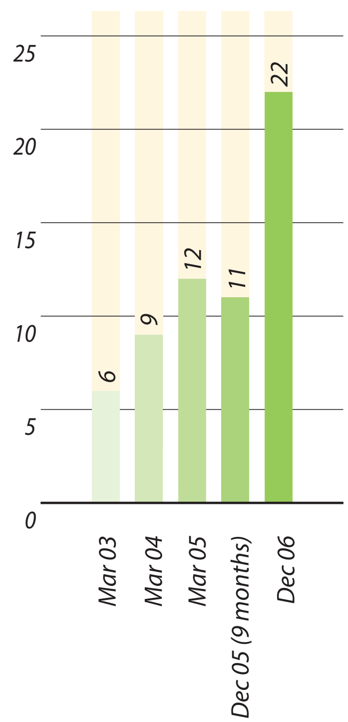




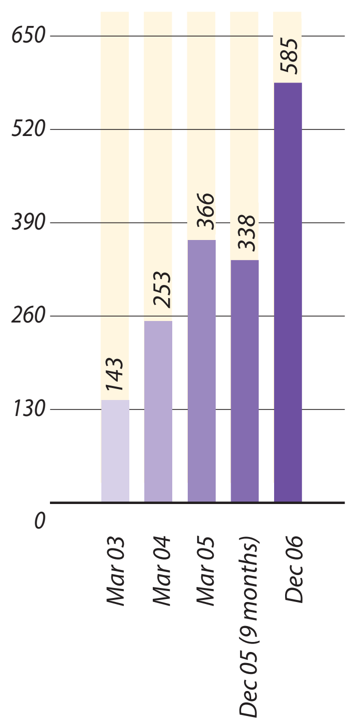
Subscribers
40 million
up by 73%

Revenue
R52 billion
up by 49%

EBITDA
(R billion)



Adjusted HEPS
(cents per share)



EBITDA
R22 billion
up by 53%

Adjusted headline EPS
584,7 cents
up from 338,2 cents

Group profile

The MTN Group Limited (MTN Group) is a leading provider of communication services, offering cellular network access and business solutions. The MTN Group is listed in South Africa on the JSE under the Industrial – Telecommunications sector.

Launched in 1994, the MTN Group is a multinational telecommunications group, operating in 21 countries in Africa and the Middle East. As at the end of December 2006, MTN recorded more than 40 million subscribers across its operations.

The MTN Group operates in Botswana, Cameroon, Côte d'Ivoire, Nigeria, Republic of Congo (Congo-Brazzaville), Rwanda, South Africa, Swaziland, Uganda, Zambia, Iran, Afghanistan, Benin, Cyprus, Ghana, Guinea Bissau, Guinea Republic, Liberia, Sudan, Syria and Yemen. For further information on MTN, visit our website www.mtn.com

MTN Group operating regions

South and East Africa

MTN South Africa, MTN Swaziland, MTN Zambia, MTN Uganda, MTN Rwanda and Mascom Botswana.

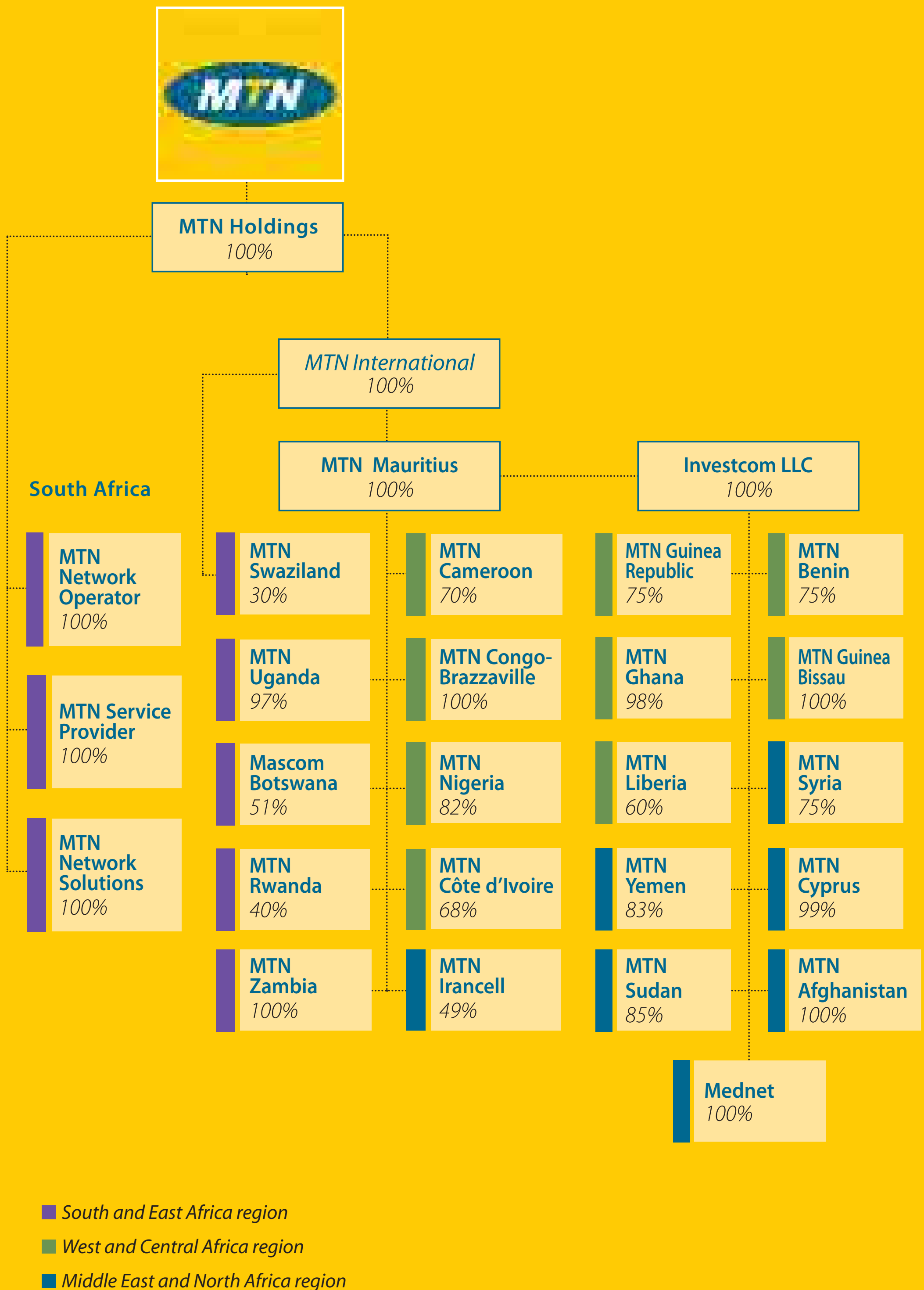
West and Central Africa

MTN Nigeria, MTN Cameroon, MTN Congo-Brazzaville, MTN Côte d'Ivoire, MTN Benin, MTN Ghana, MTN Guinea Bissau, MTN Guinea and MTN Liberia.

Middle East and North Africa

MTN Irancell and MTN Afghanistan, MTN Cyprus, MTN Sudan, MTN Syria, MTN Yemen and Mednet.

Group structure

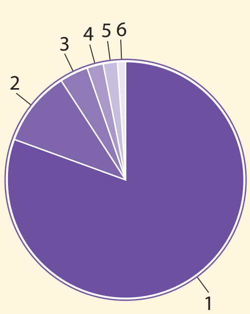


MTN's global footprint

MTN now operates in 21 countries serving a combined population of over 500 million people.

MTN subscribers

South and East Africa Region



1
South Africa
12 483 000

2
Uganda
1 595 000

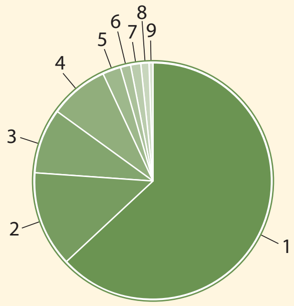
3
Botswana
600 000

4
Rwanda
384 000

5
Swaziland
268 000

6
Zambia
187 000

West and Central Africa Region



1
Nigeria
12 281 000

2
Ghana
2 585 000

3
Cameroon
1 783 000

4
Côte d'Ivoire
1 625 000

5
Benin
476 000

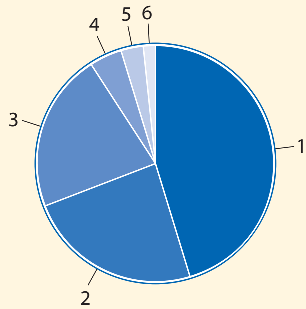
6
Congo-Brazzaville
280 000

7
Guinea Republic
276 000

8
Liberia
218 000

9
Guinea Bissau
98 000

Middle East and North Africa Region



1
Syria
2 237 000

2
Yemen
1 161 000

3
Sudan
1 066 000

4
Afghanistan
218 000

5
Iran
154 000

6
Cyprus
76 000

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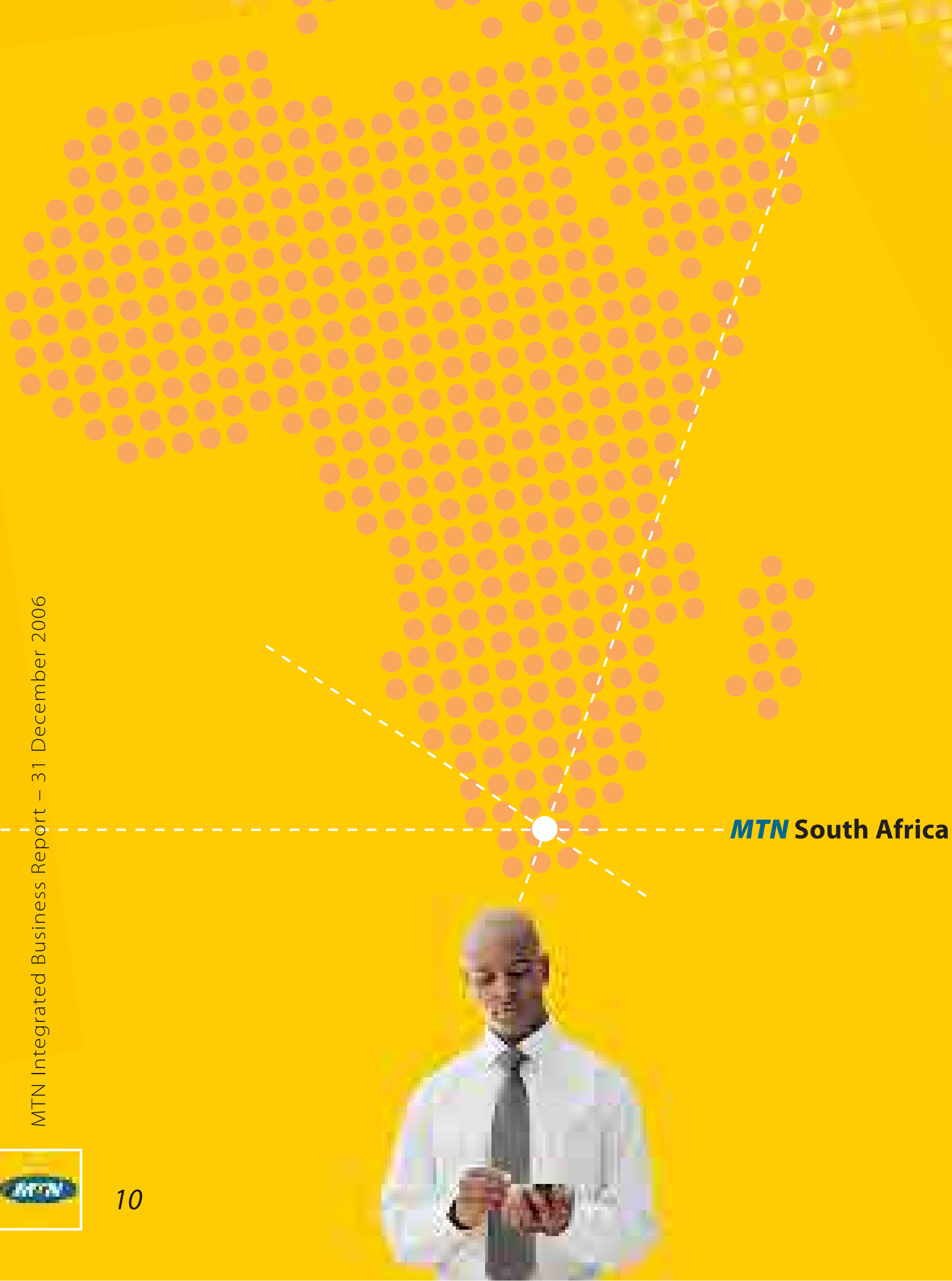


Cape Town, South Africa – Table Mountain

MTN is successfully delivering on its vision to be the leading provider of telecommunication services in emerging markets with operations now in 21 countries

Cyril Ramaphosa

Chairman's report

Dear stakeholder

A watershed year

The MTN Group's growth in recent years has been strong, with several acquisitions diversifying the earnings base and providing access to high-growth markets. Organic growth has been achieved by focusing on efficiencies and by delivering better products and services to our growing subscriber base.

A hallmark of this acquisitive growth has been an unwavering operational focus on the smooth integration of processes and people. More recently, operations have been structured along regional lines to optimise performance and maximise synergies.

Apart from a growing footprint in Africa through MTN's own expansion, the primary catalyst for this regional structure was the 2006 acquisition of Investcom LLC at US$5 billion, one of the largest transactions concluded on the JSE to date.

MTN is successfully delivering on its vision of becoming a leading telecommunications operator in emerging markets. Today, reporting on results for its 12th year, MTN is a multinational group with 21 operations across Africa and the Middle East.

Results for the 12 months to 31 December 2006 – the first full trading period under our new year-end – were excellent.

A 73% increase in subscriber numbers resulted in consolidated revenue of R52 billion and adjusted headline earnings per share of 584,7 cents, increases of 90% and 73% respectively on the nine-month reporting period ended December 2005.

Geopolitical environment

Operating in Africa and the Middle East poses challenges which MTN continually addresses through pro-active involvement in all operational and regulatory spheres that impact on the business and its operations. In this respect the calibre and experience of MTN's board of directors is proving a considerable asset. Equally, our focus on corporate citizenship and social responsibility programmes in each country is adding tangible value to the quality of life of millions of people and strengthening our relationships at government level.

The regulatory environment in a number of MTN's operating countries has not fully evolved. This dictates dynamic response strategies to manage the potential risk. These include strict regulatory compliance, active participation in developing regulatory frameworks and policy debates at legislative, executive and ministerial level. In addition, MTN has experienced legal and regulatory compliance functions in place in each country.

Where applicable, regulatory developments are detailed in the regional and country-specific reviews later on in this report.

Industry developments

Telecommunications is one of the fastest-growing industries in the world today.

Globally, the convergence of applications and technologies is accelerating as manufacturers build more technology and functions into handsets and operators introduce new services such as WiMax. In South Africa and Nigeria, the intention is to shift the regulatory focus away from restrictive infrastructure-based licences to more technology-neutral licensing.

Convergence has already started to impact on the markets in which MTN operates. The use of internet protocol (IP) to transmit voice and data across unified networks paves the way for companies to deploy applications to boost productivity and reduce costs. A number of new players have entered the traditional mobile market to take advantage of the legalisation of voice over internet protocol (VoIP), with internet service providers entering the voice market and cellular operators looking for opportunities in the data environment. Looking forward, the industry may see closer business relationships between fixed-line operators, internet service providers and mobile operators to give consumers simple access to a bundle of converged products (eg WiFi, GPRS and fixed-line internet access).

In 2006 the telecommunications industry in South Africa faced a number of regulatory challenges, notably preparing for a new competitive environment (mobile virtual network operators), mobile number portability (finally launched on 10 November 2006). In addition to regulatory challenges, South Africa also witnessed the launch of a second fixed-line network operator.

In Nigeria the Group has acquired VGC, a fixed line operator, and a 3G licence to effectively compete in the converging market place and expand corporate market share. In Syria the Group has been awarded a 3G licence on a test basis.

Corporate governance

We believe good governance results in disciplined business management, pervasive ethical standards and, ultimately, sustainable profitability across the organisation. Accordingly, as a multinational group, MTN has an overarching approach to corporate governance, benchmarking itself against global standards and implementing robust structures in every operation to ensure impeccable governance standards.

The recommendations and requirements of the King II report on corporate governance and the requirements of the JSE are integral to our corporate governance framework.

Given the expanded scope of the Group's operations and the concomitant increase in risk, the MTN Group appointed the former Auditor-General of South Africa, Shauket Fakie, to the Group's executive team as head of Group risk and internal audit at the beginning of 2007. His experience and proven record of disciplined financial management will contribute significantly to the MTN Group's ability to implement diverse and dynamic risk management across numerous countries, governments and cultures.

During the year, the MTN Group board was reconstituted to strengthen representation by independent directors. I welcome the new directors to the board and thank the board members who have resigned during the year for their contribution while serving on the board.

Sustainability performance

The MTN Group reports to stakeholders on an integrated triple bottom-line basis, presenting our economic, social and environmental performance, challenges and targets.

Maintaining the balance between our financial performance and social responsibility in three regions spanning 21 countries is a measured indicator of management's performance. In all operations, our aim is to adhere to industry best practice on sustainable development.

Our starting point in sustainable development must be our own people and ensuring a working environment that enables them to develop to their full potential. Equally, we are ensuring that our business has the pool of management skills required for future growth. This was clearly demonstrated during the current year when MTN was able to deploy managers to new territories while continuing to attract skilled professionals to the Group.

To date, MTN foundations have been established in three countries (South Africa, Nigeria and Cameroon). In every country, the primary focus is to play a role in addressing developmental challenges and constraints to better enable MTN to conduct its business and ultimately contribute to sustainable development for all stakeholders. It is the Group's intention to establish foundations in all the countries in which it operates.

Appreciation

In my last report, I noted that MTN Group was a vastly different organisation to what it was in 1994. It is in fact a vastly different organisation to what it was last year. However, the spirit of community – the camaraderie and enthusiasm that have become our hallmarks – is unchanged. It has simply spread to more countries and encompassed more stakeholders. I thank all those stakeholders – our shareholders, board members, business partners, loyal customers and, above all, our staff – for enabling us to breathe life into our promise of *everywhere you go*.

Cyril Ramaphosa
28 March 2007

Group directorate

1 ***MC Ramaphosa*** **(54)**
Chairman

2 ***PF Nhleko*** **(47)**
Group president and CEO

3 ***DDB Band*** **(63)**
Non-executive director

4 ***RS Dabengwa*** **(49)**
Chief Operating Officer

5 ***KP Kalyan*** **(52)**
Non-executive director

6 ***AT Mikati*** **(34)**
Non-executive director

7 ***RD Nisbet*** **(51)**
Group Finance Director

8 ***MJN Njeke*** **(48)**
Non-executive director

9 ***MA Ramphele*** **(59)**
Non-executive director

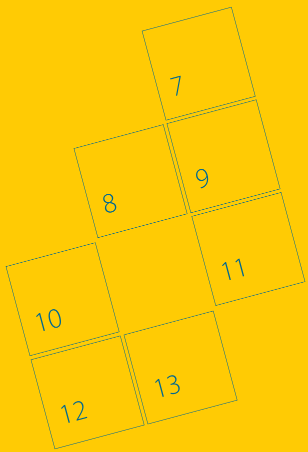
10 ***JHN Strydom*** **(68)**
Non-executive director

11 ***AF van Biljon*** **(59)**
Non-executive director

12 ***J van Rooyen*** **(57)**
Non-executive director

13 ***P Woicke*** **(64)**
Non-executive director

14 ***ARH Sharbatly*** **(62)**
Non-executive director – not shown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1 MC RAMAPHOSA (54)
BProc, LLD (HC)
Chairman
Non-executive director since 2001
Mr Ramaphosa is the executive chairman of Shanduka Group (Pty) Limited and serves as non-executive director of a number of other companies including SABMiller plc, Standard Bank Group Limited and the Bidvest Group Limited. 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.

2 PF NHLEKO (47)
BSc (Civil Eng), MBA
Group president and CEO
CEO since 2002
Mr Nhleko currently serves on the board of the GSM Association and is the non-executive chairman of World Wide Investments Holdings (Pty) Limited.

He has been a director on various boards of listed companies which include: Old Mutual South Africa, Johnnic Holdings Limited, Nedcor Limited, the Bidvest Group Limited and Alexander Forbes Limited.

Prior to joining MTN he served at Standard Corporate Merchant Bank. He is also the non-executive chairman and founding member of Worldwide African Investment Holdings, which holds significant interests in the petroleum and telecommunication/IT industries.

3 DDB BAND (63)
BCom, CA(SA)
Non-executive director since 2001 (Independent)
Mr Band 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 officer of the Premier Group Limited.

In January 2000, he became a consultant to the capital investments division of Standard Bank and currently serves as a non-executive director on the boards of MNet/Supersport, the Standard Bank Group Limited, Tiger Brands Limited and the Bidvest Group Limited.

4 RS DABENGWA (49)
BSc (Eng), MBA
Group chief operating officer
Executive director since 2001
Mr Dabengwa currently serves the dual mandate of chief operating officer and vice president of the South and East Africa region.

Prior to joining MTN in 1999, Mr Dabengwa was employed by Eskom as executive director responsible for distribution. Before that he worked as a consulting electrical engineer in the building services and township development areas.

5 KP KALYAN (52)
BCom(Law)(Hons) Economic Senior Executive Management Programme
Non-executive director since 2006 (Independent)
Ms Kalyan is currently based in London and is senior business development manager, Shell International Exploration. Prior to that, she was senior economist at the Chamber of Mines of South Africa and has been an economist at the Electricity Commission of Victoria, Melbourne, Australia. Other directorships include the South African Business Trust, South African Bank Note Company of the South African Reserve Bank, South African Mint Company of the South African Reserve Bank and the UK/SA Business Initiative London.

6 AT MIKATI (34)
BSc
Non-executive director since 2006
While in college Mr Mikati founded T-One, a telecom company providing long-distance services between the United States and other international destinations.

He became CEO of Investcom, a leading emerging market phone company. Under his leadership, the company's sales grew in less than seven years from US$30m to US$1bn.

At 33, he was the youngest CEO of a Middle Eastern publicly traded company.

At present he is the CEO of M1 Group, an international investment group with a strong focus on the telecommunications sector.

7 RD NISBET (51)

BCom, BAcc, CA(SA)

Group finance director

Executive director since 2001

Mr Nisbet has been with MTN since 1995. Prior to joining MTN, he held various positions which included financial directorships of both listed and non-listed companies.

8 MJN NJEKE (48)

BCom, BCompt(Hons), CA(SA), H Diploma Tax Law

Non-executive director since 2006 (Independent)

Mr Njeke is the deputy chairman of Kagiso Media (Pty) Limited. He was previously partner at PricewaterhouseCoopers and is a past chairman of the South African Institute of Chartered Accountants. He is a director of numerous companies including Metropolitan Holdings Limited and Mittal Steel Limited.

9 MA RAMPHELE (59)

BCom, MBCHB, PhD

Non-executive director since 2006 (Independent)

Dr Ramphele is currently the executive chairperson of Circle Capital Ventures. She was previously the managing director: human development, World Bank (Washington DC). Before joining the World Bank, she was the vice chancellor of the University of Cape Town. She also holds directorships at Standard Bank Group Limited, Standard Bank of South Africa Limited, the Nelson Mandela Foundation, the Nelson Mandela Children's Trust and the Rockefeller Foundation.

10 JHN STRYDOM (68)

MCom(Acc), CA(SA)

Non-executive director since 2004

Mr Strydom is a registered auditor and a founding partner of Strydoms Incorporated Chartered Accountants (SA), registered auditors, a firm specialising in business valuations, litigation support and forensic investigations. He serves on the board of Growthpoint Properties Limited and is a director of the Public Investment Corporation Limited and a senior member of the Special Income Tax Court for taxation appeals.

11 AF VAN BILJON (59)

BCom, CA(SA), MBA

Non-executive director since 2002 (Independent)

Mr van Biljon manages a specialised financial consultancy trading as Van Biljon & Associates.

Mr van Biljon has extensive experience in business and financial matters, and has served as financial director to a number of JSE listed companies including Truworths, Sun International and of late also, the Standard Bank Group from 1996 to 2002. He is chairman of Peermont Global Limited and on the board of Alexander Forbes Limited.

12 J VAN ROOYEN (57)

BCom, BCompt(Hons), CA(SA)

Non-executive director since 2006 (Independent)

Mr van Rooyen is a founder member and chief executive of Uranus Investment Holdings (Pty) Limited. He is the immediate past chief executive of the Financial Services Board.

He is a founder member and former president of the Association for the Advancement of Black Accountants (ABASA) and was chairperson of the Public Accountants and Auditors Board (PAAB) in 1995. He also serves as non-executive director for a number of listed companies which include Pick 'n Pay Stores Limited and a trustee of the Interactive Accounting Standards Committee Foundation.

13 P WOICKE (64)

BCom

Non-executive director since 2006 (Independent)

Mr Woicke is the former managing director of the World Bank. As managing director Mr Woicke led the effort to forge a comprehensive private sector development strategy to better integrate public and private investment roles of the World Bank group. Prior to that he was managing director and CEO of JP Morgan Asia Pacific. He worked on several assignments in Frankfurt, Beirut, England and Brazil.

He is currently on the boards of Anglo American plc and Raiffesen International Holding Vienna/ Austria.

14 ARH SHARBATLY (62)

Non-executive director since 2006 (Independent)

Sheik Sharbatly is currently the director of Riyad Bank in Saudi Arabia, Saudi Company for Hardware, Marketing Services and Commercial Projects Operation Company, Saudi Arabian Refinery Company and South Valley Cement factory. He is also the chairman of Arabian International Corporation, Saudi Arabian Marketing and Agencies Company Limited and Golden Pyramids Plaza Company.

MTN acquired Investcom LLC for US$5 billion. Investcom contributed over 8 million of the Group's 40 million subscribers.

Phuthuma Nhleko

Group President and CEO's report

Overview

The MTN Group today is a vastly different organisation to the one I reported on a year ago. While the scale and scope of operations have increased substantially, the focus of our Group remains in place – we are rapidly becoming the leading provider of telecommunications in emerging markets, giving voice to over 40 million people.

The MTN subscriber base grew 73% to 40 million during the 12 months to 31 December 2006 on strong growth in most markets, notably Nigeria (up 47%) and South Africa (up 22%). Total subscribers include 8,4 million subscribers of the former Investcom operations which have been consolidated since acquisition in July 2006. Subscriber bases increased by 26% and 80% respectively in the South and East Africa (SEA) and West and Central Africa (WECA) regions. Total Group subscribers also include an additional 4,9 million subscribers in the Middle East and North Africa (MENA) region.

Trading conditions in most countries where MTN operates remained challenging with increasing competition from local, regional and international operators. Tariffs continued to decline across all our markets as acquisitions were increasingly achieved on deeper penetration of addressable markets. As a consequence, average revenues per user (ARPUs) have declined in most operations. Interest rates in most major operations remained steady, while increased lending rates in South Africa have not significantly affected consumer spending.

Group revenue increased by 49% for the period, with contributions split 52%, 41% and 7% among the SEA, WECA and MENA regions respectively. Attributable earnings for the period were R10,6 billion, compared to R5,9 billion for the nine months ended December 2005. The Group EBITDA margin was strong at 43,4% as initiatives to drive operating efficiencies propelled savings in operating units, especially in Nigeria.

Investcom operations contributed R5,9 billion or 12% of total revenue for the year since acquisition in July 2006. These results have underlined the benefits of MTN's expansion strategy in diversifying the revenue base through strategic acquisitions in emerging markets.

Key objectives for the past period

The MTN Group has made good progress on the strategic objectives set at the beginning of the year:

Continue to identify and pursue value-enhancing expansion opportunities to consolidate our position and diversify earnings – the MTN Group has established itself as a leader in telecommunications in emerging markets with the acquisition of Investcom LLC, broadening our operating footprint to 21 countries in Africa and the Middle East. The US$5 billion acquisition has, however, had a significant impact on our debt profile in the short to medium term. While the integration of Investcom has been smooth, management's focus will be on reducing our net debt level to approximately 0,4 times EBITDA by the end of 2008. During the year, we launched commercial operations in Iran and Afghanistan, and Sudan completed its first full trading year. The MTN Group will continue to explore expansion opportunities where these have a strategic and significant positive impact on the Group's earnings in the medium term.

Managing the Investcom integration – the key aspects of the integration project were formally concluded at the end of October 2006. The broad objectives were largely achieved, including the alignment of Investcom processes to MTN standards and disciplines. The rebranding programme for these operations has been finalised and will be launched in most countries during 2007, together with new products and value-added services to capitalise on opportunities and maximise impact. Group-wide procurement benchmarks have been established and opportunities identified for significant cost reduction in both network capital expenditure and operating expenses over the next two years.

Most importantly, the Investcom acquisition has added significant depth to our management teams as well as professional and telecommunication-specific skills. In such a rapidly developing market, this is a considerable competitive advantage.

Regionalisation – the strategy we initiated in the prior period has shown encouraging results. We have established three unique regions in our portfolio which form the basis of our hub and cluster strategy to drive operating focus, synergies and efficiency.

Improve operational cost efficiency and expand margins to take full advantage of scale across our operations – the least-cost operator approach is now embedded at operating unit level and has promoted a strong cost-reduction culture across the Group. Key performance indicators are reviewed for all operating units and benchmarked across the Group to drive efficiency in spending and roll out best practices in our operations.

We are now assessing outsourcing certain functions of the business, culminating in the development of a new business model. This model should enable us to achieve our Group EBITDA margin target of 45% in the medium term, even though the Group margin will be diluted by lower margin contributions from Iran and Syria due to high revenue-share licence commitments.

Manage ambitious network roll out in the Islamic Republic of Iran – MTN Irancell launched commercially on 21 October 2006 with a network capacity of 450 000 covering Tehran (46% population coverage), Mashad and Tabriz and connecting 154 000 subscribers by year-end. The launch was a postpaid-only offer.

At launch, the distribution infrastructure included nine dealers and 500 primary points of sale. Internally, call centres, enterprise resource planning systems, customer care (unique in Iran) and sales support were all in place. By year-end, the distribution network had trebled and network infrastructure rolled out to cover 16% of the population of 70 million.

MTN Group results

MTN's performance for the 12 months ended December 2006 was solid with revenue and profits strongly up on the prior year. Revenues at R52 billion were 49% above the previous year as a result of subscriber growth and the consolidation of former Investcom operations. EBITDA was R22,4 billion, up 53%. Group profit after taxation of R12 billion was 32,4% above the previous year on higher revenues and functional currency gains as the rand weakened against foreign currencies.

MTN South Africa (48%) and MTN Nigeria (29%) contributed 77% of total revenue, down from 91% in 2005 following the consolidation of Investcom operations at Group level. Investcom operations contributed 12% of total revenues for 2006. MTN's international operations increased their contribution to Group results during the period and now account for 52% of revenue and 63% of EBITDA, up from 43% and 55% respectively at the end of the previous period. These results support ongoing initiatives to diversify our revenue and earnings base.

Total assets at 31 December 2006 increased by 116% to R96,9 billion. Net debt as a result of the Investcom acquisition was R22,9 billion with the debt/equity ratio at 77,2% and net debt/equity ratio at 53,6%.

Operational review

South and East Africa

MTN South Africa has maintained market share during the year and increased subscribers by 22% to 12,5 million. The pre-paid value proposition introduced during the year in combination with lower-denomination airtime vouchers have resulted in a very strong performance with pre-paid ARPU increasing to R94 from R93 in the previous year. Constructive discussions on the interconnect cost/tariff structure are continuing with ICASA.

Our focus on the consumer, corporate and reseller business units has resulted in a more efficient distribution channel and a broader distribution base.

MTN Uganda, Rwanda and Swaziland all recorded strong subscriber growth of 62%, 40% and 26% respectively. These operations have all maintained EBITDA margins in excess of 50%.

The infrastructure roll out in Zambia gathered pace in the latter half of the year, resulting in strong subscriber growth of 93% for the year.

West and Central Africa

In September, MTN Nigeria introduced a new pre-paid value proposition, with a number of new tariff plans at reduced rates, each targeting specific segments of the market. Subscribers increased by 47% to 12,3 million with 3,9 million net additions for the year. Significant acquisitions were recorded in the second half of the year following the introduction of the new product plans.

The majority of new additions continue to be connected at the low end of the market resulting in slightly lower ARPUs of US$18, down from US$22 for the previous financial period.

MTN Nigeria launched its ultra-modern fibre optic transmission backbone in October 2006. The network is one of the largest of its kind in Africa and spans 3 500km. It will provide MTN Nigeria with a competitive advantage and potentially redefine service delivery in the Nigerian telecommunications sector. In December 2006, MTN Nigeria acquired VGC Communications as a strategic platform to expand its presence in the corporate market. The acquisition will give MTN MAN (Metropolitan Area Network) the ability to deliver high bandwidth, reliable data and advanced voice service to corporate customers in the key cities of Lagos, Port Harcourt and Abuja. VGC Communications' assets and customer base will also give MTN Nigeria immediate traction in the corporate market and provide a high quality service. Post year-end, Nigeria was awarded a 3G licence for US$150 million.

MTN Ghana remains the biggest operator in the country with 2,6 million subscribers and a market share of almost 52%. In the second half of 2006, management's focus was on the expansion of network capacity and the improvement of network quality. Some 357 BTS sites were commissioned in the six months, bringing the total to 965.

MTN Cameroon and MTN Côte d'Ivoire experienced subscriber growth of 43% and 50% respectively. Cameroon increased market share during the year to 58% while Côte d'Ivoire secured a significant position in the important single-call market. The majority of subscriber acquisitions in Côte d'Ivoire occurred in the second half of the year as integration synergies and organisational changes took effect.

Middle East and North Africa

Iran, Afghanistan and Sudan in the MENA region are operations with the greatest growth potential in the Group.

Since commercial launch, MTN Irancell has expanded its network coverage to eight cities at December 2006 and has rolled out some 361 BTS stations covering 16% of the population. From commercial launch in October to the end of December 2006, 154 000 postpaid subscribers were connected. Subsequent to year-end,

MTN Irancell launched pre-paid services to meet competitive market challenges. The pre-paid launch was at a connection fee of approximately US$25, representing a significant discount to the prevailing price for postpaid SIM cards of approximately US$150. The launch of the pre-paid offer has accelerated subscriber acquisition, which exceeded 1 million at the end of March 2007.

Afghanistan commenced operations in August 2006 and has rolled out 155 BTS sites. The operation has connected 218 000 subscribers in the five months since launch. The most significant challenge in this operation remains the network roll out.

Sudan has completed its first full year of operation and connected over 1 million subscribers with market share of close to 25%. The acceleration of the network roll out in advance of the third competitor entry remains a key focus.

Investment and expansion strategy

Geographic expansion during the year was achieved through the Investcom acquisition which increased the Group footprint from 11 to 21 countries. This was a significant step forward in our strategy to be the leading provider of telecommunications services in emerging markets. Today, the MTN Group spans 21 countries with a combined population of over 500 million.

The Group has also increased its stake in Côte d'Ivoire by 17%, Mascom (Botswana) by 7% and Uganda by 45%, for a combined sum of R2,1 billion. The Group increased its shareholding in Nigeria by 7% at a cost of R2,7 billion.

Sustainability performance

Sustainable development has long been a cornerstone of our business and approach, given the close relationship between mobile telecommunications and quality of life. At industry level, MTN is making a material contribution in developing appropriate regulations in different regions, believing that free-market principles will best support entrepreneurial development and the significant multiplier effect this can have on individuals and communities. We also believe that corporate citizenship and economic prosperity can be extended to more citizens in every territory by increasing the percentage of local procurement in almost all areas of operation.

At present, there are MTN foundations funded by after-tax profits active in three countries. These foundations address relevant social and educational priorities in each country and, where appropriate, combine traditional marketing activities with corporate citizenship. These are detailed in the sustainability review section of this report.

In each country, MTN's policy is to support local suppliers wherever possible and to the fullest extent. In Nigeria, for example, recharge cards are now locally sourced, generating employment, contributing to the domestic economy and producing savings that are passed on to MTN subscribers to keep tariffs affordable.

Corporate governance

The MTN Group board of directors was reconstituted during the year to align more closely with best practice in corporate governance by appointing more independent directors.

Our people

The MTN Group now has a workforce of over 14 000 that fully reflects the demographic diversity of our markets. The addition of skilled and experienced Investcom teams is an important advantage in an industry so reliant on specialist skills. Importantly, the cultural fit between the teams ensures that we can rapidly move ahead as a larger multinational organisation with arguably the strongest base of human capital in our operating jurisdictions. Training and development plays an important role in achieving our business targets, accounting for some 5% of our total payroll cost each year. This includes a comprehensive succession strategy to align resources with strategic objectives.

In South Africa, MTN conforms to the requirements of the industry charter of economic empowerment and has been independently recognised as a leading empowerment company. During the year, MTN was rated progressive company of the year at the prestigious presidential awards for business leadership of the Black Management Forum.

At operating unit level, Ahmad Farouk was appointed CEO of MTN Nigeria and Amiable Mpore CEO for MTN Côte d'Ivoire. Brett Goschen moved from chief financial officer of MTN Nigeria to CEO of MTN Ghana. Given the expanded responsibilities of the chief operating officer in the enlarged group, Sifiso Dabengwa has returned to South Africa.

In line with the strategic change to a more regional structure, Christian de Faria and Jamal Ramadan were appointed vice presidents for the WECA and MENA regions respectively. Sifiso Dabengwa, the Group COO, is currently acting as vice president for the SEA region.

The MTN Group has been characterised by the spirit of its people since its formation – energy, passion and dedication permeate our operations, at times against formidable challenges. Your loyalty and enthusiasm continue to inspire as we strive to reach our business goals. I thank every one of you for your valued contribution to making the Group what it is today – a leading provider of telecommunications services in emerging markets.

I also thank the board members for their guidance and unwavering support.

Looking ahead

Setting and achieving challenging targets is becoming an MTN hallmark. For 2007, our strategic priorities include:

- Completing the final elements to integrate acquisitions that complement our expansion strategy
- Optimising regional synergies and ensuring strategic regional focus through a hub and cluster structure
- Continuing to pursue appropriate expansion opportunities to further diversify earnings and consolidate our position
- Improve operational efficiency through our least-cost operator strategy and explore outsourcing to improve the business model
- Take advantage of money transfer and mobile money opportunities in MTN Group markets.

Phuthuma Nhleko

28 March 2007

Executive management

1 PF NHLEKO (47)
BSc (Civil Eng), MBA
Group president and CEO
*CEO since 2002**

2 RS DABENGWA (49)
BSc (Eng), MBA
Chief operating officer
*Executive director since 2001**

3 RD NISBET (51)
BCom, BAcc, CA(SA)
Group finance director
*Executive director since 2001**

4 SL BOTHA (42)
BEcon (Hons)
***Executive: Marketing** since 2003*
Ms Botha joined MTN in July 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 by the Marketing Federation of South Africa. Prior to Absa, she worked for Unilever (UK) for six years before returning to South Africa in April 1996. She also serves on the board of Tiger Brands Limited.

5 I CHARNLEY (46)
MAP
Vice president: Operations
Executive since 2001
Ms Charnley is the vice president of MENA region. She was awarded Businesswoman of the Year in 2000 by the Business Woman's Association and nominated as one of the top 50 businesswomen outside the USA.

6 C DE FARIA (52)
Degree in Finance & Admin (CA)
Vice president: Operations
Executive since 2006
Mr de Faria was previously CEO of PT Excelcomindo Pratama, known as XL, the largest mobile operator in Indonesia. During his 18-month tenure as CEO, the company grew its subscribers from 3,1 million to 9,0 million. Before joining XL, Mr de Faria was CEO of Telekom Malaysia, responsible for international strategy. He successfully contributed to the divestment in Africa and concluded acquisitions for the group. He was involved in the rapid growth of investments in Sri Lanka, Bangladesh and Cambodia.

7 S FAKIE (48)
BCom, BCompt (Hons), CA(SA)
Executive: Risk management
Executive since 2007
Mr Fakie has over 30 years experience in accounting, auditing, consulting and advisory work. His experience spans both locally and internationally, in the public and private serctor and in his auditing profession. In 1999, he was appointed as Auditor-General of South Africa for a seven-year term which ended in November 2006.

8 PD NORMAN (41)
MA (Psychology)
Executive: Human Resources
Executive since 1997
Mr Norman has been a Group executive since 1997. He has spent over 11 years in the field of HR and has worked extensively in the transport and telecommunications industries.

He is a registered psychologist and has completed various executive development programmes at Wits Business School and the International Institute of Management Development in Switzerland. He is a trustee of the Chartered Accountants Medical Aid Fund and was awarded HR Practitioner of the Year in 2003 by the Institute for People Management.

9 KW PIENAAR (49)
BSc (Electrical & Electronic Engineering), PrEng
Group chief technology and information officer
Executive since 2001
Mr Pienaar started his career at Telkom SA Ltd and was involved in the full spectrum of telecommunication and technical management. Subsequently, he held positions as technical director of Elex Electronic Ltd, CRB divisional head communications and strategic business development manager at MultiChoice, where he was instrumental in the start up of MTN in 1994 as chief technical officer.

In 2001, after MTN won the licence for Nigeria, he was appointed CEO of MTN Nigeria for a year to manage the start up of that operation.

10 J RAMADAN (51)
MA (Information Technology)
Vice president: Operations
Executive since 2006
Mr Ramadan previously was an executive director of Investcom LLC, which he joined in 1996 as the operations director responsible for creating shareholder alliances, procurement, budgeting and strategic project management. Before joining Investcom LLC, he was the IT director of FTML, (a subsidiary of France Telecom), operating in Lebanon.

*Profiles of these executives can be viewed on page 18 of the report.

Revenue increased by 49% from the previous year and the EBITDA margin increased to 43,4%. Exceptional PAT of R12 billion was recorded

Rob Nisbet

Group Finance Director's report

Introduction

MTN Group achieved solid performance in the 12-month period ended 31 December 2006. Although the Group's profile changed significantly through acquisitions concluded during the year, strong organic growth in traditional markets underpinned the Group's performance. South Africa and Nigeria had revenue growth of 22% and 31% respectively in highly competitive markets compared to the prior 12 months.

Acquisitions had a significant impact on the Group's results during the year, notably through the Investcom transaction. Consolidated results include that of Investcom for the six months to December 2006. The Investcom transaction was dilutive to the Group's attributable earnings (R633 million) and decreased adjusted HEPS by approximately 6% in the reporting period owing to the impact of financing costs related to the acquisition (R1,1 billion) and the impact of IFRS 3-related amortisation adjustments to intangible assets (R482 million) after tax.

The Group changed its financial year-end to 31 December in line with its operational cycle and international peer group. Consequently, the Group's prior period audited results ended December 2005 cover a nine-month period. In certain instances, to provide meaningful comparatives, the unaudited 12-month period ended 31 December 2005 has been used.

The Group's revenue increased by 49% to R52 billion when compared to the prior 12-month period to 31 December 2005. The revenue increase was driven mainly by the acquisition of Investcom coupled with strong organic growth in traditional markets. Excluding the R6 billion revenue impact from Investcom, year-on-year growth in revenue would have been 32%. Regionally, SEA is the largest contributor at 52% followed by WECA and MENA at 41% and 7% respectively.

The Group's EBITDA increased by 53% to R22 billion compared to the prior 12-month period. Excluding the R2,3 billion impact of Investcom, year-on-year growth in EBITDA would have been 37%, 4% above the revenue increase, reflecting efficiency improvements. SEA contributed 41% which is lower than its revenue contribution given its lower EBITDA margins. WECA contributed 51% of total EBITDA. The start-up nature of many of the MENA operations has resulted in a relatively small contribution of 5% to Group EBITDA.

Adjusted PAT increased to R12 billion compared to R7 billion for the nine months to December 2005.

Basic HEPS rose to 606,5 cents for the period, 69% above the 359,8 cents for the nine months ended 31 December 2005.

The Group's balance sheet changed significantly as a result of the acquisition of Investcom. Goodwill of R23 billion and intangible assets of R8,1 billion have been recorded as a result of the transaction.

The Group's total assets have increased by 116% to R97,0 billion since the prior reported period. Excluding Investcom assets and the impact of goodwill and intangibles relating to this transaction, the increase in the Group's total assets would have been approximately 14%.

The Group had net debt at 31 December 2006 of R22,9 billion of which R18,8 billion relates to the Investcom transaction. The net debt to EBITDA ratio at December 2006 was 1,02 times and 0,92 times if Investcom EBITDA is included for the full 12 months.

Macro-economic environment

Economic conditions in the markets in which the Group operates were favourable with reasonably low interest rates. Most currencies remained stable against the US dollar, except for the rand which weakened significantly during the

Current versus previous period's exchange rates

	Average exchange rates		
Exchange rates per rand	**January 2006 – December 2006**	January 2005 – December 2005	% change
US$ (rand per dollar)	**7,04**	6,47	(9)
NGN (Nigeria)	**18,70**	20,23	8
CFA (Cameroon)	**77,21**	85,67	10
GHC (Ghana)	**1 282,55**	1 412,00	9
SDD (Sudan)	**32,54**	37,63	14
IRR (Iran)	**1 365,28**	1 420,80	4

	Closing exchange rates		
Exchange rates per rand	**December 2006**	December 2005	% change
US$ (rand per dollar)	**7,05**	6,32	(12)
NGN (Nigeria)	**18,23**	20,42	11
CFA (Cameroon)	**72,49**	89,78	19
GHC (Ghana)	**1 312,99**	1 449,00	9
SDD (Sudan)	**28,82**	36,55	21
IRR (Iran)	**1 308,73**	1 436,49	9

reported period but recovered somewhat towards the end of the financial year. The telecommunications sector in which the Group operates has remained extremely competitive and is expected to intensify over the next year as new entrants launch their networks.

The table "Current vs previous periods' exchange rates" sets out the movement in the closing and average exchange rates between the rand and the currencies of the Group's major international operations.

The strengthening of the closing exchange rates of foreign currencies against the rand has resulted in the rand value of the assets and liabilities increasing by between 9% and 21%. While the most significant is the strengthening of the naira (11%), the strengthening of various euro-linked West African currencies have also impacted the Group balance sheet.

MTN Group

Revenue

The increase in Group revenue of 49% (32% excluding Investcom) versus the comparable period in the prior year is primarily attributable to the large increase in subscribers in all operations.

The SEA region is the largest contributor to Group revenue, accounting for 52% of the total, followed by WECA at 41%. Revenues in the South and East Africa region are highly dependent on South

MTN Group revenue composition

For the period ended	**12 months to December 2006 Rm**	12 months to December 2005* Rm	9 months to December 2005 Rm	December 2006 versus 2005 %	**% of total at December 2006**	% of total at December 2005
Wireless telecommunications	**46 822**	30 823	24 157	52%	**91%**	89%
Airtime and subscription fees	**36 309**	23 606	18 608	54%	**70%**	68%
Interconnect revenue	**10 159**	7 032	5 403	44%	**20%**	20%
Connection fees	**354**	185	146	91%	**1%**	1%
Cellular telephones and accessories	**3 096**	2 832	2 351	9%	**6%**	8%
Other	**1 677**	1 013	704	66%	**3%**	3%
Total	**51 595**	34 668	27 212	49%	**100%**	100%

**The revenue for 12 months to December 2005 is for comparative purposes and has not been audited.*

Analysis of MTN Group revenue by region

	12 months to December 2006 Rm	12 months to December 2005* Rm	9 months to December 2005 Rm (Audited)	December 2005 to 2006 %	% of total
SEA	**26 586**	21 065	16 293	26	52
South Africa	**24 578**	20 101	15 507	22	48
Other	**2 008**	964	786	108	4
WECA	**21 208**	13 533	10 868	57	41
Nigeria	**14 900**	11 377	9 034	31	29
Ghana	**1 704**	—	—	—	3
Other	**4 604**	2 156	1 834	114	9
MENA	**3 756**	—	—	—	7
Sudan	**570**	—	—	—	1
Iran	**77**	—	—	—	0
Other	**3 109**	—	—	—	6
Head office companies	**45**	70	51	(36)	0
Total	**51 595**	34 668	27 212	49	100
Original MTN operations	**42 826**	33 641	26 207	27	83
2005 acquisitions	**2 737**	957	954	186	5
Investcom operations	**5 987**	—	—	—	12
Head office companies	**45**	70	51	(36)	0
Total	**51 595**	34 668	27 212	49	100

**The revenue for 12 months to December 2005 is for comparative purposes only and has not been audited.*

Africa, which accounts for 92% of the region's total revenue. WECA revenues are more diversified with Nigeria contributing 70% of the region's total revenue. Ghana, the second-largest operation in the region, contributed 8% of the region's revenue. This contribution will, however, change significantly in the next financial year when revenues of the former Investcom operations are consolidated for the full year.

MENA region accounted for 7% of Group revenue. Revenues for this region are expected to grow substantially as subscriber acquisitions increase in both Iran and Sudan, as well as from the full-year consolidation of all operations in this region.

Organic revenue growth from MTN South Africa, MTN Nigeria, MTN Uganda, MTN Cameroon, MTN Swaziland and

MTN Rwanda was strong with revenue increasing by 27% to R42,8 billion.

Acquisitions have contributed to the diversification of the Group's revenue base. Investcom operations contributed R6 billion or 12% of Group revenue to 31 December 2006 and 2005 acquisitions contributed 5% of total Group revenue for the current year.

EBITDA

MTN Group EBITDA increased by 53% from the comparative period in the prior year, driven by strong revenue

Analysis of MTN Group EBITDA by region

	12 months to December 2006 Rm	12 months December 2005* Rm	9 months to December 2005 Rm (Audited)	December 2005 to 2006 %	% of total
SEA	**9 346**	7 341	5 386	27	41
South Africa	**8 340**	6 895	5 009	21	37
Other	**1 006**	446	377	126	4
WECA	**11 355**	7 051	5 580	61	51
Nigeria	**8 529**	6 051	4 727	41	38
Ghana	**890**	—	—	—	4
Other	**1 936**	1 000	853	94	9
MENA	**1 117**	(3)	(6)	—	5
Sudan	**99**	—	—	—	—
Iran	**(58)**	(3)	(6)	—	—
Other	**1 076**	—	—	—	5
Head office companies	**595**	296	271	101	3
Total	**22 413**	14 685	11 231	53	100
Original MTN operations	**18 656**	13 979	10 554	33	83
2005 acquisitions	**849**	410	406	107	4
Investcom operations	**2 313**	—	—	—	10
Head office companies	**595**	296	271	101	3
Total	**22 413**	14 685	11 231	53	100

**The EBITDA for 12 months to December 2005 is for comparative purposes only and has not been audited.*

growth as well as the contribution from acquisitions, particularly Investcom. Excluding Investcom as well as the effect of acquisitions made in the previous financial year, organic EBITDA growth was 35%. Some 9% of this was due to the weakening of the rand against the functional currencies of the operating companies.

The South and East Africa region contributed 41% of total Group EBITDA. The MTN South Africa EBITDA margin of 33,9% compares favourably to the nine months ended December 2005 (32,3%) but unfavourably to the 12 months ended December 2005 (34,3%) due to increased expenses for 3G leased lines and net interconnect as a percentage of revenue decreasing by more than 3%. The West and Central Africa region contributed 51% of the Group's total EBITDA. Nigeria EBITDA increased 41% year on year and the margin improved by four points to 57% versus the prior 12-month comparable period. The improved EBITDA performance in Nigeria was a result of savings in operating expenditure due to cost-control initiatives. Nigeria's EBITDA contribution to Group EBITDA at R8,5 billion was marginally above that of South Africa's EBITDA contribution (R8,3 billion) for the first time.

Depreciation and amortisation

Group depreciation increased by R1,8 billion to R5,0 billion compared to the 12 months to December 2005. Nigeria's depreciation charge increased by R867 million, due to additional capital expenditure and, to a lesser extent, the strengthening of the naira against the rand.

The depreciation charge from operations acquired in 2005 (Côte d'Ivoire, Zambia, Botswana, Congo-Brazzaville and Iran) increased by R240 million, of which R165 million results from a 12-month depreciation charge in 2006 compared to the proportional depreciation in 2005.

Investcom operations incurred R562 million of depreciation for the six months to December 2006, accounting for 31% of the increase in the Group's depreciation charge for the year.

Amortisation of intangible assets for the Group increased by R1 billion compared to the nine months to December 2005. The amortisation of intangible assets related to the Investcom acquisition totalled R587 million for the six months, while 2005 acquisitions accounted for an additional R130 million. A further R72 million related to the increase in shareholding of equity in Uganda.

Net finance costs

Net finance costs for the Group increased by R1,2 billion compared to the 12 months to December 2005 mostly due to financing costs of R1,1 billion related to the acquisition of Investcom.

Net finance costs in South Africa were higher than last year by R424 million mainly due to increases in long-term borrowings in the current year. MTN Nigeria generated net finance income of R92 million, an increase of R312 million from last year as a result of higher cash balances.

MTN's share of the fair value adjustment of the put option in Nigeria was R270 million which has been included in finance charges, while functional currency gains of R452 million were recognised in finance income for the year.

Taxation

The Group's tax charge has increased by R1,2 billion from the nine months ended 31 December 2005 mainly due to the increase in profits as well as the additional tax charge of R233 million related to former Investcom operations.

The effective tax rate increased from 17,4% to 17,6% due to tax adjustments in Cameroon and Côte d'Ivoire.

The Group's effective tax rate would have been approximately 35% in the current year excluding the positive effect of deferred tax in Nigeria had the pioneer status tax exemption not been in place and assuming an effective tax rate of 33,5% in Nigeria.

According to *IAS 12: Income Taxes*, MTN Nigeria has been obliged to recognise a deferred tax asset representing the tax effect of the temporary timing differences due to depreciation having been recognised and capital allowances for tax purposes only being recognised in the future. To date the Group has recognised a deferred tax asset of R2,6 billion, of which R650 million (MTN's share) was recognised in the current year. The Group has adjusted its headline earnings to exclude this positive effect. It still needs to be determined whether the reversal of this deferred tax asset in future will also be reported as an adjustment to headline earnings.

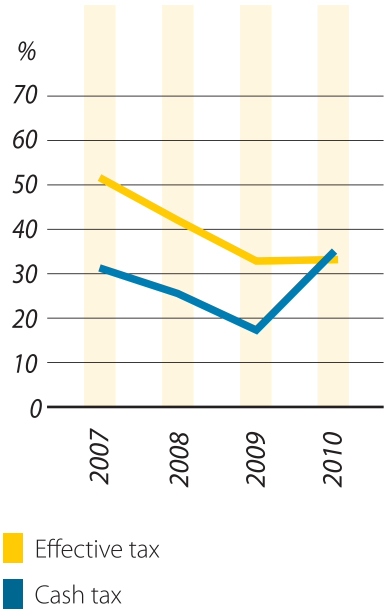
From 1 April 2007, Nigeria's tax charge and cash tax payable will be significantly higher than the statutory tax rate of 30% as a result of:

- the commencement provision of Nigerian tax law which results in double taxation leading to a higher tax charge,
- a portion of the deferred tax asset to be used during the period.

It is currently estimated that Nigeria's effective tax rate to December 2007 will be 52% (refer graph on page 38). This is higher than the previously forecast 47% rate for 2007 due to the deferred tax effect of the revised depreciation charge.

A gain was made on the currency hedge for the Investcom transaction. This gain would have been subject to tax at 29%, were it not for the National Treasury having proposed legislation that treats gains and hedging costs as part of the base cost for capital gains tax purposes and relieves the gain from income tax. The amendment, once promulgated, will have an effective date of 31 December 2006. The legislation is expected to be tabled before parliament for approval in April/May 2007 and promulgated shortly after that.

MTN Nigeria
Expected trends in effective tax rates



Headline earnings per share

Adjusted HEPS of 584,7 cents was achieved for the 12 months to December 2006. This compares favourably with adjusted HEPS of 338,2 cents for the nine months to December 2005.

The board continues to report adjusted headline earnings which have been adjusted for:

- The reversal of the Nigeria deferred tax credit. This decreased HEPS during the period by 37 cents.
- The implementation of IFRS requires the Group to account for a written put option held by a minority shareholder of one of the Group's subsidiaries, which gives the minority the right to require the subsidiary to acquire its shareholding at fair value. Prior to the implementation of IFRS, the shareholding was treated as a minority shareholder in the subsidiary as all risks and rewards associated with these shares, including dividends, accrued to the minority shareholder.

IAS 32 requires that under the circumstances described above: (a) the present value of the future redemption amount be classified from equity to financial liabilities and that the financial liability thus reclassified subsequently be measured in accordance with IAS 39; (b) in accordance with IAS 39, all subsequent changes in the fair value of the liability together with the related interest charges arising from present valuing the future liability, be recognised in the income statement and (c) the minority shareholder holding the put option no longer be regarded as a minority shareholder, but rather as a creditor from the date of entering into the put option.

The fair value movement on the financial instrument resulted in a decrease in HEPS of 6,8 cents per share. The finance charges reflected as a result of this treatment had a negative impact of 17,2 cents and the Group's increased share in the results of the subsidiary, as a consequence of the minority shareholder being accounted for as a creditor, was 8,7 cents. This resulted in a net negative impact of 15,3 cents which has been reversed in the adjusted HEPS.

The board believes that accounting for this put option as required by IAS 32 and IAS 39 does not adequately reflect the economic realities of the transaction in that the minority shareholder currently participates in the equity risks and rewards of the subsidiary. Accounting for changes in the fair value of the financial instruments in the income statement is misleading, because if the put option was exercised at fair value it stands to reason that these shares could be sold for the same price with no impact on profitability or cash flow. Inherently, a transaction at fair market value implies that one party receives an asset at fair value and the other party pays for it at fair value. To suggest that a profit or loss is made on this transaction is, in the opinion of the directors, inherently misleading.

Operations

MTN South Africa

Revenue

MTN SA revenue was 22% higher than the comparative period last year, driven by growth in the subscriber base. Excluding handsets and accessories, revenue increased by 23% compared to the prior 12-month period.

Postpaid subscribers increased by 29% while postpaid revenue grew by 9%. The correlation between the increase in postpaid connections and increased revenues is reduced significantly as connections were at lower-end packages. Postpaid ARPU declined by R54 to R487 as a result of the sales mix from MyChoice 75 TopUp, Xpress Message and MyCall 100. In addition, a portion of pre-paid subscribers migrated from pre-paid late in the year and has not contributed significantly to postpaid revenue.

The growth in pre-paid revenue by 42% is mainly attributable to the successful launch of the new pre-paid value proposition (lower denominations and rebalanced tariffs). The R10 and R15 airtime cards introduced in 2006 continued their successful penetration into the market and contributed to MTN South Africa achieving an ARPU of R94.

Interconnect revenue increased by 13% year on year as a result of increased minutes terminated from other mobile operators due to the growth of the mobile market. Fixed-line interconnect revenue remained relatively static.

Total handset and accessories revenue grew by 20% on significant growth in pre-paid volumes. Other revenue items were directly proportional to the increase in subscriber numbers.

EBITDA

MTN South Africa's EBITDA was 21% higher than the comparable period last year, driven mostly by higher revenues.

- Direct network operating costs were 38% higher mainly due to increased

MTN South Africa revenue and expense summary

	12 months to December 2006 Rm	12 months to December 2005* Rm	9 months to December 2005 Rm	December 2006 vs 2005 %
Wireless telecommunications	**20 501**	16 739	12 824	22
Airtime and subscription fees	**14 849**	11 771	9 003	26
Interconnect revenue	**5 600**	4 949	3 781	13
Connection fees	**52**	19	40	174
Cellular telephones and accessories	**3 289**	2 751	2 284	20
Other	**788**	611	399	29
Total revenue	**24 578**	20 101	15 507	22
Direct network operating costs	**(1 066)**	(771)	(1 042)	38
Costs of handsets and other accessories	**(3 503)**	(2 859)	(2 399)	23
Interconnect and roaming costs	**(3 869)**	(3 198)	(2 341)	21
Employee benefits and consulting costs	**(1 144)**	(1 022)	(698)	12
Selling, distribution and marketing costs	**(5 859)**	(4 675)	(3 457)	25
Other expenses (general and administration)	**(797)**	(681)	(561)	17
Total operating expenses	**(16 238)**	(13 206)	(10 498)	23
EBITDA	**8 340**	6 895	5 009	21
EBITDA margin	**33,9%**	34,3%	32,3%	—

**The revenue for 12 months to December 2005 is for comparative purposes only and has not been audited.*

bandwidth requirements for the EDGE, 3G and HSDPA roll outs, as well as from the increased number of base stations that have been rolled out to expand coverage and capacity. Maintenance costs increased as focus shifted after an intensive 3G roll out in the previous financial year. Outsourcing and various other lower-cost solutions are being investigated to reverse this trend while actively promoting data traffic to further increase revenues.

- Selling, distribution and marketing costs increased by 25% mainly due to increased service provider commissions and discounts. These costs rose due to increased connections by independent service providers, as well as the changed commercial model compelling the payment of effectively higher discounts due to competitive pressures. Furthermore, increased TV and outdoor advertising relating to the Africa Cup of Nations held in Egypt during the first half of the year also contributed to higher costs. Focus continues to be applied to these cost areas.

- Costs of handsets and other accessories increased by 23% primarily due to an increase in volumes. Because of the competitive nature of the market, the increased handset costs have not resulted in similar increases in revenues.

MTN Nigeria

Revenue

Revenue growth in naira of 19% versus the prior year was achieved as a result of higher subscriber numbers. The strengthening of the naira against the rand resulted in revenue growth of 31% in rand terms.

The revenue growth was mainly driven by the 47% year-on-year increase in the subscriber base. MTN Nigeria achieved 3,9 million net connections for the period through aggressive promotions and incentives for distributors. It should be noted, however, that net connections are increasingly at the low-end of the market resulting in declining minutes of use.

New price plans were introduced in the third quarter of 2006 tailored to different customer segments. On-net call tariffs were also reduced leading to significant growth in the pre-paid subscriber base.

The 44% growth in interconnect revenue was mainly driven by growth in the mobile market.

MTN Nigeria has divested from the handset market, resulting in handset revenue being significantly lower than last year. Most handsets sold in December 2006 as part of the holiday promotion were sold at a very low mark-up.

EBITDA

It is pleasing to note that the percentage increase in revenue was higher than the percentage increase in operating expenditure due to tight control of operating costs. As a result MTN Nigeria's EBITDA was 41% higher than the prior year and achieved a 4% increase in EBITDA margin. The areas of significant expenditure growth were as follows:

- Direct network operating costs increased by 29% mainly due to increases in rent and utilities as well as maintenance related to the network roll out. Increases in fuel costs, driven by higher oil prices, as well as increased use of diesel due to network expansion, further contributed to higher costs. In addition, local and state taxes on BTS sites also continue to affect these costs.
- Sales, distribution and marketing expenses increased by 38% in line with the expansion of the subscriber base, mostly incurred in dealer commissions and discounts. The sales discount payable to dealers on starter kit purchases was increased significantly in March 2006.

MTN Nigeria revenue and expense summary

	12 months to December 2006 Rm	12 months to December 2005* Rm	9 months to December 2005 Rm	December 2006 vs 2005 %
Wireless telecommunications	**14 717**	11 067	8 798	33
Airtime and subscription fees	**12 247**	9 270	7 450	32
Interconnect revenue	**2 364**	1 645	1 254	44
Connection fees	**106**	152	94	(30)
Cellular telephones and accessories	**9**	40	31	(78)
Other	**174**	270	205	(36)
Total revenue	**14 900**	11 377	9 034	31
Direct network operating costs	**(996)**	(770)	(739)	29
Costs of handsets and other accessories	**(318)**	(214)	(240)	49
Interconnect and roaming costs	**(1 604)**	(1 010)	(1 052)	59
Employee benefits and consulting costs	**(617)**	(588)	(328)	5
Selling, distribution and marketing costs	**(1 556)**	(1 125)	(821)	38
Other expenses (general and administration)	**(1 280)**	(1 619)	(1 127)	(21)
Total operating expenses	**(6 371)**	(5 326)	(4 307)	20
EBITDA	**8 529**	6 051	4 727	41
EBITDA Margin	**57%**	53%	52%	—

**The revenue for 12 months to December 2005 is for comparative purposes only and has not been audited.*

- The 2005 general expense category included a charge of R150 million for impairment of fixed assets. This charge did not recur in 2006 resulting in reduced general expenses.

Irancell

The financial year ended December 2006 was the first full financial year for Irancell and there are therefore no prior year comparatives.

As the commercial launch only took place in October, MTN Irancell did not have a significant impact on Group results.

Ghana

MTN Ghana was consolidated into MTN Group effectively from 1 July 2006 and recorded revenue of R1,7 billion for the six months to December 2006. Ghana's EBITDA contribution, although somewhat lower due to increased competition, remained healthy at 52%. The main item of expenditure that contributed to the lower EBITDA margin was a 69% increase in staff expenses due to an increase in the number of employees.

Sudan

MTN Sudan increased its subscriber base by almost 800 000 from December 2005 to 1 million at December 2006. Over 70% of net connections were achieved in the second half of the year, as the network roll out accelerated.

Other operations revenue and expense summary

For the period ended 2006	Irancell Rm	Ghana Rm	Sudan Rm
Wireless telecommunications	157	1 665	550
Airtime and subscription fees	8	1 357	375
Interconnect revenue	4	290	164
Connection fees	145	18	11
Cellular telephones and accessories	—	20	12
Other	—	19	8
Revenue total	157	1 704	570
Direct network operating costs	(60)	(54)	(66)
Costs of handsets and other accessories	(3)	(36)	(31)
Inteconnect and roaming costs	(2)	(162)	(140)
Employee benefits and consulting costs	(100)	(98)	(65)
Selling, distribution and marketing costs	(68)	(300)	(64)
Other expenses (general and administration)	(42)	(164)	(105)
Total operating expenses	(275)	(814)	(471)
EBITDA	(118)	890	99
EBITDA margin (%)	(75)	52	17

MTN Sudan was consolidated into MTN Group effectively from 1 July 2006 recording revenue of R570 million for the six months to December 2006 and EBITDA of R99 million.

Balance sheet

MTN's balance sheet transformed substantially following the acquisition of 100% of Investcom as well as the acquisition of additional shares in MTN Uganda, MTN Nigeria and Côte d'Ivoire during the year. These acquisitions had a material impact on the balance sheet of the Group, with a cash outflow of R28,7 billion as well as the issue of more than 189 million new shares, and corresponding increases in tangible and intangible assets and long-term borrowings.

The total assets of the Group increased by R52 billion to R97 billion at 31 December 2006 compared to total assets of R45 billion at 31 December 2005.

The closing balance sheet has also been affected by the South African rand weakening by 11% against the Nigerian naira.

Property plant and equipment

Property, plant and equipment increased by R9,9 billion from the beginning of the financial year. Capital additions have resulted in cash outflows of R9,8 billion while the acquisition of Investcom has resulted in property, plant and equipment increasing by R3,8 billion. Exchange differences, mainly between the rand and naira, increased property, plant and equipment by R1,7 billion while depreciation decreased property, plant and equipment by R5 billion.

Intangible assets have increased by R33,3 billion comprising goodwill of R23,8 billion, licences of R5,3 billion and subscriber bases of R3,5 billion primarily as a result of the Investcom acquisition.

IFRS3: Business Combinations requires that all intangible assets be fair valued on acquisition. This has resulted in the recognition of subscriber bases of R4,4 billion (relating to all acquisitions to date) which are amortised over their estimated useful lives of three to five years. The licences of the Investcom operations have also been fair valued resulting in the recognition of intangible assets of R4,4 billion.

Goodwill of 23 billion, representing the difference between the purchase consideration and the fair value of net assets of Investcom LLC, has been recognised. The majority of this goodwill has been provisionally allocated to Ghana (R12,8 billion), Syria (R1,7 billion), Yemen (R3,5 billion) and Sudan (R2,3 billion). Goodwill was effectively reduced by a R2,5 billion gain from hedging the cash settlement of the Investcom transaction. In accordance with IFRS 3, the Group has opted to provisionally

Balance sheet analysis

	December 2006 Rm	December 2005 Rm
Non-current assets	**76 282**	31 136
Property, plant and equipment	**30 647**	20 676
Goodwill	**27 017**	2 650
Intangible assets	**13 088**	4 057
Deferred tax	**2 605**	1 386
Loans, investments and other non-current assets	**2 925**	2 367
Current assets	**20 635**	13 676
Bank balances and security cash deposits	**10 091**	7 560
Other current assets	**10 544**	6 116
Total assets	**96 917**	44 812
Capital, reserves and minority interests	**42 729**	23 096
Ordinary shareholder interest	**38 696**	19 716
Minority interest	**4 033**	3 380
Non-current liabilities	**34 203**	9 765
Deferred taxation	**2 778**	853
Long-term liabilities	**28 587**	7 505
Non-current liabilities	**2 838**	1 407
Current liabilities	**19 985**	11 951
Non-interest-bearing liabilities	**15 593**	10 851
Interest-bearing liabilities	**4 392**	1 100
Total equity and liabilities	**96 917**	44 812

allocate the purchase price of business combinations to underlying tangible and intangible assets and liabilities. These provisional allocations will be finalised within 12 months of the acquisition and appropriate retrospective adjustments may be required upon finalisation. R0,6 billion represents goodwill on the acquisition of additional shares in MTN Uganda in July 2006, converting the joint venture operation into a fully consolidated subsidiary of the Group.

In accordance with IAS 38 Intangible Assets, goodwill is not amortised but tested annually for impairment and no impairment provision was considered necessary for the current financial year in respect of any of the Group's cash generating units. As the purchase price allocation in accordance with IFRS 3 has not yet been finalised for Investcom LLC, goodwill provisionally allocated to Investcom LLC cash-generating units has not been formally tested for impairment. High-level reviews have, however, not shown any indications of impairment.

In the previous year, Irancell capitalised the licence acquired in Iran at a value of EUR300 million. Certain minimum fees based on revenue are guaranteed and will be paid annually. MTN Irancell has not raised a liability in this regard as these future fees do not meet the definition of a liability as they only become an obligation in the year in which they are due and they are not at present non-executory unconditional obligations. The gross value of these fees guaranteed by MTN Irancell over 15 years is R39,2 billion at an exchange rate of 1 436 Iranian rials per rand. R7,1 billion will be due within five years while R32,1 billion has been guaranteed in the later 10 years of the licence. Discounting the guaranteed fees would result in a present obligation of R8,3 billion.

Deferred tax

The Group's deferred tax asset has increased from December 2005 due to timing differences in Nigeria of R0,8 billion while the movement in exchange rates increased deferred tax by a further R0,2 billion.

A deferred tax liability of R1 billion was raised on the intangible assets related to the Investcom acquisition. Of this amount, R104 million was released to the income statement in the current period.

Current assets

Current assets of the Group increased by R6,9 billion to R20,6 billion at 31 December 2006. The majority of the increase is due to Investcom contributing R5,6 billion to Group current assets, which include a cash balance of R3,6 billion.

Despite the cash outflow of R9,8 billion for capital expenditure, R1 billion for dividends and R4,1 billion for the additional shares in Côte d'Ivoire, Mascom, Uganda and Nigeria, the Group's cash balance has increased by R2,5 billion to R10,1 billion.

Interest-bearing liabilities

Gross interest-bearing debt of the Group increased by R24 billion to R33 billion. A significant portion of the increase relates to secured long-term borrowings obtained to fund the Investcom transaction. At year-end, this debt comprised:

- A four-year rand-denominated bond of R5 billion bearing effective interest at 10,01%
- An eight-year rand-denominated bond of R1,3 billion bearing effective interest at 10,19%
- Rand-denominated five-year term loan of R7 billion bearing effective interest of 8,9% repayable bi-annually from December 2007

- US dollar-denominated five-year term loan of R5,3 billion bearing effective interest of 6,25% repayable bi-annually from December 2007. The dollar exposure for this loan has been fully hedged
- A three-year revolving credit facility of US$1,25 billion of which US$862 million was drawn to settle Investcom shareholders and was repaid in full by February 2007. At 31 December 2006, the total amount outstanding was R0,3 billion.

MTN South Africa's debt increased by R3,2 billion primarily as a result of funding its network roll out and due to dividend payments. Investcom accounted for R1,6 billion of the Group's interest-bearing liabilities.

Net debt of R1 billion at 31 December 2005 increased to R22,9 billion due to the impact of acquisitions during the year. The Group's target is to reduce total net debt to 0,4 times EBITDA by the end of 2008.

Other liabilities

Other liabilities consisting of trade payables, accruals, taxation, provisions and unearned income, have increased by R4,7 billion. Investcom operations accounted for R2,8 billion of the Group's increase in other liabilities, while the impact of exchange rate fluctuations resulted in an increase in trade and other payables.

The discounted fair value of put options held by minority shareholders of certain subsidiaries have increased from R1,4 billion to R2 billion; and are included in non-current liabilities.

Cash flow

Cash flow from operating activities

Cash generated from operations improved strongly from R11,4 billion (nine months) in the prior period to R22,9 billion due to strong operating performance. The Group generated cash of R17,6 billion after paying a dividend of R1,0 billion and tax of R4,1 billion. R2,2 billion tax was paid in South Africa, of which R900 million was accrued at December 2005 but only paid in the current financial year.

Free cash flow

The Group's established operations reported positive free cash flows. Irancell, Sudan and Afghanistan incurred negative cash flows as these operations have only recently commenced commercial activities.

Cash flow from investing activities

The Group invested R9,8 billion in network infrastructure and other property, plant and equipment during the financial year, with Nigeria and South Africa incurring R3,6 billion and R2,4 billion respectively. The R23,8 billion spent on the acquisition of Investcom, as well as R4,8 billion for additional equity in MTN Côte d'Ivoire, Mascom, MTN Uganda and MTN Nigeria, contributed significantly to the increase in net cash used in investing activities.

Capital commitments

The Group expects to make significant additional investments in capital expenditure, mostly in network infrastructure, over the next financial year. Nigeria, South Africa and Iran have approved commitments of R5,3 bilion, R3,6 billion and R2,7 billion (49%) respectively. These commitments will be financed through cash flows from operations and raising appropriate debt facilities in operations where cash flows are insufficient.

Dividends

A dividend of 90 cents per share has been declared. The Group's dividend policy of five to six times adjusted earnings has not been altered.

Conclusion

The Group's performance for the year was positive with strong growth in revenue and profitability. The acquisition of Investcom, while dilutive to current-year earnings, will contribute increasingly to the diversification of the revenue and earnings base of the Group in future. Despite significant investments on new acquisitions (R28,7 billion) and on capital expenditure projects (R9,4 billion), the Group's net debt/ EBITDA criteria has been maintained.

RD Nisbet

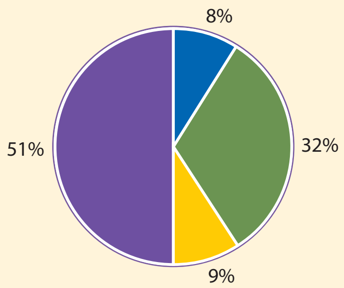
28 March 2007

Value added statement

for the year ended 31 December 2006

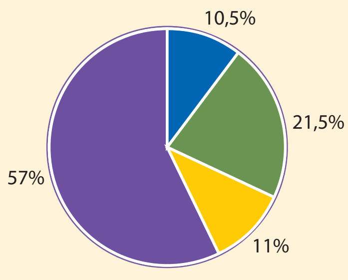
	December 2006 Rm	December 2005 Rm
Cash value added		
Cash value generated from revenue	**48 942**	25 932
Cost of materials and services	**(21 258)**	(12 548)
Cash value added by operations	**27 684**	13 384
Finance income	**1 382**	371
	29 066	13 755
Cash value distributed		
Employees	**2 453**	1 428
Salaries, wages and other benefits	**2 117**	1 181
Employees' tax	**336**	247
Governments	**9 087**	2 939
Corporate and indirect taxation	**7 253**	2 350
Licence fees	**1 834**	589
Providers of capital	**2 608**	1 568
Finance costs	**1 525**	487
Dividends	**1 083**	1 081
Total cash value distributed	**14 148**	5 935
Reinvested in the Group	**14 918**	7 820
	29 066	13 755

2006



Employees
Governments
Providers of capital
Reinvested in the Group

2005



Five-year review

Financial information	December 2006	December 2005*#	March 2005*	March 2004*	March 2003
Income statement – extracts (Rm)					
Revenue	**51 595**	27 212	28 994	23 871	19 405
EBITDA	**22 413**	11 231	12 000	9 055	6 126
Profit from operations	**16 094**	8 478	8 998	6 679	4 242
Net finance costs	**(1 427)**	(373)	(270)	(604)	(833)
Income tax expense	**(2 591)**	(1 411)	(1 494)	(1 101)	(687)
Minority interests	**(1 489)**	(838)	(895)	(612)	(289)
Attributable earnings	**10 610**	5 866	6 357	4 371	2 434
Basic headline earnings	**10 628**	5 984	6 339	4 370	2 483
Balance sheet – extracts (Rm)					
Property, plant and equipment	**30 647**	20 676	15 787	10 904	9 374
Goodwill	**27 017**	2 650	33	33	19
Intangible assets	**13 088**	4 057	1 846	1 784	2 263
Investments and loans	**2 925**	2 367	667	560	734
Deferred taxation	**2 605**	1 386	818	356	173
Bank balances, deposits and cash	**10 091**	7 560	6 429	5 336	2 128
Other current assets	**10 544**	6 116	4 150	3 307	3 186
Total assets	**96 917**	44 812	29 730	22 280	17 877
Ordinary shareholders' interest	**38 696**	19 716	16 083	10 128	6 784
Minority interests	**4 033**	3 380	2 333	1 418	882
Interest-bearing liabilities	**32 979**	8 605	3 240	4 149	4 835
Non-interest-bearing liabilities	**18 431**	12 258	7 378	5 919	4 569
Deferred taxation	**2 778**	853	696	666	807
Total liabilities	**54 188**	21 716	11 314	10 734	10 211
Total equity and liabilities	**96 917**	44 812	29 730	22 280	17 877
Cash flow statement – extracts (Rm)					
Net cash flow from operations	**22 934**	11 367	12 303	10 027	6 813
Cash inflows from operating activities	**17 622**	9 159	9 501	8 597	5 393
Cash outflows for investing activities	**(38 606)**	(12 920)	(7 551)	(4 898)	(4 391)
Cash inflows from financing activities	**18 993**	5 357	222	233	187
Cash and cash equivalents	**9 008**	7 164	5 772	5 231	1 931
Dividends paid	**(1 083)**	(1 081)	(680)	—	—
Capital expenditure	**9 796**	6 732	7 576	5 048	3 918
Performance per ordinary share					
Basic headline earnings (cents)	**606,5**	359,8	382,0	263,7	150,6
Adjusted headline earnings (cents)	**584,7**	338,2	366,0	253,1	143,3
Attributable earnings (cents)	**605,4**	352,7	383,0	253,1	147,6
Dividends (cents)	**65**	65	41	—	—
Net asset value – book value (rand)(1)	**20,80**	11,84	9,67	6,11	4,11
Returns and profitability ratios					
Return on assets (%)(2)***	**22,7**	30,33	34,6	33,3	24,6
Return on average shareholders' funds (%)(3)***	**36,4**	44,57	48,4	51,7	41,7
EBITDA margin (%)	**43,4**	41,3	41,4	37,9	31,6
Enterprise value/EBITDA multiple (times)(4)***	**8,3**	7,2	6,0	6,1	3,8
Effective taxation rate (%)	**17,6**	17,4	17,1	18,1	20,1
Solvency and liquidity ratios					
Gearing (%)(5)	**53,6**	4,5	(17,3)	(10,3)	35,4
Interest cover (times)(6)	**4,9**	10,7	15,3	8,9	4,4
Dividend cover (times)(7)	**5,2**	5,2	5,6	6,2	n/a
Net debt to EBITDA(8)***	**1,0**	0,1	(0,3)	(0,1)	0,4
Operating cash flow/revenue (%)	**44,5**	41,8	42,4	42,0	35,1
Share performance					
Number of ordinary shares in issue (million)					
– at year-end	**1 860,3**	1 665,3	1 662,5	1 658,8	1 652,1
– weighted average during the year	**1 752,3**	1 663,2	1 659,7	1 654,4	1 646,9
Closing price (cents per share)	**8 530**	6 215	4 400	3 296	1 198
Market capitalisation (Rm)	**158 684**	103 498	73 150	54 674	19 792

Operational information	2006 December	2005 December	2005 March	2004 March	2003 March
South Africa					
Mobile penetration (%)	**74**	62	44	36	39
Market share (%)	**36**	35	38	38	38
Subscribers (million)	**12**	10	8	6	5
ARPU (rand)	**164**	169	184	203	206
EBITDA margin (%)	**34**	32	34	30	28
Capex/sales (%)	**9**	15	10	7	8
Nigeria					
Mobile penetration (%)	**19**	13	7	3	1
Market share (%)	**46**	47	47	48	59
Subscribers (million)	**12**	8	6	2	1
ARPU (US$)	**18**	22	40	51	57
EBITDA margin (%)	**57**	52	52	51	39
Capex/sales (%)	**24**	43	59	49	48
Ghana**					
Mobile penetration (%)	**22**				
Market share (%)	**52**				
Subscribers (000)	**2 585**				
ARPU (US$)	**17**				
EBITDA margin (%)	**52**				
Capex/sales (%)	**28**				
Sudan**					
Mobile penetration (%)	**12**				
Market share (%)	**25**				
Subscribers (000)	**1 066**				
ARPU (US$)	**16**				
EBITDA margin (%)	**17**				
Capex/sales (%)	**74**				
Iran					
Mobile penetration (%)	**20**				
Market share (%)	**1**				
Subscribers (000)	**154**				
ARPU (US$)	**9**				
EBITDA margin (%)	**(75)**				
Capex/sales (%)	**1 003**				

Definitions

(1) Ordinary shareholders' interest divided by the number of ordinary shares in issue at year-end
(2) Profit after taxation 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 less net debt (interest-bearing liabilities less bank balances, deposits and cash) divided by EBITDA
(5) Net debt as a percentage of total equity
(6) Profit from operations divided by finance costs
(7) Headline earnings divided by total dividend
(8) Interest-bearing liabilities less cash, divided by EBITDA
(9) Subscribers based on 90-day activity from March 2005 onwards
(10) ARPU based on 90-day activity for December 2006

** restated to comply with IFRS*
*** included from date of acquisition*
**** annualised*
 # nine months to 31 December 2005 ended

Contents

Victoria Falls, Zambia – suspension bridge over the Zambezi River

The Group is now managed in three distinct regions, to promote resource sharing and realisation of synergies

Sifiso Dabengwa

Group Chief Operating Officer's report

Overview

Given the enlarged size and geographic spread of the MTN Group, we have changed the reporting format so that it more appropriately and meaningfully reflects the Group's key drivers and performance. The new format is based on the regional operational structure implemented early in the year, before the acquisition of Investcom LLC, and which was amended, effective 1 April 2007, to the current three regions namely South and East Africa (SEA), West and Central Africa (WECA), and Middle East and North Africa (MENA). Within each region, we have identified and elaborated on major operations being South Africa, Nigeria, Ghana, Sudan and Iran.

Integration

Following the completion of the Investcom acquisition in July 2006, focus was put into integrating these operations. This involved intense activity by a focused steering committee, external facilitators and senior Investcom teams. Various forums were held with marketing, finance, human resources, network and procurement functions to integrate Investcom operations with MTN business processes. The integration project was formally closed on 31 October 2006 and most major objectives of the process had been achieved by December 2006, and completed during the first quarter of 2007. The harmonisation of human resources policies and reporting aligned to group standards remain key focus areas.

The integration objectives included standardised procurement practices and processes, identifying key products for implementation and a rebranding timeline which will run through 2007. Group-wide procurement benchmarks have been developed and opportunities identified for reducing cost in both network capital expenditure as well as operating expenses. These are expected to yield significant savings over the next two years.

Following a comprehensive review of the most popular products in the enlarged group, a common product strategy has been developed for each region. Implementation of product extensions or enhancements will be determined by identified market needs in each territory.

Subscriber growth per region

Total subscribers

	December 2006 000	December 2005 000	% change
South and East Africa	15 517	12 281	26
South Africa	12 483	10 235	22
Postpaid	2 132	1 654	29
Prepaid	10 351	8 581	21
Other	3 034	2 046	48
West and Central Africa	19 622	10 908	80
Nigeria	12 281	8 370	47
Ghana	2 585	—	—
Other	4 756	2 538	87
Middle East and North Africa	4 912	—	—
Sudan	1 066	—	—
Iran	154	—	—
Other	3 692	—	—
Total	40 051	23 189	73
Original MTN operations	28 794	21 323	35
2005 acquisitions	2 846	1 866	53
Investcom operations	8 411	—	—
Total	40 051	23 189	73
Excluding Investcom	31 640	23 189	36

Subscribers

MTN Group subscriber numbers increased by a healthy 73% on the back of both organic and acquisitive growth, bringing the total number of subscribers at 31 December 2006 to 40 million. Subscribers in SEA increased by 26% to 16 million, the WECA region by 80% to 20 million and MENA recorded five million. Excluding the impact of Investcom's 8,4 million subscribers, year-on-year growth was 35% with Nigeria and South Africa accounting for 17% and 10% respectively. Investcom subscribers increased 38% in the six months since July 2006 reflecting the lower base and greater growth opportunities in these relatively unpenetrated markets and accounted for 21% of the MTN Group subscriber base at 31 December 2006.

Although the MENA region is currently the smallest contributor to the Group's performance, potentially high-growth operations such as Iran and Sudan are expected to have a significant impact on Group performance in future. Operations acquired in 2005 (Côte d'Ivoire, Zambia, Congo-Brazzaville and Botswana) recorded 53% subscriber growth from December 2005 and currently account for 7% of the Group's total subscribers.

A full schedule per country of market information and operational data including subscribers, ARPU and market share appears on pages 78 and 79.

Operations

Network roll out is still a key challenge in our markets due to the high levels of growth in subscribers. As competition increases across the operations, customer retention remains a priority and is being addressed through product and service innovation. Products are also being expanded based on opportunites in new market segments due to more converged operating environments such as data services.

Distribution networks (including owned and contracted outlets) were strengthened as an essential aspect of competition in most territories. In line with the strategic change to a more regional structure, the Group has also made good progress in implementing a hub and cluster approach in each of the regions. There were several firsts at operating level during the year including the launch of MTN Irancell and MTN Afghanistan, the launch of MTN Nigeria's fibre optic network and a biodiesel-powered base station. Sudan reached the one-million subscriber mark and MTN South Africa pioneered mobile number portability and mobile television on the African continent. The Group also became the first mobile sponsor of the 2010 FIFA World Cup in Africa.

Regulatory environment

Regulatory changes continue to shape the markets in different regions. Technological convergence, which is driving regulatory convergence, and regulatory intervention on interconnect are the key themes.

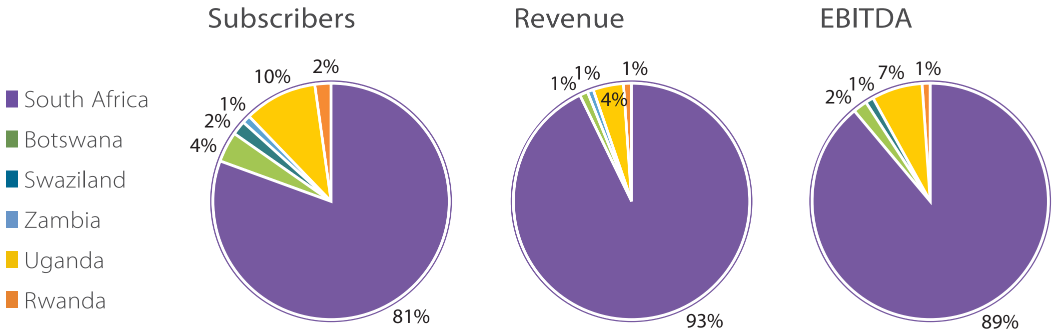
During the year, some of the operations' exclusivity periods expired and in certain smaller operations it is not yet clear how effectively the regulator will provide guidance and implement these changes in future.

South and East Africa region

South and East Africa regional contribution to Group total

Population (million) and % of Group total	Subscribers (000) and % of Group total	Revenue (Rm) and % of Group total	EBITDA (Rm) and % of Group total	PAT (Rm) and % of Group total	Capex (Rm) and % of Group total
98,9 20%	15 517 39%	26 586 52%	9 346 42%	5 119 42%	3 120 32%

Country contributions to SEA region total



Regional summary

The SEA region includes South Africa, Swaziland, Zambia, Botswana, Uganda and Rwanda. This region has traditionally been the core of MTN's operations, dominated by South Africa. Following various acquisitions since 2005, notably Investcom LLC, the revenue and earnings bases of the Group are less dependent on South Africa. None of the previous Investcom LLC assets fall into the SEA region.

Performance

Subscriber and ARPU

Subscriber numbers for the region grew by 26% from last year to 15,5 million, driven principally by South African pre-paid net additions. Individual operations' growth rates range from 22% to 93%. In all countries in the region, other than South Africa, pre-paid continues to dominate, being more than 99% of total subscribers in each operation. Due to the relative size of South Africa, the split

between pre-paid and postpaid for the region remains fairly stable at 83:17.

Operational
The region has been without a vice president for the period and I have fulfilled this role.

In South Africa, the focus remained on developing the optimal operating model to meet the needs of a converging market, regulatory developments and increased competition. The other operations in the region are generally still focused on increasing their product offering and extending network coverage.

Zambia continued to focus on an aggressive network roll out plan in a bid to improve market share. The number of BTS sites increased by 134% from December 2005.

MTN does not manage the operations of Mascom (Botswana) within the region. This continues to be the responsibility of the previous shareholder, Portugal Telecom.

MTN Uganda continues to be a significant market leader, extending its market share to close with 1,6 million subscribers.

Outlook

Competition
Fierce competition continues in the region with the entry of new players. South Africa is dealt with in more detail on page 60.

Two new licences are being issued in Uganda in 2007 and the second operator began operations in Rwanda during the year.

Competitors in the region have in certain instances continued to use prohibitive off-net call tariffs to protect their subscriber base.

Strategy
The SEA region will continue to leverage its ability to benefit from synergies around common products, services and infrastructure to stay ahead of competition in a changing regulatory environment. Improved customer care levels and retention schemes will also play a great role in this regard.

The appointment of a vice president for the region should enhance capacity.

MTN South Africa

South Africa market information and results

	2006	2005*
Population (million)	**47,4**	47,2
Mobile penetration (%)	**74**	62
Market share (%)	**36**	35
Pre-paid/postpaid mix (%)	**83/17**	84/16
Revenue (Rm)	**24 578**	20 101
EBITDA (Rm)	**8 340**	6 895
Capex (Rm)	**2 391**	2 585
ARPU – postpaid (R)	**487**	541
ARPU – pre-paid (R)	**94**	93
Subscribers (000)	**12 483**	10 235
Data % of revenue	**8**	8

** Unaudited 12 months*

Overview

Launched in 1994, wholly owned MTN South Africa is the second-largest of three mobile operators in the country, with a reputation for product innovation and network excellence. MTN South Africa is licensed to operate GSM 900/1800 and 3G networks.

The operating model is significantly impacted by the licensed service provider retail relationship although MTN organised itself into consumer, corporate and reseller markets in late 2005 to better tackle these distribution channels.

Underscoring its achievements in that country, MTN South Africa ranked second in the annual Financial Mail Top Companies survey and is the only company to appear in this publication's top 20 listing in four successive years since the inception of the survey. Companies listed in the survey are ranked on their consistent performance for a five-year period and assessed on historical financial performance as well as prospects for the years ahead.

South Africa summary

The South African economy remains a positive model for the continent, characterised by steady growth and fiscal discipline. Economic growth in 2006 was 4,9% against inflation of 4,6%. The rand weakened against the US dollar, averaging 7,04 for the year compared to 6,36 in 2005 and closing at 7,05 at year-end, 12% down from the opening rate. Following a deteriorating inflation outlook in the second half of the year, the South African Reserve Bank increased its repurchase rate to 9% resulting in an increase in the prime overdraft rate to 12,5% towards year-end. Although the SA national treasury reduced its GDP growth forecast to 4,4% for the year from 4,9%, it expected the medium-term outlook for the South African economy to remain strong. Socio-economically, the consumer market in South Africa is broadening and deepening as disposable income levels increase and a new middle class becomes entrenched.

Performance

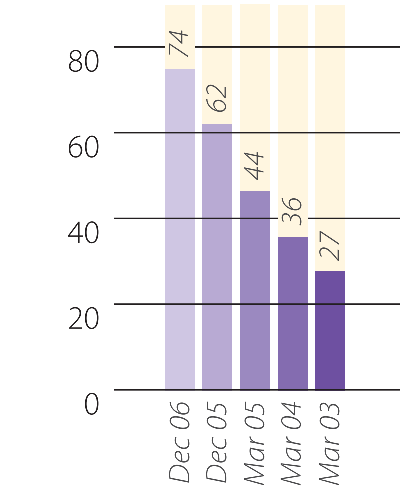
Subscriber and ARPU

MTN South Africa recorded a healthy 22% growth in subscriber numbers from 10,2 million to 12,5 million due to favourable economic conditions and strong consumer spending. A range of initiatives to counter increased competition and a more discerning consumer maintained market share at 36%. The growth was driven by pre-paid net acquisitions resulting in a year-end pre-paid/postpaid mix percentage of 83/17 compared to 84/16 last year. The increase in postpaid subscribers was fuelled by migrations of pre-paid subscribers following promotions by the distribution channel.

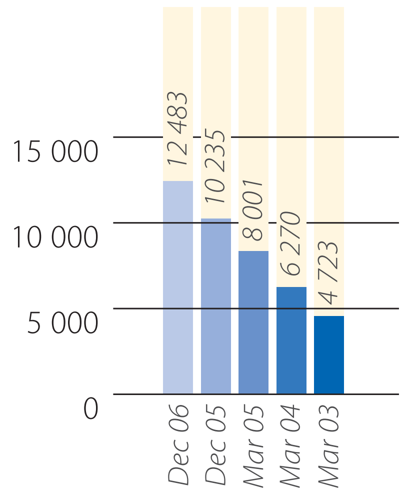
A very positive sign is that pre-paid ARPU increased by 1% from the prior period to R94, due to the launch of attractive packages and competitive tariffs. Postpaid ARPU continued to trend lower and ended the year at R487, 10% lower than the prior period's R541 due to the increased number of lower-end packages such as MyChoice TopUp, which increased by 107% to close with 582 000 subscribers.

Operational

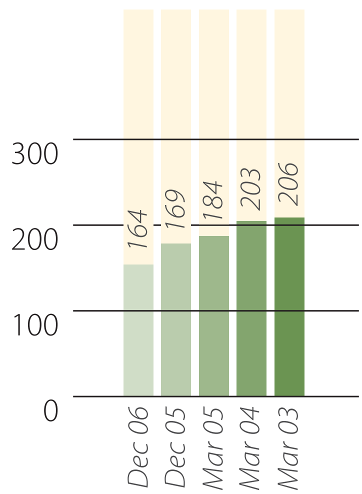
The MTN South Africa board was reconstituted during the year to increase the number of independent directors. Following the resignation of the



Mobile penetration (%)



Subscribers ('000)



ARPU (R)

managing director in November 2006, an acting managing director was appointed. Resolving this issue is a key focus area.

Building on the consumer, corporate and reseller business unit structure established in 2005, a major component of 2006 was establishing customer-centric processes and a clear value proposition for each market. Internal campaigns to improve customer service across all levels of interaction are showing promising results, reflected in MTN South Africa securing a number of sizeable tenders in the corporate market. Innovative approaches are also being considered such as outsourcing the Durban call centre.

Operating environment

Competition

Competition increased during the year with the launch of a mobile virtual network operator (MVNO) operating effectively as a branded service provider off the smallest of the three existing mobile operators and the long-awaited licensing of a second fixed-line operator, which has yet to introduce consumer services.

MTN South Africa maintained its market share for the year at 36% based on active subscribers.

Products

The most simple but strategically important introduction was that of pricing segmentation. In line with this was the introduction of lower pre-paid denominations which have been very popular in this market, increasing sales and encouraging dormant customers back into active airtime use.

Major innovations during the year included the launch of a pre-paid value wallet, MTN@Access, an entertainment portal focused on music, games and World Cup soccer and a dynamic tariff pilot.

Spearheading the launch of advanced technology to drive new mobile content applications and media convergence, MTN South Africa was the 11th global operator (first in Africa) to launch HSDPA, a major achievement given the level of global interest in the technology and business model. Its launch of a commercial DVB-H handset was another African first, and second in the world.

Infrastructure

Infrastructural enhancement continued during the year, with 263 new base transceiver stations (total 4 932) integrated into the network, managing significantly higher SMS traffic and increasing GPRS/data volumes. In a pilot project, the call centre in Durban was outsourced to further improve customer service levels and operational efficiencies. Initial results show an improvement in quality levels.

Distribution

In response to increasing competition and in line with its objective of dramatically increasing its distribution footprint, MTN South Africa now has 133 distributors versus the original 17 wholesalers (including leading groups such as Pick 'n Pay, Score and Dis-Chem).

Regulatory environment

There have been a number of regulatory changes in South Africa, notably the finalisation of the Electronic Communications Act (ECA) in June and the introduction of mobile number portability (MNP) in November 2006, resulting in a more competitive and converged environment.

The impact of increasingly onerous regulatory changes in the region are a challenge to margin expansion and maintained profitability and require continued innovation and focus on customer service. Despite the effect of regulatory licensing delays, the rapid onset of convergence in South Africa reinforces the need for differentiation in a maturing market.

The free-market approach taken to date by all South African regulatory bodies to interconnect has resulted in impressive market growth and penetration in the country with several important industry benchmarks set. MTN South Africa has complied with all aspects of new legislation and looks forward to closer working and professional relationships with all regulatory stakeholders to achieve industry-wide levels of efficiency.

Mobile number portability has had a limited impact on the market to date. The new Act provides for a new licence to be issued on no worse terms, although the conversion process is still pending and the new terms are not clearly defined.

Outlook

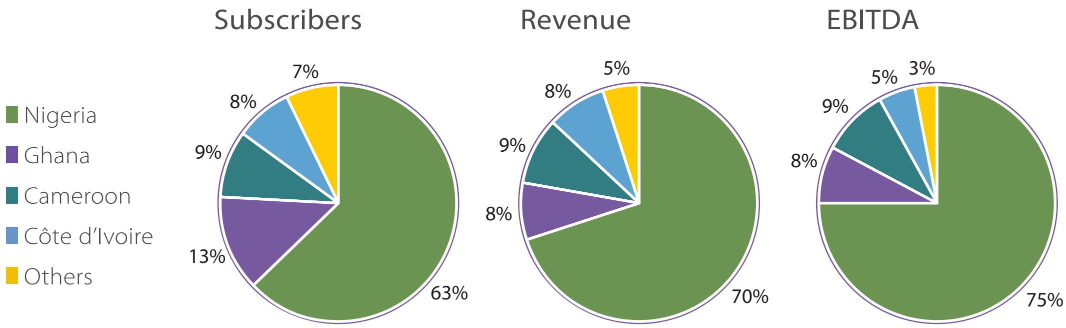
MTN South Africa is well positioned to compete in a maturing market characterised by increasing levels of regulation, competition and convergence. In addition, the rising disposable income of a new consumer base is expected to offset slowing growth from existing customers.

West and Central Africa region

West and Central Africa regional contribution to Group total

Population (million) and % of Group total	Subscribers (000) and % of Group total	Revenue (Rm) and % of Group total	EBITDA (Rm) and % of Group total	PAT (Rm) and % of Group total	Capex (Rm) and % of Group total
223,8 45%	19 622 49%	21 208 41%	11 355 51%	7 489 62%	4 998 51%

Country contributions to West and Central Africa region total



Regional summary

The West and Central Africa (WECA) region includes Nigeria, Ghana, Cameroon, Côte d'Ivoire, Benin, Congo-Brazzaville, Guinea Republic, Liberia and Guinea Bissau. This regional footprint was significantly improved following the Investcom acquisition with the addition of five countries including Ghana, targeting some 224 million people through an almost seamless band of operations across western and central Africa, driven by strong margins and continued growth opportunities.

Performance

Subscribers and ARPU

The acquisition of Investcom and continued strong growth in subscriber numbers, principally in Nigeria, saw the region end the review period with 19,6 million subscribers, up an impressive 80% from 31 December 2005. As expected, most growth occurred in the pre-paid segment, ending the year with a split of 99:1 between pre-paid and postpaid.

ARPU declined during the year by between US$1 and US$4, reflecting deeper penetration of the addressable market. MTN again made excellent progress in slowing this traditional rate of decline with attractive packages and competitive tariffs.

Operational

Christian de Faria was appointed to head the WECA region from June 2006 and capitalise on regional opportunities.

The Investcom acquisition has significantly strengthened MTN's regional presence, adding over 3,6 million subscribers through operations that are leaders in their respective countries. Further, the potential for the region is significant, given low penetration rates and a combined population in the former Investcom territories alone of over 42 million. Sharing and developing knowledge across the MTN Group have been prioritised and early results from the first initiative – customer management – underline the benefits of this approach.

During the year, MTN Congo-Brazzaville was rebranded following the Group's acquisition of Libertis Telecom in Congo-Brazzaville in December 2005. The rebranding exercise of all former Investcom territories started in February 2007 and these are expected to be branded MTN by the end of the 2007 financial year.

Notable achievements during the year included MTN Cameroon receiving an ISP licence and the rapid penetration of electronic voucher distribution in Nigeria where this format now accounts for 59% of airtime sales.

Outlook

Competition

Increasing competition is expected in almost all markets in the region through the entry of new players and collaboration or combination of others. In Nigeria, for example, the unified licensing regime together with 3G spectrum and new entrants should continue to stimulate consolidation and competition.

Strategy

The WECA region will continue to leverage its ability to benefit from synergies around common products, services and infrastructure to stay ahead of competition. Consolidation opportunities and product innovation will also play a key role in the regional growth strategy.

MTN Nigeria

Nigeria market information and results

	2006	2005*
Population (million)	**138,9**	138,0
Mobile penetration (%)	**19**	13
Market share (%)	**46**	47
Pre-paid/postpaid mix (%)	**99/1**	99/1
Revenue (Rm)	**14 900**	11 377
EBITDA (Rm)	**8 529**	6 051
Capex (Rm)	**3 674**	5 249
ARPU (US$)	**18**	22
Subscribers (000)	**12 281**	8 370
Data % of revenue	**3**	2

** Unaudited 12 months*

Overview

MTN Nigeria operates a GSM licence which was granted in September 2006 and is valid until August 2016. The operation was also awarded a 3G licence in March 2007.

During the year, the MTN Group increased its shareholding in MTN Nigeria to 82,04% in a US$349 million cash-and-shares transaction. While enabling minority shareholders to realise a portion of their investment in MTN Nigeria, the transaction is part of a process which is expected to enable a broader spectrum of Nigerians to participate in the company's performance.

Nigeria summary

The Nigerian economy recorded growth of 8% in 2006, and is expected to taper to just over 5% in 2007. While growth was primarily driven by the non-oil sector, high crude oil prices and the savings achieved via debt relief have positive implications for government spending. Year-on-year inflation rose to 6,3% from 3,7% in August 2006, well within the Nigerian government's 10% target. Government spend continues to account for the largest part of GDP primarily through public-sector contracts. This has not had a meaningful impact on the income levels of the general population and the majority of target subscribers are estimated to have only seen gradual (inflationary) increases in disposable income. The naira has been stable against the US dollar and strengthened by 8% against the rand in the last 12 months. A highly competitive labour market and retaining critical staff remain challenges in Nigeria although financial structural reforms continue positive momentum. General elections in 2007 are key, with a concomitant impact on fixed domestic investment spending anticipated.

Performance

Subscriber and ARPU

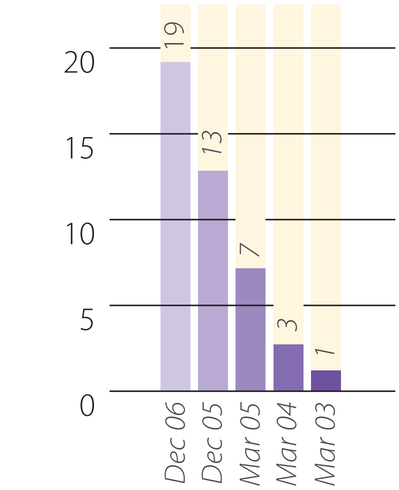
In an exceptional performance, MTN Nigeria increased its subscriber base by 47% over the last period, recording some 3,9 million net connections for the year. Nearly half of these were in the last quarter after the introduction of the new value proposition at the end of September. Increased use particularly in the medium and lower segments, to a large degree offset the impact of the lower tariffs resulting from the new value proposition.

ARPU declined further from US$22 in the prior year to US$18, reflecting the continued acquisition of subscribers at the lower-use end of the market.

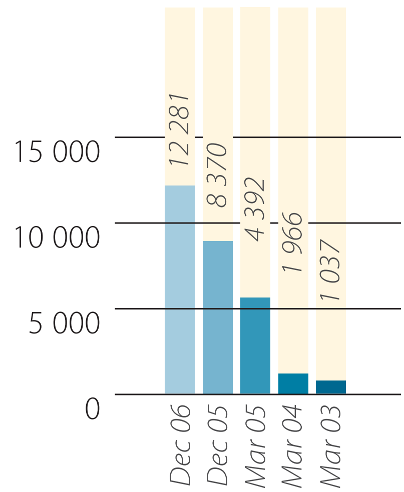
Operational
It was a watershed year for MTN Nigeria, dominated by the launch of its US$99 million fibre optic network. The company received the trophy for best mobile operator of the year 2005 at the Nigerian Telecoms Awards. As importantly, regulatory clarity was obtained on the post-exclusivity environment and a form of parity between the mobile and fixed-line sectors was achieved on interconnect rates. Sterling results were produced from focused initiatives to build brand awareness at different levels, including the launch of innovative products, services and promotional campaigns. Extensive work was completed on network infrastructure to allow seamless expansion for future capacity. A new managing director was appointed in August 2006.

Operating environment

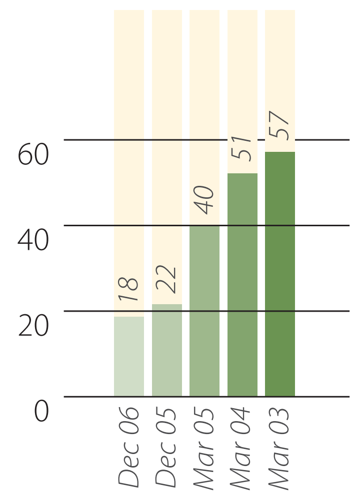
Competition
In a market of almost 139 million people, mobile penetration is below 20%. Five GSM licensed operators and regional private telephone operations have now obtained unified licences



Mobile penetration (%)



Subscribers (000)



ARPU (US$)

and competition is intense and rising. MTN Nigeria is addressing this challenge through participating in a broader context by servicing a broader market, by the ongoing implementation of innovative products to increase customer retention and tariff structures that meet market needs at different levels.

Products

Product innovation plays an important role in keeping the MTN brand at the forefront of consumer awareness. The "Xtra" range of products introduced towards the end of September have successfully repositioned MTN in the Nigerian market. The products were tailored towards different customer segments and a holistic value proposition. Pricing plans targeted on-net calling preference, using off-peak capacity, per-second plans, discounts on calls to friends and a revolutionary electronic wallet through which subscribers can buy airtime and make other payment transactions from ATMs in MTN service centres, ConnectStores and selected external ATMs. The impact of these products has been most evident in subscriber retention and increased minutes of use. MTNLoaded has proved immensely popular. This loaded portal service gives customers easy and direct access to entertainment, ranging from downloadable ringtones to popular logos. For corporate users, MTN Nigeria launched a mail package incorporating multimedia messaging and GPRS.

Infrastructure

MTN Nigeria's ultra-modern fibre optic transmission network was launched in October 2006. The private network gives MTN Nigeria a further competitive advantage and is expected to redefine service delivery in the Nigerian telecommunications sector. With the ability to process more than five million simultaneous calls, data and multimedia transmissions, this is considered one of the best transmission backbones with the highest inherent network capacity in Africa. It will cover over 3 500km when completed and span the length and breadth of the country, ensuring a dramatic improvement in quality of service.

Several phases of network expansion were completed during the period, including deploying and commissioning some 3 000km of fibre, seven new mobile switching centres and 769 base transceiver stations. This has strengthened and extended the network and given MTN Nigeria the infrastructure and flexibility to expand future capacity. The widespread popularity of the expanded product range has placed a heavy load on network capacity, which is being addressed by local management.

Distribution

MTN Nigeria has extensive wholesale and retail distribution channels, with 161 appointed distributors, some 19 451 second- and third-tier points and about 30 000 informal distributors. Thirteen service centres operate as retail and service points for after-sales service.

During the year, the proportion of electronic airtime sales transactions to traditional airtime sales increased strongly from 33% in December 2005 to 59% in December 2006, entrenching this new branch of the distribution channel. Four franchise ConnectStores were opened, taking the total to 21 and additional stores are planned for 2008.

Regulatory environment

During the year, we welcomed the resolution of Nigeria's unified licensing regime following the five-year exclusivity period granted to incumbent GSM operators. A fifth GSM licence has been issued and MTN paid US$150 million for its right to a 3G licence and spectrum in March 2007. With this regulatory uncertainty now resolved, MTN Nigeria can implement more effective planning and positioning strategies.

Progress was made in the protracted dispute on interconnect debts with Nitel. Partial payment was received at year-end, with terms agreed for the outstanding balance. The dispute with the Nigerian Communication Commission on interconnect rates continued, with the regulatory body issuing new interconnect rates effective September 2006. While this has improved parity between the mobile and fixed-line sectors, it has implications for revenue and MTN Nigeria has taken bold strategic steps to mitigate this, including a more aggressive approach to collecting outstanding interconnect fees.

Outlook

With one of the most advanced network infrastructures in Africa and innovative and differentiated marketing strategies in place, MTN Nigeria is well placed to increase market share and capitalise on the significant potential of this key market.

MTN Ghana

Ghana market information and results

	2006*	2005**
Population (million)	22,4	21,4
Mobile penetration (%)	22	13
Market share (%)	52	65
Pre-paid/postpaid mix (%)	99/1	99/1
Revenue (Rm)	3 007	2 096
EBITDA (Rm)	1 589	1 205
Capex (Rm)	775	334
ARPU (US$)	17	18
Subscribers (000)	2 585	1 820

*First six months unaudited

**Unaudited

Overview

MTN Ghana (formerly an Investcom subsidiary trading as Areeba Mobile phone network under Scancom Ghana Limited) was granted a mobile cellular licence in December 2004, valid until December 2019.

Ghana summary

Ghana continues to enjoy the economic stability and growth that have characterised this country since 2001. Inflation is stabilising at around 10% and the local currency has maintained its level of ¢9 250 to the US dollar. A lower tax rate bodes well for personal disposable income. General elections are scheduled for 2008 but, with a well-entrenched multi-party democracy, this is not expected to disrupt economic growth.

Performance

Subscriber and ARPU

Year-on-year subscriber growth was over 42%, from 1,8 million to 2,6 million, predominantly pre-paid subscribers. Levels of churn among postpaid subscribers have declined following improved credit control measures and heightened awareness of service. The increase in levels of churn among pre-paid subscribers is being addressed.

ARPU decreased from US$18 in 2005 to US$17 at year-end, primarily due to lower tariff and interconnection charges.

Operational

The Ghana operation was incorporated into the MTN Group in July 2006. Since then, the company has focused on a previous roll out backlog, commissioning more than 280 BTSs during the last three months of 2006, improving service and call quality and strengthening network infrastructure. The operation launched several innovative services into the Ghanaian market and this will be expanded in 2007 to improve market share.

Operating environment

Competition

Late in the review period, the sixth mobile service licence was granted, making this one of the most competitive mobile markets on the continent. As a result, there is considerable pressure to reduce tariffs, despite effective prices being considerably below those in MTN's other key markets.

Given high demand for fixed-line services, the government has licensed ten regional fixed-line operators and announced its intention to privatise two of the state-owned mobile licences.

Products

In the second half of the review period, the company introduced discounted off-peak calls, bulk SMS, GPRS and EDGE services and a wireless mobile office package that is particularly effective in rural areas where there is limited data connectivity. The company also introduced GPRS roaming with South Africa and Nigeria. These initiatives have enhanced subscriber numbers and retention, and will be intensified in the new financial year.

Infrastructure

MTN's Ghana operation significantly increased its geographic coverage during the year, adding over 400 base transceiver stations, three base station controllers and three mobile switching centres. Substantial progress was made in completing microwave backbone transmission rings, enabling MTN Ghana to reduce future transmission costs and penetrate new areas.

Distribution

MTN's Ghana operation reaches the market through 21 branches in major centres and 28 distributor offices. It also has seven exclusive distributors that deal in all the network's products. Complementing this distribution infrastructure are 575 sub-distributors and over 91 000 retailers and some 40 000 electronic voucher resale points.

Regulatory environment

The increase in competition is linked to new licences issued by the regulator. Interconnect rates are usually fixed by the regulator in consultation with all operators. The current declining trend in termination rates favours the state-owned fixed-line operator.

The company is fully compliant with its licence conditions.

Outlook

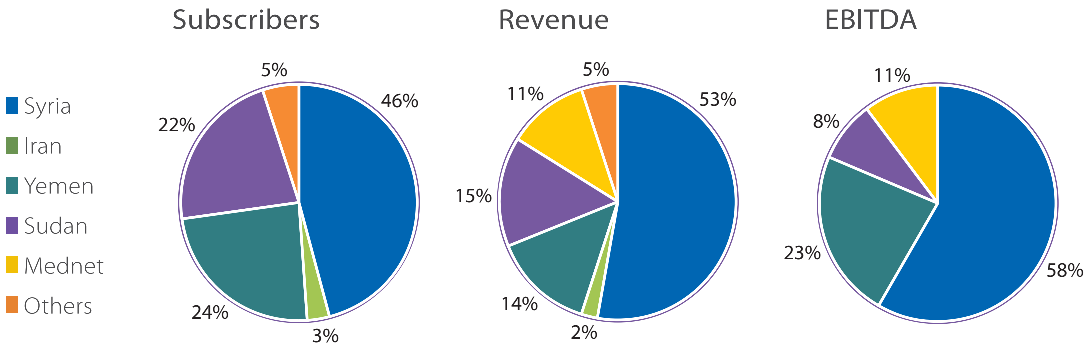
Market penetration of telecommunications services, particularly mobile, is growing exponentially. With the scale of MTN Group resources to draw on, MTN's operations in Ghana are well positioned to capitalise on this trend.

Middle East and North Africa region

Middle East and North Africa regional contribution to Group total

Population (million) and % of Group total	Subscribers (000) and % of Group total	Revenue (Rm) and % of Group total	EBITDA (Rm) and % of Group total	PAT (Rm) and % of Group total	Capex (Rm) and % of Group total
178,1	4 912	3 756	1 117	182	1 656
36%	12%	7%	5%	2%	17%

Country contributions to Middle East and North Africa region total



Regional summary

The Investcom acquisition added five regional territories to the MTN Group including Sudan, Cyprus, Yemen, Afghanistan and Syria, covering over 215 million people. Apart from Cyprus, where mobile penetration is approximately 80%, these are markets with penetration levels at below 20%, reflecting excellent potential for sustainable growth.

Performance

Subscriber and ARPU

New operations were launched in Afghanistan and Iran during the review period. All territories however recorded growth during the year predominantly in pre-paid customers, with the exception of Iran which initially focused on postpaid subscribers.

Overall ARPU continued to decline as penetration increased.

Operational

With two operations launched in the review period (Iran and Afghanistan), following one in the prior year (Sudan), and the integration of five Investcom territories nearing completion, operational performance in this region was mixed during the review period. Notable performances came from strong subscriber and revenue growth in Syria, which has launched third-generation trials on its network, and Yemen and Sudan which passed the one-million subscriber mark in September. The network roll out in Sudan is still behind schedule. Internal and external issues have constrained the network roll out in Iran but progress so far in 2007 has been encouraging.

Given the low penetration rates of mobile services in most territories in this region, expanding distribution channels (including owned and contracted outlets) in ways that suit each market will be an ongoing process.

Outlook

Competition

With two or more operators in each territory, competition is increasing across the region.

Strategy

The MENA region will benefit from synergies around common products, services and infrastructure to stay ahead of the competition. The operations are also employing partnerships aimed at data and converged marketplace.

MTN Irancell

Iran market information and results

	2006
Population (million)	69,5
Mobile penetration (%)	20
Market share (%)	1
Pre-paid/postpaid mix (%)	0/100
Revenue (Rm)	157
EBITDA (Rm)	(118)
Capex (Rm)	1 578
ARPU (Rm)	9
Subscribers (000)	154

Overview

MTN Group holds 49% of MTN Irancell with the balance held by the Iran Electronic Development Company. This greenfield operation was launched on 21 October 2006 with a 15-year GSM licence, effective July 2006.

The Islamic Republic of Iran has a population of almost 70 million people, with around half having access to either fixed or mobile telephones. Until the entry of MTN Irancell, the Iranian market had one fixed-line and two mobile operators, only one of which was a private company. Mobile penetration is currently 20%.

Performance

Subscriber and ARPU

Coverage levels in Iran at 31 December 2006 were very low – less than 1% of the land and 16% of the population. Accordingly MTN Irancell's focus for 2007 is on extending coverage as rapidly as possible, supported by attractive promotional campaigns.

In the two months between launch and year-end, MTN Irancell acquired 154 000 postpaid subscribers, a slower start than expected, but 2007 has prospects of faster growth as the company will have opened up to pre-paid subscribers as well.

ARPU excluding connection fees was US$9.

Operational

MTN Irancell launched commercially in October 2006 with the network covering Tehran, Mashad and Tabriz. By year-end, this had expanded to another eight cities to give a head start to the 2007 subscriber acquisition drive. The company made good progress in recruiting a competent workforce. Intensive marketing saw the company achieve 80% awareness in its coverage areas within two months.

Operating environment

Competition

The fixed-line operator and one mobile operator are state-owned. A second mobile operator focused on pre-paid was sub-licensed in 2005. MTN Irancell has shown that good coverage and sound network quality, together with attractive rates and innovative products and services, are key to increasing market share.

Products
Supported by sophisticated technology, MTN Irancell has pioneered the customer care approach in Iran, offering rapid online registration and activation, a customer service centre, flat tariffs across all distances and other innovative promotions. The company also introduced GPRS and multimedia messaging data services to the country.

Infrastructure
MTN Irancell used multi-vendor outsourcing as a way to launching a significant network in record time. Internally, call centres, ERP systems, customer care and sales support were all in place to support the launch.

MTN Irancell's network covered eight cities by year-end with core capacity to accommodate one million subscribers (by March 2007, this figure was 2,4 million). In its first months of operating, the company has built some 600 base transceiver stations with 16 base station controllers, three mobile switching centres and five media gateways spanning 300km of road coverage.

Distribution
Capitalising on well-established retail distribution networks for electronics and other fast-moving consumer goods, MTN Irancell had formal service agreements with 1 421 dealers by year-end and the information technology systems to offer online registration.

Regulatory environment
MTN Irancell satisfied all pre-launch licence requirements and is continuing its constructive engagement with the regulatory authorities to finalise the interconnect agreement. The company is managing the somewhat lengthy administrative procedures to secure building permission for network infrastructure and comply with municipal and environmental requirements, and has focused on maximising local content and outsourcing to third parties where feasible.

Outlook
For MTN Irancell, the challenges in the immediate future will be to keep pace with a changing regulatory environment and meet the aggressive network roll out and other targets in the licensing agreement. We continue to pursue ways to resolve regulatory issues and, with diligent planning, believe we will meet infrastructural targets.

MTN Sudan

Sudan market information and results

	2006*	2005**
Population (million)	36,3	34,2
Mobile penetration (%)	12	7
Market share (%)	25	12
Pre-paid/postpaid mix (%)	99/1	98/2
Revenue (Rm)	887	133
EBITDA (Rm)	165	(72)
Capex (Rm)	625	339
ARPU (US$)	16	19
Subscribers (000)	1 066	269
Data % of revenue	5	—

*First six months unaudited
**Unaudited

Overview

MTN Sudan has a GSM and 3G licence, issued in 2003 and valid until 2019. MTN Group indirectly holds 85% of the equity, with the balance held by Sudanese minorities.

Sudan summary

With a population of over 36 million, Sudan has a government system in which all effective political power is in the hands of the president. It is divided into 26 states – economically dependent on central government – and is regionally and internationally classified as an extremely poor country. Initiatives are under way to resolve the civil war, epitomised by the Darfur conflict, although economists believe international disapproval is unlikely to jeopardise Sudan's economic development, with partners such as China, Malaysia and India unwilling to risk the enormous sums they have invested in the country's energy sector.

Performance

Subscriber and ARPU

The Sudan operation recorded an exceptional increase in subscriber numbers for the period from 269 000 in December 2005 to exceed the million mark at year-end. This reflected a range of initiatives and country-firsts which lifted its market share from the mid-teens to almost 25% against increased competition.

Operational

Strong growth in subscriber numbers was supported by an equally strong increase in the staff complement – particularly in senior positions – aggressive advertising and marketing campaigns, and significant expansions in network infrastructure and coverage.

Operating environment

Competition

Mobile penetration of the Sudanese market more than doubled in the review period, reflecting intense activity by two of the three mobile operators including

MTN Sudan. Following the launch of a third mobile operator during the period, competition is intensifying and this will continue in the new financial year.

Products

Various commercial and promotional activities entrenched MTN Sudan as a preferred network during the period, targeting the specific needs of the pre-paid segment by reducing barriers to entry and cost of ownership. These ranged from a dual SIM promotion, to "free airtime" offers, and innovative products such as the unit transfer, hajj roaming and instalment facilities for connection fees in the pre-paid bundle.

Infrastructure

MTN asserted its technological leadership in the Sudanese market by launching 3G, in addition to introducing GPRS technology to a GSM market. The company expanded the number of roaming agreements with international operators to more than 100 in more than 70 countries and successfully launched pre-paid roaming with Saudi Arabia. Network expansion increased coverage of cities from four to 13, with 27 towns and two main roads also covered.

During the period, 480 base transceiver stations and 356 GSM sites were rolled out, one mobile switching centre and 19 base station controllers were added to the network.

Distribution

MTN Sudan reaches the market through a combination of owned outlets, which increased from three to six during the year, and 14 contracted distributors.

Regulatory environment

Interconnect price negotiations with major parties were recently concluded and submitted to the regulator for approval. MTN Sudan will continue to co-operate with the regulator in an endeavour to develop an equitable marketplace.

Outlook

MTN Sudan has made considerable progress in the review period, with enhanced network infrastructure and coverage in place and the staff complement to manage increased subscriber numbers, good growth is anticipated in the year ahead.

Regional summaries

South and East Africa region summary

	Sub total	RSA	Botswana	Zambia	Swaziland	Uganda	Rwanda
Shareholding (%)		100	51	100	30	97	40
Licence period (years)		15	15	15	10	20	10
Market overview							
Population (million)	98,9	47,4	1,8	11,5	1,1	28	9,1
Mobile penetration (%)	40	74	60	9	24	9	4
Market position		2	1	2	1	1	1
Number of operators	14	3	2	3	1	3	2
Market size (2011) – million*	62,9	48,2	1,6	2,6	0,8	8	1,7
Operational data							
Subscribers (000)	15 517	12 483	600	187	268	1 595	384
ARPU (US$)	21	23	20	19	20	12	17
Market share (%)		36	60	19	100	66	95

West Africa and Central region summary

	Sub total	Nigeria	Ghana	Cameroon	Côte d'Ivoire	Congo B	Benin	Guinea Bissau	Guinea Republic	Liberia
Shareholding (%)		82	98	70	68	100	75	100	75	60
Licence period (years)		15	15	15	20	15	10	10	18	15
Market overview										
Population (million)	223,9	138,9	22,4	17,1	20,2	3,4	7,7	1,5	9,5	3,2
Mobile penetration (%)	19	19	22	18	20	27	15	10	6	14
Market position		1	1	1	2	2	1	1	1	1
Number of operators	30	4	4	3	3	2	4	2	4	4
Market size (2011) – million*	74,4	45,6	9,0	5,8	7,7	1,4	2,0	0,3	1,8	0,8
Operational data										
Subscribers (000)	19 622	12 281	2 585	1 783	1 625	280	476	98	276	218
ARPU (US$)	18	18	17	15	18	20	21	12	17	18
Market share (%)		46	52	58	41	31	40	66	48	51

**Management estimate*

Middle East and North Africa region summary

	Sub total	Sudan	Iran	Afghanistan	Cyprus	Syria	Yemen
Shareholding (%)		85	49	100	100	75	83
Licence period (years)		22	15	14	20	15	15
Market overview							
Population (million)	178,0	36,3	69,5	30,9	0,9	18,8	21,6
Mobile penetration (%)	16	12	20	6	80	26	12
Market position		2	3	3	2	2	1
Number of operators	17	4	3	3	2	2	3
Market size (2011) – million*	79,8	12,5	46,3	5,0	1,0	8,6	6,4
Operational data							
Subscribers (000)	4 912	1 066	154	218	76	2 237	1 161
ARPU (US$)	15	16	9	14	35	17	10
Market share (%)		25	1	12	10	46	44

**Management estimate*

Contents

Meroe Necropolis, Sudan

Sustainability report

Sustainability report summary

MTN sustainability policy

MTN Group Limited is committed to the sustainable development of communities in which it operates. To honour this commitment, MTN focuses on exploring and ensuring the responsible management of the social, economic and environmental aspects of its business operations by:

1. Complying with all relevant laws on sustainability issues and, in the absence of legislation, seeking out and observing appropriate best international practice.
2. Regularly reviewing its business to identify sustainability issues, set performance goals and monitor and publish performance outcomes, and in doing so continuously improving performance. This involves the decisive management of action plans and not superficial reporting on sustainability issues.
3. Conducting appropriate assessments and implementing recommendations. Assessments include environmental impact assessments and broad stakeholder engagement programmes.
4. Training and encouraging our contractors and suppliers to support MTN's sustainability objectives and targets by adopting sustainable practices in providing products and services.
5. Educating and training staff in sustainability matters and raising their awareness of sustainable development.
6. Increasing appreciation for the sustainable benefits of communication technologies among customers, legislators, opinion makers and the general public.
7. Devising, implementing and monitoring group-wide management systems for implementing our sustainability strategy.
8. Committing to setting and achieving annual targets for sustainability improvement, using the 2004 reporting baseline reference point.

Our sustainability report

Scope

This is the MTN Group's fourth annual sustainability report which covers the year ending 31 December 2006 and comprises the sustainability outcomes of nine operations in Africa – South Africa, Nigeria, Cameroon, Uganda, Cote d'Ivoire (Ivory Coast), Congo-Brazzaville, Zambia, Rwanda and Swaziland. As before, the sustainability report has been integrated into the Group annual report.

In compiling the report MTN considered the latest international reporting guidelines (set out in the latest version of the Global Reporting Initiative (GRI)) and the GRI telecommunications sector supplement. GRI outlines the principles for defining report content and ensures the quality of reported information.

Throughout the report, MTN has included individual environmental, social and economic key performance indicators for the Group.

Format

The report has been printed annually since 2003 and distributed to all stakeholders. Our sustainability information is available in a range of formats to make it more accessible to different audiences. This printed report is primarily aimed at stakeholders with particular interest or involvement in triple bottom-line reporting. This section of the integrated report focuses on the issues MTN considers material, based on the Group's sustainability scorecard. Our website (www.mtn.com) provides additional detail and is a complete account of our sustainable practices, catering for a wide range of stakeholder interests.

Restatement of comparatives

To facilitate comparability with previous reports, MTN has – as far as possible – reported against similar parameters year on year. However, in certain instances, MTN has revised and updated these parameters to ensure holistic integration of reporting practices throughout the MTN Group.

Feedback

Please share your views on this sustainability report with us by completing the attached feedback form or sending an e-mail to sustainability@mtn.co.za. For further information please visit our website at www.mtn.com.

Group president and CEO's statement

Emerging markets in Africa and the Middle East are the world's fastest-growing sectors for mobile telecommunications. In addition, the concept of connectivity in these territories remains one of the most attractive available business opportunities for investors. Mobile communications is also regarded as one of the main drivers of universal access across emerging markets, both through establishing a highly successful pre-paid platform and the ability to roll out mobile networks in record time across vast geographic areas.

Given appropriate policies and a robust yet stable regulatory environment, mobile telecommunications is a genuine enabler of economic growth and socio-economic development. But this can only happen in an environment that attracts responsible investment to establish reliable and pervasive telecommunications infrastructure. It also requires an integrated commercial and sustainability mindset that acknowledges the long-term socio-economic value of empowered communities, inspired staff, satisfied customers and an optimally conserved natural environment.

MTN understands that sustainability management is an interactive, long-term process requiring our ongoing commitment and focus, particularly under expansionary conditions. MTN has been exceedingly assertive in increasing its footprint during the year as well as capitalising on emerging market opportunities in the Middle East. The MTN Group's acquisition of Investcom LLC has added Sudan, Republic of Guinea and Guinea Bissau, Liberia, Benin and Ghana, Yemen, Syria, Cyprus and Afghanistan to the Group. Through this expansion process, MTN now operates in 21 countries covering a population of roughly 500 million and serving over 40 million subscribers.

This ground-breaking acquisition has positioned the Group well to achieve its vision of being the pre-eminent mobile operator in emerging markets.

While the integration has gone smoothly, with satisfactory performance all round, the expansion process has not been without its challenges. With specific regard to sustainability management, the acquisition process has, at times, monopolised our attention and directed our efforts to integrating new members into the Group. This targeted objective has briefly diluted our focus on embedding suitable sustainability management practices across our established operations. A significantly increased subscriber base, due to organic growth and acquisitions, has placed pressure on our existing infrastructure and our employees' ability to reach all of our sustainability objectives. Accordingly, MTN management will concentrate on embedding our sustainability framework

across existing and new operations in the year ahead.

The MTN board approved a formal sustainability reporting framework and policy during the year, which will help integrate sustainability principles in the culture and operational fabric of all of our operations. MTN continues to train and encourage our staff, contractors and suppliers to support MTN's sustainability objectives and targets by adopting acceptable sustainability practices for the products and services MTN provides.

Our sustainability progress during the reporting period is highlighted by the following achievements:

Economic

- Our subscriber base increased from 23 million to 40 million.
- Capital investments amounted to 9,8 billion, an increase of 3 billion from 6,4 billion for the nine months end December 2005.
- Total payments to various governments including taxes and licence fees have increased from 2,9 billion to 9,1 billion for the nine months ended December 2005.
- MTN continues to support local suppliers in each of its operations; our total spending across the Group amounted to R7,4 billion.
- Our BEE expenditure in South Africa reached R1,9 billion, representing 29,22% of total procurement.

Social

- Total MTN Group payroll expenditure amounted to R2,4 billion.
- Total MTN Group expenditure on employee training in 2006 was R133 million.
- Corporate social investments for the year amounted to R73 million.
- MTN in South Africa achieved a BEE profile rating of AA, improving on its earlier BB rating. The AA rating details our total BEE score at between 75% and 85%, compared to the BB rating of between 45% – 55%.
- MTN South Africa invested R86 million in entrepreneurial development that benefited an estimated 4 000 individuals.
- The MTN Nigeria Foundation's rural telephone project won the GSM Association award for 'Best Use of Phone in the Community'.

- MTN South Africa received the 'Progressive Company of the Year' award at the Black Management Forum Presidential Awards for Business Leadership.

Environmental

- MTN South Africa implemented a risk-based environmental management system.
- MTN Group, the GSM Association and Ericsson teamed up to pilot biofuels as an alternative source of power for base stations in Nigeria – the project aims to demonstrate the potential of using biofuels to replace diesel as a source of power for mobile base stations located beyond the reach of the electricity grid.

Despite the strides made to date, MTN acknowledges that improvements are needed. The following imperatives will provide the context for setting sustainability targets in the year ahead:

- Transferring skills, promoting sustainability awareness and performance, firmly embedding sustainability management in all operations and promoting awareness of sustainability issues among staff and suppliers.
- Establishing local committees to oversee the sustainability management process.
- Launching local MTN foundations to pursue corporate social responsibility initiatives in our new emerging market.
- Promoting a unified culture characterised by diversity and equity in MTN's expanded workplace.
- Strengthening our risk management structures and implementing whistle-blowing hotlines and forensic capabilities in our emerging operations.
- Improving stakeholder communication and interaction at all levels.
- Continuing to develop local supplier support, expanding as far as possible the procurement of high-value goods from local suppliers.
- Improving and monitoring the frequency and quality of stakeholder engagement.
- Achieving ISO and OHSAS (occupational health and safety assessment series) certification across our operations.
- Implementing and monitoring key environmental management performance indicators.
- Promoting better communication on sustainability with staff, customers and suppliers of recycling facilities.
- Expanding product stewardship initiatives and promoting the responsible use of cellphones in our markets.
- Developing and implementing environmental management practices focused on responsible energy, water and material use.

Corporate sustainability initiatives can help create the conditions required to stimulate the use of communication services and products tailored for significant portions of emerging markets. Customers in these markets have limited disposable income but really need communication tools. Given its leadership position in African and Middle Eastern telecommunications markets, the MTN Group will optimise commercial value for its shareholders and substantially enhance its growth prospects by securing important emerging markets. In addition, with corporate sustainability being a core focus for the Group in the year ahead, MTN will endeavour to build sustainable relationships with local communities, suppliers, governments and private sector partners in our new operational territories.

A strategic imperative in galvanising the MTN Group culture, fostering cross-cultural skills know-how and maintaining quality service standards across the new operational territories is to align corporate sustainability practices and performance indicators across all operations. This will be achieved by embedding the Group sustainability framework, risk framework, leadership programmes, human resource strategy and establishing local MTN Foundations where appropriate.

MTN will continue to measure and monitor our impacts. Where appropriate, we will refine our sustainability objectives so that the measurement of successful sustainability practices becomes as tangible as the measurement of commercial results. In this way, MTN will pursue the creation of responsible, integrated stakeholder value across all stakeholder groups.

Phuthuma Nhleko
Group President and CEO
28 March 2007

Our sustainability performance at a glance

Progress against targets

Economic and governance structures

Target 2006	Progress	Target 2007
Conduct an annual reputation review and consistently improve corporate reputation index scores in all operations by 2% each year.	The significant acquisition and integration of new operations did not permit the roll out of a Group-wide reputation audit.	Conduct an annual reputation review that addresses our expanding Group and harnesses the value of local initiatives and stakeholder engagement processes.
Extend a whistle-blowing function to new operations and deploy further fraud awareness training and forensic capabilities in each operation.	The whistle-blowing function was extended to more operations during 2006. Use of the hotline in new countries is not satisfactory and MTN is looking at ways to improve on this.	Expand the use of whistle-blowing in the Group.
Target BEE spend in South Africa of R1,3 billion.	MTN South Africa achieved R1,9 billion in BEE spend (approximately 29,2% of the company's total procurement spending of R5 billion).	MTN South Africa will focus increasingly on enterprise development by fostering a culture of black business support, with specific emphasis on companies owned by black women.

Economic and governance structures (continued)

Target 2006	Progress	Target 2007
Embed our sustainability management framework and performance indicators into each operation to facilitate internal audits and compliance reviews in 2007.	Sustainability policy approved by Group risk committee at the end of 2006 and submitted to the board for ratification. The outcome will set the official direction from the board.	Cement the sustainability management framework; confirm performance indicators and lines of responsibility for operational sustainability reporting and management. Conduct reviews of sustainability framework compliance and performance data gathering.
Gain further assurance on sustainability performance.	Sustainability assurance has not been sufficiently rolled out. The scope of assurance remains a challenge due to changes and complexities inherent in the growth stages of our operations.	MTN Group will use electronic sustainability data collection tools to improve the quality of data collected and achieve greater and more tangible assurance on sustainability performance.
Further embed business risk management procedures.	Risk management processes were extended to new operations in the second half of 2006. Extensive risk assessments have been performed and all operations now report on their risks annually.	Further embed the culture of risk management across operations and refine risk reporting.

Our sustainability performance at a glance (continued)

Progress against targets (continued)

Social performance

Target 2006	Progress	Target 2007
Extend corporate social responsibility policy to all acquisitions.	Group corporate social responsibility (CSR) activities have to date been informed by the initial policy crafted in South Africa. A Group-wide framework has been instituted to give structure to MTN's CSR initiatives. The framework details conditions for MTN Foundation's CSR participation.	A Group CSR policy will be adopted in 2007.
Allocate up to 1% of profit after tax to CSR activities in each country of operation and establish MTN foundations where appropriate.	The Group's established foundations are funded by up to 1% of profit after tax; the Group's CSR framework that operations use to establish CSR functions confirms this funding mandate. An audit of CSR activities across all operations (including Investcom operations) was completed in December 2006.	Further align CSR activities and projects with the CSR framework. Support newly acquired operations in establishing CSR management functions and preparing for foundation launches (where appropriate).
Maintain a staff turnover rate of between 5 – 7%.	The MTN Group turnover rate for 2006 was 8%.	Our target for 2007 is between 5% and 7%.

Social performance (continued)

Target 2006	Progress	Target 2007
Maintain compliance with South African employment equity legislation.	The South African operation maintained compliance with legislated employment equity requirements and submitted its annual employment equity report detailing progress in implementing the employment equity plan.	To support the company's customer-centric focus, MTN South Africa will roll out a diversity management programme to inform its customer-facing activities.
Extend Y'ello Leader Academy to all operations and to middle management in the South African operation.	The academy was extended to all mid-level managers in South Africa, MTN Group head office and MTN Swaziland.	Confirm Academy's roll out in all other operations, including newly acquired Africa and Middle Eastern operations.
Pro-actively engage and communicate with all stakeholders and specifically improve on engagements with government and regulatory stakeholders.	A government relations framework was adopted by the Group in September 2006. The framework details a uniform model for engaging and reporting on regulatory and government stakeholder engagements in all Group operations.	Roll out government relations framework to all operations and generate quarterly status reports.
Improve call centre response rates across all operations and enhance call centre systems.	Call answer rates improved with the implementation of enhanced technology systems – particularly interactive voice recognition technology.	In line with customer-centric focus, continue improving call centre response rates across all operations.

Our sustainability performance at a glance (continued)

Progress against targets (continued)

Environmental performance

Target 2006	Progress	Target 2007
Refine the reporting structures of our environmental management system (EMS) to match the organisation's electronic risk management system.	"EMF Predict" software is being fully used to assess sites prior to site visits and to predict and assess EMF safety levels of BTS sites. Cura risk management system has been implemented in a number of operations.	Expand the implementation of Cura risk management system across MTN SA to track and manage environmental risks and incidents.
Extend ISO 14001 certification across the Group in the next two years.	Addressed ad-hoc environmental queries by some operating companies.	Achieve approval to increase environmental management resource capacity group-wide. Improve co-ordination of this requirement for the Group. Expand the implementation of the Cura environmental risk management system.

Environmental performance (continued)

Target 2006	Progress	Target 2007
Intensify consumer awareness of used handset recycling and the use of biodegradable recharge cards.	To date, MTN has only encouraged customers to recycle their unused cellphones and old cellphone batteries. In South Africa, for instance, customers are encouraged to drop off their unused handsets and old batteries at MTN dealerships or franchise outlets.	Work with business units and other stakeholders to develop more intensive programme to increase customer awareness of handset recycling and the use of biodegradable cards.
Promote a Group culture of efficiency for greater environmental awareness.	Addressed ad-hoc queries by some operating companies.	Achieve approval to increase environmental management resource capacity. Improve co-ordination of this requirement across the Group .
Train suppliers on handling electromagnetic fields, particularly suppliers working on our towers.	In South Africa, EMF health and safety level – site agreement has been concluded to ensure contractors and staff adhere to requirements on entry to towers.	EMF health and safety level site agreement to be fully implemented.

About MTN Group

With its headquarters in Johannesburg, South Africa, the MTN Group is a telecommunication services provider with 21 country operations across Africa and the Middle East. While this report only covers nine operational territories, the operation in Iran (the Group's greenfield enterprise) and 11 new operations will be included in future reviews as they become further integrated into the Group.

The Group provides a wide range of telecommunication services, including voice calls, text messaging (SMS), picture and video messaging (MMS), internet access and other data services.

Our 40 million mobile customers include private consumers and corporate customers in diverse markets around the world. The MTN Group has expanded dramatically since its formation in 1994, largely through acquisitions and substantial telecoms investments in Africa and the Middle East.

As at 31 December 2006, the Group had a market capitalisation of approximately R1 587 billion. The financial section of this annual report contains more detailed information.

Key Group financial statistics	Year-end 2006	Year-end 2005
Revenue (Rm)	**51 595**	27 212
Operating profit (Rm)	**16 094**	8 478
Market capitalisation (Rm)	**158 681**	103 499
Closing customers (000)	**40 051**	23 189

** The figures above include all 21 country operations and not only the nine countries covered in the sustainability review.*

Reporting period

The MTN Group reports on sustainability issues annually. This report covers the period 1 January to 31 December 2006. The previous report spanned a nine-month period, from 1 April to 31 December 2005 to accommodate the change in financial year-end.

Report scope

As with our previous report, MTN has integrated its business and sustainability reports into one annual report. Hence, this section on corporate sustainability should be read in the context of the full annual report. MTN has also ensured clear referencing (page numbers and website links) in elaborating on key stakeholder issues in the annual report.

The content and structure was guided by the Global Reporting Initiative (GRI) on sustainable development. GRI outlines the principles for defining report content and ensures the quality of reported information. An important guiding principle is that the report should provide a balanced and reasonable representation of the sustainability performance – including both positive and negative contributions. MTN has endeavoured to include consistent and balanced views in line with these principles in reporting performance outcomes and financial results. We have done so in the context of the commitments, strategy and management approach.

MTN has incorporated economic, environmental and social performance indicators (triple bottom line-reporting) as proposed by GRI.

Sustainability issues were identified through formal discussions with internal and external stakeholders on their expectations, concerns and interests. Report topics have been prioritised in line with the requirements set out in the GRI/G3 reporting guidelines and the GRI telecommunications sector supplement. Partial topic consistency has been retained across the previous reporting periods. These follow international reporting trends in the telecommunications sector as observed in comparative international reports. Country-specific requirements served as a further guide to topic prioritisation.

Our stakeholder engagement process identified the following key stakeholders:

Internal

- Heads of the risk and internal audit departments
- Heads of Group health, safety and environment
- Heads of Group human resources
- Heads of procurement divisions
- Heads of MTN foundations (South Africa, Nigeria and Cameroon) and corporate social responsibility managers
- Group president and chief executive officer

External

- Corporate customers
- Individual customers
- Government officials
- Regulatory authorities
- Investors
- Beneficiaries and community groups

Report boundary

The report covers the sustainability impacts of nine operations (six established and three maturing):

- South Africa
- Nigeria
- Cameroon
- Uganda

- Rwanda
- Swaziland
- Côte d'Ivoire
- Congo-Brazzaville
- Zambia

The 11 new country operations – Iran and the 10 Investcom operations – have been excluded from the current reporting context. In addition, Botswana, an operation in which MTN has an investment interest rather than a management role, has also been excluded.

There were two key limitations to this report:

- While the report is not written 'in accordance' with GRI reporting guidelines, it does take these guidelines and the telecommunication sector supplements into consideration when reporting on the performance of established operations.
- Some newer operations have not yet fully implemented the Group sustainability framework. The scope of the report is, therefore, limited to reportable information sourced from established and maturing operations. The Group's new operations will be included in future reviews as the sustainability concept and framework are understood and embedded enterprise-wide.

The report differs from previous reports in the following ways:

- The report scope was guided by the 2006 GRI/G3 reporting guidelines and telecommunication sector supplements.
- An additional three countries were reported on this year: Côte d'Ivoire, Congo-Brazzaville and Zambia.
- Stakeholder questionnaires were updated in accordance with the 2006 G3 reporting guidelines and sector supplements.
- The report framework considers national and international competitor reporting frameworks.
- In 2005, MTN reported over a nine-month period. This report spans a full 12-month period.
- In previous years MTN reported on its annual corporate reputation audit conducted in each of its established operations. This year MTN did not conduct a Group reputation audit. Given the operational challenges resulting from the acquisition of Investcom, the growing internationalisation of the Group and local initiatives in each country, MTN followed a deliberate policy of reviewing past norms and standards underpinning the annual audit.

Sustainability-related risks

Managing sustainability risks

The MTN board has delegated responsibility for monitoring sustainability issues to the Group risk management and corporate governance committee. The committee has the following objectives:

- Ensuring significant risks and corporate governance matters relating to sustainability management are identified and mitigated or minimised.
- Advising the board on policy development and implementation of the Group sustainability policy.
- Monitoring and evaluating the performance of the MTN Group, its associates and suppliers against the sustainability policy and codes of practice, and benchmarking performance against similar organisations.
- Reviewing and developing the sustainability policy and codes of practice.
- Addressing sustainability issues throughout the Group's planning and management processes and setting targets and goals for sustainability.
- Promoting, by example, sustainable practice and issues to embed sustainability principles and practice in the Group and its wider community.
- Producing an annual progress review of sustainability for Group operations.
- Ensuring practical actions are taken on stakeholder feedback received from the annual review and annual sustainability report.
- Receiving – and responding to – reports received annually from Group representatives who are central to implementing the Group's sustainability policy. The committee identifies appropriate individual reporting targets from the sustainability framework that representatives submit for the sustainability report.

Stakeholder engagement

Identification of stakeholders

The Group engages stakeholders across a wide base to identify areas of concern and developments.

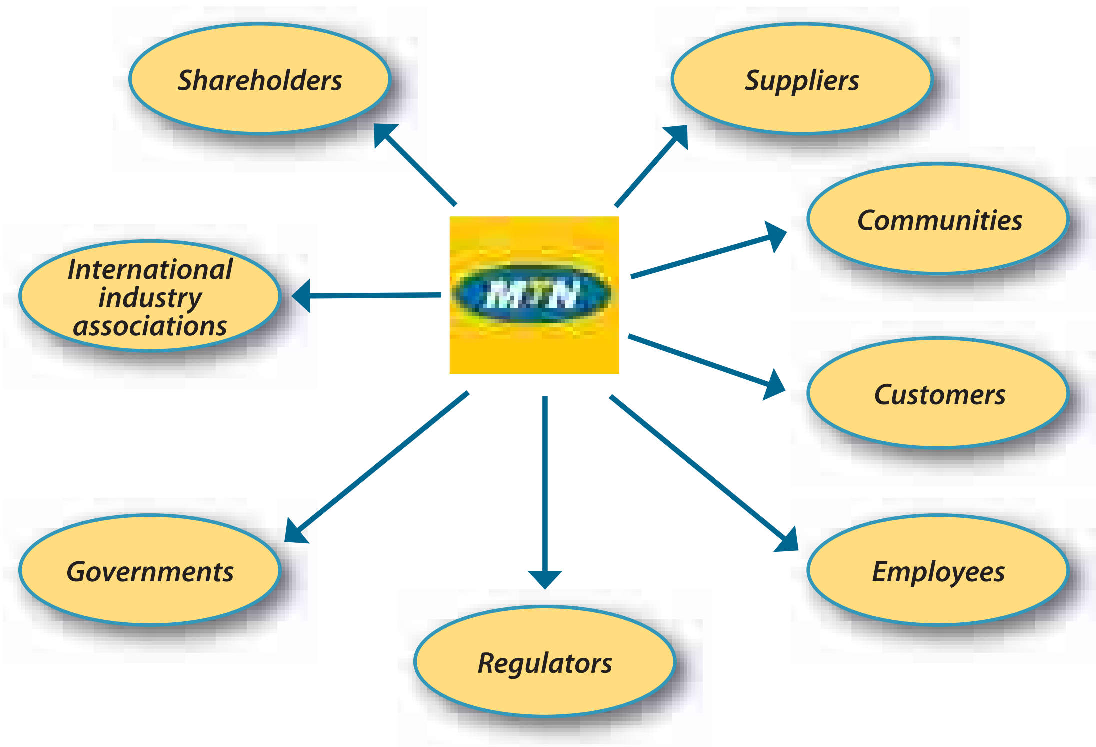
Our stakeholder groups consist of entities or individuals that are either directly or indirectly impacted by MTN's operational activities, or can influence the Group's ability to successfully implement its strategies. These include:

- Employees
- Investors
- Regulators
- Government officials
- Individual customers (street customers)
- Corporate customers
- Community groups

We continue to use an external service provider to conduct independent annual stakeholder interviews to identify stakeholder issues and areas for improvement.

The following table lists the key issues faced by stakeholders and the report references for our responses to these issues.

MTN stakeholders



Key issues faced by stakeholders

Our stakeholders	Employees	Investors
Social and labour issues	a Career development, job security b Monetary and non-monetary benefits c Workplace non-discrimination d Fair treatment and open communication e Education and skills development f Policies and practices on HIV/AIDS	a Promotion of diversity b Stakeholder communication c Company ethics d Poverty alleviation e HIV/AIDS
Economic, legal and tariff issues	g Financial performance h Fair tariffs i Continued corporate social investment	f Financial performance g Compliance with licence conditions and payment of regulatory fees h Authority advice on investment policies i Improved shareholder value
Environmental and technical issues	j Visual impact of mast siting k Mast sharing l Disposal of used cellphones and batteries m Environmental effects of base stations n Network coverage and quality communication	j Visual impact of mast siting k Disposal of used cellphones and batteries l Environmental effects of base stations m Network coverage and quality communication
Our response (page in report)	a 113 b 113, 115 c 116, 121 d 121 e 120, 113 f 114, 124 g 104 h 112 i 122, 123, 128 j 133 k 130 l 133 m 118, 130, 133 n 108	a 110, 113 b 95, 98 c 116 d 110,127 e 114, 124 f 104 g 106 h 25 i 104 j 133 k 133 l 118, 130, 133 m 108

Key issues faced by stakeholders (continued)

Our stakeholders	Regulators	Government officials
Social and labour issues	a Job creation b Promotion of diversity c Company ethics d Workplace non-discrimination e HIV/AIDS	a Job creation b Promotion of diversity c Protection of vulnerable groups d Workplace non-discrimination e HIV/AIDS
Economic, legal and tariff issues	f Financial performance g Fair tariffs h Compliance with licence conditions and payment of regulatory fees i Adherence to current regulations and legislation j Respect for the regulator and partnership with government	f Financial performance g Fair tariffs h Compliance with licence conditions and payment of regulatory fees i Adherence to current regulations and legislation j Respect for the regulator and partnership with government
Environmental and technical issues	k Visual impact of mast siting l Mast sharing m Disposal of used cellphones and batteries n Environmental effects of base stations o Network coverage and quality communication	k Visual impact of mast siting l Disposal of used cellphones and batteries m Environmental effects of base stations n Network coverage and quality communication
Our response (page in report)	a 110, 113, 127 b 110 c 116 d 116, 121 e 114, 124 f 104 g 112 h 106 i 106 j 98 k 133 l 130 m 133 n 118, 130, 133 o 108	a 110, 113, 127 b 110 c 127 d 116, 121 e 114, 124 f 104 g 112 h 106 i 106 j 98 k 133 l 133 m 118, 130, 133 n 108

Key issues faced by stakeholders (continued)

Our stakeholders	Customers	Community groups
Social and labour issues	a Fair treatment and open communication b Stakeholder communication c Improved service d Protection of vulnerable groups e Policies and practices on HIV/AIDS	a Access to communication for the mass market b Poverty alleviation c Education and skills development d HIV/AIDS e Protection of vulnerable groups
Economic, legal and tariff issues	f Financial performance g Fair tariffs h Continued corporate social investment	f Financial performance g Fair tariffs h Funding consistency i Continued corporate social investment
Environmental and technical issues	i Visual impact of mast siting j Mast sharing k Disposal of used cellphones and batteries l Environmental effects of base stations m Network coverage and quality communication	j Visual impact of mast siting k Mast sharing l Disposal of used cellphones and batteries m Environmental effects of base stations n Network coverage and quality communication
Our response (page in report)	a 109 b 95, 98 c 109, 117 d 127 e 114, 124 f 104 g 112 h 122, 128 i 133 j 130 k 133 l 118, 130, 133 m 108	a 105, 127 b 110, 127 c 120, 113 d 114, 124 e 127 f 104 g 112 h 128 i 122, 128 j 133 l 130 m 118, 130, 133 n 108

Sustainability management framework

Company commitment to sustainable development

Our brand promise is *everywhere you go*. To deliver on this promise, MTN needs to create the required infrastructure to ensure continuous reliable telecommunication access to our customers 'wherever they go'.

MTN recognises that the essential infrastructure and related mobile telephony services it provides in the course of its business operations affect the environment and generate broad commercial and socio-economic development opportunities for communities in the territories in which it operates.

While our long-term goal remains generating value for our shareholders, MTN continuously aspires to balance this commercial focus with the responsibility it has to all its stakeholders to create and sustain long-term mutual value. MTN believes there are two key components to creating this value:

- The quality of our network infrastructure and services.
- The social and commercial development of communities in our operational territories.

Our sustainability framework is based on the following sustainability principles:

- Promoting responsibility and sound corporate governance practices.
- Providing a safe working environment in which the health of employees is protected and their opportunities for self-development are enhanced.
- Promoting cultural diversity and equity in the workplace.
- Minimising adverse environmental impacts.
- Providing opportunities for social and economic development within the communities in which MTN operates.

Ownership of sustainability management practices

Ownership of the sustainability policy is vested in the Group board.

The Group risk management and corporate governance committee, appointed by the board, assumes overall responsibility for monitoring, identifying and evaluating sustainability management performance, and for providing control measures for the Group executive committee to implement.

Managing the global sustainability structure

The Group has allocated responsibility for sustainability management activities across the following business functions:

- Group marketing and corporate affairs: Manages sustainability-related data-collection systems and sustainability reporting.
- Group risk management: Drives the implementation of the sustainability management framework and implements this in the Group and its operations.
- Group President & CEO and Exco: Supports embedding the sustainability management framework and attaining set targets. This includes appointing local sustainability champions in operations.
- Group risk and corporate governance committee: Oversees overall Group sustainability management and reporting.
- Operational CEO – implements sustainability management framework in the operations.

Economic performance indicators

Economic performance

Economic investment

Our detailed financial performance is set out in the annual financial statements in this integrated annual report.

The value-added statement on page 49 summarises returns to stakeholders group-wide.

As the value to stakeholders exceeds pure financial gains, it is sometimes difficult to measure MTN's indirect economic impact on stakeholders. Highlights of MTN's sustainability performance include:

- The total subscriber base increased from 23 million at the end of December 2005 to 40 million in December 2006[1]. This growth in our customer base has contributed to an increase in revenue from R27,2 billion in December 2005 to R51,6 billion in December 2006[2]. The country operations included in this sustainability review contributed 40 million subscribers to the Group total (73% up from December 2005). In revenue terms, at December 2006, these nine operations[3] contributed R45,2 billion in revenue, compared to R27,2 billion in December 2005.
- The increased subscriber numbers testify to the suitability of mobile telecommunication solutions in emerging markets and an increase in the general use of mobile phones by consumers in various aspects of daily life.
- MTN has made significant capital investments in various operations to improve infrastructure and expand regional networks. Investment initiatives will continue in the coming year. In the Congo alone, MTN plans to invest 10 billion FCFA in the development of infrastructure – including a core network between Brazzaville and Pointe Noire – as well as the installation of more than 60 base stations.
- Total payments to various governments include taxes and licence fees and have increased by R6,2 billion. Governments, in turn, use this income to improve public services for their constituents.
- By enabling employees to travel regularly between regional operations, the Group has benefited from employees' institutional knowledge, experience and enhanced organisational ability to attract competent and energetic staff.

1 Includes 8,4 million subscribers from former Investcom operations.
2 Includes R6 billion contribution from former Investcom operations.
3 South Africa, Nigeria, Cameroon, Uganda, Rwanda, Swaziland, Côte d'Ivoire, Congo-Brazzaville and Zambia.

- Our CSR programmes, supported by the established MTN foundations (South Africa, Nigeria and Cameroon), attempt to address both socio-economic and environmental challenges in our operational territories. MTN has mandated all operations to spend up to 1% of their total profits after tax in developing programmes that impact positively on surrounding communities.

Technology: developments, initiatives and plans

- During the year, MTN South Africa initiated its local HSDPA and 3G evolved services roll out. HSDPA improves the end-user experience by increasing peak downlink data speeds, while 3G is ideal for applications such as mobile and interactive TV, enhanced video telephony, multiplayer gaming and information sharing. The new mobile capability will enable users to work faster and smarter through improved business and home mobility.
- In November 2006, MTN launched a world first in the mobile telecommunications market with the introduction of i-Mail (MTN Integrated Mail), a new fully integrated and flexible web-based mailbox, enabling customers with internet access to listen or view their voice mail, fax mail or video mail from anywhere in the world.
- MTN Cameroon obtained a first category licence from the Cameroon authorities for MTN Network Solutions. The company has entered the internet market to address network convergence opportunities in the region. Considering the relatively low internet penetration rate and quality of existing products offered to Cameroonian consumers, this is a significant development opportunity for MTN and the telecommunications sector in Cameroon. The final objective will be to provide a global service combining telephone, television and internet services.
- In 2006, MTN Uganda launched a country-wide roll out of its WiMax network. The platform will initially be used as a fixed data platform, but will replace 3G as a broadband network by 2008.

- MTN's network services comprise voice calls and data connections, including GPRS. The company offers seamless changes between 3G, EDGE and GPRS at different speeds. MTN has 100% GPRS coverage in South Africa, with nearly four million handsets in circulation. MTN offers EDGE customers data speeds of up to 236kbps. Currently over 30% of MTN's sites offer EDGE and over 800 000 handsets are in circulation. MTN's 3G network currently offers data speeds of up to 384kbps.

Compliance with legislation, licence obligations and licence fees

MTN strives to comply with all legislation and to fulfil its licence obligations. The Group is vigilant in monitoring legal and regulatory compliance across its operations to protect the business from regulatory impacts.

There were no material instances of non-compliance within the Group.

Regional considerations for the reporting year and year ahead include:

- In South Africa, changes to the Electronic Communications Act may result in the reissue of composite licences as two separate licences: infrastructure and services. MTN awaits a decision from ICASA.
- In early 2007, ICASA will publish papers on the interconnect market and determine how to regulate interconnection pricing. Until the outcomes are clear, MTN will anticipate possible changes and restructure the business accordingly.
- MTN has implemented a call subscriber registration and monitoring system, which is compliant with the Regulation of Interception of Communications and Provision of Communications-Related Information Act, 2002 (RICA), as set out by the South African government in 2005. RICA relates to monitoring and intercepting calls as well as subscriber registration. MTN follows strict privacy and security protocols and will only intercept subscriber calls as mandated by law.
- In Uganda, new telecommunications policy guidelines were issued in May 2006 and new proposed licences introduced by the Minister of Works, Housing and Communications. In August 2006, the Uganda Communications Department issued licences in the following categories, expanding competition in the region:
  - Service provision off public networks
  - Voice over internet protocol (VoIP)
  - Trunk capacity resale
  - International data gateway
  - VSAT (very small aperture terminal)

- MTN Swaziland has submitted its application for licence renewal in anticipation of its licence expiring in 2008. Applications for renewal should be made two years prior to the licence expiry date. In addition, a new telecoms bill will be tabled in parliament in 2007. There has been no formal regulation of the Swazi telecommunications industry to date.
- The GSM mobile tax report issued by the GSM Association during the year identified that lowering taxes on mobile communications can greatly enhance affordability in emerging markets. Findings included:
  - Taxes are disproportionately high in many developing countries.
  - The 'black market' in handsets is expanding as users try to avoid high taxes.
  - Should a government lower taxes on mobile use by just 1%, it could boost the number of mobile users in that country by more than 2% by 2010.
- An increase of 10% in mobile penetration can boost a country's GDP per capita by 0,59% per year. This is significant given that most countries' GDP per capita grows by about 2% a year.
- Two MTN operations, Zambia and Uganda, were mentioned as countries that had disproportionately high tax rates.

Market presence across the nine operations

Region	Country	Subscribers 000	Coverage of country's population %	Market share %
South and East Africa	South Africa	12 483	96	36
	Swaziland	268	90	100
	Zambia	187	53	19
	Uganda	1 595	74	66
	Rwanda	384	90	95
West and Central Africa	Nigeria	12 281	84	46
	Cameroon	1 783	80	58
	Côte d'Ivoire	1 625	47	41
	Congo-Brazzaville	280	75	31

Our subscriber base increased from 23 million at the end of 2005 to 40 million at the end of 2006, reflecting our growing presence across Africa and the Middle East.

Network coverage: quality, reliability, consistency and support

- Capital expenditure of R9,4 billion reflects our commitment to continuously improving the quality and reliability of our network.
- The outcome of our stakeholder engagement process suggests general customer satisfaction with MTN's network coverage. Notably, Zambian customers perceive MTN's network to be superior in terms of quality and reliability.
- Despite the network in Cameroon coming under pressure during 2006 due to the increase in subscriber numbers and increased calls in heavy traffic, market perception in the region remained positive and subscribers indicated that the MTN network was superior to competitors in terms of quality and reliability. To deal with network congestion, transceiver unit capacity was increased by 54% – from 2 218 at December 2005 to 3 407 at December 2006. MTN also improved core network capacity by increasing mobile switching centres from three to

six, base stations controllers from five to seven and carrying out processor upgrades. In addition, the first mobile soft switching system was installed in the MTN Group.

- As confirmation of our ongoing success in network expansion, MTN was recognised in September 2006 as the African Mobile Operator of the Year at the inaugural CommsMEA Awards held in Dubai. The award recognises operators that have shown outstanding performance and results in key market segments and is acknowledgement of the MTN Group's leadership in telecommunications in emerging markets.

Customer satisfaction and customer-centric commercial partnerships

Customer satisfaction

- The increasing subscriber base across all operations during the year reflects the ongoing need to enhance the customer-centric focus of all of our business activities. Targeted, customer service-oriented training programmes are planned for the coming year. For instance, in 2007, MTN Zambia will roll out a staff education campaign to coach employees on the importance of customer service.
- Customer accessibility is an ongoing priority for the Group. In Uganda, MTN launched an MTN ConnectStore where customers can access basic mobile services, such as SIM pack purchases and bill payments.
- Nigeria increased its operational Connect Stores from 18 in December 2005 to 21 in 2006.
- In Zambia, MTN introduced a free SMS helpline to assist consumers with queries.

Customer-centric commercial partnerships

- MTN South Africa's commitment to making services more readily available to consumers led to the conclusion of a retail agreement with retailer Pick 'n Pay. As of June 2006, MTN customers have been able to buy MTN airtime at any Pick 'n Pay hypermarket, supermarket, mini-markets and family stores. In the first two weeks of sales, 14 000 MTN starter packs were sold through 5 000 Pick 'n Pay tills nationally.
- In Uganda, MTN partnered with a local area dealer, Daj Communications, to install more advanced technology catering for sophisticated customer needs. Rather than having to travel to the MTN head office in Kampala, customers can now purchase MTN SIM packs, pay their bills or activate other MTN services and products at ConnectStores. Another five ConnectStores are due to open in other parts of Uganda.

Local supplier support

MTN continues to support local suppliers in our operational territories to promote regional economic development. The majority of our local small and medium enterprise (SME) suppliers cater for our operational office requirements (eg computer services and stationery). Network equipment and handsets are typically sourced from global suppliers. In South Africa, procurement practices are legislated with an emphasis on local empowerment. MTN balances the need to meet local black economic empowerment expenditure obligations with regional procurement of goods and services at a Group level.

In future, MTN will increasingly source high-value items and services such as network infrastructure equipment, hardware and software as well as consumer products (such as SIM cards, scratch cards, etc) from local SME suppliers (where available). This increased focus on procuring higher-value goods and services from small suppliers in the regions will indirectly foster local commercial empowerment for small businesses.

In the quest to persistently improve performance, the MTN Group procurement unit conducts annual supplier satisfaction surveys that provide additional insights into the challenges and requirements of all suppliers including SMEs in the different countries. This feedback is used to assist the department in formulating plans and strategies in supporting local SME suppliers.

The value of goods and services sourced from local suppliers across all operations amounted to R7,4 billion in 2006.

Black economic empowerment performance in South Africa

MTN has a formal and frequently updated BEE policy (available on www.mtn.com). Our BEE procurement scorecard and associated questionnaire are directly aligned with both the ICT charter and the codes of good practice set out by the Department of Trade and Industry in terms of the Broad-based Black Economic Empowerment Act. Our policy outlines our intent to maximise purchases from black-empowered suppliers and to encourage entrepreneurship in previously disadvantaged communities that were excluded from mainstream commercial participation. MTN partners with local BEE companies, either through joint ventures or by contracting BEE businesses, to encourage local industry support and enterprise development.

Our suppliers are required to complete our BEE questionnaire and comply with stringent empowerment requirements such as ownership, management control, pro-active skills development, affirmative procurement, enterprise development and corporate social investment. These activities enable MTN to support local industry indirectly and to facilitate wider economic development in historically disadvantaged communities. Rather than excluding companies not meeting the ICT charter's required minimum 35% BEE rating, MTN assists these vendors to improve their BEE status, particularly if the company is strategic in the supply chain. In addition to our ongoing practice of introducing small businesses to larger industry players to facilitate networking, MTN has also introduced a shortened payment period for small, medium and micro enterprises to improve their cash flow.

Our BEE performance highlights for 2006 include:

- Achieving a BEE profile rating of AA, an improvement on the earlier BB rating. The AA rating details our total BEE score at between 75% and 85%, compared to the BB rating of between 45% and 55%.
- Spending R1,9 billion with black-empowered companies during the financial year.
- Spending some R86 million on entrepreneurial development, of which approximately R46 million was spent on commissions to entrepreneurs. Indirect entrepreneurial activities resulting from this investment have empowered an estimated 4 000 individuals.
- Achieving a BEE spend of approximately 29,22% of total procurement.

In 2006, the MTN Group was recognised with three prestigious awards at the Top Empowerment Awards ceremony, South Africa's largest empowerment gathering of industry and government leaders. MTN was named Top Empowered Company of the Year in the telecommunications sector and received the award for the overall Top Empowered Company of the Year. In addition, MTN's Group President and CEO, Phuthuma Nhleko, won the award for Top Empowered Businessman of the Year, while Irene Charnley, Vice President of the MENA region, was nominated as Top Empowered Businesswoman.

Our plans for 2007 include:

- Re-evaluating our BEE procurement policy to implement a more robust system to verify the BEE status of suppliers and a reporting mechanism to avoid 'fronting' in procurement transactions.
- Improving the tracking of procurement expenditure with BEE suppliers.
- Introducing an award system to reward suppliers that comply holistically with our BEE requirements. The criteria will include: quality of service, BEE credentials; delivery against promise and cost benefit to MTN. Through this award system, MTN will reflect its appreciation for the market in which it operates and its respect for companies that embrace national and regional empowerment imperatives.
- Nurturing black entrepreneurship by developing and publishing a formal investment and enterprise development strategy.
- Building small/medium sized black enterprises through affirmative procurement.
- Building a strategic supplier base and ensuring its long-term sustainability.
- Developing a job-creation programme to secure opportunities for former employees and unemployed people, and to ensure black equity participation in outsourced contracts.

Tariff structure

Tariff structures impact our entire stakeholder base. Our regional operations define tariff structures according to local regulatory guidelines and approvals. MTN aims to grow its low-income base in all operational territories through more competitive pricing strategies and tailored product offerings.

- MTN South Africa announced the reduction of its cellphone call costs by up to 40%, effective June 2006. MTN Pay As You Go subscribers can expect lower local rates during standard times. A standard rate was introduced to all local networks which will reduce call rates for all customers on the call-per-second package. MTN also introduced a lower-denomination recharge voucher during the year.
- MTN Rwanda reduced the cost of starter packs from RwF3 000 to RwF1 000, resulting in more affordable start-up costs for new MTN subscribers.
- There were no tariff increases in Uganda in 2006. However, the government announced the introduction of a 5% excise tax on

fixed lines and payphones, effective 1 July 2006. This is in addition to the 12% excise tax levied on mobile rates. MTN Uganda intends to pass on the increase to customers in 2007.

- In Cameroon, there is a steady downward trend in tariff structuring. This is due to:
  - The industry practice of providing bonus minutes on high-value airtime cards and loadings.
  - Aggressive competitive pricing of mobile-to-mobile offerings and off-net rates to other networks.

Social performance indicators

Employment

Our commercial success is directly linked to the social and economic wellbeing of our employees and the development and application of their skills and talents in the business. The continued expansion of our operations and the introduction of new services have increased our subscriber base exponentially. This has necessitated a renewed emphasis on capacity building, skills development and succession planning across the Group.

Ongoing staff expansion across borders also requires the development of cultural understanding and new levels of management leadership. Our Y'ello Leader Academy is a year-long programme which actively instils a sense of cultural acceptance and develops leadership maturity among participants. The programme promotes the concept of peer-group appraisals, where individual managers receive performance feedback from both subordinate colleagues and peers, enabling more balanced views of their managerial abilities. The Y'ello Leader Academy was formed two years ago to foster a common leadership vision across the Group and to enable managerial staff at all levels to refine their leadership skills.

Staff turnover

For the reporting period, MTN Group's staff complement was 14 067. Some 1 700 employees joined the Group through organic growth and 4 676 through corporate acquisitions. The Group percentage for staff turnover during the year was 8%. Our target for the coming year is between 5% and 7%.

The staff turnover rate for MTN South Africa, specifically, was 9%. Approximately 600 employees were retrenched during the year when their positions became redundant after the restructuring and merger of MTN Network Operator and MTN Service Provider. In many instances, retrenchments were voluntary.

Employee health and wellbeing

In South Africa, MTN has implemented a wellness programme to support employees infected with or affected by various illnesses including HIV/AIDS. The utilisation rate of the programme is approximately 40%, which is good by world standards. Testing for HIV/AIDS is voluntary and results are confidential. MTN has partnered with its medical aid scheme to run awareness programmes. These include HIV/AIDS-specific content as well as information about the administration of benefits. MTN capitalises on World Aids Day to expand awareness in its operations.

The Group HIV/AIDS policy is available on the MTN intranet at www.mtn.com. The policy guides employees on issues such as prevention, handling unfair discrimination of those infected and guiding employees to obtain care and support. Each operation localises the policy to align with regional conditions and cultural dynamics.

As at December 2006, the Group employed 11 481 permanent staff members across all regions.

Number of permanent staff in operations covered in the review

Region		2006	2005
South and East Africa	South Africa	**2 477**	2 513
	Swaziland	**89**	83
	Zambia	**136**	131
	Uganda	**447**	430
	Rwanda	**151**	144
West and Central Africa	Nigeria	**1 786**	1 836
	Cameroon	**516**	396
	Côte d'Ivoire	**576**	595
	Congo-Brazzaville	**202**	147

Remuneration

Employees are remunerated in terms of salary bands and increases are performance-based. The Group has performed a salary anomaly exercise and benchmarked salaries against market norms in terms of the various salary bands. Total Group payroll expenditure for 2006 was R2,5 billion.

Total payroll for operations covered in the review (Rm)

Region		2006	2005
South and East Africa	South Africa	**1 040**	908
	Swaziland	**9**	8
	Zambia	**34**	11
	Uganda	**90**	65
	Rwanda	**13**	10
West and Central Africa	Nigeria	**467**	441
	Cameroon	**110**	64
	Côte d'Ivoire	**110**	37
	Congo-Brazzaville	**36**	3

A mobile workforce

MTN understands that financial remuneration alone does not inspire a talented and educated workforce. The Group's strategy of increasing cross-border secondments between regional operations goes a long way toward enhancing job satisfaction and skills growth among mobile employees. The increased potential for employees to travel between operations has also enhanced MTN's ability to attract highly skilled and experienced individuals.

Whistle-blowing

Whistle-blowing hotlines were introduced into all nine operations covered in the review. All MTN employees are encouraged to report fraudulent activities using the hotlines in terms of MTN's whistle-blowing policy. MTN will continue to improve fraud-prevention measures in the expanded company through the introduction of a fraud prevention function at Group level. The purpose of this function will be to develop enhanced fraud-prevention guidelines and assist operations in implementing fraud-prevention measures.

Code of ethics

The Group's code of ethics recognises the right of all employees to work in an environment that is free from any form of harassment or unlawful discrimination on the grounds of race, gender, sexual orientation, place of origin, citizenship, creed, political persuasion, age, disability, marital or family status. Employees are urged to promptly report any case of actual or suspected discrimination or harassment to their designated managers.

The Group is committed to the principles of freedom of association and collective bargaining. Accordingly, MTN ensures that open and consistent dialogue with employees is maintained at all times.

Employee fairness

MTN is committed to employee fairness across the Group and institutionalises, as far as possible, fair human resource practices, with a strong emphasis on employee diversity and development. In South Africa, where the issues of employment fairness are legislated, the Group is particularly vigilant in ensuring compliance with the Employment Equity Act. Employment equity forums have been established to handle related issues.

Customer relations

Electromagnetic frequencies

The Group is prudent in its response to public concerns on electromagnetic frequency issues. While MTN respects customers' views and is committed to responding to concerns, the Company is cautious not to perpetuate unwarranted doubts and perceptions.

To address public concerns meaningfully, MTN co-ordinates public participation meetings to clarify substantiated electromagnetic frequency impacts. Where appropriate, company representatives meet with individual customers who have specific concerns.

Call centre management practices

In our previous report, MTN highlighted the pressures of high call volumes on our call centres due to the increase in non-technical queries from customers. MTN South Africa has since expanded the call centre infrastructure by improving its interactive voice recognition capability to handle more calls. MTN has also increased its call centre staff complement by approximately 300 agents and will continue to enhance this capability in 2007 and beyond.

- On average, our South African call centres handle over 100 000 calls per day. The main issues dealt with by call centres relate to handset technical questions, value-added revenues and directory enquiries. Caller language preferences and levels of technical competency – particularly pre-paid customers – add unique complexities to our call centre operations. The majority of caller issues relate to difficulties in reading recharge vouchers and handset related queries. Where other mobile service providers refer customers with handset queries to relevant handset providers, our South Africa-based call centres provide technical handset assistance.
- MTN Cameroon launched a customer relationship management system in November 2006. The system is aimed at improving customer service activities and enhancing the working conditions of call and service centre staff. This will be achieved through improving customer query handling by giving service staff a single view of customer data.
- The MTN call centre in Swaziland experienced a 35% increase in calls in 2006. This resulted in decreased call-answer rates and lower service levels compared to previous years. Customer queries related mainly to difficulties in remote recharging. Other contributing factors were network failures and network congestion from time to time.

The table on page 118 details call centre performance in the nine countries covered in the review.

Call centre performance review

Region	Country	No of call centres	Avg calls per month
South and East Africa	South Africa	5	5 219 432
	Swaziland	1	119 875
	Zambia	1	164 624
	Rwanda	1	18 200
	Uganda	1	349 536
West and Central Africa	Nigeria	1	2 508 834
	Cameroon	2	465 834
	Côte d'Ivoire	1	103 961
	Congo-Brazzaville	1	162 825

Customer health, safety and wellbeing

Responsible use of mobile phones

MTN is a key provider of research and information on the safe and responsible use of mobile phones to the South African Cellular Telecommunications Association (SACTA). In collaboration with SACTA, MTN periodically contributes to the generation and distribution of documentation to stakeholders on the safe and responsible use of mobile phones. MTN encourages subscribers to use mobile phones responsibly, particularly while driving a motor vehicle. In South Africa, the use of a mobile phone while driving has been prohibited since August 2000. Drivers should pull over and stop before making a call. If this is impossible, a hands-free kit will significantly improve safety, especially if drivers use voice-activated dialling or answering.

Managing the effects of radio frequency

While research on the potential negative effect of radio frequency exposures is ongoing and not yet conclusive, its management remains a priority for MTN. The MTN Group keeps track of global research, specifically the GSM Association, and receives regular updates on research findings. Guidelines on acceptable levels of emissions are issued by the Department of Health in South Africa, based on the guiding principles set by the International

Commission for Non-ionising Radiation Protection (ICNIRP). MTN ensures that its radio frequency emissions are below this level. Should any member of the community voice concern on a specific site, we test emission levels and report on our findings. We also work with the requirements internally to improve safety levels. During the year, the Department of Health confirmed that South African cellphone operators function well within required standards.

Installation and maintenance technicians

The MTN Group is committed to the pro-active management of health and safety throughout the company and its operating units. Our main health and safety risks are associated with routine base station maintenance activities such as working on towers, electric shocks, exposure to electromagnetic fields, exposure to hazardous chemicals as well as the long hours of work and long distances technicians are expected to drive.

The Group addresses these specific risks across the nine operations covered in this review by ensuring that management, staff and contractors are appropriately trained in the Group's safety and health systems and are aware of health and safety requirements. The Group monitors contractors' compliance with MTN's safety, health and environmental (SHE) risk management obligations and periodically audits the effectiveness of the SHE risk programme to facilitate ongoing improvements in line with leading global practice and relevant legal and regulatory requirements.

MTN closely monitors contractors' activities. In South Africa, contractors are required to adhere to specific contractual SHE clauses relating to numerous legislative acts. These acts place accountability for SHE compliance on MTN as a company. We, in turn, extend these responsibilities to our contractors – both contractually and through extensive educational initiatives and awareness guidelines. We are continuously improving educational programmes to ensure contractors are informed of their responsibilities and adhere to critical safety requirements.

Although MTN met all set safety requirements, it was with great regret that the company recorded one fatality during the year.

Training and education

Training and development

MTN sets minimum standards for training and development across the Group by mandating local operations to:

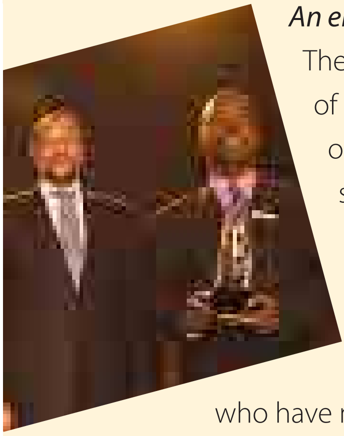
- Spend approximately 5% of their labour budget on employee training (the table below indicates training expenditure per country).
- Link employee training requirements to their individual development plans. This not only further develops our employees but ensures the effectiveness of our performance management system and succession planning initiatives.

While the Group sets guidelines for training and development, each operation localises training programmes to meet priority competency requirements and align with cultural dynamics. Total MTN Group expenditure for training in 2006 was R133 million.

In South Africa, overall expenditure for training was R53 million. This exceeded the skills development levy of 1% of the labour bill by 4%, ie MTN's training expenditure amounted to 5% of the labour bill. In addition, MTN employees in South Africa can apply for a financial grant from MTN of R5 500 per year to register at any of the country's academic institutions. Selected studies must benefit the company and the telecommunications sector.

Training expenditure in the countries covered in the review

Region	Countries covered in the review	R million 2006
South and East Africa	South Africa	53
	Swaziland	—
	Zambia	—
	Uganda	3
	Rwanda	1
West and Central Africa	Nigeria	43
	Cameroon	5
	Côte d'Ivoire	4
	Congo-Brazzaville	2



An employer of choice

The Y'elloStars Awards programme is an important component of the MTN Group's drive towards becoming an employer of choice across all the countries in which it operates. Staff surveys have indicated a strong desire for an effective reward and recognition programme. Y'elloStars was launched in October 2004 and implemented throughout MTN operating units during 2005. Y'elloStars has become a vehicle for recognising peers and rewarding individuals who have made significant contributions to the continued success of the Group. More than 1 000 nominations were made in the first year.

The purpose of the Y'elloStars programme is to build informal networks of recognition, to show appreciation to those who have gone the 'extra mile' and to enhance the culture of MTN as a whole. Recognising and rewarding MTN employees is an essential part of acknowledging the efforts of high achievers and showing MTN's appreciation for the contributions made in helping the Group achieve its commercial results.

Equity, diversity, non-discrimination and local skills development

Employment equity continues to underscore competency development in the South African operation. Our employment equity strategy was well supported through the company's competency development initiatives during the year:

- MTN South Africa invested R6,9 million in learnerships and internships in 2006.
- The implemented NQF 2 – 7 learnerships and internships predominantly benefited black learners.
- MTN recouped R3,8 million from government's learnership and internship grants.
- MTN entered into a partnership with the Innovation Hub CoachLab to develop high-level telecommunication skills of top-calibre black postgraduates.
- In June 2006, 90 learners completed the MTN learnerships programmes, with some graduates subsequently integrated into the company. Thirteen of these learners were disabled youths.

The programme was launched in 2003 and is geared towards training unemployed school leavers or university students but has been extended to include MTN employees. Two MTN trainers graduated and received the national diploma in occupationally-directed education, training and development practices. This is the first such qualification to be awarded through the process of recognition of prior learning in South Africa.

MTN emphasises employment equity and is committed to the development of all our employees. Our internal training programme addresses the competency requirements of all levels of staff. This includes training for career growth as well as technical training. MTN follows the guidelines set by the Department of Labour to train a certain number of staff and to allocate a portion of our overall budget to training.

Respect for privacy

The Regulation of Interception of Communications and Provision of Communications-related Information Act, 2002 (RICA) in South Africa requires that all telecoms service providers obtain and retain certain personal customer data when entering into service contracts. Customer privacy is of paramount importance to MTN. The company maintains, as far as possible, the confidentiality of its customers within the regulatory environment as stipulated by RICA. MTN does not divulge personal details or monitor communications unless mandated to do so by law.

In 2007, MTN will place more emphasis on information security and engage with our local operations to assess associated risks. This includes customer information security as well as MTN's data and network security. Once MTN has a concise risk profile it will enhance its systems accordingly and update the requisite policies and procedures relating to information integrity and privacy.

Corporate social responsibility

MTN Foundation

The MTN foundation model is the foremost corporate social responsibility (CSR) management structure for the MTN Group's related initiatives across all operations. The Group's CSR framework gives guidance on establishing relevant programmes and new regional MTN foundations. The framework also mandates that CSR initiatives focus on education, health, culture and any other two areas determined by local and regional priorities. The latter is underpinned by each operating country's unique social challenges.

MTN Cameroon officially launched its foundation in February 2006, bringing to three the number of operations with formal foundations. The roll out of the MTN foundation to other operations will continue in 2007. MTN aims to have fully operational foundations in the more established operations (Uganda, Rwanda, Swaziland, Côte d'Ivoire and Congo-Brazzaville) by the end of 2007. Countries where the foundations have not been officially launched will continue to manage CSR projects based on set guidelines as outlined in the CSR framework. All CSR programmes will continue to be funded by up to 1% of profit after tax, as per the Group board mandate. The table on page 129 shows the CSR spend across all operations and, specifically, the operations covered in the review.

Measuring success

MTN measures the success of its CSR programmes by considering four imperatives:

- The value added to the overall business.
- The sustainability of the project once our contribution is terminated.
- The impact the project has had on individuals and the community.
- The development of partnerships to increase the investment value of the project.

MTN will continue to refine its measurement of successful CSR outcomes in the year ahead.

Philosophy of partnerships

MTN acknowledges the important contributions made by regional governments, local municipalities, numerous global organisations and the private sector in promoting local CSR projects – particularly community and rural initiatives.

- In April 2006, the new MTN foundation in Cameroon signed agreements with the Red Cross and United Nations Children's Emergency Fund (Unicef). The foundation donated US$50 000 to each organisation to facilitate micro-projects in Cameroon. The Red Cross will use its allocation to finance a road safety programme and to implement an Aids prevention programme. Unicef will use its funding to construct water points in three schools in Adamawa Province as well as campaign for children's rights in the region.

Corporate social responsibility performance highlights

Healthcare

HIV/AIDS

Through its HIV/AIDS initiatives, MTN aims to promote dialogue on the subject and support for those afflicted by the disease.

- MTN South Africa continues to sponsor the national television programme, Beat It, launched in association with the SABC in 2005. The programme deals primarily with HIV/AIDS-related themes. Estimated viewership has increased from 350 000 in 2005 to 11,5 million in 2006.
- In Nigeria, MTN formally launched the first of its six targeted HIV/AIDS voluntary counselling and testing (VCT) centres in April 2006. Situated in Kogi State, the VCT centre was built, equipped and donated as part of the MTN foundation's focus on healthcare-related community programmes. The centre offers pre- and post-test HIV counselling, care and support. More than 500 in-school youth have received training as peer educators in the programme. The centre aims to provide education and services to pregnant women relating to prevention of mother-to-child transmission. More than 250 people have received counselling since the opening of the first VCT centre.

Educational

Schools Connectivity Programme

- The MTN Schools Connectivity Programme in South Africa is part of the MTN foundation's education portfolio. Since 2002, the project has established 183 multimedia centres aimed at improving the quality of education and access to information technology for learners in rural areas. In February 2006, six schools in Limpopo Province received multimedia centres, raising the number of schools connected to 40.
- The MTN Nigeria foundation launched the third phase of its SchoolsConnect project in Bauchi State in northern Nigeria during the year. The project, designed to provide secondary schools with fully operational computer laboratories, has benefited nearly 50 000 learners and more than 2 000 teachers to date. The third phase will expand the roll out of computer laboratories in the region, each complete with 21 computers, a server and VSAT interconnectivity.
- Since the establishment of the MTN Cameroon foundation two years ago, it has successfully implemented 20 multimedia centres in secondary schools and universities in the country as part of its school connectivity

programme. Each of the multimedia centres is equipped with at least 20 computers, a server and VSAT connectivity. An ICT engineer has been appointed to train students and teachers. This project currently reaches more than 60 000 learners.

Art and culture

MTN art and culture

- In South Africa, the MTN foundation's art and culture portfolio continued its support for the MTN Schools Art Awards. In addition, through this portfolio, the foundation launched a 300-page art book, Messages and Meaning, showcasing artists and art works from the Group's corporate collection. The colour images of both African and South African artworks in the MTN art collection illustrate a series of 13 essays by leading writers, art historians, anthropologists and curators. The writers share their insights on some of the 1 400 works in the collection. The book will be distributed to libraries and cultural institutions throughout the country.
- In Cameroon, 20 children participated in the *Enfants en Eveil* training workshops offered by professional artists and designers. Forty paintings, produced by 12 children between the ages of nine and 15, were placed on exhibit in Douala. Titled *Regards d'enfants*, the exhibition united children from different backgrounds and drew many enthusiasts of cultural history from across the region.

Technological

MTN ScienCentres

- The MTN-supported ScienCentres in Cape Town and Umhlanga in Durban continue to provide world-class science education. Both centres provide a fun environment for learners while teaching them about scientific discoveries and technological innovations.
- MTN Uganda built a science laboratory for a school in the Kiboga district, enabling more than 100 learners to participate in training workshops for catering, tailoring, arts and crafts. To ensure sustainability, the centre has launched a restaurant offering meals to local residents and visitors; the meals are prepared by domestic science students.

Entrepreneurship

ICT and rural entrepreneurship programme

- Established in April 2005, the ICT and rural entrepreneurship programme in South Africa aims to empower women entrepreneurs through seminars and business training. To date, MTN has established 30 business centres and educated and trained 1 050 women entrepreneurs – an increase of 500 over 2005 trainee figure.

Community upliftment programmes

- MTN South Africa launched MTN@ccess in the township of Alexandra, north of Johannesburg, in June 2006. Via an online portal, the facility provides convenient internet connectivity and access to a wealth of educational information to one of the country's poorest communities.
- MTN Uganda constructed three school blocks for a school in Jinja, eastern Uganda. The project formed part of MTN's deliberate strategy of partnering with communities in creating sustainable development. MTN staff arranged a fun day for learners during which they assisted in painting and cleaning classroom blocks.
- For the second consecutive year, MTN Rwanda has sponsored a tree-planting campaign at primary schools across the country. This is in response to the government's call for the private sector to assist in conserving the environment. The company donated RwD9,8 million during the year to plant 40 000 trees in selected schools across the country. A similar amount will be donated in the coming year.
- MTN Rwanda and Grameen Foundation, a global non-profit organisation that combines microfinance with new technologies, partnered to launch the VillagePhone project in the region. The project will provide affordable telephone services in remote areas with no access to public communications where power supplies are either unreliable or non-existent.
- MTN Swaziland donated US$60 000 to refurbish one of the country's busiest hospitals. The donations were used to refurbish a maternity ward at the Raleigh Fitkin Memorial Hospital in Manzini, east of the capital Mbabane. The hospital currently serves more than 350 000 people. Also in Swaziland, some 50 MTN staff members, led by the chief executive, combined their efforts to construct a house for a family of four orphaned siblings. Staff also donated clothing and food.
- In September 2006, MTN Congo committed to sponsoring the *Diables Rouges*, Congo's national football team, for four years. For the first time in the history of Congolese football, an African company based in the Congo has committed itself to supporting the *Diables Rouges*. The agreement marks an important stage in the development and expansion of Congolese football.

- In partnership with the WWF, the MTN foundation in Cameroon is developing a programme aimed at educating local people on environmental conservation. With funding of US$300 000, the programme is accompanied by a reforestation campaign, titled 'A Tree for Life'. The campaign aims to support conservation efforts to preserve natural resources in the north and far-north provinces of Cameroon and reinforce an environment-friendly awareness in the northern towns of Cameroon.
- A co-operation programme, initiated between the Cameroon government and Unicef for the period 2003 – 2007, identified Adamawa province as a priority intervention zone considering critical education and health indicators. To ensure rapid results, Unicef implemented a strategy known as 'Activity convergence for children survival and integrated

VillagePhone Rwanda

To help promote greater telecommunications access for Rwandan villagers, MTN Rwanda and Grameen Foundation, a global non-profit organisation that combines microfinance with new technologies, launched the Rwandan VillagePhone project.

The project provides affordable telephone services in places where there is no access to public communications and where power supplies are either unreliable or non-existent. The concept of village phones was first introduced in Bangladesh and is now finding its way to remote African communities. Since the launch of the year-long pilot programme in the district of Gashora in June 2005, some 50 Rwandans have taken part. Operators will soon be available in 14 of Rwanda's 30 districts and over the next three years, VillagePhone Rwanda aims to create 3 000 new businesses throughout the country.

A VillagePhone set consists of a mobile handset, an external battery that lasts as long as a month before needing to be recharged and an extended antenna that can read even the weakest signals over long distances.

Modern information management in Nigeria

The role of the library is changing rapidly in the digital age and MTN foundation's Universities Connect project has been designed to meet these new information management challenges in Nigeria. The initiative is a collaboration between MTN foundation and NetLibrary Nigeria Limited, a development company established to facilitate access to digital information resources worldwide.

The first phase has already been launched at the University of Lagos, where MTN foundation held an interactive session with students in November 2005. The project will provide sustainable access to up-to-date information at tertiary institutions. It will also provide a link to the world's largest collection of digital resources from over 5 500 libraries and 300 publishers (through international partners) to assist university students and professors to gain access to digital resources.

development'. Within the framework of this programme, the MTN foundation and Unicef signed a co-operation agreement on the protection of children's rights. The programme, with funding of US$50 000 is targeted at the construction of water points and sanitation facilities in three schools.

Corporate social responsibility recognition

- The MTN Nigeria rural telephone project, a microfinance scheme under the MTN Foundation's economic empowerment portfolio, won the award for Best Use of Phone in the Community granted by the GSM Association at the 3GSM World Congress in Barcelona, Spain. The Akede Project was first launched with 30 'phone ladies' in 2004. Today 100 women participate in 20 communities. The project trains and equips rural women with the skills and equipment needed to start a call centre in their communities. The equipment includes a handset, SIM pack, airtime, promotional materials, antennae and a battery pack.
- In February 2006, MTN was voted Most Socially Responsible Company by THISDAY Awards in Nigeria. MTN received the award ahead of other significant corporate players. The award is a further endorsement of the wide impact and sustainable

social investment driven through the MTN Foundation.

- In June 2006, MTN Uganda received the Transformers Appreciations Award intended to honour Ugandans who have helped transform the country. MTN received the award in recognition of its role in developing the communications sector in Uganda.
- During the year, the Group received a gold award in the sponsorship marketing category of the 2006 Sunday Times Marketing Excellence Awards. This award recognised MTN's sponsorship of the MTN Africa Cup of Nations, and represented a watershed achievement for the company, transforming MTN into a major player in football sponsorship.
- MTN South Africa received the Progressive Company of the Year award at the Black Management Forum Presidential Awards for Business Leadership. This category rewards companies based on their growth, transformation, empowerment, support of small and medium enterprises and corporate social responsibility initiatives.
- During 2006, MTN Cameroon received four awards, including best price plan with total flexibility, best distribution strategy with the introduction of electronic voucher distribution, best corporate communication with the launch of MTN foundation and best corporate magazine with Y'ello Cameroon edition.

CSR spend across the nine countries covered in the review

Region	Countries covered in the review	2006 R000	2005 R000
South and East Africa	South Africa	**21 811**	21 023
	Swaziland	**1 024**	517
	Zambia	**331**	NA
	Uganda	**1 034**	740
	Rwanda	**221**	185
West and Central Africa	Nigeria	**49 533**	28 943
	Cameroon	**3 370**	2 820
	Côte d'Ivoire	**1 299**	NA
	Congo-Brazzaville	**164**	NA

Environmental performance indicators

Compliance

- MTN South Africa currently maintains its ISO 9000 and ISO 14000 accreditations and is approximately 60% aligned with OHSAS 18000 certification standards. MTN hopes to achieve full certification in 2007. The Group continues to promote enterprise-wide awareness for the ongoing implementation of ISO 14001.
- MTN South Africa has implemented a risk-based environmental management system and is well advanced in implementing a risk-based safety and health management system. The MTN Group aims to extend South African SHE operating standards across the Group.
- MTN Zambia adheres to Group standards for environmental, health and safety guidelines, which are typically more stringent than existing legislation. Existing legislation – such as the Environment Protection and Pollution Act Chapter 204 of the Laws of Zambia – governs all issues relating to the environment, but has not been revised to accommodate the growth impacts of the telecommunications sector.

Materials

Base stations

MTN South Africa has site-sharing agreements in place with both Vodacom and Cell C and continuously strives to improve on these agreements. MTN has also entered into an agreement with Vodacom and Cell C to adhere to a process of maintaining electromagnetic frequency radiation safety levels. Through this process, the three companies collectively reduce the risk of harmful exposure to staff and contractors when entering shared base station sites.

MTN Cameroon has also signed a sharing infrastructure agreement with the different operators in the Cameroon telecommunication sector. This agreement aims to reduce the costs and environmental impact of building base stations.

In-house conservation and recycling

In response to a corporate environmental impact analysis performed in 2005, MTN South Africa has continued to enhance its in-house paper conservation and ink cartridge recycling efforts. In addition, MTN South Africa now submits electronic statements to customers to

reduce its ink and paper use. Overall, the Group is enhancing its electronic communication – both internally and externally – to reduce the need for manual printing.

In addition to standard waste collection services offered by municipalities, MTN South Africa has embarked on an e-waste initiative that ensures electronic equipment is disposed of responsibly by specialist contractors. Specific emphasis is placed on the disposal of plastic associated with computers.

During the coming year, MTN South Africa will refine targets to measure progress on its conservation and recycling efforts.

Energy use

The Group continually examines options for improving ecological and economic efficiency of its energy use. MTN South Africa is our biggest operation to date in terms of office space.

Overall, our energy use is mainly associated with:

- Servicing of office buildings.
- The supply of power to switches and base station sites – including associated air conditioning to base stations.
- The use of diesel and petrol in network vehicles, base station site generators and switch standby generators.

Water

Water use in the Group is minimal and limited primarily to:

- Consumption at corporate offices.
- Minor applications in network operations, such as cleaning vehicles at warehouse sites.

Emissions, effluents and waste

The MTN Group's activities result in limited emissions to air or water. Emissions are generated mainly from air travel, vehicle fuel supply and base station power generation. MTN also recognises public concerns on potential health hazards associated with electrical emissions from everyday cellphone use and the disposal of used and damaged phones and accessories. The Group promotes the responsible life-cycle management of all its product sets including products used in the office, by active product disposal, re-use or recycling initiatives.

The Group is conscious of the need to ensure effective management of any hazardous materials and has procedures in place to monitor and regulate the use of certain materials such as ozone-depleting substances, asbestos, lead-based paints and batteries containing heavy metals.

Using biofuels to expand mobile coverage

The MTN Group, the GSM Association and Ericsson have teamed up to pilot biofuels as an alternative source of power for base stations. While being implemented in Nigeria, the project aims to demonstrate the potential of using biofuels to replace diesel as a source of power for mobile base stations located beyond the reach of the electricity grid. The use of biofuels could address challenges associated with poor access to electricity and other energy sources in emerging markets.

The pilot biodiesel-powered base station solution is located in Lagos. In future, MTN will deploy biodiesel-fuelled base stations in rural regions of south-eastern and south-western Nigeria.

The three participating organisations are setting up a supply chain designed to benefit the local population by sourcing a variety of locally-produced crops and processing them into biofuel. Groundnuts, pumpkin seeds, jatropha and palm oil will be used in the initial pilot tests.

Biodiesel has several important advantages over conventional diesel as a power source for base stations:

- It can be produced locally, creating employment in rural areas while reducing the need for transportation, related logistics and security.
- It has a much lower impact on the environment compared to conventional diesel.
- The cleaner-burning fuel results in fewer site visits and also extends the life of base station generators, reducing operator costs.

Products and services

Product stewardship

Recycling phones and batteries

The Group actively promotes recycling of cellphones and batteries. MTN encourages customers to return used batteries so that these may be disposed of through approved waste disposal channels. Any used product items not returned to the manufacturer are sold as second-hand items. The responsibility for the disposal of used items is transferred to the second-hand purchaser or manufacturer.

Scratch cards

The disposal of recharge cards constitutes an indirect waste stream generated by the Group's business operations. As operating units have varied product distribution channels and customers randomly dispose of recharge cards, disposal activities cannot be pro-actively managed by MTN's operations to prevent negative environmental and social impacts. Despite this challenge, MTN attempts to limit the effects of scratch cards on the environment by continuing to purchase biodegradable scratch cards in accordance with the requirements of national environmental authorities, emphasising the use of biodegradable plastics and promoting the use of virtual airtime top-ups.

Mast siting

Policy and practice

The MTN Group follows numerous procedures when constructing base stations, giving due consideration to their environmental and visual impacts. These include:

- Identifying the need for new base stations and assessing the availability of alternative development sites, alternative designs, processes and materials as well as potentially taking no action.
- Considering the visual impacts of masts in residential areas and removing them as far as possible from private residences.
- Performing the required environmental impact studies and obtaining all applicable legislative approvals and

compliance certification, as legislated in the countries in which the Group operates.

- Consulting with community stakeholders.
- Monitoring and managing the activities of suppliers and contractors during the construction of new base stations – this includes monitoring their obligations to dispose of rubble responsibly and to protect fauna and flora in surrounding areas.
- Rehabilitating construction sites to their original conditions after erecting new base stations.
- Visiting base stations at four-monthly intervals to monitor waste generation and to assess environmental impacts and clean-up requirements.

The table below outlines the MTN Group's infrastructure coverage in the countries covered in this review.

Region	Number of base stations in countries covered in the review	2006	2005
South and East Africa	South Africa	**4 932**	4 669
	Swaziland	**84**	76
	Zambia	**126**	59
	Uganda	**342**	312
	Rwanda	**99**	88
West and Central Africa	Nigeria	**2 518**	2 120
	Cameroon	**315**	284
	Côte d'Ivoire	**484**	406
	Congo-Brazzaville	**59**	54

Key contacts

Below are key contact details for our sustainability performance management team

Group sustainability management	Tshepo Ramodibe sustainability@mtn.co.za
Group investor relations	Ms Debbie Millar investor_relations@mtn.co.za
Head office	MTN Group Limited Innovation Centre 216 14th Avenue Fairland 2195 Tel: +27 11 912 3000 Facsimile: +27 11 912 4093
Website	www.mtn.com

Contents

MTN **Ghana**

Accra, Ghana –
Kwame Nkrumah Memorial Park

Corporate governance

Introduction

Fundamental to the MTN Group's vision of becoming the leading provider of telecommunication services in emerging markets, particularly in Africa and the Middle East, is our status as a good corporate citizen. We acknowledge our responsibility as a major organisation to remain accountable to stakeholders for our financial and non-financial impacts and to continue maintaining high standards of corporate governance in compliance with the King II report as well as the requirements of the global Code of Corporate Practices and Conduct in all the markets in which we operate. Effective governance framework initiatives are currently being implemented, providing direction for the operations, to structure their respective governance framework according to Group standards.

The corporate structure of the enlarged Group, following the acquisition of Investcom LLC in July 2006, necessitated the review of the MTN Group governance framework, the highlight being the reconstitution of the MTN Group board of directors, and by extension its committees, creating a more independent internationalised representation to further strengthen its independence and to leverage more diverse skills on the board. This initiative complements the considerable non-executive component which made up the board prior to its reconstitution.

Accordingly, operational subsidiary boards and committees were partially reconstituted by adding a strong component of independent non-executives to reflect best practices in corporate governance and to advance the principles and practices of sustainable development.

Thus the following improvements were implemented during the year under review:

- The reconstitution of the MTN Group board of directors and by extension its committees, detailed on page 140.
- The reconstitution of all subsidiary boards and by extension their committees.
- The review and adoption, where required, of the board and committee charters (terms of reference), also ensuring that all boards and committees of subsidiary operations have adopted charters. This together with the relevant delegation of authority will provide adequate guidance to directors of the respective operations in discharging their duties.
- The formal integration of governance and risk management strategies into business plans and key performance areas.

- The appointment of a senior executive to oversee the Group business risk function.
- Substantially completing the integration and merger process following the acquisition of Investcom.
- The adoption of a revised delegation of authority for the MTN Group.
- The review and adoption of the revised trade embargo policy (in compliance with the Securities Services Act of 2004).
- The review and adoption of a sustainability policy.

The company also undertook to restructure its reporting and executive management structures, including a renaming convention, to complement the enlarged Group. The operations were effectively divided into three regions, namely, South and East Africa, Middle East and North Africa, and West and Central Africa.

Accordingly, vice presidents were appointed to oversee operations in the respective regions. The vice presidents report directly to the Group chief operating officer.

The vice presidents are ex-officio members of the MTN Group board of directors.

The MTN Group board

The MTN Group board is ultimately accountable for corporate governance and risk management throughout the Group and is assisted in discharging these duties through the following committees:

- Audit committee
- Executive and steering committee
- Risk management and compliance committee
- Nomination, remuneration, human resources and corporate governance committee
- Tender committee

MTN Group board structure

Unitary board

Chairman
Cyril Ramaphosa: independent non-executive

- Three executive directors
- Two non-executive directors
- Nine independent non-executive directors

Audit committee Independent non-executive chairman: Alan van Biljon and three independent non-executive members and one non-executive member	***Risk committee*** Independent non-executive chairman: Jeff van Rooyen and three independent non-executive members	***Nomination, remuneration, human resources and corporate governance committee*** Independent non-executive chairman: Doug Band and three independent non-executive members	***Executive committee*** Chairman: Phuthuma Nhleko, three vice presidents, six executives of whom two are executive directors	***Tender committee*** Independent non-executive chairman: Dawn Marole and six other executive members

As shown above the MTN Group board is led by Cyril Ramaphosa, an independent non-executive director and the position of Group President and CEO is held by Phuthuma Nhleko. The board and its committees have been reconstituted resulting in approximately 80% of directors being non-executive and approximately 65% being independent non-executive. Changes to the directorate during the year are outlined in the following table:

Resignation of director	Date of resignation	Appointment of director	Date of appointment
SL Botha*	13 June 2006	KP Kalyan	13 June 2006
I Charnley*	13 June 2006	AT Mikati#	17 June 2006
ZNA Cindi	13 June 2006	MJN Njeke	13 July 2006
PL Heinamann	13 June 2006	MA Ramphele	13 June 2006
MA Moses	13 June 2006	AH Sharbatly‡	13 June 2006
		J van Rooyen	17 July 2006
		PL Woicke†	13 June 2006

**Executive director*
#Lebanese
‡Saudi
†German

Board members, in terms of the company's articles of association, retire by rotation every three years and are eligible for re-election.

All boards and committees in the Group have access to professional external advice, if required, provided that established procedures are followed in obtaining such services.

The board is responsible for giving strategic direction to the Group and a strategy session is held annually (the last strategy session was held on 17, 18 and 19 July 2006).

The board is also responsible for evaluating, at least annually, its own performance and that of its committees. These evaluations are overseen by the chairman of the board together with the chairman of the nomination, remuneration, human resources and corporate governance committee.

Delegation of authority

The ultimate responsibility for the Group's operations rests with the board. The board retains effective control through a well-developed governance structure of board committees which specialise in certain areas of the business. Certain authorities have been delegated to the Group President and CEO to manage the day-to-day business affairs. The Group executive and steering committee assist the Group President and CEO in discharging his duties and the duties of the board when it is not in session. However, by law and in terms of the company's constitution and delegation of authority, certain matters are reserved for board and/or shareholder approval.

As a result of the restructure detailed earlier, the delegation of authority was revised and adopted by the Group board on 4 December 2006. This was to ensure that in terms of the enlarged Group the requisite levels of authority exist at regional and Group levels, ensuring that all executives are empowered to carry out their duties in terms of the approved business plan and budget.

Induction programme

An induction programme for new directors is under way and includes a comprehensive briefing on the Group's operations and regional structures.

Group secretary

Sibongile Mtshali is the group secretary and the board is aware of her duties in fulfilling her role as both compliance and governance officer of MTN Group.

New directors are inducted into the organisation via the group secretarial office. The office also communicates and monitors compliance, among others, with the Group trade embargo policy, ensuring that no employee is allowed to deal in the company's securities during prohibited periods.

Remuneration philosophy

Details of the remuneration philosophy appear on page 150 of the sustainability report. The nomination, remuneration, human resources and corporate governance committee is responsible for the remuneration framework of MTN Group and recommends strategic matters relating to remuneration to the board for approval. This would include non-executive directors' remuneration, which ultimately is approved by shareholders. Details of directors' emoluments appear on page 187.

Risk management philosophy

Details of the risk management philosophy appear on page 159. The risk management and compliance committee is responsible for the risk management framework of the MTN Group and recommends matters relating to risk management strategies and policies to the board for approval.

Details of the risk management and compliance committee appear on page 149.

Board meetings

Board and committee meetings, together with members' attendance, are outlined in the following tables:

Details of attendance by directors at quarterly board meetings for the year under review are set out below:

Names of directors	22/3/2006 In-camera meeting	13/6/2006	29/8/2006	4/12/2006
MC Ramaphosa***	P	P	P	P
PF Nhleko*	P	P	P	P
DDB Band***	P	P	P	P
RS Dabengwa*	P	P	P	P
KP Kalyan***	NAD	P	P	P
AT Mikati**	NAD	NAD	P	P
RD Nisbet*	P	P	P	P
MJN Njeke***	NAD	P	P	P
MA Ramphele***	NAD	P	P	P
ARH Sharbatly***	NAD	P	P	P
JHN Strydom**	P	P	P	P
AF van Biljon***	P	P	P	P
J van Rooyen***	NAD	NAD	P	P
PL Woicke***	NAD	P	P	P
Ex board members as at 13 June 2006				
SL Botha	P	P	NLD	NLD
I Charnley	P	P	NLD	NLD
PL Heinamann	P	P	NLD	NLD
ZNA Cindi	P	P	NLD	NLD
MA Moses	P	A	NLD	NLD

In-camera meetings: Meeting of non-executive directors (excluding executive directors).

A = Apologies
P = Present
NAD = Not a director yet
NLD = No longer a director

** Executive*
*** Non-executive*
**** Independent non-executive*

Special board meetings

Special board meetings (meetings scheduled outside pre-determined meeting dates to deliberate on special business) are convened at short notice and therefore directors are not always available to attend. Details of attendance by directors at special board meetings for the year under review are set out below:

Names of directors	2/3/06	12/4/06	20/4/06	26/4/06	26/5/06	17/7/06
MC Ramaphosa***	P	P	P	P	P	P
PF Nhleko*	P	P	P	P	P	P
DDB Band***	P	P	P	P	P	P
RS Dabengwa*	P	P	P	P	P	P
KP Kalyan***	NAD	NAD	NAD	NAD	NAD	P
AT Mikati**	NAD	NAD	NAD	NAD	NAD	P
RD Nisbet*	P	P	P	P	P	P
MJN Njeke***	NAD	NAD	NAD	NAD	NAD	P
MA Ramphele***	NAD	NAD	NAD	NAD	NAD	P
ARH Sharbatly***	NAD	NAD	NAD	NAD	NAD	P
JHN Strydom**	P	P	P	P	P	P
AF van Biljon***	P	P	P	P	P	P
J van Rooyen***	NAD	NAD	NAD	NAD	NAD	P
PL Woicke***	NAD	NAD	NAD	NAD	NAD	P
Ex-board members as at 13 June 2006						
SL Botha	P	P	P	P	P	NLD
I Charnley	P	P	P	P	P	NLD
PL Heinamann	P	P	P	P	P	NLD
ZNA Cindi	P	P	P	P	P	NLD
MA Moses	P	P	P	A	P	NLD

† Special board meeting

A = Apologies
P = Present
NAD = Not a director yet
NLD = No longer a director

** Executive*
*** Non-executive*
**** Independent non-executive*

Details of attendance by directors after 31 December 2006 are set out below:		
Names of directors	**21/2/07†**	**28/3/07†**
MC Ramaphosa***	P	P
PF Nhleko*	P	P
DDB Band***	P	P
RS Dabengwa*	P	P
KP Kalyan***	P	P
AT Mikati**	P	P
RD Nisbet*	P	P
MJN Njeke***	P	P
MA Ramphele***	P	P
ARH Sharbatly***	P	A
JHN Strydom**	P	P
AF van Biljon***	P	P
J van Rooyen***	P	P
PL Woicke***	P	P

† Special board meeting

A = Apologies
P = Present

** Executive*
*** Non-executive*
**** Independent non-executive*

Executive and steering committee

The committee, led by Phuthuma Nhleko, is responsible for strategic and operational matters including the day-to-day management of the business of the MTN Group in terms of its delegated authority approved by the board of directors.

As stated, the operations have been classified into specific regions, with each region headed by a regional vice president.

This committee facilitates the effective control of all the Group's operational activities, acting as a medium of communication and co-ordination between the various business units, Group subsidiary companies and the board. It is also responsible for recommendations to the board on the Group's policies and strategies, and monitoring implementation in line with the board's mandate.

The introduction of regional vice presidents resulted in the committee being reconstituted as follows:

PF Nhleko (Chairman)
RS Dabengwa
SL Botha
I Charnley
C De Faria
RD Nisbet
KW Pienaar
PD Norman
J Ramadan

Board statutory committees

Specific responsibilities have been delegated to several board committees with clearly defined terms of reference approved by the board. The committees' profiles are detailed below.

Group audit committee

The Group audit committee is guided by its terms of reference, dealing with membership, structure and levels of authority and the following duties and responsibilities:

- The committee assists the board in discharging its responsibilities to safeguard the Group's assets and to ensure that proper accounting records are maintained.
- It also oversees the financial reporting process and ensures compliance with accounting policies, legal requirements and reviews internal controls.
- It interacts with and evaluates the effectiveness of the external and internal audit processes.
- The committee also recommends to the board the appointment of external auditors and reviews and approves non-audit work performed by the external auditors.

The committee is led by Alan van Biljon and consists of four independent non-executive directors and one non-executive director (including the chairman). The Group President and CEO, the Group financial director, the Group chief operating officer, internal and external audit representatives attend all committee meetings by invitation.

The head of internal audit and the external auditors have unrestricted access to the committee and its chairman.

Audit committees exist in each of the Group's significant operations and significant risk and audit matters relating to the operations are reported to the Group audit committee. In operations where no audit committee exists the board fulfils this function.

During the year the constitution of the Group audit committee underwent the following changes:

Resignation of member	Date	Appointment of member	Date
PL Heinamann	13 June 2006	MJN Njeke J van Rooyen	13 June 2006 17 July 2006

Accordingly, the committee is constituted as follows:

AF van Biljon (Chairman)
DDB Band
MJN Njeke
JHN Strydom
J van Rooyen

In-camera meetings

The main meetings of the committee are preceded by an in-camera session of non-executive members only and concluded by a separate in-camera sessions with the following key invitees:

- Management
- Internal audit
- External audit
- The non-executive chairs of subsidiary audit committees are also invited to meet with the Group audit committee annually.

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

Names of members	16/2/06	28/2/06	13/3/06	30/5/06	7/8/06	22/8/06	13/11/06
AF van Biljon	P	P	P	P	P	P	P
DDB Band	P	P	P	P	P	P	P
JHN Strydom	P	P	P	P	A	P	P
MJN Njeke	NAM	NAM	NAM	NAM	P	P	A
J van Rooyen	NAM	NAM	NAM	NAM	P	P	P
PL Heinamann*	P	P	P	P	NLM	NLM	NLM

** Ex committee member*

A = Apologies
P = Present
NAM = Not a member yet
NLM = No longer a member

Details of attendance by committee members after 31 December 2006 are set out below:

Names of members	27/2/2007	19/3/2007
AF van Biljon	P	P
DDB Band	P	P
JHN Strydom	P	P
MJN Njeke	A	P
J van Rooyen	P	P

A = Apologies
P = Present

Group risk management and compliance committee

The Group risk management and compliance committee's primary task is to ensure that the risk management framework together with a compliance framework exist and are implemented and monitored regularly. The committee's mandate was reviewed during the year and the scope of compliance was clearly defined in terms of the committee's responsibilities.

Significant risks and compliance matters are monitored by the committee which provides strategic direction in this regard. The committee is also responsible for the sustainability framework and sustainability reporting. During the year, Shauket Fakie was appointed as the Group business risk executive, responsible for business risk management, internal audit and forensics for the Group.

During the year the constitution of the Group risk management and compliance committee underwent the following changes:

Resignation of member	Date	Appointment of member	Date
PL Heinamann	13 June 2006	MJN Njeke	13 June 2006
ZNA Cindi	13 June 2006	J van Rooyen	17 July 2006
PF Nhleko	13 June 2006	M Ramphele	13 June 2006
RS Dabengwa	13 June 2006	PL Woicke	13 June 2006
AF van Biljon	13 June 2006		

The committee is led by Jeff van Rooyen and consists of four independent non-executive members (including the chairman), as detailed below:

Members of the Group risk management and compliance committee

J van Rooyen (Chairman)

MJN Njeke

M Ramphele

PL Woicke

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

Names of members	7/3/06	30/5/06	22/8/06	21/11/06
J van Rooyen	NAM	NAM	P	P
PL Heinamann *	P	P	P	NLM
PF Nhleko *	P	P	NLM	NLM
ZNA Cindi *	P	P	NLM	NLM
RS Dabengwa *	A	A	NLM	NLM
MA Ramphele	NAM	NAM	A	P
MJN Njeke	NAM	NAM	P	P
AF van Biljon *	P	P	NLM	NLM
PL Woicke	NAM	NAM	P	P

** Ex committee members as at 13 June 2006*

A = Apologies *NAM = Not a member yet*

P = Present *NLM = No longer a member*

Details of attendance by committee members after 31 December 2006 are set out below:

Names of members	26/3/2007
J van Rooyen	P
MJN Njeke	P
MA Ramphele	P
PL Woicke	P

P = Present

Group nominations, remuneration, human resources and corporate governance committee

During the period the committee's mandate was reviewed and responsibilities for corporate governance were added. The revised responsibilities are outlined below:

- Review the size, structure and composition of the board.
- Conduct an annual assessment of the board's performance.
- Conduct an annual assessment of the chairman and Group president and CEO's performance.
- Set criteria for the nomination of directors and committee members of the board.
- Identify, evaluate and nominate candidates for appointment to the board to fill vacancies as they arise.
- Determine the remuneration of executive directors.
- Consider, review and approve Group policies on executive remuneration.
- Monitor the Group's compliance with King II and relevant legislation.
- Make recommendations to the board on annual salary increases and performance-related bonus awards.
- Review and approve performance-related incentive schemes, performance criteria and measurements, including share option allocations to executive directors and senior staff.
- Review and approve new remuneration methodologies for the management team including incentive schemes, benefit funds and other benefits.
- Review philosophy regarding fees payable to non-executive directors (based on recommendations from the

executive directors as a separate process from executive remuneration reviews which is for confirmation by the board and ratified by shareholders.

- Monitor and review compliance with employment equity practices.

The committee is led by Doug Band and consists of four independent non-executives (including the chairman). The committee operates within the parameters of a board approved charter.

During the year the constitution of the committee underwent the following changes:

Resignation of member	Date	Appointment of member	Date
PL Heinamann	13 June 2006	KP Kalyan PL Woicke	13 June 2006 13 June 2006

The committee is constituted as follows:

DDB Band (Chairman)

MC Ramaphosa

KP Kalyan

PL Woicke

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

Names of members	15/3/06	31/5/06	28/9/06	21/11/06
DDB Band	P	P	P	P
KP Kalyan	NAM	NAM	P	P
MC Ramaphosa	P	P	P	A
PL Woicke	NAM	NAM	P	P
PL Heinamann	P	P	NLM	NLM

A = Apologies
P = Present
NAM = Not a member yet
NLM = No longer a member

Details of attendance by members of the committee at a meeting held after 31 December 2006 is set out below:

Names of members	28/3/2007
DDB Band	P
KP Kalyan	P
MC Ramaphosa	P
PL Woicke	P

P = Present

Special sub-committee of the Group nomination, remuneration, human resources and corporate governance committee

The nomination, remuneration, human resources and corporate governance committee constituted a special sub-committee to deliberate on special business. The sub-committee met on 22 March and 20 April 2006, committee members Doug Band and Cyril Ramaphosa were in attendance.

Group tender committee

The Group tender committee's primary objective is to promote a sustainable and fair tender culture and to ensure that tender policies are applied consistently; always bearing in mind best business practices to develop all markets and promote economic development. Similar tender committees exist in most significant operations throughout Africa. The committee's board-approved charter aims to promote effective, transparent and independent procurement and tender evaluation processes. The committee however only reviews high-level tenders as the need arises. Various lower-level committees are in place to ensure that all other tenders are reviewed with the same level of efficiency.

The committee is constituted as follows:

D Marole (Chairman**)
RS Dabengwa
I Charnley
CS Wheeler
RD Nisbet
J Ramadan*
C De Faria*

**appointed as committee member during the year*
***independent non-executive member*

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

Names of members	16/10/2006	23/11/2006	6/12/2006
D Marole	P	P	P
RS Dabengwa	P	P	A
I Charnley	P	P	P
C de Faria	P	P	A
RD Nisbet	A	P	P
J Ramadan	P	P	P
C Wheeler	P	P	A

A = Apologies
P = Present

Special committee of the board

In certain instances the board is required to consider special projects which may result in additional meetings. In such cases, the board has constituted special project committees which are granted the necessary authority to deal with salient matters related to such projects, with final recommendations being approved by the board. Special committees may consist of different directors depending on the expertise required to resolve any special matters under review by the committee.

In the year under review the special committees met on 19 April, 21 April, 25 April and 11 July 2006 to review special business.

Environmental code

The Group is committed to and endeavours to comply in all respects with applicable environmental legislation. It also ensures that all compliance matters are adhered to and endeavours to comply with all relevant ISO standards. The code of conduct prescribes strict policies on environmental matters.

Code of conduct

The MTN Group is committed to promoting the highest standards of ethical behaviour among its directors, management and employees. In line with this objective and in the interest of good corporate governance, the code of conduct is subject to review annually and is cascaded down to all operations.

Market review of non-executive directors' remuneration

The shareholders approved a resolution at the annual general meeting on 13 June 2006 to increase the non-executive directors' remuneration. Market research shows that the current directors' remuneration is market related, no further increases will be considered for the 2007 financial year.

Internal audit and forensic services

MTN Group's internal audit function is supported by similar internal audit functions in most major operations. The internal auditor is mainly responsible for providing assurance on the adequacy and effectiveness of internal controls in the Group. The function reports to the Group president and CEO and to the chairman of the Group audit committee as well as risk management and compliance committee.

Subsidiary audit committees are similarly structured and most operations have access to the chairman of their Group audit committee. Key issues falling under the scope of the audit committee or internal auditor are also reviewed at Group level, if required.

Internal audits are performed on a risk-based audit approach to ensure that assurances can be given on the mitigation of inherently high risks.

External audit

The joint external auditors express an independent opinion on the annual financial statements. The auditors are appointed by the board on the recommendation of the Group audit committee and ratified by shareholders. The external auditor's performance and independence is regularly monitored by the Group audit committee. The non-audit work performed is periodically reviewed to ensure no conflict of interest exists, or auditor independence impairment occurs. The audit partners are also rotated every seven years.

Shareholder communication

It is the policy of the company, where practical, to ensure that material information is timeously and accurately disseminated.

The Group encourages shareholders to attend its annual general meeting, which provides an opportunity for shareholders to raise questions.

Regular presentations by executive directors and senior management are made to institutional investors, analysts and the media to communicate Group strategy and performance.

A corporate website (http//:www.mtn.com) communicates the latest Group financial and operational data, as well as relevant historical information.

The board has approved an initiative to improve services to shareholders, specifically for effective and efficient voting at the company's annual general meeting to be held on Wednesday, 13 June 2007, using an electronic solution provided by the company's transfer secretaries.

Sustainability reporting

A comprehensive sustainability report is provided on pages 85 to 135.

Sponsor

The corporate sponsor is Merrill Lynch appointed in compliance with the JSE Listings Requirements.

Risk management

Introduction

MTN's risk philosophy is underpinned by the following extract from the King II report on corporate governance.

"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."

As a company that operates in emerging markets, MTN believes that risk management is fundamental to effective corporate governance and the development of a sustainable business. The Group has adopted a risk philosophy that is aligned to King II and is aimed at maximising business success and shareholder value by effectively balancing risk and reward.

MTN's overall governance structure and integrated risk management framework guides the operations of our business units, which are primarily responsible and accountable for risk management.

MTN's objective with risk management is to embed the process into the day-to-day running of the business. This involves continuous pro-active identification and understanding of risk factors and events that may impact business objectives, development of appropriate response strategies, continuous monitoring and reporting. This is done by making risk management a key performance measure for managers.

The process of risk management in the Group is guided by a risk framework which is based on best practice risk management processes. The Group business risk management function, together with management, has the mandate and task to ensure that adequate risk management processes are implemented in all areas of the business in line with the risk framework. MTN is expanding the business risk management function to improve support to the operations on the implementation of risk management practices. The focus of the Group business risk management function will be to ensure that the maturity of risk management practices in all operations is improved. MTN has further strengthened its commitment to risk management by appointing Shauket Fakie (previous Auditor-General of the Republic of South Africa) as a member of the executive management team of the Group.

Roles and responsibilities for risk management have been clearly defined. In summary these are:

- ***Group board:*** The board has the ultimate responsibility for risk management. It considers risk reports from the Group risk management and compliance committee and input from the Group audit committee in assessing the effectiveness of MTN's risk management.

- ***Risk management and compliance committee:*** This sub-committee of the board is the oversight body for risk management. It sets and approves the Group risk management framework and reviews the overall effectiveness of risk management structures and practices. It reviews the Group risk profile and management's reports on mitigating key risks and oversees reporting on risk matters to stakeholders. This committee and those for each country operation meet regularly.

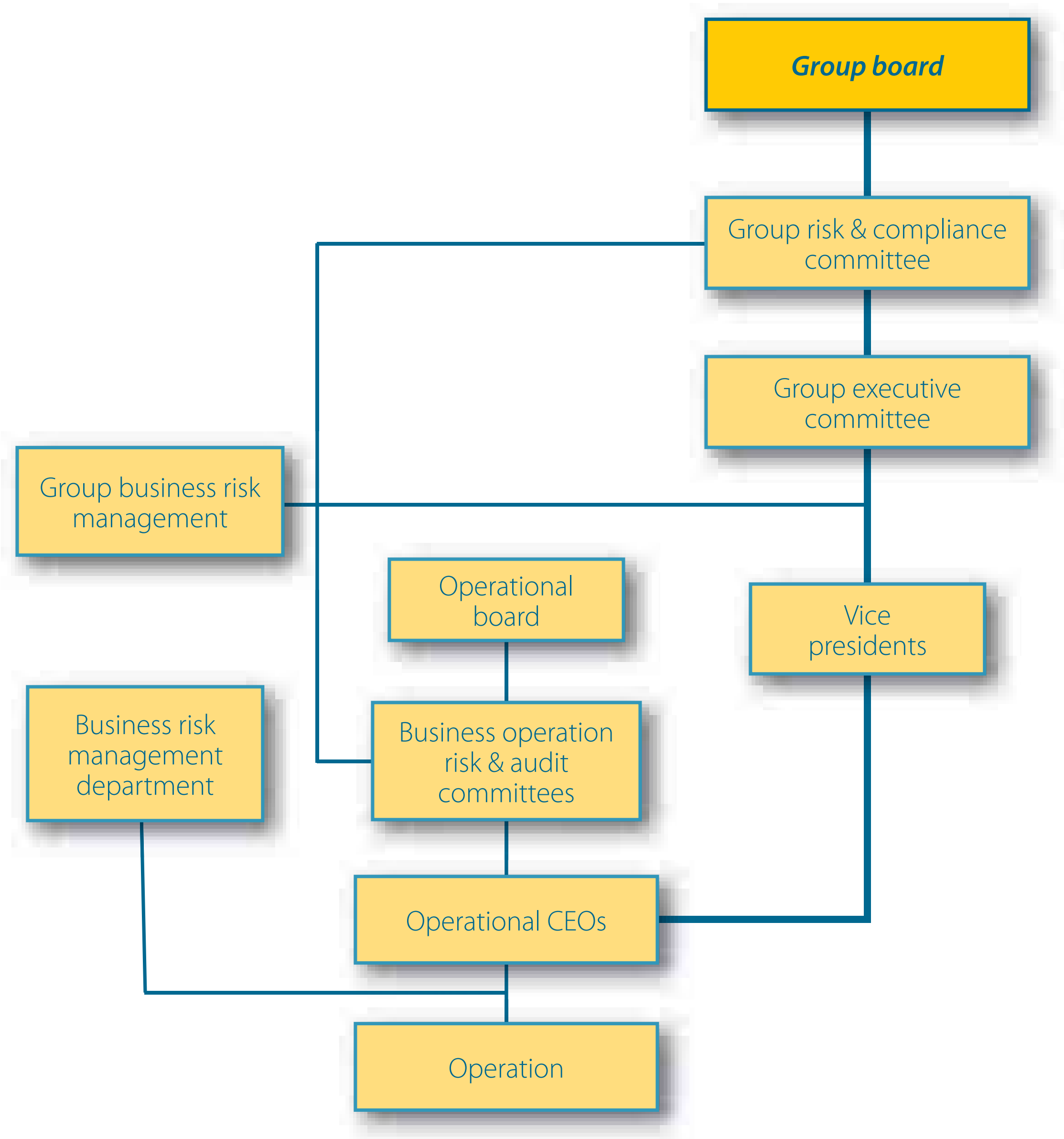
- ***Group risk officer:*** The Group risk officer is not responsible for managing risk as this is a management responsibility but is responsible for ensuring an effective framework for risk management and for driving its implementation throughout the Group. This is done by assisting and educating management on the topic. The Group risk officer also assists with the effective reporting, appropriate escalation and awareness of risks.

- ***Business operation risk and audit committees:*** These are the oversight bodies for each country operation and are sub-committees of their respective boards. In South Africa, this function is performed by the risk management and compliance committee. In all other countries, the audit committee or board also fulfils the role of the risk committee with a separate agenda for risk management.

- ***The chief executive and management of each operation:*** Take ownership for day-to-day management of the operation and its risks, supported by the local risk champion or the head of internal audit. Chief executives regularly report the risk profile of their operations to Group management as well as to the risk and audit committees of their operation.

Risk management continued

This is diagrammatically summarised as follows:



Risk management process:

The risk management process broadly consists of the following iterative phases:

- ***Risk identification*** – Risks are continuously identified through focused discussions, workshops and scenario analysis.
- ***Risk evaluation*** – Risks are evaluated for their potential impact on the organisation and probability of occurrence and are classified according to their nature.
- ***Response strategies*** – Response strategies depend on the nature of the risk and may often combine various actions, including insurance, outsourcing, risk avoidance or active risk management through people, processes and systems. The cost of risk mitigation is considered in determining response strategies. Certain risks are accepted based on their impact on the organisation and the Group 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 their impact. This could include continuous monitoring, compliance, insurance, diversification, hedging or acceptance of the risk.
- ***Monitoring and reporting*** – Risks are reported to the right levels of management and response strategies are continuously monitored for progress and changes.

This is diagrammatically summarised below:

MTN's risk landscape

MTN's risk landscape comprises the following main categories of risk:

- Operating environment risk
- Regulatory risk
- Marketing and pricing risk
- Technology risk
- Human resources risk
- Financial risk
- Investment risk
- Physical interruption risk
- Governance risk
- Reputational risk
- Relationship and partnership risk

The MTN Group has expanded significantly during the last year with the addition of the Investcom operations. As a result, MTN's risk landscape has changed.

Operating environment risk

The possibility of a change in the stability of operating environments and the impact on MTN's profits and strategic objectives is an inherent risk to a company such as ours which operates in varied markets. With the acquisition of Investcom and our investment in Iran, the addition of 10 operations to the Group has increased MTN's perceived exposure to this risk. This was a key consideration in our expansion strategy as far as risk and reward are concerned. These perceived risks are further heightened by the UN Security Council sanctions passed against Iran. As a result, control measures to mitigate against potential negative outcomes have been strengthened. These include:

- Focus on corporate citizenship and social responsibility programmes in each country
- Development and implementation of crisis management plans
- Continuous monitoring of the political environment in operating countries
- Ring-fencing operations where appropriate to limit systemic risk from possible failure in operations
- Appropriate risk transfer structures such as insurance.

Regulatory risk

The regulatory bodies in a number of MTN's operating countries are not fully matured, exposing MTN to some risk in this area. The response strategies implemented to manage this risk include:

- Strict compliance with regulations
- Legal and regulatory compliance functions in each country
- Active participation in establishing regulatory frameworks
- Active participation in regulation and rule-making procedures
- Policy-lobbying actions at legislative, executive and ministerial level where appropriate

- Relationship management with governments and regulators.

Marketing and pricing risk

Overall MTN's marketing and pricing risk has decreased over the last year. MTN's expansion into new territories has further diversified its risk profile and reduced its dependence on certain markets as a multinational company operating in two continents. Adverse changes in certain markets will now have less of an impact on the broader group although overall dependence on the South African and Nigerian markets is still significant.

In contrast, the move into Middle Eastern markets exposes MTN to strong multinational players with whom the Group did not compete previously. This forces MTN to adapt its marketing strategy and test its products to ensure it will satisfy market needs. In addition, the use of local suppliers in combination with global suppliers ensures that local market needs are understood and addressed. The Investcom staff has brought extensive skills and knowledge of Middle Eastern markets to the Group.

Pricing risk in certain markets remains an area of focus in the Group. This is mitigated by segment-driven value propositions to control churn as a result of pricing.

Technology risk

Technology risk in MTN is viewed from an internal and external perspective. The internal perspective refers to the availability, scalability, quality and efficiency of MTN's networks and information systems. The external perspective refers to the risk and/or opportunity coming from changes in the technology world.

As far as the internal perspective is concerned, the addition of operations over the last year has brought challenges to the Group in terms of varying levels of maturity of information systems, network infrastructure and the processes surrounding these. As a result, the focus continues to be on the standardisation and improvement of the availability, scalability, quality and efficiency of the Group's networks and information systems and associated processes. Good progress has already been made with standardisation of our billing and customer care systems, management information systems, GSM core and radio networks as well as the standardisation of network roll out and maintenance procedures. As a large multinational, the risk of depending on a single supplier across all operations must be balanced with the synergistic opportunities from vendor standardisation. As a group, MTN is mitigating this risk by avoiding single-vendor, Group-wide dependencies.

From the external perspective, technology developments that could raise MTN's technology risk profile include technologies such as WiMax as well as the next-generation of converged services and new mobile digital broadcast technologies including DVMB-H. MTN has moved from the research and development stage on WiMax and DVB-H to fully operational deployments in certain operations, enabling the Group to reduce the risk exposure to these technologies and better compete in the broader telecommunications arena. The next-generation converged services include technologies such as voice over internet protocol (VoIP), mobile instant messaging and other IP-based technologies that are entering and converging with the traditional telecommunications space. MTN has made good progress in this area in South Africa, in Nigeria where MTN recently acquired an internet service provider, and in other operations of the Group. MTN constantly monitors the maturity of these technologies and market requirements to ensure it leverages these technologies at the right time. Converged internet media, content, communication and social networking services continue to grow rapidly and are making aggressive moves to enable their services on mobile devices. MTN is actively investigating partnerships or competing services to capitilise on this wave of next-generation converged services.

Human resource risk

Overall, MTN's human resource risk has reduced with the expansion of the Group over the last year. This is largely due to the extensive knowledge and skill brought into the Group by Investcom, specifically on operating in unfamiliar territories. MTN's resource capacity has also increased which enables the Group to move staff between operations where required.

MTN's ability to attract and retain staff has improved as it is truly viewed as a large multinational company with opportunities for staff to be exposed to many aspects of the business in different operating environments.

The creation of regional structures in management is creating cohesion and synergies between operations as well as a platform for cross-skilling.

The further roll out of the notional share scheme and bonus programme across all the new MTN Group operating units further enhances MTN's ability to attract and retain staff in all operating environments.

A focus area on the human resources side will be to completely embed the integration of the MTN and Investcom groups from the perspective of culture, ethics and values as well as exploration of regional cluster opportunities and best practice sharing.

Financial risk

Repatriation of earnings

MTN was able to successfully repatriate earnings as dividends, loan repayments or management fees from some operations where this was required over the last year. This included Nigeria where dividends were declared for the first time since inception. The availability of US dollars in certain markets remains a risk to the Group and is constantly monitored. A part of the treasury management activities of the Group is to spread the flow of revenue streams from operations to reduce this risk.

Currency

The risk of currency losses in certain of the Group's operating countries remains an inherent risk and specific treasury management activities are in place to mitigate this. These include an active hedging policy and hedging of foreign currency in operations where possible, non- or limited-recourse project finance where required in operations as well as maximisation of local currency funding to limit asset/liability mismatch.

Credit risk

The risk of bad debts from MTN's subscriber base has always been low as a result of the predominantly pre-paid client base.

The risk of bad debts from key distributors is equally low given the credit policy on payment which is often cash-on-collection.

The recoverability of interconnect debt from other operators in certain of MTN's operating countries remains a risk. The expansion of the Group has, however, reduced the overall impact of this risk given the reduced dependence on certain markets.

Tax

MTN's exposure to changes in tax legislation and the resultant impact has increased over the last year, as the Group now operates in more jurisdictions where tax bodies are less mature. This risk is, however, actively managed by ensuring compliance with tax regulations, and the use of external tax advisers whenever necessary. The Group also has a Group tax function to advise operations and ensure consistency.

Revenue assurance

The risk of revenue leakages from system and/or process inefficiencies remains a risk and has received significant focus over the last year with the introduction of a Group-wide revenue assurance project to drive the implementation of consistent procedures.

Investment risk

MTN believes that as a company aiming to be the leading telecommunications provider in emerging markets, it is vitally important to exploit opportunities in these markets while balancing reward and risk. Given the high upfront investment required in the mobile telephony business, it is crucial that investment decisions are based on proper due diligence studies and that the risk involved is understood and factored into risk/return calculations. Failure in this regard could result in significant losses to the Group. The investment decisions made over the last year with the acquisition of Investcom and our investment in Iran were based on these principles. Although investment risk exists in MTN's portfolio of operations, the Group believes its investment portfolio is diversified and the overall impact of possible investment failure/loss in parts of MTN investment portfolio has been reduced.

Physical interruption risk

Extended failure of key infrastructures including our GSM networks, international gateways and information systems, due to disasters, sabotage, hardware/software failure is a risk that MTN wants to prevent as far as possible. Often it is not possible to eliminate the probability of this occurring, but it is possible to reduce the impact of such events. MTN has embarked on a Group-wide project to ensure that network operational management is consistently applied across all operating companies in an attempt to identify and rectify any key areas of risk in the processes and infrastructure. The integrity of switch power systems is key to maintaining high availability and we have taken steps to address the system design in all new operating companies. Redundancy of infrastructure is an important control to ensure that the impact of disasters and/or failures is minimised. Similarly, redundancy is also expensive. The challenge therefore is to balance the risk with the cost impact. Equally important is the development and implementation of business continuity and disaster recovery plans to enable operations to react quickly to a disaster event and to recover from such event in the shortest possible time. Redundancy and disaster recovery ability remains a strong feature of MTN's older operations. MTN is currently focusing on increasing the maturity of these aspects in all operations.

Governance risk

As a large multinational company operating in two continents and listed on the JSE, MTN is expected to have the highest governance standards in place, which it does. These include board oversight structures, management structures and policies and procedures. MTN is currently focusing on ensuring that these structures are consistent in all operations, especially after the integration of the new operations.

Reputational risk

MTN's reputation from a subscriber and investment point of view continues to improve. MTN regards management of reputational risk as of utmost importance and has various processes and strategies in place to manage this risk. These include our marketing strategies, investor relations management and corporate communications management. This is evidenced among others by the growth in our subscriber numbers and share price.

Relationship and partnership risk

MTN's business partners and shareholders in subsidiaries fulfil an important role in establishing good relations with local regulatory bodies and our customer base, and are a key strength. A breakdown in these relationships or loss of financial strength by current partners could have a negative impact on our business or cause reputational damage. MTN mitigates this risk by ensuring careful selection of business partners, local shareholder representation on boards of operations, shareholder agreements and regular interaction and discussions between local shareholders/directors and MTN Group directors.

Glossary

Terms and acronyms

3G	Third generation
ARPU	Average revenue per user
BEE	Black economic empowerment
BMF	Black Management Forum
BSC	Base station controller
BTS	Base transceiver station
CEO	Chief executive officer
CFA	Communaute Financiere Africaine franc
CSR	Corporate social responsibility
DVB-H	Digital video broadcasting-handheld
DVB	Digital video broadcasting
EBITDA	Earnings before interest, tax, depreciation and amortisation
ECA	Electronic Communications Act
EDGE	Enhanced data for GSM evolution
EMF	Electromagnetic frequency
EMS	Environmental management system
EPS	Earnings per share
ERP	Enterprise resource planning
EXCO	Executive committee
FIFA	Federation Internationale de Football Association
GDP	Gross domestic product
GHC	Ghana cedi
GPRS	General packet radio service
GRI	Global Reporting Initiative
GSM	Global system for mobile communications
HEPS	Headline earnings per share
HIV/AIDS	Human immuno deficiency virus/acquired immune deficiency syndrome
HSDPA	High-speed downlink packet access
IAS	International Accounting Standards
ICASA	Independent Communications Authority of South Africa
ICT	Information and communication technologies
IFRS	International Financial Reporting Standards
IP	Internet protocol
IRR	Iranian riyals
ISO	Internation Standards Organisation
ISP	Internet service provider
JSE	JSE Limited – the South African stock exchange
Kbps	Kilobytes per second
King II	King committee report on corporate governance 2002
MAN	Metropolitan area network

MENA	Middle East and North Africa includes operations in Iran, Afghanistan, Syria, Yemen, Sudan and Cyprus
MMS	Multimedia messaging service
MNP	Mobile number portability
MSC	Mobile switching centre
MSS	Mobile switching system
MVNO	Mobile virtual network operator
NGN	Nigerian naira
NQF	National Qualifications Framework
Off-net	Telephone calls originating and terminating on different networks
OHSAS	Occupational Health and Safety Assessment Series
On-net	Telephone calls originating and terminating on the same network
PAT	Profit after tax
Postpaid/ contract	Services for which the subscriber has a contract and pays monthly
Pre-paid	Services for which the subscriber has paid in advance
SABC	South African Broadcast Corporation
SACTA	South Africa Cellular Telecommunications Association
SDD	Sudanese dinars
SEA	South and East Africa includes operations in South Africa, Botswana, Swaziland, Uganda and Rwanda
SHE	Safety, health and environmental
SIM	Subscriber identity module
SME	Small and medium enterprise
SMS	Short message service
Subscriber	Mobile customer receiving or making a call within a 90-day period
UASL	Unified Access Service Licence
UNICEF	United Nations Children's Emergency Fund
VCT	Voluntary counselling and testing
VGC	VGC Communications Limited
VoIP	Voice over internet protocol
VSAT	Very small aperture terminal
WECA	West and Central Africa includes operations in Nigeria, Cameroon, Côte d'Ivoire, Ghana, Benin, Liberia, Guinea Republic, Guinea Bissau and Congo-Brazzaville
WiFi	Wireless fidelity – allows laptops in hotspots to access the internet
WiMax	Worldwide interoperability for microwave access/broadband wireless technology
WWF	Leading international nature conservation organisation

Contents

Abuja, Nigeria – national mosque

Statement of directors' responsibilities

for the year ended 31 December 2006

The directors are responsible for the preparation, integrity and fair presentation of the financial statements of MTN Group Limited and its subsidiaries in accordance with International Financial Reporting Standards ("IFRS") and the Companies Act, 1973 (Act 61 of 1973), as amended, (the Companies Act) of South Africa. The annual financial statements presented on pages 173 to 277 have been prepared in accordance with the requirements of IFRS and the Companies Act and include amounts based on judgements and estimates made by management.

The directors consider that having applied IFRS 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 IFRS 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 the company at year-end, in accordance with IFRS.

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

MTN Group operates 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 controlled. Any new acquisitions which do not apply the same standards and procedures will be integrated into the Group and, during such integration, uniformity of standards will be achieved. Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

The going concern basis has been adopted in preparing the financial statements. The directors have no reason to believe that the Group or any company within 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 the company.

The Group's external auditors, PricewaterhouseCoopers Incorporated and SizweNtsaluba VSP, jointly audited the financial statements and their unqualified audit report is presented on page 172.

The annual financial statements and Group annual financial statements which appear on pages 173 to 277 were approved by the board of directors on 28 March 2007 and are signed on its behalf by:

PF Nhleko
Group president and CEO

MC Ramaphosa
Chairman

Fairland
28 March 2007

Certificate by the Group secretary

for the year ended 31 December 2006

In terms of section 268(d) of the Companies Act, 1973 (Act 61 of 1973), as amended, (the Companies Act), I certify that, to the best of my knowledge and belief, the company has lodged with the Registrar of Companies for the year ended 31 December 2006, all such returns as required of a public company in terms of the Companies Act and that such returns are true, correct and up to date.

SB Mtshali
Group secretary

Fairland
28 March 2007

Report of the independent auditors

for the year ended 31 December 2006

To the members of MTN Group Limited

We have audited the annual financial statements and Group annual financial statements of MTN Group Limited, which comprise the directors' report, the balance sheet and the consolidated balance sheet as at 31 December 2006, the income statement and the consolidated income statement, the statement of changes in equity and the consolidated statement of changes in equity, the cash flow statement and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on page 173 to 277.

Directors' responsibility for the financial statements

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act, 1973 (Act 61 of 1973), as amended, (the Companies Act) of South Africa. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the company and of the Group as at 31 December 2006, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act.

PricewaterhouseCoopers Inc
Director: S Sooklal
Registered Auditor

Sunninghill
28 March 2007

SizweNtsaluba VSP
Director: DA Steyn
Registered Auditor

Woodmead
28 March 2007

Directors' report

for the year ended 31 December 2006

Nature of business

MTN Group Limited (the "Group" or the "company") carries on the business of investing in the telecommunications industry through its subsidiary companies, joint ventures and associate companies.

Subsidiary companies

Details of entities in which MTN Group Limited has a direct or indirect interest are set out in Annexures 1 and 2 of the financial statements from pages 272 to 277.

Directorate and group secretary

The composition and profiles of the board of directors of MTN Group appear on pages 18 and 19.

The Group Secretary is Ms SB Mtshali, whose business and postal addresses are set out below:

Business address	*Postal address*
216 – 14th Avenue	Private Bag 9955
Fairland	Cresta
Gauteng	2118
2195	

Interests of directors and officers

During the year under review, no contracts were entered into in which directors and officers of the company had an interest 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, human resources and corporate governance committee and approved by the board. No long-term service contracts exist between executive directors and the company, with the exception of the contract of service between the Group President and CEO and the company, which commenced on 1 July 2002 and terminates on 30 June 2007. As the Group operates in a highly dynamic and specialised industry which requires strong and insightful leadership the board has extended the contract of service of the Group president and CEO to 30 June 2010.

Results of operations	**December 2006 Rm**	December 2005 Rm
Aggregate net profits in:		
Subsidiaries	**10 872**	5 797
Joint ventures	**63**	151
Associated companies	**23**	10
	10 958	5 958
Aggregate net losses in:		
Subsidiaries	**(192)**	(77)
Joint ventures	**(156)**	(15)
	(348)	(92)

The financial statements on pages 173 to 277 set out fully 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.

Directors' report

for the year ended 31 December 2006 *(continued)*

Review of financial results and activities

Reviews of financial results and the activities of MTN Group are contained in the reports of the Chairman, the Group President and CEO, the Group Finance Director, the Group chief operating officer's report and the annual financial statements.

Share capital

Authorised share capital

There was no change in the authorised share capital of the company during the year under review. The authorised ordinary share capital of MTN Group is 2,5 billion shares of 0,01 cents each. The following are the movements in the issued and unissued ordinary share capital from the beginning of the accounting period to the date of this report:

Issued share capital

The issued share capital of the company was increased during the year by the allotment and issue of shares to employees who exercised share options in terms of the MTN Group Limited Share Option Scheme. The allotments were as follows:

3 475 434	at R9,31
79 880	at R12,88
1 561 411	at R13,53
109 540	at R16,81
319 526	at R27,00
101 520	at R40,50

The issued share capital of the company was further increased by the allotments and issue of shares as follows:

23 October 2006	6 093 463 at R61,55	The acquisition of an additional 6,97% in MTN Nigeria Communications Limited.
17 July 2006	183 207 374 at R60	Partial payment in respect of the acquisition of Investcom LLC by MTN Group Limited through MTN International (Mauritius) Limited. The transaction was approved at the general meeting of shareholders on 27 June 2006.
21 July 2006	2 710 at R60	Partial payment in respect of the acquisition of Investcom LLC by MTN Group Limited through MTN International (Mauritius) Limited. The transaction was approved at the general meeting of shareholders on 27 June 2006.

Accordingly, at 31 December 2006, the issued share capital of the company was R186 027 (December 2005: R166 532) comprising 1 860 268 283 (December 2005: 1 665 317 425) ordinary shares of 0,01 cent each. No treasury stock was held at the date of this report.

Control of 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 61 of 1973), as amended, (the Companies Act). As this general authority remains valid only until the next annual general meeting, which is to be held on Wednesday, 13 June 2007, 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 next annual general meeting.

Further details of the authorised and issued shares as well as the share premium for the period ended 31 December 2006 appears in note 17 to the MTN Group financial statements.

Acquisition of the company's own shares

At the last annual general meeting held on Wednesday, 13 June 2006, shareholders gave the company or any of its subsidiaries, a general approval in terms of sections 85 and 89 of the Companies Act, by way of special resolution, for the acquisition of its own shares. As this general approval remains valid only until the next annual general meeting, to be held on Wednesday, 13 June 2007, members will be asked at that meeting to consider a special resolution to renew this general approval until the next annual general meeting.

Distribution to shareholders

A dividend of 90 cents per share (December 2005: 65 cents) amounting to R1,674 million (December 2005: R1,082 million) was declared in respect of the 31 December 2006 financial year on Wednesday, 28 March 2007, payable to shareholders registered on Friday, 20 April 2007. The payments of future dividends will depend on the board's ongoing assessment of MTN Group's earnings and financial position, including its cash needs, future earnings prospects and other factors.

Shareholders on the South African register who dematerialised their ordinary shares receive payment of their dividends electronically, as provided for by STRATE. For those shareholders who have not yet dematerialised their shareholding in the company in certificated form, the company operates an electronic funds transmission service, whereby dividends may be electronically transferred to shareholders' bank accounts. These shareholders are encouraged to mandate this method of payment for all future dividends.

Shareholders' interest

Major shareholders

The following information was extracted from the company's share register at 31 December 2006:

	December 2006		December 2005	
Nominees holding shares in excess of 5% of the issued ordinary share capital of the company:	**Number of shares**	**% of issued share capital**	Number of shares	% of issued share capital
Nedcor Bank Nominees Limited	**717 004 224**	**38,54**	693 873 922	41,67
Standard Bank Nominees (Tvl) (Proprietary) Limited	**554 492 303**	**29,81**	407 683 225	24,48
First National Nominees (Proprietary) Limited	**260 115 971**	**13,98**	160 579 581	9,64
Spread of ordinary shareholders				
Public	**1 615 877 721**	**86,86**	1 420 414 139	85,29
Non-public	**244 390 562**	**13,14**	244 903 286	14,71
– Directors of MTN Group Limited and major subsidiaries	**875 476**	**0,05**	1 386 383	0,08
– MTN Group Limited Share Incentive Scheme	**12 675**	**—**	13 492	—
– MTN Uganda Staff Provident Fund	**2 400**	**—**	3 400	—
– Newshelf 664 (Proprietary) Limited	**243 500 011**	**13,09**	243 500 011	14,63
Total issued share capital	**1 860 268 283**	**100,00**	1 665 317 425	100,00

Directors' report

for the year ended 31 December 2006 *(continued)*

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

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

Beneficial shareholders holding 5% or more	**December 2006** Number of shares	**December 2006** % of issued share capital	December 2005 Number of shares	December 2005 % of issued share capital
Newshelf 664 (Proprietary) Limited*	**243 500 011**	**13,09**	243 500 011	14,63
Public Investment Corporation Limited	**244 104 739**	**13,12**	228 138 865	13,70
Lombard Odier Darier Hentsch & Cie (M1 Limited)	**183 210 084**	**9,85**	—	—
JP Morgan Chase	**109 936 947**	**5,91**	100 680 382	6,05
Old Mutual Group	**119 066 523**	**6,40**	134 066 169	8,05

**Although Newshelf 664 has an economic interest in 309 million MTN Group Limited shares, it currently only has voting rights over 243,5 million MTN Group Limited shares. Further details of the Newshelf 664 shareholding are provided on page 185.*

Certain of these shareholdings are partially or wholly included in the nominee companies mentioned on page 175. Apart from this, the company is not aware of any other party who has a shareholding of 5% or more in the company.

The MTN Group share option and share appreciation rights schemes

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

In terms of the company's 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 approved by shareholders in 2001.

MTN Group Limited Share Option Scheme ("the option scheme")

The following information is provided in accordance with the provisions of the option scheme:

Accounting policy

The Group issues equity-settled share-based payment to employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non-market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the shares that will eventually vest and adjusted for the effect of non-market-based vesting conditions. Fair value is measured using the stochastic model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

Share-based payments

The vesting periods under the share option and share appreciation rights schemes are as follows: 20%, 20%, 30% and 30% on the anniversary of the second, third, fourth and fifth years respectively after the grant date. The strike price is determined as the closing market price for MTN Group Limited shares on the day prior to date of issue.

If the options or appreciation rights remain unexercised after a period of 10 years from the date of grant, they expire. Options or appreciation rights are forfeited if the employee leaves the Group before they vest.

Details of the share options outstanding at the period end are as follows:

	December 2006 Number of shares	December 2005 Number of shares
Options allocated and reserved at beginning of year	**17 524 564**	23 069 614
Adjustment to prior year closing balance	**1 004 990**	—
Add: Options allocated and reserved during the year	**—**	—
Less: Options no longer reserved due to participants leaving the employ of the Group and the lapsing of offer	**(981 339)**	(2 712 835)
Less: Options exercised and allotted during the year	**(5 647 311)**	(2 832 215)
Options allocated at year-end	**11 900 904**	17 524 564

The market weighted average share price on the dates that share options were exercised during the year was R61,82.

The options outstanding at the end of the year have a weighted average remaining contractual life of seven years (December 2005: eight years). During the year to 31 December 2006, no options were granted. These fair values were calculated using the stochastic model. The inputs into the model were as follows:

	December 2006	December 2005
Weighted average share price for the period	**R61,82**	R49,22
Weighted average exercise price	**R65,01**	R46,75
Expected life	**5 – 7 years**	5 – 7 years
Risk-free rate	**8,16% – 11,87%**	8,16% – 11,87%
Expected dividend yield	**1,02%**	1,02%
Expected volatility	**48,35% – 60,3%**	48,35% – 60,3%

Expected volatility was determined by calculating the historical volatility of the company's share price over the previous seven years. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. The expected dividend yield was determined based on historical data.

Directors' report

for the year ended 31 December 2006 *(continued)*

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

	December 2006 R000	December 2005 R000
Ordinary share capital – at par	*	*
Share premium	66 878	36 138
Proceeds	66 878	36 138
Fair value, at exercise date, of shares issued	366 863	132 407

**Amount less than R1 million*

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

December 2006			December 2005		
Number outstanding	Exercise price R	Remaining contractual life (years)	Number outstanding	Exercise price R	Remaining contractual life (years)
1 034 819	13,53	4,65	2 767 184	13,53	5,65
239 640	12,88	5,73	319 520	12,88	6,73
7 261 171	9,31	5,73	10 299 210	9,31	6,73
750 000	16,81	6,23	859 540	16,81	7,23
1 447 774	27,00	6,55	1 912 920	27,00	7,55
—	33,09	—	300 100	33,09	8,55
1 167 500	40,50	7,65	1 066 090	40,50	8,65
11 900 904			17 524 564		

MTN Group Share Appreciation Rights Scheme ("the rights scheme")

On 31 May 2006, the board of directors approved a share appreciation rights scheme to supersede the existing share option scheme. Details of grants made during the year and rights in issue at 31 December 2006 are outlined below:

Offer date	Strike price R	Total	Remaining contractual life (years)
31/5/2006	56,83	3 036 600	9,58
21/11/2006	71,00	3 612 900	9,92
Total in issue		6 649 500	

Equity compensation benefits for executive directors, officers and directors of major subsidiaries

MTN Group Limited share option and appreciation rights schemes for the year ended 31 December 2006

Director's/ officer's name	Balance as at 1 January 2006	Allocated during the year	Offer price	Date of allocation	Exercised during the year	Balance as at 31 December 2006	Exercisable	Offer price	Exercisable date
MTN Group									
RS Dabengwa									
Share options	198 420		9,31	02/9/2002		198 420	58 220	R27,00	01/12/2005
	291 100		27,00	01/12/2003		291 100	99 210	R9,31	02/09/2006
Share appreciation rights		134 800	56,83	31/05/2006		134 800	58 220	R27,00	01/12/2006
		43 400	71,00	21/11/2006		43 400	99 210	R9,31	02/09/2007
	489 520					667 720	87 330	R27,00	01/12/2007
							87 330	R27,00	01/12/2008
							26 960	R56,83	30/11/2007
							8 680	R71,00	21/11/2008
							26 960	R56,83	30/11/2008
							8 680	R71,00	21/11/2009
							40 440	R56,83	30/11/2009
							13 020	R71,00	21/11/2010
							40 440	R56,83	30/11/2010
							13 020	R71,00	21/11/2011
PF Nhleko									
Share options	1 993 700					1 993 700	82 740	R9,31	02/09/2004
Share appreciation rights		516 400	71,00	21/11/2006		516 400	477 740	R9,31	02/09/2005
	1 993 700					2 510 100	716 610	R9,31	02/09/2006
							716 610	R9,31	02/09/2007
							172 133	R71,00	21/11/2008
							172 133	R71,00	21/11/2009
							172 134	R71,00	21/11/2010
RD Nisbet									
Share options	748 640		9,31	2/9/2002	187,160	561 480	280 740	R9,31	02/09/2006
	64 500		27,00	1/12/2003	12,900	51 600	12 900	R27,00	01/12/2006
Share appreciation rights		197 400	71,00	21/11/2006		197 400	280 740	R9,31	02/09/2007
	813 140					810 480	19 350	R27,00	01/12/2007
							19 350	R27,00	01/12/2008
							39 480	R71,00	21/11/2008
							39 480	R71,00	21/11/2009
							59 220	R71,00	21/11/2010
							59 220	R71,00	21/11/2011

Equity compensation benefits for executive directors, officers and directors of major subsidiaries (continued)

MTN Group Limited share option and appreciation rights schemes for the year ended 31 December 2006 (continued)

Director's/ officer's name	Balance as at 1 January 2006	Allocated during the year	Offer price	Date of allocation	Exercised during the year	Balance as at 31 December 2006	Exercisable	Offer price	Exercisable date
MTN major subsidiaries									
AR Bing									
Share options	19 440		9,31	02/09/2002	12,150	7 290	7 290	R9,31	2/9/2007
	33 350		40,50	1/12/2004		33 350	6 670	R40,50	1/12/2006
Share appreciation rights		16 200	56,83	31/05/2006		16 200	6 670	R40,50	1/12/2007
		3 200	71,00	21/11/2006		3 200	10 005	R40,50	1/12/2008
	52 790					60 040	10 005	R40,50	1/12/2009
							3 240	R56,83	30/11/2007
							640	R71,00	21/11/2008
							3 240	R56,83	30/11/2008
							640	R71,00	21/11/2009
							4 860	R56,83	30/11/2009
							960	R71,00	21/11/2010
							4 860	R56,83	30/11/2010
							960	R71,00	21/11/2011
Z Bulbulia									
Share options	75 900		13,53	28/09/2001	15 180	60 720	18 480	R9,31	02/09/2004
	92 400		9,31	02/09/2002		92 400	15 180	R13,53	28/09/2004
	24 700		27,00	01/12/2003		24 700	18 480	R9,31	02/09/2005
Share appreciation rights		64 600	56,83	31/05/2006		64 600	22 770	R13,53	28/09/2005
	193 000					242 420	4 940	R27,00	01/12/2005
							27 720	R9,31	02/09/2006
							22 770	R13,53	28/09/2006
							4 940	R27,00	01/12/2006
							27 720	R9,31	02/09/2007
							7 410	R27,00	01/12/2007
							7 410	R27,00	01/12/2008
							12 920	R56,83	30/11/2007
							12 920	R56,83	30/11/2008
							19 380	R56,83	30/11/2009
							19 380	R56,83	30/11/2010
SL Botha									
Share options	859 540		16,81	07/07/2003	109,540	750 000	174 276	R16,81	07/07/2006
							287 862	R16,81	07/07/2007
							287 862	R16,81	07/07/2008

Equity compensation benefits for executive directors, officers and directors of major subsidiaries (continued)

MTN Group Limited share option and appreciation rights schemes for the year ended 31 December 2006 (continued)

Director's/ officer's name	Balance as at 1 January 2006	Allocated during the year	Offer price	Date of allocation	Exercised during the year	Balance as at 31 December 2006	Exercisable	Offer price	Exercisable date
I Charnley									
Share options	100 000		13,53	28/09/2001	100,000	—	105 780	R9,31	28/09/2004
	528 900		9,31	02/09/2002		528 900	105 780	R9,31	28/09/2005
Share appreciation rights		174 300	56,83	31/05/2006		174 300	158 670	R9,31	02/09/2006
		69 400	71,00	21/11/2006		69 400	158 670	R9,31	02/09/2007
	628 900					772 600	34 860	R56,83	30/11/2007
							13 880	R71,00	21/11/2008
							34 860	R56,83	30/11/2008
							13 880	R71,00	21/11/2009
							52 290	R56,83	30/11/2009
							20 820	R71,00	21/11/2010
							52 290	R56,83	30/11/2010
							20 820	R71,00	21/11/2011
C de Faria									
Share appreciation rights		348 600	71,00	21/11/2006		348 600	69 720	R71,00	21/11/2008
							69 720	R71,00	21/11/2009
							104 580	R71,00	21/11/2010
							104 580	R71,00	21/11/2011
A Farroukh									
Share appreciation rights		277 900	71,00	21/11/2006		277 900	55 580	R71,00	21/11/2008
							55 580	R71,00	21/11/2009
							83 370	R71,00	21/11/2010
							83 370	R71,00	21/11/2011
BG Gouldie									
Share options	22 050		13,53	28/09/2001		22 050	22 050	R13,53	28/09/2006
	82 810		40,50	1/12/2004		82 810	16 562	R40,50	1/12/2006
Share appreciation rights		15 300	56,83	31/05/2006		15 300	16 562	R40,50	1/12/2007
		47 900	71,00	21/11/2006		47 900	24 843	R40,50	1/12/2008
	104 860					168 060	24 843	R40,50	1/12/2009
							3 060	R56,83	30/11/2007
							9 580	R71,00	21/11/2008
							3 060	R56,83	30/11/2008
							9 580	R71,00	21/11/2009
							4 590	R56,83	30/11/2009
							14 370	R71,00	21/11/2010
							4 590	R56,83	30/11/2010
							14 370	R71,00	21/11/2011

Equity compensation benefits for executive directors, officers and directors of major subsidiaries (continued)

MTN Group Limited share option and appreciation rights schemes for the year ended 31 December 2006 (continued)

Director's/ officer's name	Balance as at 1 January 2006	Allocated during the year	Offer price	Date of allocation	Exercised during the year	Balance as at 31 December 2006	Exercisable	Offer price	Exercisable date
J Ramadan									
Share appreciation rights		348 600	71,00	21/11/2006		348 600	69 720	R71,00	21/11/2008
							69 720	R71,00	21/11/2009
							104 580	R71,00	21/11/2010
							104 580	R71,00	21/11/2011
MB Manyatshe	300 100		R33,09	01/11/2004	—	Resigned			
SB Mtshali									
Share appreciation rights		53 000	56,83	31/05/2006		53 000	10 600	R56,83	31/05/2008
							10 600	R56,83	31/05/2009
							15 900	R56,83	31/05/2010
							15 900	R56,83	31/05/2011
PD Norman									
Share options	440 080		9,31	02/09/2002	110 000	330 080	20	R9,31	02/09/2005
	33 900		40,50	01/12/2004		33 900	165 030	R9,31	02/09/2006
Share appreciation rights		45 700	56,83	31/05/2006		45 700	165 030	R9,31	02/09/2007
		72 100	71,00	21/11/2006		72 100	6 780	R40,50	01/12/2006
	473 980					481 780	6 780	R40,50	01/12/2007
							10 170	R40,50	01/12/2008
							10 170	R40,50	01/12/2009
							9 140	R56,83	30/11/2007
							14 420	R71,00	21/11/2008
							9 140	R56,83	30/11/2008
							14 420	R71,00	21/11/2009
							13 710	R56,83	30/11/2009
							21 630	R71,00	21/11/2010
							13 710	R56,83	30/11/2010
							21 630	R71,00	21/11/2011
KW Pienaar									
Share options	496 480		9,31	02/09/2002	124,120	372 360	186 180	R9,31	02/09/2006
	31 100		R40,50	01/12/2004		31 100	186 180	R9,31	02/09/2007
Share appreciation rights		103 800	71,00	21/11/2006		103 800	6 220	R40,50	01/12/2006
	527 580					507 260	6 220	R40,50	01/12/2007
							9 330	R40,50	01/12/2008
							9 330	R40,50	01/12/2009
							20 760	R71,00	21/11/2008
							20 760	R71,00	21/11/2009
							31 140	R71,00	21/11/2010
							31 140	R71,00	21/11/2011

Equity compensation benefits for executive directors officers, and directors of major subsidiaries (continued)

MTN Group Limited share option and appreciation rights schemes for the year ended 31 December 2006 (continued)

Director's/ officer's name	Balance as at 1 January 2005	Allocated during the year	Offer price	Date of allocation	Exercised during the year	Balance as at 31 December 2005	Exercisable	Offer price	Exercisable date
MTN Group									
RS Dabengwa	264 560		9,31	02/09/2002	66 140	198 420	58 220	R27,00	01/12/2005
	291 100		27,00	01/12/2003		291 100	99 210	R9,31	02/09/2006
	555 660					489 520	58 220	R27,00	01/12/2006
							99 210	R9,31	02/09/2007
							87 330	R27,00	01/12/2007
							87 330	R27,00	01/12/2008
PF Nhleko	1 993 700		9,31	02/09/2002		1 993 700	82 740	R9,31	02/09/2004
							477 740	R9,31	02/09/2005
							716 610	R9,31	02/09/2006
							716 610	R9,31	02/09/2007
RD Nisbet	748 640		9,31	02/09/2002		748 640	187 160	R9,31	02/09/2005
	64 500		27,00	01/12/2003		64 500	12 900	R27,00	01/12/2005
	813 140					813 140	280 740	R9,31	02/09/2006
							12 900	R27,00	01/12/2006
							280 740	R9,31	02/09/2007
							19 350	R27,00	01/12/2007
							19 350	R27,00	01/12/2008
MTN major subsidiaries									
Z Bulbulia	75 900		13,53	28/09/2001		75 900	10 005	R40,50	1/12/2009
	92 400		9,31	02/09/2002		92 400	15 180	R13,53	28/09/2003
	24 700		27,00	01/12/2003		24 700	18 480	R9,31	02/09/2004
	193 000					193 000	15 180	R13,53	28/09/2004
							18 480	R9,31	02/09/2005
							22 770	R13,53	28/09/2005
							4 940	R27,00	01/12/2005
							27 720	R9,31	02/09/2006
							22 770	R13,53	28/09/2006
							4 940	R27,00	01/12/2006
							27 720	R9,31	02/09/2007
							7 410	R27,00	01/12/2007
							7 410	R27,00	01/12/2008
SL Botha	959 540		16,81	07/07/2003	100 000	859 540	91 908	R16,81	07/07/2005
							191 908	R16,81	07/07/2006
							287 862	R16,81	07/07/2007
							287 862	R16,81	07/07/2008

Equity compensation benefits for executive directors, officers and directors of major subsidiaries (continued)

MTN Group Limited share option and appreciation rights schemes for the year ended 31 December 2006 (continued)

Director's/ officer's name	Balance as at 1 January 2005	Allocated during the year	Offer price	Date of allocation	Exercised during the year	Balance as at 31 December 2005	Exercisable	Offer price	Exercisable date
I Charnley	100 000		13,53	28/09/2001		100 000	6 666	R13,53	28/09/2003
	528 900		9,31	02/09/2002		528 900	105 780	R9,31	28/09/2004
	628 900					628 900	93 334	R13,53	02/09/2004
							105 780	R9,31	28/09/2005
							158 670	R9,31	02/09/2006
							158 670	R9,31	02/09/2007
I Hassen	160 500		R27,00	01/12/2003		Resigned			
JB McGrath#	423 680		R9,31	02/09/2002		423 680	105 920	R9,31	02/09/2005
							158 880	R9,31	02/09/2006
							158 880	R9,31	02/09/2007
MB Manyatshe	300 100		R33,09	01/11/2004		Resigned			
Y Muthien	326 080		R9,31	02/09/02		Resigned			
PD Norman	440 080		9,31	02/09/2002		440 080	110 020	R9,31	02/09/2005
	33 900		40,50	01/12/2004		33 900	165 030	R9,31	02/09/2006
	473 980					473 980	165 030	R9,31	02/09/2007
							6 780	R40,50	01/12/2006
							6 780	R40,50	01/12/2007
							10 170	R40,50	01/12/2008
							10 170	R40,50	01/12/2009
KW Pienaar	496 480		9,31	02/09/2002		496 480	124 120	R9,31	02/09/2005
	31 100		R40,50	01/12/2004		31 100	186 180	R9,31	02/09/2006
	527 580					527 580	186 180	R9,31	02/09/2007
							6 220	R40,50	01/12/2006
							6 220	R40,50	01/12/2007
							9 330	R40,50	01/12/2008
							9 330	R40,50	01/12/2009
CG Utton#	280 480		R9,31	02/09/2002		280 480	70 120	R9,31	02/09/2005
	83 200		R27,00	01/12/2003		83 200	16 640	R27,00	01/12/2005
	363 680					363 680	105 180	R9,31	02/09/2006
							16 640	R27,00	01/12/2006
							105 180	R9,31	02/09/2007
							24 960	R27,00	01/12/2007
							24 960	R27,00	01/12/2008

#No longer a director of a major subsidiary in 2006

Share options exercised by directors

The share options exercised and resulting trades can be viewed under directors' share dealings on page 185.

Directors' shareholdings

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

	Beneficial		Non-beneficial	
Director	**December 2006**	December 2005	**December 2006**	December 2005
DDB Band	**14 023**	14 023	**—**	—
I Charnley (major subsidiary director)	**13 800**	13 800	**—**	—
RD Nisbet*	**611 066**	1 111 066	**—**	—
Z Bulbulia* (major subsidiary director)	**10 000**	10 000	**—**	—
PD Norman* (major subsidiary director)	**—**	—	**10 000**	10 000

**Shares acquired through the MTN Debenture Scheme*

No changes occurred in the above shareholding subsequent to year-end until the date of this report.

PF Nhleko, I Charnley, RD Nisbet, SL Botha and RS Dabengwa hold an indirect beneficial interest in MTN Group shares through the management buy-in. Further details appear below.

Directors' share dealings

Shares traded by directors and officers for the year ended 31 December 2006

Director's of MTN Group	Shares sold	Price obtained	Date of sale
RD Nisbet#	200 060	62,02	30 March 06
RD Nisbet	500 000	63,32	27 March 06
AR Bing#	12 150	70,90	3 November 06
Z Bulbulia#	15 180	80,71	20 December 06
SL Botha#	109 540	72,61	30 November 06
I Charnley#	100 000	61,52	29 March 06
PD Norman#	110 000	62,66	27 September 06
KW Pienaar#	124 120	61,52	29 March 06

#Shares exercised under the MTN Group Limited Share Option Scheme

PF Nhleko entered into a forward purchase contract with a commercial bank on 24 May 2006 whereby 4 150 000 MTN Group shares would be acquired at a forward price of R63,97 per share on an 18-month term basis.

Directors' interests in MTN Group held through Newshelf 664 (Proprietary) Limited

Newshelf 664 (Proprietary) Limited ("Newshelf 664") has an economic interest in 309 million MTN Group shares (equivalent to 18,6% [March 2005: 18,6%] of the issued capital of MTN Group). These shares were acquired from Transnet Limited ("Transnet") 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, at 31 December 2006 Newshelf 664 had voting rights over 243,5 million (March 2005: 246 million) MTN Group shares (equivalent to 14,62% of the total voting rights of MTN Group). Pursuant to a contractual undertaking contained in the original agreements for the funding of Newshelf, and as a prerequisite to the funders entering into the funding arrangements, Newshelf 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-lending arrangement.

Newshelf 664's ordinary shares are held by a trust for the benefit of eligible permanent staff employed by MTN Group Limited 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 only become tradeable when all obligations of Newshelf 664, including all debt and equity related funding obligations to certain financing institutions, have been met, and thereafter in accordance with the terms of the trust deed.

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 Newshelf 664 have been appointed by the trust, such directors being PF Nhleko, I Charnley, RD Nisbet and RS Dabengwa (jointly, "the Newshelf 664 directors"). The Newshelf 664 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 Newshelf 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 Newshelf 664.
- As a result of being directors of Newshelf 664, the Newshelf 664 directors have an indirect, beneficial interest in respect of the voting rights pertaining to the MTN Group shares which are currently held by Newshelf 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 Newshelf 664. This beneficial interest is in the form of rights to participate in a predetermined ratio ("the participation ratio") in the net surplus in Newshelf 664 (if any) which may arise once all of Newshelf 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 in value of the MTN Group shares. The participation ratio in the net surplus of Newshelf 664 of each executive director is as follows:

– PF Nhleko	7,9270% (2005: 7,9270%)
– I Charnley	5,5869% (2005: 5,5869%)
– RS Dabengwa	5,5869% (2005: 5,5869%)
– RD Nisbet	5,5869% (2005: 5,5869%)
– SL Botha	1,1634% (2005: 1,1634%)

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 employment 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 employment of the MTN Group.

In addition, the Newshelf 664 directors have exercised an option to participate in 0,23% of the economic benefits attaching to the "B" class redeemable preference shares and the "B" class participating preference share held by the Public Investment Corporation (the "PIC"), as funders to Newshelf 664, for which option the Newshelf 664 directors jointly paid an amount of R5 million. The capital acquisition consideration paid by each executive director was as follows.

– PF Nhleko	R1 612 577
– I Charnley	R1 129 141
– RS Dabengwa	R1 129 141
– RD Nisbet	R1 129 141
Total	R5 000 000

The Newshelf 664 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.

Director's emoluments and related payments for the year ended 31 December 2006

	Date appointed	Date resigned	Directors' fees R'000	Salaries R'000	Retirement benefits R'000	Other benefits R'000	Bonuses R'000	Share options exercised R'000	Total R'000
Executive directors									
PF Nhleko	1 July 02			4 905	422	222	8 488	—	14 037
SL Botha*	7 July 03	13 June 06		1 095	140	17	—	—	1 252
I Charnley*	1 August 01	13 June 06		1 020	134	62	—	4 778	5 996
RS Dabengwa	1 October 01			3 066	453	6 469**	3 737	3 246	16 971
RD Nisbet	1 October 01			2 683	344	214	3 500	10 274	17 015
Sub-total executive directors				12 769	1 493	6 984	15 725	18 298	55 269
Non-executive directors									
DDB Band	1 October 01		676						676
K Kalyan	13 June 06		762						762
MJN Njeke	13 June 06		274						274
MC Ramaphosa	1 October 01		955						955
MA Ramphele	13 June 06		229						229
AT Mikati***	17 July 06		494						494
AH Sharbatly***	13 June 06		617						617
AF van Biljon	1 November 02		770						770
JHN Strydom	11 March 04		642						642
J van Rooyen	17 July 06		337						337
PL Woicke	13 June 06		834						834
Ex directors as at 13 June 2006									
ZNA Cindi		13 June 06	238						238
PL Heinamann		13 June 06	456						456
MA Moses (Transnet Limited)		13 June 06	183						183
Sub-total non-executive directors			7 467						7 467
Total executive and non-executive directors			7 467	12 769	1 493	6 984	15 725	18 298	62 736

**Executive directors up to 13 June 2006 and the directors' emoluments therefor represent the pro-rated portion of their annual remuneration*

***Includes expatriate adjustment payment of R6,406 million*

***The director's emoluments have been provided for but have not been paid to the directors as yet.*

Director's emoluments and related payments for the year ended 31 December 2005

	Date appointed	Date resigned	Directors fees R'000	Salaries R'000	Retirement benefits R'000	Other benefits R'000	Bonuses R'000	Share options exercised R'000	Total R'000
Executive directors									
PF Nhleko	1 July 02			3 572	300	27	5 000		8 899
SL Botha	7 July 03			1 762	226	117	1 250	3 949	7 304
I Charnley	1 August 01			1 462	198	97	1 800		3 557
RS Dabengwa	1 October 01			2 194	344	37	2 500	3 258	8 333
RD Nisbet	1 October 01			1 763	226	36	1 900		3 925
Sub-total executive directors				10 753	1 294	314	12 450	7 207	32 018
Non-executive directors									
DDB Band	1 October 01		431						431
ZNA Cindi	23 April 99		361						361
PL Heinamann	1 October 01		473						474
MC Ramaphosa	1 October 01		536						536
AF van Biljon	1 November 02		448						448
JHN Strydom	11 March 04		381						381
MA Moses	18 November 04		340						340
Sub-total non executive directors			2 970						2 970
Total executive and non-executive directors			2 970	10 753	1 294	314	12 450	7 207	34 988

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, human resources and corporate governance committee, and are 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 financial year under review.

American depository receipt facility

A sponsored American depository receipt ("ADR") facility was established. This ADR facility is sponsored by the Bank of New York and details of the administrators are reflected under the administration page 291.

Acquisitions

Details of the MTN Group acquisitions are presented on pages 21 and 25 of the Group president and CEO's statement.

Borrowing powers

In terms of the articles of association of the company, the borrowing powers of the company are unlimited, however, all borrowings by the MTN Group are subject to limitations in the treasury policy of the MTN Group. The details of borrowings appear in note 19 of the annual financial statements.

Post-balance sheet events

Details of the post-balance sheet event appear in note 40 on page 259 of the annual financial statements.

Material resolutions

Details of special resolutions and other resolutions of a significant nature passed by the company and its subsidiaries during the year under review requiring disclosure in terms of the listing requirements of the JSE are as follows:

To approve an authority for the company and/or subsidiary of the company, to acquire shares in the company.

Directors and Group Secretary

The appointments to, or resignations from the board during the year under review can be viewed on page 141 of the Corporate Governance report.

In accordance with the articles of association of the company one third of the board is required to retire by rotation at each annual general meeting. Retiring directors are those who have been in office the longest since their last re-elections and directors who have been appointed between annual general meetings.

Profiles of the directors seeking re-election are contained in the notice of the annual general meeting which forms part of the annual financial statement.

The directors retiring by rotation at the next annual general meeting in terms of the articles of association are Messrs MC Ramaphosa, PF Nhleko, RS Dabengwa and DDB Band, AF van Biljon, AT Mikati and J van Rooyen.

The office of the secretary is held by SB Mtshali.

Going concern

The directors have reviewed the MTN Group's budget and cash flow forecast for the year to 31 December 2007. On the basis of this review, and in the light of the current financial position and existing borrowing facilities, the directors are satisfied that the MTN Group has access to adequate resources to continue in operational existence for the foreseeable future is a going concern and have continued to adopt the going concern basis in preparing the financial statements.

Auditors

PricewaterhouseCoopers Inc. and SizweNtsaluba VSP 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 December 2006

1. Summary of principal accounting policies

1.1 Basis of preparation

The principal accounting policies applied in the preparation of these consolidated financial statements have been consistently applied to all periods presented, unless otherwise stated.

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and the requirements of the South African Companies Act, 1973 (Act 61 of 1973), as amended, (the Companies Act). The financial statements have been prepared under the historical cost convention as modified for investments held at fair value through profit or loss or equity. Amounts are rounded to the nearest million with the exception of earnings per shares and the weighted average number of shares (note 7).

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting 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. Areas involving a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the Group financial statements are disclosed in note 1.26.

1.2 Consolidation

The Group 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 December 2006.

1.2.1 Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or currently convertible are considered when assessing whether the Group has the power to control another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and are de-consolidated from the date that control ceases.

All inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated on consolidation. Unrealised losses are also eliminated but are considered an impairment indicator of the asset transferred. Special purpose entities ("SPE") (including insurance cell captives and the various MTN Group staff incentive schemes) are consolidated when the substance of the relationship indicates that the SPE is controlled by the Group.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed 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 Group's share of the identifiable net assets of the subsidiary acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Minority shareholders are treated as equity participants and, therefore, all acquisitions of minority interests or disposals by the Group of its minority interests in subsidiary companies where control is maintained subsequent to the disposal are accounted for as equity transactions with minorities. Consequently, the difference between the purchase price and the book value of a minority interest purchased is recorded in equity. All profits and losses arising as a result of the disposal of interests in subsidiaries to minorities, where control is maintained subsequent to the disposal, are also recorded in equity.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

1.2.2 *Associates*

Associates are all entities over which the Group has significant influence but not control, generally accompanying shareholding of between 20% and 50% of the voting rights.

Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. Under this method, the Group's share of post-acquisition accumulated profits or losses of associated companies, which are 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 Group's share of post-acquisition movement in reserves is recognised in other reserves. The carrying amount of such interests is reduced to recognise any potential impairment, other than a temporary decline, in the value of individual investments.

The Group's investment in associates includes goodwill (net of accumulated impairment loss) identified 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.

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. Accounting policies of associates have been changed where necessary to ensure consistency with the policies of the Group.

1.2.3 *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.

Accounting policies of joint ventures have been changed, where necessary, to ensure consistency with the policies adopted by the Group.

1. Summary of principal accounting policies (continued)

1.3 Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments.

A geographic segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

The geographic location of the Group's telecommunication network facilities constitutes the primary segment. The basis of the 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 which do not directly relate to the operating activities of the segments or which cannot be re-allocated on a reasonable basis. 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.

1.4 Foreign currency translation

1.4.1 *Functional and presentation currency*

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the primary economic environment in which the entity operates ("the functional currency"). The Group financial statements are presented in South African rand, which is the functional and presentation currency of the parent company.

1.4.2 *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement except when deferred in equity as qualifying cash-flow hedges.

Changes in the fair value of monetary securities denominated in foreign currency classified as available-for-sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in the amortised cost are recognised in profit or loss, and other changes in the carrying amount are recognised in equity.

Translation differences on non-monetary financial assets and liabilities are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available-for-sale are included in the available-for-sale equity reserve.

1.4.3 *Group companies*

The financial statements of all Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities are translated at rates of exchange ruling at the balance sheet date;
- Equity is translated at rates of exchange ruling at the transaction date;
- Income and expenditure and cash flow items are translated at weighted average exchange rates for the period;
- Foreign exchange translation differences are recognised as a separate component of equity in a foreign currency translation reserve; and
- On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to equity (refer to note 42). When a foreign operation is sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale.

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 ruling at the balance sheet date.

1.5 *Property, plant and equipment*

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. Property, plant and equipment acquired through business combinations are shown at fair value in accordance with IFRS 3, and are subsequently carried at the initially determined fair value less accumulated depreciation and impairment losses.

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 of the asset to its residual value, on the straight-line basis, over its expected useful life as follows:

Buildings – owned	10 – 50 years
Buildings – leased	3 – 11 years (shorter of lease term and useful life)
Generators	2 – 15 years
Network infrastructure	3 – 12 years
Information systems equipment	3 – 10 years
Furniture and fittings	3 – 10 years
Leasehold improvements	1 – 11 years (shorter of lease term and useful life)
Office equipment	2 – 10 years
Motor vehicles	3 – 5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

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 costs are included in the asset's carrying amount or recognised as a separate asset, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Repairs and maintenance are charged to the income statement during the financial period in which they are incurred. Borrowing costs are not capitalised in accordance with Group policy.

Principal accounting policies
for the year ended 31 December 2006 *(continued)*

1. Summary of principal accounting policies (continued)

1.5 Property, plant and equipment (continued)

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the fair value of the sales proceeds and the carrying amount of the asset, and is included in operating profit.

1.6 Leases

Leases over property, plant and equipment are classified as finance leases whenever the terms of the lease transfer substantially all the 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 inception of the lease. The corresponding liability to the lessor, net of finance charges, is included in the balance sheet under borrowings. Each lease payment is allocated between the liability and finance charges. Finance costs, which represent the difference between the total lease 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 period, the Group acted as the lessee.

1.7 Intangible assets

1.7.1 Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring the specific software into use. These costs are amortised over their estimated useful lives (three to five years).

Costs associated with maintaining computer software programs are recognised as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include the software development employee costs and an appropriate portion of relevant overheads. Expenditure that enhances or extends the performance of computer software programs beyond their original specifications is recognised as a capital improvement and added to the original cost of the software.

Computer software development costs recognised as assets are amortised over their estimated useful lives (not exceeding three years).

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

1.7.2 *Licences*

Licences are initially shown at historical cost. Licences have a finite useful life and are subsequently carried at costs less accumulated amortisation and impairment losses. Licences acquired through business combinations are initially shown at fair value as determined in accordance with IFRS 3, and are subsequently carried at the initially determined fair value less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of licences over their estimated useful lives from the commencement of service of the network. The useful lives and renewal periods of licences are given in note 36, and are determined primarily with reference to the unexpired licence period, the conditions for licence renewal and whether licences are dependent on specific technologies.

1.7.3 *Goodwill*

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary, associate or jointly controlled entity at the date of acquisition.

Goodwill arising on the acquisition of subsidiaries and jointly controlled entities is presented separately in the balance sheet. Goodwill arising on the acquisition of an associate is included in "investments in associates".

Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash generating units or groups of cash generating units that are expected to benefit from the business combination in which the goodwill arose. Each of those cash-generating units represents the Group's investment in each country of operation.

1.7.4 *Customer relationships*

Customer relationships acquired through business combinations are initially shown at fair value as determined in accordance with IFRS 3, and are subsequently carried at the initially determined fair value less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method to allocate the value of the customer bases over their estimated useful lives. Pre-paid customer bases are amortised over three years and postpaid customer bases are amortised over three to five years.

1.7.5 *Other intangible assets*

Other intangible assets with finite lives are stated at cost less accumulated amortisation and impairment losses. Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets from the date they are available for use. The estimated useful life for brands is twenty years.

1. Summary of principal accounting policies (continued)

1.8 Impairment of non-financial assets

Goodwill is deemed to have an indefinite useful life and is not subject to amortisation. The useful life is reviewed on an annual basis as is impairment testing. Assets that are subject to amortisation/depreciation are also reviewed for impairment on an annual basis. An impairment loss is recognised in the income statement for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date, in the event of which the impairment reversal is credited to the income statement, limited to what the carrying amount of the asset would have been, if the original impairment had not taken place.

1.9 Financial instruments

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

1.9.1 Financial assets

The Group classifies its financial assets into the following categories: at fair value through profit or loss, loans and receivables and available-for-sale. The classification is dependent on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

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

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling the item in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets. Financial assets held for trading are accounted for in accordance with note 1.23.2.

(b) Loans and other receivables

Loans and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. For the accounting policy in respect of trade receivables, refer to note 1.12.

(c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated in this category or not classified in any other categories. They are included in non-current assets unless management has expressed their intention of holding the investment for less than 12 months from the balance sheet date.

Regular purchases and sales of investments are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Available-for-sale financial assets and financial assets held at fair value through profit or loss are subsequently carried at fair value. Gains and losses arising from changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of security and other changes in the carrying amount of the security. The translation differences on monetary securities are recognised in profit or loss; translation differences on non-monetary securities are recognised in equity. Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised in equity. Gains and losses arising from changes in the fair value of financial assets at fair value through profit or loss, including interest and dividend income, are included in the income statement in the periods that they arise. Loans and other receivables are carried at amortised cost using the effective interest rate method.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement as 'gains and losses from investment securities'. Interest on available-for-sale securities calculated using the effective interest rate method is recognised in the income statement. Dividend income on available-for-sale equity instruments and financial assets at fair value are recognised in the income statement when the Group's right to receive payment is established.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models, making maximum use of market inputs and relying as little as possible on entity-specific inputs. Equity securities for which fair values cannot be measured reliably are recognised at cost less impairment.

The Group assesses at each balance sheet date if there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss, is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement. Impairment testing of trade receivables is described in note 1.12.

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

1.9.2 *Financial liabilities and equity*

Financial liability and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

1.9.3 *Trade payables*

Trade payables are initially measured at fair value and are subsequently measured at amortised cost, using the effective interest rate method.

1. Summary of principal accounting policies (continued)

1.10 Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date the derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either:

(a) hedges of the fair value of recognised liabilities (fair value hedge);

(b) hedges of a particular risk associated with a recognised liability or a highly probable forecast transaction (cash flow hedge);

(c) hedges of a net investment in a foreign operation (net investment hedge).

The Group documents, at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedged transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of various derivative instruments used for hedging purposes are disclosed in note 38. Movements on the hedging reserve in shareholdings' equity are shown in note 18. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

(a) Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

If the hedge no longer meets the criteria for hedge accounting, the adjustment of the carrying amount of a hedge item for which the effective method is used is amortised to profit or loss over the period to maturity.

(b) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

Amounts accumulated in equity are recycled in the income statement in the periods when the hedged item affects profit or loss.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

(c) Net investment hedge

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

Gains and losses accumulated in equity are included in the income statement when the foreign operation is partially disposed of or sold.

(d) Derivatives at fair value through profit or loss

Certain derivative instruments do not qualify for hedge accounting and are accounted for at fair value through profit or loss. Changes in the fair value of these derivative instruments that do not qualify are recognised immediately in the income statement.

1.11 Inventories

Inventories are stated at the lower of cost and net realisable value on a weighted average cost basis. Cost is determined using the weighted average method. 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 in the ordinary course of business, less applicable variable selling expenses. Where appropriate, an impairment provision is raised in respect of obsolete and defective inventories.

1.12 Trade receivables

Trade receivables are recognised initially at fair value and subsequently at amortised cost using the effective interest method, 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. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount provided is the difference between the asset carrying amount and the estimated recoverable amount, being the present value of expected future cash flows, discounted at the effective rate of interest. The movement in the impairment provision is recognised in the income statement.

1.13 Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held on call and investments in money market instruments, net of bank overdrafts, all of which are available for use by the Group. Bank overdrafts are included within current liabilities on the balance sheet, unless the entity has a legally enforceable right to set off the amounts and intends to settle on a net basis, or realise the asset and settle the liability simultaneously. Derivative financial instruments with a maturity date of three months or less are included in cash and cash equivalents.

1. Summary of principal accounting policies (continued)

1.14 Share capital

Ordinary shares are classified as equity. Incremental external costs directly attributable to the issue of new shares or options, other than in connection with a business combination, are shown in equity as a deduction, net of tax, from the proceeds.

Share issue costs incurred directly in connection with a business combination are included in the cost of the acquisition. Where the company or its subsidiaries purchase the company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental external costs net of income taxes, is deducted from total shareholders' equity as treasury shares until they are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in shareholders' equity.

1.15 Borrowings

Borrowings are recognised initially at the 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 the 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 derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

1.16 Deferred income tax

Deferred income tax is provided for in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. However, if the deferred income taxes arise from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted at the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

The principal temporary differences arise from depreciation on property, plant and equipment. 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.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

1.17 *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 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.

Share-based compensation

The Group issues equity-settled share-based payments to employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non-market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the shares that will eventually vest and adjusted for the effect of non-market-based vesting conditions. Fair value is measured using the stochastic model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

Where employees exercise options in terms of the rules and regulations of the various Group 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 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 option price is credited to share premium. Further details of equity compensation schemes are provided in the Directors' report.

Defined contribution plans (pension and provident funds)

Group companies operate various pensions and defined contribution schemes.

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 further legal or constructive 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 rendered during a period are recognised as an employee benefit expense when they are due. The Group does not have any material defined benefit plans.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in the period in which they arise. Past-service costs are recognised immediately in income, unless changes to the pension plan are conditional on the employees remaining in service for a specified period of time (vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

1. Summary of principal accounting policies (continued)

1.17 Employee benefits (continued)

Termination benefits

Termination benefits may be payable when an employee's employment is terminated before the normal retirement date due to death or retrenchment. 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.

1.18 Basis of accounting of underwriting activities

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

- Premiums written relate to business incepted during the period and exclude value added tax.
- Unearned premiums represent the portion of premiums written during the period 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 period 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.

1.19 Provisions

A provision is recognised when there is a present legal or constructive obligation as a result of a past event for which it is more likely than not that an outflow of resources 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. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense.

1.20 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown, net of indirect taxes, estimated returns and trade discounts and after eliminating sales within the Group.

Revenue from the sale of goods and the 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 amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved.

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

1.20.1 *Contract products*

- Connection fees: Revenue is recognised on the date of activation by the GSM operator 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.

1.20.2 *Pre-paid products*

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

1.20.3 *Other revenue*

- Equipment sales: All equipment sales to third parties are recognised only when risks and rewards of ownership are transferred to the buyer.
- Interconnect/Roaming/Data: Revenue is recognised on a usage basis, unless it is not probable on transaction date that the interconnect revenue will be received; in which case interconnect revenue is recognised only when the cash is received.
- Interest income: Revenue is recognised on the time proportion basis with reference to the principal amount receivable and the effective interest rate applicable. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

1.21 Connection incentives

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

1.22 Dividends

Dividend income is recognised when the right to receive the payment is established.

1. *Summary of principal accounting policies (continued)*

1.23 Financial risk management

1.23.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: foreign exchange risk, credit risk, liquidity risk, cash flow and interest rate risk. 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 written 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. Foreign exchange risk arises when future commercial transactions or recognised assets and liabilities are denominated in a currency that is not the entity's functional currency. Certain entities in the Group use forward contracts to hedge their exposure to foreign currency risk in connection with the functional 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 foreign subsidiaries whose assets are exposed to foreign 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.

Price risk

The Group is not exposed to commodity price risk.

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 fact has been incorporated in the assessment of an appropriate revenue recognition policy in this regard [refer to note 1.20.3] and the impairment of trade receivables as applicable). 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.

Cash flow and fair value interest rate risk

The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk.

The Group's exposure to interest rate risk is reflected under the respective borrowings and loans and other non-current receivables (notes 19 and 13).

1.23.2 Accounting for derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at fair value and are subsequently re-measured to their fair value through the income statement. Embedded derivatives separated from their host contracts are initially recognised in the balance sheet at the fair value of the consideration received/paid, if any, and are subsequently re-measured to their fair value through the income statement. Also refer note 38.

1.23.3 Fair value estimation

The fair value of forward foreign exchange contracts is determined using quoted 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.

The nominal value less impairment provision of trade payables and receivables are assumed to approximate their fair value. 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.

1.24 Earnings per ordinary share

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

Headline earnings per ordinary share are calculated using the weighted average number of ordinary shares in issue during the period and are based on the earnings attributable to ordinary shareholders, after excluding those items as required by Circular 7/2002 issued by the JSE.

1.25 New accounting standards and International Financial Reporting Interpretation Committee ("IFRIC") interpretations

Certain new accounting standards, amendments and interpretations to existing standards have been published that are mandatory for accounting periods beginning on or after 1 January 2006 or later periods, which the Group has elected not to early adopt.

1. Summary of principal accounting policies (continued)

1.25 New accounting standards and International Financial Reporting Interpretation Committee ("IFRIC") interpretations (continued)

The following standards and interpretations are considered not to be relevant to the Group's operations and will therefore have no impact on the Group when they become effective:

- *Circular 2/2006, Clarification of certain sections of the Financial Intelligence Centre Act*
- *IFRIC 7, Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies*
- *IFRIC 8, Scope of IFRS 2*
- *IFRIC 9, Reassessment of Embedded Derivatives*
- *IFRIC 10, Interim Financial Reporting and Impairment*
- *IFRIC 11, IFRS 2: Group and Treasury Share Transactions*
- *IFRIC 12, Service Concession Arrangements*

The standards and interpretations included hereafter may have an impact on the Group's operations; an assessment of which has been included in the analysis of each respective standard/interpretation below:

(a) IFRS 7, Financial Instruments: Disclosures, and a complementary amendment to *IAS 1, Presentation of Financial Statements – Capital Disclosures* (effective from January 2007).

The amendment to IAS 1 introduces disclosures about the level of an entity's capital and how it manages capital. The Group assessed the impact of IFRS 7 and the amendment to IAS 1 and concluded that the main additional disclosures will be the sensitivity analysis to market risk and the capital disclosures required by the amendment to IAS 1. The Group will apply IFRS 7 and the amendment to IAS 1 for annual periods beginning 1 January 2007.

(b) Presentation of financial statements : Capital Disclosures (effective 1 January 2007)

(c) IFRS 8, Operating Segments (effective 1 January 2009)

IFRS 8 replaces *IAS 14: Segment Reporting* and amongst others:

- extends the scope of segment reporting to include entities that hold assets in a fiduciary capacity for a broad group of outsiders as well as entities whose equity or debt securities are publicly traded and entities that are in the process of issuing equity or debt securities in public securities markets;
- requires identification of operating segments based on internal reports that are regularly reviewed by the entity's chief operating decision maker in order to allocate resources to the segment and assess its performance. This is because the requirements of the Exposure Draft are based on the information about the components of the entity that management uses to make decisions about operating matters;
- includes a component of an entity that sells primarily or exclusively to other operating segments of the entity in the definition of an operating segment if the entity is managed that way;
- requires the amount of each operating segment item reported to be the measure reported to the chief operating decision maker for the purposes of allocating resources to the segment and assessing its performance; and
- requires reconciliations of total reportable segment revenues, total profit or loss, total assets, and other amounts disclosed for reportable segments to corresponding amounts in the entity's financial statements.

The Group will apply IFRS 8 for annual periods beginning 1 January 2009.

1.26 *Critical accounting estimates and assumptions*

The Group makes estimates and assumptions concerning the future. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 1.8. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates and the input factors most sensitive to change have been disclosed in note 9. The Group has performed a sensitivity analysis by varying these input factors by a reasonably possible margin and assessing whether the change in input factors results in any of the goodwill allocated to appropriate cash generating units being impaired. Based on the analysis performed, there are no indications that an impairment of goodwill related to any of its cash generating units is required at period end.

Connection incentives and subscriber acquisition costs

Connection incentives paid to service providers are currently expensed by the Group in the period incurred. Service providers utilise the incentives received from the Group to fund a variety of administrative costs and/or to provide incentives to maintain/sign up customers on behalf of the Group, at their own discretion. The portion of the incentive used by the respective service providers as an incentive to retain/obtain existing/new subscribers on behalf of the Group, should be capitalised only to the extent that it is reliably measurable (pre-paid discount). In accordance with the framework under IFRS, the Group has resolved not to capitalise these fees due to the portion of incentives utilised to acquire/retain subscribers on behalf of the Group by the respective independent service providers, not being reliably measurable.

In accordance with the recognition criteria in terms of *IAS 38 Intangible Assets,* the Group has also resolved not to capitalise commissions paid to dealers, utilised to acquire new subscribers, as intangible assets (subscriber acquisition cost), due to the portion utilised to acquire subscribers on behalf of the Group not being reliably measurable.

Interconnect revenue recognition

Due to the receipt of interconnect revenue in certain operations not being certain at transaction date, the Group has resolved only to recognise interconnect revenue relating to these operations as the cash is received.

Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many calculations and transactions for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Group income statement

for the year ended 31 December 2006

	Notes	12 months ended December 2006 Rm	9 months ended December 2005 Rm
Revenue	2	**51 595**	27 212
Direct network operating costs		**(4 628)**	(1 992)
Costs of handsets and other accessories		**(4 135)**	(2 717)
Interconnect and roaming costs		**(7 178)**	(3 736)
Employee benefits		**(2 453)**	(1 310)
Selling, distribution and marketing expenses		**(7 949)**	(4 736)
Other expenses		**(2 839)**	(1 490)
Depreciation	8	**(5 030)**	(2 497)
Amortisation of intangible assets	10	**(1 289)**	(256)
Operating profit	3	**16 094**	8 478
Finance income	4	**1 880**	422
Finance costs	5	**(3 307)**	(795)
Share of results of associates	11	**23**	10
Profit before tax		**14 690**	8 115
Income tax expense	6	**(2 591)**	(1 411)
Profit after tax		**12 099**	6 704
Attributable to:			
Equity holders of the company		**10 610**	5 866
Minority interests		**1 489**	838
		12 099	6 704
Earnings per ordinary share (cents) attributable to equity holders of the company			
– basic	7	**605,4**	352,7
– diluted	7	**589,1**	349,7
Dividend per share (cents)	7	**65,0**	65,0

Group balance sheet

at 31 December 2006

	Notes	December 2006 Rm	December 2005 Rm
ASSETS			
Non-current assets		**76 282**	31 136
Property, plant and equipment	8	**30 647**	20 676
Goodwill	9	**27 017**	2 650
Other intangible assets	10	**13 088**	4 057
Investments in associates	11	**73**	54
Financial assets held at fair value through profit or loss	12	**—**	312
Loans and other non-current receivables	13	**2 852**	2 001
Deferred income tax asset	14	**2 605**	1 386
Current assets		**20 635**	13 676
Inventories	15	**1 043**	624
Trade and other receivables	16	**9 055**	5 487
Taxation pre-paid		**60**	5
Restricted cash	26	**130**	338
Financial assets held at fair value through profit or loss	12	**362**	—
Available-for-sale financial assets	39	**24**	—
Cash and cash equivalents	25	**9 961**	7 222
Total assets		**96 917**	44 812
EQUITY			
Ordinary shares and share premium	17	**23 804**	14 272
Retained earnings		**28 974**	19 495
Other reserves	18	**(14 082)**	(14 051)
Share capital and reserves attributable to equity holders of the company		**38 696**	19 716
Minority interest		**4 033**	3 380
Total equity		**42 729**	23 096
LIABILITIES			
Non-current liabilities		**34 203**	9 765
Borrowings	19	**28 587**	7 505
Deferred income tax liabilities	14	**2 778**	853
Other non-current liabilities	20	**2 838**	1 407
Current liabilities		**19 985**	11 951
Trade and other payables	21	**12 121**	8 040
Unearned income		**1 165**	502
Provisions for other liabilities and charges	22	**567**	496
Current income tax liabilities		**1 416**	1 813
Borrowings	19	**3 439**	1 042
Derivative financial instruments	38	**324**	—
Bank overdraft	25	**953**	58
Total liabilities		**54 188**	21 716
Total equity and liabilities		**96 917**	44 812

Group statement of changes in equity

for the year ended 31 December 2006

	Share capital Rm	Share premium Rm	Retained earnings Rm	Other reserves Rm	Total Rm	Minority reserves Rm	Total Rm
Balance at 1 April 2005	*	14 239	14 717	(12 873)	16 083	2 333	18 416
Net profit	—	—	5 866	—	5 866	838	6 704
Transfers between reserves	—	—	(7)	7	—	—	—
Effect of put option	—	—	—	(1 302)	(1 302)	18	(1 284)
Dividends paid	—	—	(1 081)	—	(1 081)	—	(1 081)
Issue of share capital	*	33	—	—	33	—	33
Share based payments reserve	—	—	—	17	17	—	17
Revaluation of shareholders loans	—	—	—	79	79	—	79
Acquisitions/movement in minorities	—	—	—	—	—	124	124
Foreign currency translation differences	—	—	—	21	21	67	88
Balance at 31 December 2005	*	14 272	19 495	(14 051)	19 716	3 380	23 096
Net profit	—	—	10 610	—	10 610	1 489	12 099
Transfers between reserves	—	—	(5)	5	—	—	—
Dividends paid	—	—	(1 083)	—	(1 083)	(1 374)	(2 457)
Dividends out of pre-acquisition reserves	—	—	(43)	—	(43)	—	(43)
Purchase of non-controlling interest	—	—	—	(1 686)	(1 686)	(1 188)	(2 874)
Purchase of controlling interest	—	—	—	—	—	1 187	1 187
Issue of share capital	*	9 532	—	—	9 532	—	9 532
Share based payments reserve	—	—	—	36	36	—	36
Cash flow hedging reserve	—	—	—	(54)	(54)	—	(54)
Revaluation of shareholders loans	—	—	—	86	86	—	86
Foreign currency translation differences	—	—	—	1 582	1 582	539	2 121
Balance at 31 December 2006	*	23 804	28 974	(14 082)	38 696	4 033	42 729
Notes	17	17		18			

**Amounts less than R1 million*

Group cash flow statement

for the year ended 31 December 2006

	Notes	12 months ended December 2006 Rm	9 months ended December 2005 Rm
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	23	**22 934**	11 369
Interest received	4	**1 382**	371
Interest paid	5	**(1 525)**	(487)
Dividends paid		**(1 083)**	(1 081)
Income tax paid	24	**(4 086)**	(1 011)
Net cash from operating activities		**17 622**	9 161
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	8	**(9 379)**	(6 438)
– to maintain operations		**(586)**	(587)
– to expand operations		**(8 793)**	(5 851)
Acquisition of other loans and advances		**(67)**	(1 640)
Proceeds from sale of property, plant and equipment and non-current assets		**102**	98
Acquisition of intangible assets		**(417)**	(1 417)
Interest received	4	**4**	12
Proceeds on disposal of Orbicom		**—**	46
Acquisition of subsidiaries and joint ventures	42	**(28 690)**	(3 294)
Investment in joint venture		**—**	(289)
Increase in non-current pre-payments		**(159)**	—
Net cash used in investing activities		**(38 606)**	(12 922)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from the issuance of ordinary shares		**—**	33
Dividends to minorities		**(1 374)**	(9)
Long-term pre-payments		**—**	(27)
Finance costs		**—**	(27)
Increase in long-term borrowings		**19 066**	4 276
Decrease in restricted cash		**208**	269
Increase in short-term borrowings		**1 093**	842
Net cash generated from financing activities		**18 993**	5 357
Net (decrease)/increase in cash and cash equivalents		**(1 991)**	1 596
Cash acquired through acquisitions	42	**2 895**	(152)
Effect of exchange rate changes		**940**	(52)
Cash and cash equivalents at beginning of year		**7 164**	5 772
Cash and cash equivalents at end of year	25	**9 008**	7 164

The cash flows shown above are presented net of VAT

Notes to the Group financial statements

for the year ended 31 December 2006

1. Primary reporting format – Geographic segments

December 2006	South and East Africa Rm	West and Central Africa Rm	Middle East and North Africa Rm	Head office companies Rm	Reconciling items**** Rm	Consolidated Rm
Revenue						
External sales	26 586	21 208	3 756	45	—	51 595
Total revenue	26 586	21 208	3 756	45	—	51 595
Segment result	9 346	11 380	1 117	595	—	22 438
Impairment charge	—	(25)	—	—	—	(25)
Depreciation	(1 334)	(3 282)	(414)	—	—	(5 030)
Amortisation of intangible assets	(203)	(801)	(284)	(1)	—	(1 289)
Finance costs	(813)	(672)	(74)	(1 938)	190	(3 307)
Finance income	242	623	162	1 043	(190)	1 880
Share of profits of associates	23	—	—	—	—	23
Income tax expense	(2 142)	266	(325)	(390)	—	(2 591)
Net profit for the period	5 119	7 489	182	(691)	—	12 099
Other information:						
Segment assets* **						
Assets	18 674	28 305	9 465	159 795	(119 455)	96 784
Associates	73	—	—	—	—	73
Total assets	18 747	28 305	9 465	159 795	(119 455)	96 857
Segment liabilities* **	(12 966)	(11 438)	(7 263)	(21 105)	—	(52 772)
Capital expenditure **	(3 120)	(4 998)	(1 656)	(4)	—	(9 778)
Average number of employees for the period for each of the Group's principal segments were as follows:	4 077	4 925	4 873	192	—	14 067

Secondary segment disclosure is not presented as it comprises the mobile telecommunications segment and the satellite telecommunications segment, the latter of which is not considered material to the Group's financial statements as a whole.

** *Capital expenditure comprises additions to property, plant and equipment and additions to software*

*** *Income tax assets and income tax liabilities are not included in total segment assets and liabilities*

**** *Reconciling items relate to intercompany management fees and intercompany shareholders' loans*

1. *Primary reporting format – Geographic segments (continued)*

December 2005*	South and East Africa Rm	West and Central Africa Rm	Middle East and North Africa Rm	Head office companies Rm	Reconciling items**** Rm	Consolidated Rm
Revenue						
External sales	16 293	10 868	—	455	(404)	27 212
Total revenue	16 293	10 868	—	455	(404)	27 212
Segment result	5 367	5 746	(6)	271	—	11 378
Impairment charge	—	(147)	—	—	—	(147)
Depreciation	(847)	(1 649)	—	(1)	—	(2 497)
Amortisation of intangible assets	(55)	(201)	—	—	—	(256)
Finance costs	(157)	(160)	(8)	(490)	20	(795)
Finance income	179	12	(1)	252	(20)	422
Share of profits of associates	10	—	—	—	—	10
Income tax expense	(1 476)	36	—	29	—	(1 411)
Net profit for the year	3 021	3 637	(15)	61	—	6 704
Other information:						
Segment assets****						
Assets	16 733	21 357	2 165	15 452	(10 954)	44 753
Associates	48	—	6	—	—	54
Total assets	16 781	21 357	2 171	15 452	(10 954)	44 807
Segment liabilities***	(4 866)	(7 912)	(1 645)	(5 480)	—	(19 903)
Capital expenditure**	(2 505)	(4 227)	—	—	—	(6 732)
Average number of employees for the year for each of the Group's principal segments were as follows:	4 293	3 273	604	190	—	8 360

Secondary segment disclosure is not presented as it comprises the mobile telecommunications segment and the satellite telecommunications segment, the latter of which is not considered material to the Group's financial statements as a whole.

** Prior year comparatives have been restated due to the new geographical segmental groups, and represents nine months*

*** Capital expenditure comprises additions to property, plant and equipment and additions to software*

**** Income tax assets and income tax liabilities are not included in total segment assets and liabilities*

***** Reconciling items relate to intercompany management fees and intercompany shareholders' loans*

	12 months ended December 2006 Rm	9 months ended December 2005 Rm
2. Revenue		
Wireless telecommunications	**46 822**	24 157
Airtime and subscription fees	**36 309**	18 608
Interconnect	**10 159**	5 403
Connection fees	**354**	146
Cellular telephones and accessories	**3 096**	2 351
Other	**1 677**	704
	51 595	27 212
3. Operating profit		
The following items have been included in arriving at operating profit:		
Auditors' remuneration:	**(37)**	(29)
– Audit fees	**(26)**	(15)
– Fees for other services	**(11)**	(14)
– Expenses	*****	*
Directors' emoluments:	**(63)**	(35)
– Services as director	**(57)**	(32)
– Directors' fees	**(7)**	(3)
Operating lease rentals:	**(343)**	(233)
– Property	**(302)**	(202)
– Equipment and vehicles	**(41)**	(31)
Loss on disposal of property, plant and equipment	**(55)**	(43)
Movement in the provisions for inventories (note 15)	**(3)**	(58)
Impairment charge on property, plant and equipment (note 8)	**(7)**	(147)
Reversal of impairment (note 8)**	**32**	—
Movement in the provision for impairment on trade receivables (note 16)	**136**	96

**Amounts less than R1 million*

***The impairment charge relates to certain network assets in MTN Nigeria which have been identified as being obsolete or no longer in use. During the current year, a part of the impairment charge previously recorded was reversed due to these assets being re-introduced into the network.*

	12 months ended December 2006 Rm	9 months ended December 2005 Rm
3. *Operating profit (continued)*		
Staff costs:	**(2 453)**	(1 310)
– Wages and salaries	**(2 075)**	(1 118)
– Share options granted to directors and employees	**—**	(17)
– Pension costs – defined contribution plans	**(105)**	(68)
– Other	**(273)**	(107)
Fees paid for services:	**(959)**	(440)
– Administrative	**(139)**	(39)
– Management	**(139)**	(75)
– Professional	**(309)**	(172)
– Secretarial	**(19)**	(10)
– Technical	**(353)**	(144)
Profit on disposal of Orbicom	**—**	23
Net foreign exchange losses from trading activities	**(3)**	(4)
	Number	Number
Average number of employees	**14 067**	8 360
	Rm	Rm
4. *Finance income*		
Interest income	**1 198**	383
Fair value adjustments	**29**	29
Foreign exchange transaction gains	**653**	10
	1 880	422
Reconciliation of interest received to finance income		
Interest received (operating activities)	**1 382**	371
Interest received (investing activities)	**4**	12
Unrealised foreign exchange transaction gains	**74**	10
Interest accrued	**391**	—
Fair value adjustments	**29**	29
Finance income recognised in the income statement	**1 880**	422

Notes to the Group financial statements

for the year ended 31 December 2006 *(continued)*

	12 months ended December 2006 Rm	9 months ended December 2005 Rm
5. Finance costs		
Interest expense – borrowings	**(1 991)**	(426)
Interest expense – finance leases	**(99)**	(27)
Finance costs – put option	**(269)**	(124)
Foreign exchange transaction losses	**(700)**	(191)
Other	**(248)**	(27)
	(3 307)	(795)
Reconciliation of interest paid to finance costs		
Interest paid (operating activities)	**(1 525)**	(487)
Arrangement fees	**(44)**	(6)
Financing costs – put option	**(269)**	(124)
Fair value adjustments	**(464)**	(6)
Interest accrued	**(342)**	—
Unrealised foreign exchange transaction losses	**(598)**	(171)
Other	**(65)**	(1)
Finance costs recognised in the income statement	**(3 307)**	(795)
6. Income tax expense		
Current tax		
Normal tax	**(3 163)**	(1 650)
Current year	**(2 951)**	(1 616)
Prior year over provision	**(77)**	101
Secondary tax on companies	**(135)**	(135)
Foreign tax		
Foreign income and withholding taxes	**(238)**	(119)
Deferred tax (note 14)	**810**	358
Current year	**939**	357
Prior year over provision	**(110)**	1
Change in tax rate	**(19)**	*
	(2 591)	(1 411)
Secondary tax on companies		
STC relating to dividends proposed	**(209)**	(135)

*Amounts less than R1 million

Taxation for foreign jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

	12 months ended December 2006 %	9 months ended December 2005 %
6. Income tax expense (continued		
Tax rate reconciliation		
The income tax charge for the year is reconciled to the effective rate of taxation in South Africa as follows:		
Tax at standard rate	**29,0**	29,0
Expenses not deductible for tax purposes	**4,3**	1,7
Assessed loss utilised	**—**	0,2
Effect of different tax rates in other countries	**(0,6)**	0,4
Prior year tax	**1,2**	(1,2)
Income not subject to tax	**(0,1)**	—
Effect of pioneer status/tax credit granted	**(16,9)**	(15,8)
Withholding taxes	**0,8**	0,8
Effect of STC	**0,9**	1,7
Other	**(1,0)**	0,6
	17,6	17,4

The company holds investments in Nigeria, Swaziland, Cameroon, Uganda, Rwanda, Botswana, Zambia, Côte d'Ivoire, Congo Brazzaville, Iran, Afghanistan, Benin, Cyprus, Ghana, Guinea Bissau, Guinea Republic, Liberia, Sudan, Syria and Yemen. The company is regarded as a tax resident in South Africa by the South African Revenue Services (SARS), and as such is subject to tax on its worldwide income in South Africa, with only the income properly attributable to the presence in Mauritius being taxed in Mauritius.

7. Earnings and dividend per ordinary share

7.1 Earnings per ordinary share

The calculation of basic earnings per ordinary share is based on net profit for the year of R10 610 million (December 2005: R5 866 million), and a weighted average number of 1 752 304 867 (December 2005: 1 663 208 548) ordinary shares in issue (excluding treasury shares).

The calculation of basic and adjusted headline earnings per ordinary share is calculated on basic headline earnings of R10 628 million (December 2005: R5 984 million) and adjusted headline earnings of R10 246 million (December 2005: R5 626 million) respectively, and a weighted average number of 1 752 304 867 (December 2005:1 663 208 548) ordinary shares in issue (excluding treasury shares).

The calculation of diluted, basic headline and adjusted headline earnings per ordinary share is based on the respective earnings as indicated above, and the weighted average number of 1 766 382 068 (December 2005: 1 677 386 926) 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, outstanding MTN Group share options and MTN Group share appreciation right scheme.

	12 months ended December 2006 Rm	9 months ended December 2005 Rm
7. Earnings and dividend per ordinary share (continued)		
7.1 Earnings per ordinary share (continued)		
Reconciliation between net profit attributable to the equity holders of the company and headline earnings		
Net profit for the period	**10 610**	5 866
Adjusted for:		
Profit on sale of subsidiary/associates	**—**	(23)
Loss on disposal of property, plant and equipment*	**40**	27
Impairment of property, plant and equipment*	**(22)**	114
Basic headline earnings	**10 628**	5 984
Adjusted for:		
Reversal of deferred tax asset	**(650)**	(332)
Impact of put options (note 20)		
– Fair value adjustment	**120**	(19)
– Finance costs	**301**	97
– Minority share of profits	**(153)**	(104)
Adjusted headline earnings	**10 246**	5 626
Earnings per ordinary share (cents)		
– Basic	**605,4**	352,7
– Basic headline	**606,5**	359,8
– Adjusted headline	**584,7**	338,2
Diluted earnings per share (cents)		
– Basic	**589,1**	349,7
– Basic headline	**590,2**	356,5
– Adjusted headline	**568,6**	335,9
	'000	'000
Weighted average number of shares	**1 752 305**	1 663 209
Adjusted for:		
– share options	**11 901**	14 178
– share appreciation rights	**2 176**	—
Weighted average number of shares for diluted earnings per share	**1 766 382**	1 677 387

**Amounts are stated after taking into account minority interests*

7. *Earnings and dividend per ordinary share (continued)*

7.1 *Earnings per ordinary share (continued)*

Explanation of adjusted headline earnings

Impact of put option

The implementation of IFRS requires the Group to account for a written put option held by a minority shareholder of one of the Group's subsidiaries, which provides them with the right to require the subsidiary to acquire their shareholding at fair value. Prior to the implementation of IFRS the shareholding was treated as a minority shareholder in the subsidiary as all risks and rewards associated with these shares, including dividends, accrued to the minority shareholder. IAS 32 requires that in the circumstances described in the previous paragraph:

(a) the present value of the future redemption amount be reclassified from equity to financial liabilities and that the financial liability so reclassified subsequently be measured in accordance with IAS 39;

(b) in accordance with IAS 39, all subsequent changes in the fair value of the liability together with the related interest charges arising from present valuing the future liability, be recognised in the income statement; and

(c) the minority shareholder holding the put option no longer be regarded as a minority shareholder, but rather as a creditor from the date of receiving the put option.

Although the Group has complied with the requirements of IAS 32 and IAS 39 as outlined above, the board of directors has reservations about the appropriateness of this treatment in view of the fact that:

(a) the recording of a liability for the present value of the future strike price of the written put option results in the recording of a liability that is inconsistent with the framework, as there is no present obligation for the future strike price; and

(b) the shares considered to be subject to the contracts that are outstanding, have the same rights as any other shares and should therefore be accounted for as a derivative rather than creating an exception to the accounting required under IAS 39.

Reversal of deferred tax asset (refer to note 14)

7.2 *Dividend per share*

The dividends paid during the December 2006 and 2005 financial years amounted to R1 083 million (65c per share) and R1 081 million (65c per share) respectively. A dividend in respect of the period ended 31 December 2006 of R0,90 per share has been declared. These financial statements do not reflect this dividend.

Notes to the Group financial statements

for the year ended 31 December 2006 *(continued)*

	Owned				Leased			
	Land and buildings Rm	Leasehold improve-ments Rm	Network infra-structure Rm	Infor-mation systems, furniture and office equipment Rm	Vehicles Rm	Land and buildings (notes 19,31) Rm	Capital work-in-progress Rm	Total Rm
8. Property, plant and equipment								
8.1 Analysis of net book amount								
At 1 April 2005								
Cost	1 249	185	21 109	1 615	165	315	—	24 638
Accumulated depreciation	(384)	(109)	(7 223)	(1 020)	(71)	(44)	—	(8 851)
Net book amount	865	76	13 886	595	94	271	—	15 787
Movement in net book amount								
At 31 December 2005								
Opening net book amount	865	76	13 886	595	94	271	—	15 787
Acquisition of business combinations	40	58	759	100	14	—	—	971
Additions	340	53	5 318	350	37	340	—	6 438
Impairment loss	—	—	(147)	—	—	—	—	(147)
Disposals	(37)	(3)	(122)	(2)	(4)	—	—	(168)
Depreciation charge	(33)	(29)	(2 116)	(261)	(37)	(21)	—	(2 497)
Exchange differences	23	(2)	259	9	3	—	—	292
Closing net book amount	1 198	153	17 837	791	107	590	—	20 676
At 31 December 2005								
Cost	1 638	291	27 176	2 072	215	655	—	32 047
Accumulated depreciation	(440)	(138)	(9 339)	(1 281)	(108)	(65)	—	(11 371)
Net book amount	1 198	153	17 837	791	107	590	—	20 676
Movement in net book amount								
At 31 December 2006								
Opening net book amount	**1 198**	**153**	**17 837**	**791**	**107**	**590**	**—**	**20 676**
Acquisition of business combinations	**47**	**27**	**3 577**	**209**	**79**	**—**	**127**	**4 066**
Additions	**431**	**100**	**7 859**	**550**	**60**	**—**	**379**	**9 379**
Impairment loss	**—**	**—**	**(7)**	**—**	**—**	**—**	**—**	**(7)**
Reversal of impairment loss	**—**	**—**	**32**	**—**	**—**	**—**	**—**	**32**
Disposals	**(17)**	**(3)**	**(67)**	**(29)**	**(9)**	**—**	**(32)**	**(157)**
Depreciation charge	**(65)**	**(75)**	**(4 278)**	**(512)**	**(62)**	**(33)**	**(5)**	**(5 030)**
Exchange differences	**(9)**	**19**	**1 321**	**235**	**27**	**—**	**95**	**1 688**
Closing net book amount	**1 585**	**221**	**26 274**	**1 244**	**202**	**557**	**564**	**30 647**
Analysis of net book amount								
At 31 December 2006								
Cost	**1 711**	**478**	**42 015**	**2 953**	**408**	**655**	**569**	**48 789**
Accumulated depreciation	**(126)**	**(257)**	**(15 741)**	**(1 709)**	**(206)**	**(98)**	**(5)**	**(18 142)**
Net book amount	**1 585**	**221**	**26 274**	**1 244**	**202**	**557**	**564**	**30 647**

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

8. Property, plant and equipment (continued)

8.2 Encumbrances

MTN Côte d'Ivoire

Borrowings by MTN Côte d' Ivoire are secured by a fixed charge over the company's network equipment with a book value of R590 million (December 2005: R270 million) (note 19).

MTN Rwanda

The syndicated loan acquired from four local banks is secured by a floating charge on MTN Rwanda's fixed assets, the book value of which is R107 million (December 2005: R81 million) (note 19).

MTN Uganda

In terms of the Inter-creditor Security Package, MTN Uganda has provided a first and second fixed charge with a net book value of R1 031 million (December 2005: R70 million) over its property, plant and equipment as security for a syndicated loan made to MTN Uganda by various banks and financial institutions (note 19).

MTN (Pty) Ltd

Loans from ABSA and RMB are secured by promissory notes in respect of lease rentals relating to Phase 1 and a mortgage bond over Phase 2.

The book values of these secured assets are R247 million and R315 million respectively (note 19).

Scancom Ghana

Borrowings by Scancom Ghana are secured by two switches of the operation with a book value of R6 million (note 19).

Areeba Cyprus

Borrowings by Areeba Cyprus are secured by motor vehicles with a book value of R0,24 million (note 19).

MTN Congo B

Borrowings by MTN Congo B are secured by motor vehicles with a book value of R1 million (note 19).

MTN Nigeria

Borrowings by MTN Nigeria are secured by a fixed charge over the company's moveable assets, the book value of which is R13 636 million (December 2005: R11 347 million) (note 19).

	December 2006 Rm	December 2005 Rm
9. Goodwill		
Opening balance		
Cost	**2 650**	33
Accumulated impairment losses	**—**	—
Net book amount	**2 650**	33
Movement		
Opening net book amount	**2 650**	33
Additions to goodwill	**24 319**	2 674
Exchange differences	**48**	(57)
Closing net book amount	**27 017**	2 650
End of year		
Cost	**27 017**	2 650
Accumulated impairment losses	**—**	—
Net book amount	**27 017**	2 650
Impairment tests for goodwill		
Goodwill is allocated to the Group's cash generating units ("CGU") identified according to country of operation.		
A summary of the goodwill allocation is presented below:		
MTN Côte d'Ivoire	**1 425**	1 196
Scancom Ghana	**12 772**	—
Areeba Syria	**1 737**	—
Bashair Telecom (Sudan)	**2 253**	—
Areeba Yemen	**3 498**	—
Others	**5 332**	1 454
Total	**27 017**	2 650

9. *Goodwill (continued)*

Investcom LLC, which was acquired on 4 July 2006, has not yet been subject to impairment testing.

The Group has elected, under IFRS 3, to finalise asset and liability fair values allocated to each cash generating unit, and therefore the related goodwill, within 12 months subsequent to the acquisition date. A preliminary allocation has been done to obtain the summary listed above. Once the final allocation is completed, impairment testing will be performed for all CGU's relating to Investcom LLC.

Goodwill is tested annually for impairment. During the year under review, the following operations comprising R2 977 million of the above goodwill balance was tested for impairment:

- MTN Côte d'Ivoire
- Mascom Botswana
- MTN Congo-Brazzaville
- MTN Zambia

There was no impairment of any of the CGU's above to which goodwill had been allocated.

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. The following key assumptions have been used for the value-in-use calculations:

- Growth rate: We have used a steady growth rate to extrapolate revenues beyond the budget period cash flows. The growth rate is consistent with publicly available information relating to long-term average growth rates for each of the markets in which the respective CGU operates. The average growth rates used range from 3% to 6%.
- Discount rate: Discount rates range from 12% to 14,78%. Discount rates used reflect specific risks relating to the relevant CGU.

These assumptions have been used for the analysis of each CGU.

	Customer relation-ship Rm	Licences Rm	Software Rm	Other in-tangible assets Rm	Total Rm
10. Other intangible assets					
At 1 April 2005					
Cost	—	2 107	645	55	2 807
Accumulated amortisation	—	(620)	(306)	(35)	(961)
Net book amount	—	1 487	339	20	1 846
The movement in the net book amount of intangible assets is comprised as follows:					
At 31 December 2005					
Opening net book amount	—	1 487	339	20	1 846
Additions from business combinations	351	455	—	27	833
Additions	—	1 132	285	—	1 417
Amortisation charge	(33)	(132)	(81)	(10)	(256)
Exchange differences	(4)	223	(1)	(1)	217
Closing net book amount	314	3 165	542	36	4 057
At 31 December 2005					
Cost	347	3 910	927	82	5 266
Accumulated amortisation	(33)	(745)	(385)	(46)	(1 209)
Net book amount	314	3 165	542	36	4 057
The movement in the net book amount of intangible assets is comprised as follows:					
At 31 December 2006					
Opening net book amount	**314**	**3 165**	**542**	**36**	**4 057**
Additions from business combinations	**3 987**	**5 140**	**66**	**—**	**9 193**
Additions	**—**	**481**	**399**	**18**	**898**
Amortisation charge	**(552)**	**(509)**	**(215)**	**(13)**	**(1 289)**
Exchange differences	**48**	**165**	**40**	**(24)**	**229**
Closing net book amount	**3 797**	**8 442**	**832**	**17**	**13 088**
At 31 December 2006					
Cost	**4 399**	**9 837**	**1 503**	**73**	**15 812**
Accumulated amortisation	**(602)**	**(1 395)**	**(671)**	**(56)**	**(2 724)**
Net book amount	**3 797**	**8 442**	**832**	**17**	**13 088**

The Ugandan Communication Commission has granted consent for the licence of MTN Uganda with a book value of R16 million (December 2005: R7,9 million) to be used as security for the syndicated loan made by various banks and financial institutions (note 19).

Borrowings by MTN Nigeria are secured by a fixed charge over the company's service licence to the value of R1 211 million (December 2005: R1 188 million) (note 19).

	December 2006 Rm	December 2005 Rm
11. Investments in associates		
Balance at beginning of period	**54**	43
Share of results after tax and minority interest	**23**	10
Acquisition of associate	*****	—
Exchange differences	**—**	1
Change in shareholding – associate to subsidiary	**(4)**	—
Balance at end of period	**73**	54

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

A list of significant investments in associates, including the name, country of incorporation and proportion of interest is given in Annexure 2.

	December 2006 Rm	December 2005 Rm
12. Financial assets at fair value through profit or loss		
International sinking fund policy	**362****	312

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 loss incurred upon translating the investment to rands at the ruling spot rate at balance sheet date, amounted to R138 million (December 2005: R188 million), which has 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 to include listed shares in offshore companies on recognised bourses, listed bonds on recognised bourses and investments in various cash instruments and bank deposits.

**Amounts less than R1 million*
***This amount is shown as a current asset in 2006*

		December 2006 Rm	December 2005 Rm
13.	***Loans and other non-current receivables***		
	Loan to minorities in MTN Nigeria*	—	47
	Loan to Broadband Limited**	**133**	147
	Loan to Iran Electronic Development company***	**336**	276
	Loan to Irancell****	**1 939**	1 432
	Non-current pre-payments	**444**	99
		2 852	2 001

* *Loans by MTN Mauritius to minority shareholders of MTN Nigeria are US dollar (US$) denominated and interest free.*
These loans were repaid during the current financial year.
The amount consisted of two loans:
Loan 1: US$8 million included in sundry debtors in 2005. The loan was repayable by 1 July 2006 out of shareholders distributions to which the borrower was entitled in respect of the shares acquired from the proceeds of the loan. The fair value of the loan approximated the book value.
Loan 2: US$11 million. There is no fixed repayment date; however, the loan is repayable out of all shareholder distributions to which the borrower is entitled. On initial recognition, the loans were not stated at fair value due to the loans not having specified repayment terms. Accordingly, these loans are stated at cost less impairments, if any.

** *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$3,5 million (December 2005: US$3,5 million) is interest free and repayable on 31 December 2010 out of 80% of the borrower's entitlement to shareholder distributions. This was repaid in full during the current financial year.
Loan 2: US$18,8 million (December 2005: US$15,2 million) attracts interest at LIBOR +6% per annum (effective rate of 8,1% per annum) (December 2005: effective interest rate of 7,2%) which will be capitalised bi-annually. The loan is repayable by 31 December 2010 out of 80% of the borrower's entitlement to shareholder distributions. The repayments shall first be applied against loan 1 until it is repaid in full and thereafter shall be applied against loan 2. The fair value of the loan approximates the book value.
10% tranche
The US$ denominated loan amounting to US$10,1 million is repayable at the higher of
(i) 10% of the market value of MTN Cameroon if sold by the purchaser; and
(ii) US$10,1 million plus interest at LIBOR plus 6% per annum (effective rate is 7,2% 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 financial statements include 80% of those 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.

*** *Loans by Irancell to Iran Electronics Development company are US$ denominated. The fair values of these loans approximate the carrying value.*
US$58,65 million (December 2005: US$43,6 million) will attract interest at LIBOR +4% per annum (effective rate 9,3%) (December 2005: effective rate of 8,6%). Interest is payable six monthly in arrears. The loan is repayable in full at the end of three years. The fair value of the loan approximates the book value.

**** *Loans by MTN Mauritius to Irancell are US$ denominated. The fair values of the loans approximate their carrying values.*
The amount consists of three loans:
Loan 1: US$49,65 million (December 2005: US$43,61 million) attracts interest at LIBOR +4% per annum (effective rate of 9,3%) (December 2005: effective rate of 8,7%) which will be capitalised against the loan. The loan and capitalised interest is repayable by August 2009. The fair value of the loan approximates the book value.
Loan 2: US$198,14 million (December 2005: US$174,4 million) will attract interest at LIBOR +4% per annum (effective rate of 9,3%) (December 2005: effective rate of 8,6%) which will be capitalised against the loan. The loan and capitalised interest is repayable by November 2009. The fair value of the loan approximates the book value.
Loan 3: EUR40 million will attract interest at EURIBOR +4% which will be capitalised against the loan. The loan and capitalised interest is repayable by 31 May 2008. The fair value of the loan approximates the book value.

	Movement	1 April 2005 Rm	Charged to income statement Rm	Additions – business combinations Rm	Exchange differences Rm	31 December 2005 Rm	Additions – business combinations Rm	Charged to income statement Rm	Exchange differences Rm	31 December 2006 Rm
14.	***Deferred income taxes***									
	Deferred income tax liabilities									
	Assessed losses	—	—	—	—	**—**	**—**	**5**	**—**	**5**
	Tax allowances over book depreciation	(865)	(156)	—	2	**(1 019)**	**(146)**	**(243)**	**76**	**(1 332)**
	Other temporary differences	124	23	—	—	**147**	**(164)**	**(72)**	**(253)**	**(342)**
	Revaluation of at acquisition assets	—	—	(133)	8	**(125)**	**(1 335)**	**199**	**(25)**	**(1 286)**
	Working capital allowances	45	99	—	—	**144**	**—**	**—**	**33**	**177**
		(696)	(34)	(133)	10	**(853)**	**(1 645)**	**(111)**	**(169)**	**(2 778)**
	Deferred income tax assets									
	Provisions and other temporary differences	120	(12)	136	(11)	**233**	**—**	**(2)**	**75**	**306**
	Accelerated tax depreciation	10	3	—	(3)	**10**	**—**	**—**	**5**	**15**
	Tax loss carried forward	—	(26)	26	—	**—**	**—**	**44**	**(*)**	**44**
	Arising due to fair value adjustments on business combinations	—	—	—	—	**—**	**51**	**54**	**—**	**105**
	MTN Nigeria deferred tax asset	688	427	—	28	**1 143**	**—**	**825**	**167**	**2 135**
		818	392	162	14	**1 386**	**51**	**921**	**247**	**2 605**
		122	358	29	24	**533**	**(1 594)**	**810**	**78**	**(173)**

The Group's subsidiary in Nigeria has been granted a five-year company income tax holiday from date of approval. Furthermore, capital allowances arising on capital expenditure incurred 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 credit of R650 million (December 2005: R332 million), excluding minority interests relating to these deductible temporary differences, has been recognised for the year ended 31 December 2006 in terms of IAS 12 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 IAS 12 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 from 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 appropriately reflect the Group's results for the period.

		December 2006 Rm	December 2005 Rm
15.	***Inventories***		
	Finished goods (handsets, SIM cards and accessories) – at cost**	**1 122**	706
	Consumable stores and maintenance spares – at cost**	**13**	11
	Less: Provision for inventories	**(92)**	(93)
		1 043	624

***Included in inventory are amounts of R74,4 million (December 2005: R71,8 million) encumbered by borrowings relating to MTN Nigeria (note 19)*

	At beginning of period Rm	Additions Rm	Utilised Rm	Unused Rm	Exchange differences Rm	At end of period Rm
Provision movement						
Year ended 31 December 2006						
Movement in provision for inventories	**(93)**	**(9)**	**4**	**6**	**(*)**	**(92)**
9 months ended 31 December 2005						
Movement in provision for inventories	(40)	(60)	5	2	*	(93)

An impairment charge of R3 million (December 2005: R58 million) was incurred in the current year. This amount is included in other expenses in the income statement (note 3).

**Amounts less than R1 million*

	December 2006 Rm	December 2005 Rm
16. *Trade and other receivables*		
Trade receivables	**7 551**	4 898
Less: Provision for impairment of trade receivables	**(932)**	(874)
Trade receivables – net	**6 619**	4 024
Sundry debtors and pre-payments**	**2 436**	1 463
	9 055	5 487

*** Sundry debtors and pre-payments include pre-payments for BTS sites and other property leases, advances to suppliers and short-term loans.*

The fair values of trade and other receivables approximate their book values as shown above.

Included in receivables and prepayments are amounts of R843,6 million (December 2005: R648,7 million) encumbered by borrowings relating to MTN Nigeria (note 19).

	At beginning of period Rm	Acquisition – business combinations Rm	Additions Rm	Unused Rm	Utilised Rm	Exchange differences Rm	At end of period Rm
Impairment movement							
Year ended 31 December 2006							
Movement in provision for impairment of trade receivables	**(874)**	**(105)**	**(8)**	**144**	**—**	**(89)**	**(932)**
Nine months ended 31 December 2005							
Movement in provision for impairment of trade receivables	(876)	(94)	(12)	108	23	(23)	(874)

There is no concentration of credit risk with respect to trade receivables as the Group has a large number of customers, internationally dispersed.

An impairment charge of R136 million (December 2005: R96 million) was incurred in the current year, and this amount is included in other expenses in the income statement (note 3).

**Amounts less than R1 million*

Notes to the Group financial statements
for the year ended 31 December 2006 *(continued)*

		December 2006 Rm	December 2005 Rm
17.	***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 1 860 268 283 (December 2005 – 1 665 317 425) ordinary shares of 0,01 cent each	*	*
	Share premium		
	Balance at beginning of year	**14 272**	14 239
	Arising on the issue of shares during the year (net of share issue expenses)	**9 532**	33
	Balance at end of year	**23 804**	14 272

MTN Group Share Option Scheme and Share Appreciation Rights Scheme
The exercise of options and resulting share trades can be viewed under "directors' share dealings" on page 185 of the Directors report. All disclosure as required by IFRS 2 Share-based payments has been included in the Directors' report.

**Amounts less than R1 million*

	December 2006 Rm	December 2005 Rm
18. Other reserves		
Non-distributable reserves		
Balance at beginning of period	**(14 051)**	(12 873)
Movement in contingency reserve	**(3)**	5
Purchase of non-controlling interests	**(1 686)**	(1 302)
Transfer from distributable reserves	**8**	2
Share-based payment reserve	**36**	17
Cash flow hedging reserve	**(54)**	—
Shareholders' loan revaluation reserve	**86**	79
Foreign currency translation differences of foreign subsidiaries and joint ventures	**1 582**	21
Balance at end of period	**(14 082)**	(14 051)
Consisting of:		
Contingency reserve (as required by insurance regulations)	**17**	20
Statutory reserve (as required by Rwandan legislation)	**10**	9
Purchase of non-controlling interests	**(14 906)**	(13 220)
Shareholders' loan revaluation reserve	**(853)**	(939)
Cash flow hedging reserve	**(54)**	—
Share-based payment reserve	**77**	41
Other reserves	**7**	—
Translation differences of foreign subsidiaries and joint ventures	**1 620**	38
	(14 082)	(14 051)

A statutory contingency reserve has been created in terms of the Short-term Insurance Act, 1988. Transfers to the contingency reserve are treated as an 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.

	December 2006 Rm	December 2005 Rm
19. Borrowings		
Unsecured		
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 JIBAR. Interest rates over the year varied between 8,5% and 14% per annum (December 2005: between 14% and 14,5% per annum), payable within 366 days	**5**	3
MTN Network Operator		
Various composite short-term facilities, bearing interest at rates determined by the nature of each specific drawdown instrument, payable on demand. Rates are, however, essentially linked to JIBAR, ranging from 8,5% and 14% (December 2005: between 8,5% and 14%) per annum, payable within 366 days	**262**	582
Standard Corporate Merchant Bank (SCMB) facilities		
Advance from SCMB under a 366 day notice facility, bearing interest at JIBAR +0,6% per annum (effective interest rate of 7,46%). MTN Holdings and other MTN subsidiary companies entities have provided cross guarantees for the SCMB loan facility	**4 365**	2 366
ABSA facilities		
Various loans ranging from R70 million to R250 million bearing interest at effective rate between 8,67% and 9,65% per annum. The loans are part of the 366 days facilities. Repayment of the loan is at the discretion of the company, however the company does not intend repaying the loan within the 366 days. MTN Holdings and other MTN Group entities have provided cross guarantees for this loan facility	**500**	180
Standard Corporate Merchant Bank (SCMB) loan facility		
Loan bearing interest at an effective interest rate of 7,88% and payable bi-annually	**100**	100
FNB facilities		
Term loans bearing interest at effective interest rates ranging between 9,13% and 9,18% per annum. The loans are part of a 366 day facility. Repayment is at the discretion of the company, however there is no intention to repay the loan within 366 days	**400**	

	December 2006 Rm	December 2005 Rm
19. Borrowings (continued)		
Unsecured (continued)		
MTN Network Operator (continued)		
Investec facilities		
Loan bearing interest at an effective rate of 8,7% per annum payable monthly. The loan is part of a 366 day facility. Repayment is at the discretion of the company, however there is no intention to repay the loan within 366 days	**100**	
Nedbank facilities		
Loans bearing interest at effective interest rates ranging between 9,3% and 9,45% per annum. The loans are part of a 366 day facility. Repayment is at the discretion of the company, however there is no intention to repay the loan within 366 days	**300**	
MTN Swaziland		
Standard Bank Swaziland Limited		
The loan attracts a floating interest rate of prime less 0,25% per annum (effective rate of 10,19% per annum) (December 2005: 10,04% per annum). This loan was repaid during the year	**—**	3
Standard Bank Swaziland Limited		
The loan bears interest at 12,25% per annum and is payable by one bullet payment at the end of the loan period with option for early repayment. Maturity date is June 2007	**6**	
MTN Mauritius		
Syndicated revolving loan		
Facility arranged by Standard Bank London Limited and Sumitomo Mitsui Banking Corporation Europe Limited of US$250 million, bearing interest at LIBOR plus 0,85% per annum, at an effective interest rate of 4,64% per annum (December 2005: effective rate of 4,3% per annum). This loan is repayable in one final payment in March 2007. MTN Holdings and other MTN Group entities provided cross guarantees for this loan facility	**528**	347

	December 2006 Rm	December 2005 Rm
19. *Borrowings (continued)*		
Unsecured (continued)		
MTN Mauritius (continued)		
Syndicated revolving loan		
Facility arranged by Standard Finance (Isle of Man) of US$90 million bearing interest at LIBOR plus 0,4% at an effective interest rate in the prior year of 4,6%. This loan was repaid in one final payment in November 2006	**—**	569
Bashair Telecom company Ltd (Sudan)		
Loan from Standard Bank denominated in EUR bearing interest at LIBOR +3% with an effective interest rate of 6,8% payable bi-annually and secured by a guarantee from Investcom Global	**347**	
MTN Holdings (Pty) Ltd		
Domestic Medium Term Note Programme		
Bond MTN01 bearing interest at a fixed interest rate of 10,01% payable six monthly in arrears with a final maturity on 13 July 2010	**5 000**	
Bond MTN02 bearing interest at a fixed interest rate of 10,19% payable six monthly in arrears with a final maturity on 13 July 2014	**1 300**	
Standard Corporate Merchant Bank (SCMB) term loan		
Advance from SCMB under a 366 day notice facility, bearing interest at JIBAR +0,6% per annum (effective interest rate of 7,46%). MTN Holdings and other MTN subsidiary companies entities have provided cross guarantees for the SCMB loan facility	**379**	
Syndicated Loan Facilities		
Facility A1		
Five year US$750 million facility repayable in 10 equal bi-annual payments starting January 2008. Interest is charged at LIBOR plus 75bps until the first compliance certificate after which the margin is based on an EBITDA multiple grid.	**5 283**	
Facility A2		
Five year R7 000 million facility repayable in 10 equal bi-annual payments starting January 2008. Interest is charged at JIBAR plus 90bps until the first compliance certificate after which the margin is based on an EBITDA multiple grid.	**7 000**	

	December 2006 Rm	December 2005 Rm
19. *Borrowings (continued)*		
Unsecured (continued)		
MTN Holdings (Pty) Ltd (continued)		
Syndicated Loan Facilities (continued)		
Facility B		
Three year revolving credit facility of US$1 250 million bearing interest at LIBOR plus 70bps (effective interest rate of 6,05%), until the first compliance after which the margin is based on an EBITDA multiple grid.	**297**	
MTN Zambia		
Bridge loan		
Loan denominated in ZMK bearing interest at Stanbic rate less 5% and repayable by December 2007 with an effective interest rate of 14%	**26**	
Bridge loan		
Loan denominated in US$ bearing interest at LIBOR plus 2% and repayable by December 2007 with an effective interest rate of 7,4%	**176**	
MTN Cameroon		
Syndicated medium-term loan		
Loan of Communaute Financiere Africaine franc (CFA) 35 billion. Repayments are deferred for 1 year, with the final repayment due on 15 March 2010. The annual interest rate is fixed at 7,35%	**389**	389
MTN Uganda		
Citibank Uganda		
Short-term facility with Citibank Uganda Limited of US$5 million (December 2005: US$5 million). The facility is utilised through the issue of a Uganda Shilling (UGX) 8,5 billion promissory note and a dollar denominated note of US$3 million. Interest is payable monthly in arrears at an effective money market rate of 10% (December 2005: 8%)	**34**	15
Standard Chartered Bank		
Facility of US$5 million with Standard Chartered Uganda Limited through the issue of promissory notes to the value of UGX7 billion and UGX12 billion loans bearing interest at an effective rate of 8% (December 2005: 8%)	**78**	13

	December 2006 Rm	December 2005 Rm
19. *Borrowings (continued)*		
Unsecured (continued)		
MTN Uganda (continued)		
Barclays Bank		
Facility of US$5 million with Barclays Bank Uganda Limited through the issue of promissory notes to the value of UGX9 billion bearing interest at an effective rate of 8% (December 2005: 8%). The loan was repaid during the year	—	16
Stanbic Bank Promissory Note		
Short-term facility of UGX11 billion utilised through the issue of promissory notes to the value of UGX9,5 billion (December 2005: UGX5 billion). Interest is payable monthly in arrears at an effective money market rate of 10% (December 2005: 8%)	39	19
Areeba Syria		
Long-term loan from Islamic Development Corporation denominated in US$ and bearing interest at an effective interest rate of 7,61%. The loan is repayable in bi-annual instalments with the last instalment due on 21 July 2009	61	
Loan from Societe Generale Paris denominated in US$ with an effective interest rate of 6,45%	25	
Spacetel Benin		
Loan from the State of Benin denominated in US$ and non-interest bearing. It is repayable in annual instalments with the last instalment due on 31 October 2009	25	
Investcom LLC		
Revolving credit facility		
Bank long-term loan from Banque Audi SAL denominated in US$ and bearing interest at LIBOR +2% with an effective interest rate of 7,1%. There is no repayment schedule	170	
Long-term loan		
Bank long-term loan from Banque Audi sal denominated in US$ and bearing interest at three month LIBOR +2,5% with an effective interest rate of 7,6%. The loan is repayable in equal quarterly repayments	305	

	December 2006 Rm	December 2005 Rm
19. Borrowings (continued)		
Unsecured (continued)		
MTN Group Management Services		
Various composite short-term facilities, bearing interest at rates determined by the nature of each specific drawdown instrument, but essentially linked to JIBAR. Interest rates varied between 7% and 10% per annum	*	
Mascom Wireless Botswana		
Operating lease payable to the Botswana Democratic Party, non-interest bearing with an escalation clause of 10% per annum. This lease is for a period of 25 years	21	
Areeba Cyprus		
Trade finance loan denominated in CYP bearing interest at Lombard +2,5% with an effective interest rate of 7%. Repayable by November 2007	39	
Bank long-term loan denominated in EUR bearing interest at EURIBOR 6 month +2% with an effective interest rate of 5,84%. Repayable by December 2010	82	
Trade finance loan denominated in EUR bearing interest at EURIBOR 6 month +0,45% with an effective interest rate of 3,22%. Repayable by August 2010	120	
Other		
Bank overdraft facilities	167	58
Total unsecured	**27 929**	4 660

**Amounts less than R1 million*

	December 2006 Rm	December 2005 Rm
19. Borrowings (continued)		
Secured		
MTN Uganda		
Swedfund International		
Subordinated loan of UGX71,3 billion bearing interest at minimum of 10% per annum. The inherent interest rate applicable to this facility having considered the estimated repayment instalment, equates to 9,8% per annum (December 2005: 9,8% per annum). This loan was repaid during the year	—	10
SSBC loan		
Loan denominated in UGX receivable in two tranches and bearing interest at Bank of Uganda T Bill rate plus 2,25% with an effective interest rate of 10,8%. Tranche A is subject to quarterly payments with the final payment in September 2011 and Tranche B's final payment will be in September 2012	176	
Nordic Development Fund		
Subordinated loan of UGX3 billion repayable in September 2007. The inherent interest rate applicable to this facility, having considered the estimated repayment instalment, equates to 9,8% per annum (December 2005: 9,8% per annum). The loan was repaid during the year	—	10
Standard Bank London/LB KIIEL loan		
Facility of US$17 million bearing interest at LIBOR plus 1,25% (effective rate of 5,26% per annum) (December 2005: effective rate of 5,26% per annum). Facility repayable semi-annually over four years commencing May 2003 with the final payment in May 2007.	5	8
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 and 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).		

	December 2006 Rm	December 2005 Rm
19. *Borrowings (continued)*		
Secured (continued)		
MTN Nigeria		
DFI term loan		
A loan of US$30 million from a combined DEG/FMO facility repayable bi-annually from September 2006, maturing in March 2010. The interest rate is linked to LIBOR (effective interest rate of 8,425% per annum) (December 2005: 8,26% per annum)	**189**	171
IFC facilities		
These facilities include two loans of US$35 million each, repayable bi-annually from September 2006 to March 2007. Pricing is linked to LIBOR (effective interest rate of 8,43% per annum) (December 2005: 7,88% per annum)	**439**	256
Local facility		
US$250 million (December 2005: US$250 million) naira equivalent commercial paper instrument reducing to 50% of the initial loan value in January 2009. The facility matures in April 2011. Pricing is linked to NIBOR (effective interest rate of 13,56% per annum) (December 2005: 14,29% per annum)	**1 824**	1 623
Local facility		
US$120 million (December 2005: US$120 million) naira equivalent 90 days commercial paper instrument reducing to 50% of the initial loan value in November 2007. The facility matures in November 2009. Pricing is linked to NIBOR (effective interest rate of 13,83% per annum) (December 2005: 13,55%)	**831**	740

	December 2006 Rm	December 2005 Rm
19. Borrowings (continued)		
Secured (continued)		
MTN Nigeria (continued)		
SCMB facility		
US$40 million facility from a combined Export Credit Insurance Corporation of South Africa (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 8,43% per annum) (December 2005: 8,26% per annum)	**277**	205
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, receivables, inventory and current accounts as well as shares held by MTN International (Mauritius) Limited in MTN Nigeria. The proceeds of the insurance policies are secured in favour of the Security Trustee (notes 8, 10, 16 and 25)		
MTN Côte d'Ivoire		
Eco Bank		
Loan from Eco Bank of XOF 10 billion bearing interest at 8,5% per annum and repayable six monthly from June 2002 to June 2007. The loan was repaid during the current financial year	**—**	18
Bank of Africa		
Loan from Bank of Africa of XOF7,5 billion bearing interest at 9,5% per annum and repayable monthly from July 2003 to March 2007	**10**	16
Standard Chartered Bank		
Loan from Standard Chartered Bank of XOF4,3 billion bearing interest at 9% per annum and repayable monthly from October 2005 to October 2006	**—**	17
Ste' Ivoirienne de Banque		
Loan from Ste' Ivoirienne de Banque for XOF10 billion with an effective interest rate of 7,5%, repayable quarterly from February 2007 to August 2011	**142**	

	December 2006 Rm	December 2005 Rm
19. *Borrowings (continued)*		
Secured (continued)		
MTN Côte d'Ivoire (continued)		
West African Development Bank		
Loan from West African Development Bank of XOF4 billion bearing interest at 9% per annum and repayable quarterly from July 2004 to July 2008	**28**	15
Eco Bank		
Loan from Eco Bank of XOF5 billion bearing interest at 6,8% per annum and repayable monthly from January 2006 to June 2007	**71**	25
Eco Bank		
Various short-term facilities from Eco Bank and Versus with effective interest rates ranging from 7,25% to 8,5% per annum (December 2005: 9% to 10,75% per annum)	**149**	157
Standard Chartered Bank		
Loan from Standard Chartered Bank for XOF5 billion with an effective interest rate of 7,75% repayable monthly from January 2007 to November 2007	**73**	
Banque Internationale de L'Afrique de L'Quest		
Loan from Banque Internationale de L'Afrique de L'Quest of XOF5 billion bearing interest at 7,5% per annum and repayable quarterly from March 2007 to September 2008	**71**	
Banque Internationale de L'Afrique de L'Quest		
Loan from Banque Internationale de L'Afrique de L'Quest of XOF800 million bearing interest at 7,25% per annum and repayable quarterly from March 2007 to September 2008	**11**	
Other loans		
All the above loans are secured by network equipment with a book value of R590 million (December 2005: R270 million) (note 8)	**4**	12
MTN Zambia, MTN Congo B, MTN Rwanda and Spacetel Yemen		
Other loans	**17**	3
Areeba Cyprus		
Bank long-term loan denominated in CYP bearing interest at 8,87% with effective interest rate of the same. Repayable by August 2008 and secured over motor vehicles	*****	

**Amounts less than R1 million*

	December 2006 Rm	December 2005 Rm
19. Borrowings (continued)		
Secured (continued)		
Scancom Limited (Ghana)		
IFC loan		
IFC loan denominated in US$ bearing interest at LIBOR +3,5% with an effective interest rate of 10,05%. It is repayable in 13 equal instalments ending on 15 March 2010 and secured by a first ranking charge on two switches of the company, a charge over 51% of the shares held by Investcom Consortium Holding SA and a charge over the debt service reserve account at HSBC	**141**	
MTN Holdings (Pty) Limited		
Rand Merchant Bank		
The amount is secured via a session of a guaranteed sinking fund policy taken out with Momentum Life. The interest rate is fixed at a nominal rate of 13,9% per annum payable six monthly. The final repayment date was 31 January 2006	**—**	24
14th Avenue Finance Lease – Phase 1		
Finance lease obligation capitalised at an effective interest rate of 10% (December 2005: 11,8%) per annum. The lease term is 10 years with six years remaining, with renewal options of 20 years in total, and instalments payable monthly. The book value of the underlying property is R247 million (December 2005: R259 million). This obligation is secured over the underlying property	**264**	300
14th Avenue Finance Lease – Phase 2		
Finance lease obligation capitalised at an effective interest rate of 7,464% per annum. The lease term is 10 years with nine remaining, with renewal options of 10 years in total, and instalments payable monthly. The book value of the underlying property is R315 million (December 2005: R331 million). This obligation is secured over the underlying property	**328**	335
Total secured borrowings	**5 050**	3 945
Total borrowings	**32 979**	8 605

	December 2006 Rm	December 2005 Rm
19. Borrowings (continued)		
The maturity of the above loans and overdrafts is as follows:		
Payable within 1 year or on demand	**4 392**	1 100
Short-term borrowings	**3 439**	1 042
Bank overdrafts	**953**	58
More than one year but not exceeding two years	**10 047**	4 696
More than two years but not exceeding five years	**16 972**	2 585
More than five years	**1 568**	224
	32 979	8 605
Less: amounts included within current liabilities	**(4 392)**	(1 100)
Amounts included in non-current liabilities	**28 587**	7 505
Unless otherwise stated, all loans approximate their fair values.		
The Group has the following undrawn facilities:		
Floating rate	**10 741**	2 054
Fixed rate	**—**	352
	10 741	2 406
The facilities expiring within one year are annual facilities subject to review at various dates during 2007.		
The carrying amounts of the Group's borrowings are denominated in the following currencies:		
South African rand	**20 470**	3 887
US dollar	**7 921**	1 600
Nigerian naira	**2 655**	2 363
Uganda shilling	**233**	80
Rwanda franc	**1**	2
Euro	**655**	—
Cypriot pound	**39**	—
Botswana pula	**21**	—
Congo Brazzaville Communaute Financiere Africaine franc	**4**	2
Swaziland emalangeni	**6**	3
Cameroon Communaute Financiere Africaine franc	**389**	389
Côte d'Ivoire Communaute Financiere Africaine franc	**559**	278
Zambian kwacha	**26**	1
	32 979	8 605

Further details of the Group's finance lease commitments are provided in note 32 to the financial statements.

	December 2006 Rm	December 2005 Rm
20. Other non-current liabilities		
Long-term deposits received from customers	—	3
Put options in respect of subsidiaries*	2 004	1 404
Provision for licence obligations	400	—
Obligations under finance leases***	8	—
Other non-current liabilities**	426	—
	2 838	1 407

* *The put options in respect of subsidiaries arise from arrangements whereby minority shareholders of MTN Côte d'Ivoire and MTN Nigeria have the rights to put their remaining shareholdings in the respective companies to MTN International (Mauritius) Limited and MTN Nigeria Communications Limited, respectively.*
On initial recognition, these put options were fair valued using effective interest rates as deemed appropriate by management. To the extent that these put options are not exercisable at a fixed strike price, the fair value will be determined on an annual basis with all movements in fair value being recorded in the income statement.

** *Included in other non-current liabilities are amounts relating to licence fees payable by Scancom Ltd (Ghana) and Guinea Conakry. These are payable over a period of two to four years and are unsecured and non-interest bearing. Also included is the long-term portion of the provision for licence obligations. Refer notes 22 and 29.*

*** *Obligations under finance leases*

	December 2006 Rm
The future aggregate minimum lease payments under non-cancellable operating leases are as follows:	
Not later than one year	3
Later than one year and not later than five years	4
Later than five years	2
	9
Reconciliation:	
Total minimum finance lease payments	9
Less: finance charges	(1)
	8

	December 2006 Rm	December 2005 Rm
21. Trade and other payables		
Trade payables	4 630	2 541
Sundry creditors	1 022	597
Accrued expenses and other payables	6 469	4 902
	12 121	8 040

	At beginning of period Rm	Additional provisions Rm	Additions-Business combinations Rm	Unused amounts reversed Rm	Utilised Rm	Exchange differences Rm	At end of period Rm
22. Provisions and other liabilities and charges							
Year ended 31 December 2006							
Leave pay	**50**	**32**	*****	**—**	**(23)**	**2**	**61**
Bonus	**152**	**132**	**1**	**—**	**(66)**	**5**	**224**
Decommissioning provision	**42**	**68**	**30**	**—**	**(65)**	**5**	**80**
Onerous leases/other	**252**	**78**	**25**	*****	**(217)**	**27**	**165**
Licence obligations	**—**	**214**	**—**	**—**	**—**	**—**	**214**
Total	**496**	**524**	**56**	*****	**(371)**	**39**	**744**
Less non-current portion relating to licence obligations (note 20)							**(177)**
Current portion							**567**
Nine months ended 31 December 2005							
Leave pay	45	11	*	(1)	(6)	1	50
Bonus	160	83	—	1	(99)	7	152
Decommissioning provision	28	13	—	—	—	1	42
Onerous leases/other	266	107	28	(41)	(115)	7	252
Total	499	214	28	(41)	(220)	16	496

**Amounts less than R1 million*

Leave pay provision

The leave pay provision relates to the vested leave pay to which employees are entitled. The provision arises as employees render services that increase their entitlement to future compensated leave. The provision is also utilised when employees, who are entitled to leave pay, leave the employment of the respective companies in the Group.

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 measures. Bonuses are payable annually after the MTN Group annual results have been approved.

Licence obligations

The licence obligation provision represents the estimated costs to be incurred in fulfilling the Universal Services obligation. Refer note 29.

Onerous leases provision

The Group recognises a provision for onerous contracts when the expected benefits from the contract are less than the unavoidable costs of meeting the obligations under that contract.

Decommissioning provision

This provision relates to the estimate of the costs of dismantling and removing an item of property, plant and equipment and restoring the site on which the item is located. The Group only recognises these decommissioning costs for the proportion of its overall number of sites for which it expects decommissioning to take place. The expected percentage has been based on actual experience in the operations.

		Note	December 2006 Rm	December 2005 Rm
23.	**Cash generated from operations**			
	Profit before tax		**14 690**	8 115
	Adjustments for:			
	Share of profits in associates less dividends received	11	**(23)**	(10)
	Finance cost	5	**3 307**	795
	Finance income	4	**(1 880)**	(422)
	Depreciation of property, plant and equipment	8	**5 030**	2 497
	Amortisation of intangible assets	10	**1 289**	256
	Loss on disposal of property, plant and equipment	3	**55**	43
	Share-based payments		**13**	17
	Movement in provisions		**126**	—
	Other		**45**	—
	FEC movement		**(54)**	—
	Profit on disposal of Orbicom		**—**	(23)
	Impairment charge on assets	3	**(25)**	147
			22 573	11 415
	Changes in working capital		**361**	(46)
	(Increase)/decrease in inventories		**(353)**	92
	Increase in receivables and prepayments		**(2 666)**	(1 444)
	Increase in unearned income		**663**	149
	Increase in trade and other payables		**2 717**	1 157
	Cash generated from operations		**22 934**	11 369
24.	**Income tax paid**			
	Opening balance		**(1 808)**	(1 045)
	Amounts charged to income statement	6	**(2 591)**	(1 411)
	Deferred tax credit	6,14	**(810)**	(358)
	Exchange differences		**(5)**	1
	At acquisition taxes		**—**	(6)
	Taxation previously included in creditors		**(225)**	—
	Taxation overpaid		**(3)**	—
	Closing balance		**1 356**	1 808
	Total tax paid		**(4 086)**	(1 011)

		December 2006 Rm	December 2005 Rm
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	**9 961**	7 222
	Bank overdraft	**(953)**	(58)
		9 008	7 164
	Included in cash balances is an amount of R2 387 million (December 2005: R3 003 million) encumbered by borrowings relating to MTN Nigeria, R31,7 million relating to Côte d'Ivoire and R53,6 million relating to Scancom Ghana (note 20).		
26.	***Restricted cash***		
	Restricted cash deposits*	**130**	338

**These monies are placed on deposit with banks in Nigeria to secure Letters of Credit, which at period end were undrawn and the monies accordingly not freely available.*

		December 2006 Rm	December 2005 Rm
27.	***Underwriting activities***		
	Underwriting activities are conducted through special purpose entities on commercial terms and conditions and at market prices.		
	Income statement effect		
	– Gross premiums written	**141**	31
	– Outwards reinsurance premiums	**(13)**	(4)
	– Change in unearned premiums	**40**	(35)
	– Other	**(92)**	60
		76	52
	Balance sheet effect		
	Share of technical provision:		
	– Outstanding claims	**90**	(124)
	– Provision for unearned premiums	**12**	(51)
		102	(175)
	Receivables		
	– Investment in short-term deposits	**62**	296
	Payables	**(19)**	(20)

		December 2006 Rm	December 2005 Rm
28.	***Contingent liabilities***		
	Upgrade incentives*	**911**	781

**The Group's present policy is to pay incentives to Service Providers ("SP") for handset upgrades. These upgrades are only payable once the subscribers have completed a 21 month period with the SP since the initial commencement of their contract or previous upgrade and the eligible subscriber has exercised the right to receive an upgrade for a new postpaid contract with minimum terms. The value of the obligation may vary depending on the prevailing business rules at the time of the upgrade. The total number of eligible subscribers who had not yet exercised their right to upgrade at 31 December 2006 was 427 903 (December 2005: 344 770). The estimated contingent liability at 31 December 2006 based on the prevailing business rules on such date amounts to R 911 million (December 2005: R781 million).*

The Group has, however, provided for those upgrades which have been made but not yet been presented for payment.

29. Commercial commitments

MTN Network Operator

The granting of a national cellular telecommunication licence placed an obligation on the company 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 company to assist in the development of the South African economy and, in particular, the telecommunications industry. The company had exceeded its obligations imposed in terms of its access to the 900 MHz by 31 December 2006.

In January 2005, MTN was granted the right to maintain and use the 1800 MHz GSM spectrum as well as maintain and operate an UMTS (3G) network under the existing cellular network licence with the proviso that certain additional universal service obligations amounting to approximately R300 million are met. These include the following:

- To distribute 2,5 million SIM card packages over five years commencing 2005;
- To provide 125 000 mobile phones over five years commencing 2005;
- To provide internet access and terminal equipment (10 per institution) to 140 institutions for people with disabilities over a three year period commencing 2005; and
- To provide internet access to 5 000 public schools over an eight year period commencing 2005.

The implementation plans are yet to be approved by ICASA before the company can commence discharging its obligations. The obligation has been estimated as set out in notes 20 and 22.

Irancell

The investment in Irancell is subject to a number of sovereign, regulatory and commercial risks, which could result in MTN failing to realise full market value for its investment, should it be required to dispose of any portion thereof. In this regard, 21% of Irancell is required to be offered to members of the Iranian public within approximately 3 years from the date of the licence. Such offering could have a proportional dilutory effect on MTN International (Mauritius) Limited (MTNI(M)'s 49% shareholding, effectively reducing its shareholding by 10,3% to 38,6%. The substantial terms and conditions of this commitment are yet to be finalised.

MTN Zambia

The licence issued by the Zambian Communications Authority ("ZCA"), a body corporate established under the provisions of the Telecommunications Act Number 23 of 1994 Laws of Zambia, requires that ten percent (10%) of the issued share capital of MTN Zambia be held by the Zambian public. The approval given by the ZCA for MTN's purchase of 100% of the share equity was on the basis that 10% should be housed in a special purpose vehicle ("SPV") for the beneficial ownership of the Zambian public. The ownership of 10% by the ("SPV"), already formed, and ultimate placement with the Zambian public is under way.

In accordance with the aforementioned agreement, the sale of shares to the Zambian public should be concluded within 15 – 18 months after the date of approval of the transaction. A three month extension to this time line was granted in January 2007. These shares are required to be placed at a price equal to 10% of the purchase consideration including any equity injections by MTN, plus interest from the date of acquisition or injection to the date of disposal.

	December 2006 Rm	December 2005 Rm
30. *Capital commitments*		
Capital expenditure contracted at the balance sheet date but not yet incurred is as follows:		
Commitments for the acquisition of property, plant and equipment and intangible assets		
Contracted but not provided for	**2 434**	2 840
Authorised but not contracted for	**11 093**	7 071
Group's share of capital commitments of joint ventures		
Commitments for the acquisition of property, plant and equipment and intangible assets:		
Contracted but not provided for	**834**	62
Authorised but not contracted for	**2 070**	154
Total commitments	**16 431**	10 127
Capital expenditure will be funded from operating cash flows, existing borrowing facilities and, where necessary, by raising additional facilities.		
Commitments in respect of joint ventures approved subsequent to year end	**—**	2 814
31. *Operating lease commitments*		
The future aggregate minimum lease payments under non-cancellable operating leases are as follows:		
Not later than one year	**215**	158
Later than one year and no later than five years	**479**	129
Later than five years	**143**	44
	837	331
The future aggregate minimum lease payments under cancellable operating leases are as follows:		
Not later than one year	**103**	100
Later than one year and no later than five years	**271**	236
Later than five years	**206**	52
	580	388

The Group leases various premises/sites under non-cancellable/cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

		December 2006 Rm	December 2005 Rm
32.	***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:		
	Not later than one year	**99**	92
	Later than one year and no later than five years	**496**	539
	Later than five years	**314**	369
		909	1 000
	Less: future finance charges on finance leases	**(317)**	(362)
	Present value of finance lease obligations	**592**	638
	Present value of finance lease obligations are as follows:		
	Not later than one year	**36**	25
	Later than one year and no later than five years	**305**	323
	Later than five years	**251**	290
		592	638
33.	***Other commitments***		
	Soccer sponsorships	**458**	45
	Orders placed to purchase handsets	**48**	238
		506	283

	December 2006 %	December 2005 %
34. ***Interest in joint ventures***		
The Group had the following effective percentage interests in joint ventures:		
Indirect		
Swazi MTN	**30**	30
MTN Uganda*	**—**	52
MTN Rwanda	**40**	40
MTN Mobile Money Holdings	**50**	50
Mascom Wireless Botswana	**50**	44
Irancell	**49**	49
The following amounts represent the Group's share of the assets and liabilities, revenue and results of the joint ventures which are included in the consolidated balance sheet and income statement.		
	Rm	Rm
Current assets	**720**	779
Non-current assets	**2 102**	2 426
Current liabilities	**(767)**	(608)
Interest bearing	**(110)**	(74)
Non-interest bearing	**(657)**	(534)
Non-current liabilities	**(1 985)**	(1 541)
Interest bearing	**(1 887)**	(1 402)
Non-interest bearing	**(98)**	(139)
Revenue	**1 028**	633
Expenses	**(603)**	(379)
	Number of employees	Number of employees
Average number of employees relating to joint ventures:		
– Full time	**1 092**	815
– Part time	**385**	45

There are no significant contingent liabilities relating to the Group's interests in the joint ventures.

**Additional shares were purchased in MTN Uganda during the current financial year. Refer note 42.*

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 tax advisers 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 Cameroon

The licence authorises MTN Cameroon to set up and run a 900 MHz national mobile GSM cellular telephony network within the geographical territory of Cameroon. The licence was granted on 15 February 2000 and is valid for a period of 15 years, renewable for 10 years thereafter. The Group paid an initial licence fee of CFA40,4 billion and an annual licence fee based on 1% of network revenue as defined in the licence agreement for the first two years and 2% on network revenue from the third year onwards. Furthermore, an advance payment of CFA 200 000 per year, is payable for microwave usage until a general formula of calculation is adopted with the Regulatory Board.

MTN Nigeria

The licence authorises MTN Nigeria to provide and operate a 900 and 1800 MHz second generation digital mobile service within the geographical territory of Nigeria. The licence was granted on 9 February 2001 and is valid for a period of 15 years, renewable for five years thereafter. The Group paid an initial licence fee of US$285 million and in addition, 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 construct, maintain and operate a 900, 1800 and 1900 MHz (including cellular public pay telephones) GSM telecommunication network within the geographical 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 in addition, pays an annual licence fee based on 3% (December 2005: 3%) of network revenue as defined in the licence. Furthermore a frequency fee of US$2 000 per 1 MHz granted and an annual spectrum fee of US$50 000 are payable.

MTN Uganda

The licence authorises MTN Uganda to construct, maintain and operate a 900 and 1800 MHz national second generation digital mobile radio telephony service within the geographical territory of Uganda. The licence was granted on 15 April 1998 and is valid for a period of 20 years. The Group paid an initial licence fee of US$5,8 million and an annual spectrum fee of 1% of network revenue is payable as a contribution to the Rural Communications Development Fund.

Irancell

The licence authorises Irancell to construct and operate a GSM-standard mobile radio-communication network for the purpose of providing a full range of licensed services within the Islamic Republic of Iran. The licence was granted on 27 November 2005 and has a validity period of up to 15 years with two renewable periods of five years each.

An initial licence fee of Euro 300 million was paid. An annual spectrum fee of 0,25% of revenue, an annual universal service fee of 3% of revenue and other fixed fees, all totalling in aggregate, not more than 5% of revenue are payable in each contractual year of the licence. In addition, Irancell is required to pay 28,1% of revenue in each contractual year, with a minimum guaranteed amount, which is based upon 80% of 28,1% of the revenue amount included in the business plan, subject to certain conditions being met, on an annual basis.

Scancom Ghana

The licence authorises Areeba Ghana to construct, maintain and operate a telecommunications network using 900 MHz and 1800 MHz frequencies within the region of Ghana. Active coverage is required in all regions by 2011. This licence was effective 2 December 2004 for a period of 15 years, renewable for another 10 years with three months' notice. A once-off licence fee of US$22,5 million was paid with an annual regulatory fee of US$750 000. An annual fee of 1% of revenue is payable to the Ghana Investment Fund for Telecommunications due on 15 April every year. No exclusivity clause exists, and a maximum of two new licences may be awarded during this term.

36. *Licence agreements (continued)*

Areeba Cyprus

The licence authorises Areeba Cyprus to construct and operate a 900 MHz and 1800 MHz GSM and 3G/UMTS network and requires 50% GSM geographical coverage by year two, and 60% 3G/UMTS coverage by year ten. The licence period commenced in December 2003 for a period of 20 years, renewable. An exclusivity clause is applicable, which lasts until the earlier of 25% market share or five years.

Areeba Benin

The licence authorises Areeba Benin to construct and operate a 900 MHz and 1800 MHz GSM network to cover 100% of the population in six years. The effective date of the licence is 11 June 1999 which was renegotiated to 23 August 2004. It is applicable for 10 years and is renewable thereafter. No exclusivity clause exists.

Areeba Afghanistan

The licence authorises Areeba Afghanistan to construct and operate a 900 MHz and 1800 MHz GSM network to have 80% geographical coverage within the first year of the commencement date. The licence agreement is effective from October 2005 and is applicable for 15 years and is renewable thereafter for an additional 10 years. No exclusivity clause exists.

Areeba Guinea Bissau

The licence authorises Areeba Guinea Bissau to construct and operate a 900 MHz GSM network to cover 100% of the population. The licence agreement is effective from December 2003 and is applicable for 10 years and renewable thereafter. No exclusivity clause exists.

Areeba Guinea Republic

The licence authorises Areeba Guinea Republic to construct and operate a 900 MHz and 1800 MHz GSM network to cover all cities with a population of over 100 000 within one year of commercial launch and cities with a population less than 100 000 within two years of the former. The licence agreement is effective from August 2005 and is applicable for thirteen years, renewable thereafter for five years. There will be a maximum of four operators in total up to 2010.

Lonestar Liberia

The licence authorises Lonestar Liberia to construct and operate a GSM network. There is no minimum coverage clause. The licence agreement is effective from December 1999 and is applicable for 15 years. No exclusivity clause exists.

Areeba Sudan

The licence authorises Areeba Sudan to construct and operate a 900 MHz and 1800 MHz GSM and UMTS network and requires coverage of large cities and main roads within four years of the commencement date. The licence agreement is effective from October 2004 and is applicable for 15 years, renewable thereafter.

Areeba Syria

This licence permits Areeba Syria to build, manage, operate and invest in a GSM network in the Syrian region on both 900 MHz and 1800 MHz frequencies, capable of servicing 850 000 users. The licence duration is 15 years renewable for another three years at the discretion of the Syrian licensing authority, effective from June 2002. Coverage of 95% of the population is required within four to six years. After the duration of the contract, ownership of the operation will be transferred to the Syrian authorities at no cost.

Upfront licence fees of US$20 million and US$15 million for 900 MHz and 1800 MHz respectively were applicable. An annual "Frequency Protection Fee" of US$50 000 or SP2,5 million per 1 MHz for transmission and reception within the band range of 900 MHz or 1800 MHz is payable. Revenue share costs are also payable by Areeba on a monthly basis within 15 days after month end. These being 30% of revenue for the first three years of the licence agreement, 40% for the next three years and 50% for the years thereafter. A 60% revenue share would be applicable if the licence term is renewed. The exclusivity clause states that a maximum of two operators will be allowed for a period of eight years.

36. *Licence agreements (continued)*

Spacetel Yemen

The licence authorises Spacetel Yemen to construct and operate a GSM network and requires coverage of the main cities and roads within three years. The licence agreement is effective from July 2000 and is applicable for 15 years, renewable thereafter. There is a four year exclusivity clause after which licence parity will apply after five years.

MTN Zambia

The licence authorises MTN Zambia to set up and run a cellular service within the designated bandwidth of 890 – 960 MHz band within the geographical territory of Zambia. The licence was granted on 23 September 1995 and is valid for a period of 15 years, renewable every five years thereafter. An initial licence fee of US$40 000 was paid to acquire the licence and the annual operating licence fees payable are 5% of the assessed new annual revenue. Annual spectrum fees are also payable in respect of transmission.

MTN Côte d'Ivoire

The licence authorises Loteny Telecom to construct, maintain and operate a 900 MHz and 1800 MHz GSM telecommunication network within the geographical territory of Côte d'Ivoire. The licence was granted on 21 December 2001 and is valid for 15 years. An initial licence fee of CFA40 000 million was determined, which is payable from 2001 to 2007.

MTN Congo-Brazzaville

The licence authorises MTN Congo B to construct, maintain and operate a 900 MHz and 1800 MHz GSM telecommunication network within the geographical territory of the Republic of Congo. The licence consists of a mobile licence granted on 15 October 1999 and an international gateway licence granted on 2 February 2005, valid for 15 years. The Group paid an initial licence fee of FCFA365 million for the mobile licence and FCFA250 million for the international gateway licence. The annual licence fee is based on 3% of local and 6% of international traffic. Furthermore, a frequency management fee of FCFA100 million, frequency usage fee of FCFA162,2 million and a number licence fee of FCFA 60 million is payable annually. The payment for renewal is set at FCFA2,2 billion.

Mascom Wireless Botswana

The licence authorises Mascom Wireless Botswana to construct, operate and maintain GSM telecommunication systems within the geographical area of Botswana. The licence was granted on 17 February 1998 and is valid for a period of 15 years. The licence may be renewed upon expiry of the licence period provided that the licensee shall apply for such renewal no more than three years but not less than two years prior to the date of expiry. An initial licence fee of BWP1 million was paid to acquire the licence. In addition to the initial licence fee, the licensee is also liable to pay fees for a radio licence, system licence and service licence in advance on an annual basis. A revenue fee of 3% is also payable quarterly based on net turnover, as defined in the licence, reported in each quarter.

MTN Swaziland

The licence authorises MTN Swaziland to provide and operate a 900 MHz GSM network within the geographical area of Swaziland. The licence was granted on 31 July 1998 and is valid for a period of 10 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.

MTN South Africa

The licence authorises MTN South Africa to construct, maintain and use a 900 MHz GSM national mobile cellular telecommunication service within the geographical area of South Africa. The licence was granted on 29 October 1993 and is valid for a period of 15 years from I 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. In January 2005 MTN was granted the right to maintain and use the 1800 MHz GSM spectrum as well as maintain and operate an UMTS (3G) network under the existing cellular network licence with the proviso that certain additional universal service obligations are met.

	December 2006	December 2005
37. Exchange rates to South African rand		
Year end closing rates		
United States dollar (US$)	**0,14**	0,16
Uganda shilling (UGX)	**246,98**	287,30
Rwanda franc (RWF)	**79,51**	90,23
Cameroon Communaute Financière Africaine franc (XAF)	**72,49**	89,94
Nigerian naira (NGN)	**18,23**	20,42
Iranian riyals (IRR)	**1 308,73**	1 436,49
Botswana pula (BWP)	**0,84**	0,86
Ivory Coast Communaute Financière Africaine franc (CFA)	**70,58**	87,68
Congo Brazzaville Communaute Financière Africaine franc (CFACB)	**70,70**	88,02
Zambian kwacha (ZMK)	**624,56**	577,76
Swaziland emalangeni (E)	**1**	1
Lebanese pound (LBP)	**213,98**	
Afghani (AFGHANI)	**7,10**	
Euro (EUR)	**0,10**	
British pound sterling (GBP)	**0,07**	
Ghana cedi (CEDIS)	**1 312,99**	
Benin (CFA)	**70,70**	
Cypriot pounds (CYP)	**0,06**	
Euro (EUR)	**0,11**	
Guinea conakry (GNF)	**922,64**	
Morocco dirhams (MAD)	**1,23**	
Sudanese dinars (SDD)	**28,82**	
Syrian pound (SYP)	**7,24**	
Guinea bissau (XOF)	**71,13**	
Yemen riyals (YR)	**28,19**	

	December 2006	December 2005
37. *Exchange rates to South African rand (continued)*		
Average rates for the year		
United States dollar (US$)	**0,14**	0,16
Uganda shilling (UGX)	**267,86**	277,59
Rwanda franc (RWF)	**82,52**	87,18
Cameroon Communaute Financière Africaine franc (XAF)	**77,21**	84,77
Nigerian naira (NGN)	**18,70**	20,23
Iranian riyals (IRR)	**1 365,28**	1 420,80
Botswana pula (BWP)	**0,86**	0,86
Ivory Coast Communaute Financière Africaine franc (CFA)	**76,52**	84,52
Congo Brazzaville Communaute Financière Africaine franc (CFACB)	**77,01**	89,24
Zambian kwacha (ZMK)	**535,14**	570,71
Swaziland emalangeni (E)	**1**	1
Lebanese pound (LBP)	**211,98**	
Afghani (AFGHANI)	**7,03**	
Euro (EUR)	**0,10**	
British pound sterling (GBP)	**0,07**	
Ghana cedi (CEDIS)	**1 282,55**	
Benin (CFA)	**69,96**	
Cypriot pounds (CYP)	**0,06**	
Euro (EUR)	**0,11**	
Guinea conakry (GNF)	**910,50**	
Morocco dirhams (MAD)	**1,23**	
Sudanese dinars (SDD)	**32,54**	
Syrian pound (SYDP)	**7,20**	
Guinea bissau (XOF)	**70,37**	
Yemen riyals (YR)	**27,91**	

	December 2006 R	December 2005 R
38. *Financial instruments*		
Foreign exchange risk		
Included in the Group balance sheet are the following amounts denominated in currencies other than the functional currency of the reporting entities:		
Group		
Assets		
Accounts receivable		
– US dollar	**958**	156
– Euro	**1 415**	3
– Emalangeni	**7**	4
– Special drawing rights*	**20**	27
Total assets	**2 400**	190
Liabilities		
Long-term liabilities		
– US dollar	**5 364**	1 600
Current liabilities		
– US dollar	**125**	26
– Pounds sterling	**1**	—
– Euro	**19**	21
– Special drawing rights*	**26**	10
Total liabilities	**5 535**	1 657

**Unit of payment for international telecommunication transactions*

	Foreign amounts (notional principal amount)		Rand amounts (notional principal amount)	
	December 2006 Rm	December 2005 Rm	**December 2006 Rm**	December 2005 Rm
38. Financial instruments (continued)				
Outstanding forward exchange contracts are as follows				
US dollar	**1 364**	27	**10 042**	170
Euro	**3**	3	**27**	24
Pounds sterling	**1**	*	**7**	1
Fair value			**10 076**	195
Original cost			**9 752**	197
Fair value(loss)/profit taken to income statement			**(324)**	2

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. Available liquid resources are as follows:

	Carrying amount		Fair value	
	December 2006 Rm	December 2005 Rm	**December 2006 Rm**	December 2005 Rm
Cash at bank and on hand; net of overdrafts	**9 008**	7 164	**9 008**	7 164
Restricted cash	**130**	338	**130**	338
Receivables and pre-payments	**9 055**	5 487	**9 055**	5 487
Trade and other payables	**(12 445)**	(8 040)	**(12 445)**	(8 040)

Effective interest rate on cash ranges from 0% – 14% (December 2005: 4% – 19%).

**Amounts less than R1 million*

		December 2006 Rm	December 2005 Rm
39.	***Available-for-sale financial assets***		
	Beginning of year	**—**	—
	Exchange differences	*****	—
	Acquisition of subsidiary	**24**	—
	Net gains/(losses) transfer to equity	*****	—
	End of year	**24**	—
	Less: non-current portion	**—**	—
	Current portion	**24**	—
	Available-for-sale financial assets include the following:		
	Unlisted securities		
	– Other securities with fixed interest	**24**	—
		24	—
	Available-for-sale financial assets are denominated in the following currencies:		
	US dollar	**8**	—
	Euro	**16**	—
		24	—

Consists of various investments made via Merrill Lynch, Fortis and HSBC. No impairments have been made relating to available-for-sale financial assets.

40. Post balance sheet events

Subsequent to year-end the Nigerian Communication Commission confirmed that MTN Nigeria had been successful in securing a 3G licence. As an auction was not required, the minimum reserve price of US$150 million was settled on 26 March 2007. The 3G spectrum and licence are yet to be issued.

**Amounts less than R1 million*

	December 2006 Rm	December 2005 Rm
41. Related party transactions		
Various transactions are entered into by the company and its subsidiaries during the year with related parties. The terms of these transactions are at arm's length. Intra-group transactions are eliminated on consolidation.		
Key management compensation		
Salaries and other short-term employee benefits	**44**	27
Post-employment benefits	**1**	1
Share-based payments	**18**	4
Total	**63**	32

Associates and joint ventures

Details of joint ventures and associates are disclosed in Annexure 1 and 2 to the financial statements.

Subsidiaries

Details of investments in subsidiaries are disclosed in Annexure 1 to the financial statements.

Directors

Details of directors' remuneration are disclosed in note 3 to the Group Financial Statements as well as in the Directors' report under the heading "Details of emoluments and related payments".

Shareholders

The principal shareholders of the company are disclosed in the Directors' report under the heading "Shareholders' interest".

42. *Business combinations*

42.1 *The acquisition of 100% of Investcom LLC*

On 23 May 2006 MTN Group made a cash and shares offer to acquire the entire issued share capital of Investcom LLC, a company whose securities were listed in Dubai and London, for a total consideration of US$5,5 billion. The formal offer was based on an implied MTN Group share price of R59,25 (US$9,79). The purchase offer was partly in cash and partly by the issue of MTN Group shares.

MTN shareholders approved the transaction on 28 June 2006 and it became wholly unconditional on 4 July 2006, the date from which Investcom was consolidated into the MTN Group. In accordance with DFIX rules, settlement of cash and shares took place on 17 and 24 July 2006. In terms of the offer made US$3,7 billion was settled in cash and 183 210 084 MTN Group Limited shares were issued to the previous Investcom LLC shareholders. Investcom LLC was delisted on 15 August 2006.

The acquired business contributed revenues of R5 987 million and net profit of R792 million to the group for the period from 4 July 2006 to 31 December 2006. If the acquisition had occurred on 1 January 2006, the contribution to Group revenue would have been R10 328 million, and the contribution to profit after tax would have been R1 069 million.

These amounts have been calculated using the Group's accounting policies and by adjusting the results of Investcom LLC to reflect the additional depreciation and amortisation that would have been charged assuming that the fair value adjustments to property, plant and equipment and intangible assets had been applied from 1 January 2006, together with the consequential tax effects.

The goodwill is attributable to the high profitability of the acquired business.

Details of the net assets acquired and goodwill as at acquisition are as follows:	**4 July 2006** **Rm**
Total purchase consideration	33 339
Fair value of net assets acquired	(10 173)
Goodwill	23 166

The assets and liabilities arising from the acquisition are as follows:	**Fair value** **4 July 2006** **Rm**	Acquiree's carrying amount 4 July 2006 Rm
Cash and cash equivalents	**3 175**	3 175
Property, plant and equipment	**3 600**	3 986
Intangibles	**8 140**	4 156
Inventories and receivables	**2 096**	2 096
Payables	**(3 151)**	(3 151)
Borrowings	**(1 085)**	(1 085)
Net deferred tax liability	**(1 272)**	(136)
Net assets	**11 503**	9 041
Minorities	**(1 330)**	
Fair value of net assets acquired	**10 173**	
Purchase consideration settled in cash		(23 941)
Cash and cash equivalents in subsidiary acquired		3 175
Cash outflow on acquisition		(20 766)

42. Business combinations (continued)

42.2 The acquisition of additional shares in MTN Uganda

In July 2006, the shareholding in MTN Uganda, a telecommunications company incorporated in Uganda, was increased from 52,01% to 97,34% for US$221 million, converting the joint venture operation into a fully consolidated subsidiary of the Group.

MTN Uganda contributed revenues of R1 164 million and net profit of R223 million to the Group. If the step-up had occurred on 1 January 2006 the contribution to Group revenue would have been R1 462 million, and the contribution to profit after tax would have been R179 million.

These amounts have been calculated using the Group's accounting policies and by adjusting the results of the acquiree to reflect the additional depreciation and amortisation that would have been charged assuming that the fair value adjustments to property, plant and equipment and intangible assets had been applied from 1 January 2006, together with the consequential tax effects.

The goodwill is attributable to the high profitability of the acquired business.

Details of the net assets acquired and goodwill as at acquisition are as follows:	**1 July 2006 Rm**
Total purchase consideration	1 577
Fair value of net assets acquired	(947)
Goodwill	630

The assets and liabilities arising from the acquisition are as follows:	**Fair value on acquisition date Rm**	Acquiree's carrying amount on acquisition date Rm
Cash and cash equivalents	**35**	35
Property, plant and equipment	**439**	439
Intangibles	**974**	11
Investment in subsidiary	**1**	1
Inventories and receivables	**71**	71
Payables	**(50)**	(50)
Borrowings	**(146)**	(146)
Net deferred tax liability	**(352)**	(72)
Net assets acquired	**972**	289
Minorities	**(25)**	
Fair value of net assets acquired	**947**	
Purchase consideration		(1 577)
Cash and cash equivalents in subsidiary acquired		35
Cash outflow on acquisition		(1 542)

42. *Business combinations (continued)*

42.3 *Reconciliation to the cash flow statement*

		December 2006 Rm	December 2005 Rm
Cash outflows as shown above			
The acquisition of 100% of Investcom LLC	42.1	**(23 941)**	—
The acquisition of additional shares in MTN Uganda	42.2	**(1 577)**	—
Other acquisitions*		**(3 172)**	—
The acquisition of 51% of Telecel Côte d'Ivoire	42.4	**—**	(1 398)
Acquisitions 100% of Telecel Zambia, 40% of MTN Network Solutions (Pty) Ltd (NS), 100% of Libertis Telecom, 44% of Mascom Wireless (Pty) Limited, 15% of Publicom and 100% of Cell Place (Pty) Limited	42.5	**—**	(1 896)
		(28 690)	(3 294)
Amounts shown in cash flow statement			
Acquisition of subsidiaries and joint ventures		**(28 690)**	(3 294)
Less: Cash balances acquired		**2 895**	152
		(25 795)	(3 142)

**These consist primarily of the additional shares purchased in Nigeria, Botswana and Côte d'Ivoire*

42. Business combinations (continued)

42.4 The acquisition of 51% of MTN Côte d'Ivoire

On 1 July 2005, the Group acquired 51% of the share capital of Loteny Telecom, trading under the name Telecel Côte d'Ivoire (now named MTN Côte d'Ivoire), a telecommunications company operating in the Côte d'Ivoire. The acquired business contributed revenues of R392,5 million and profit after tax of R83,5 million to the Group for the period from 1 July 2005 to 31 December 2005.

If the acquisition had occurred on 1 April 2005, the contribution to Group revenue would have been R571,2 million, and the contribution to profit after tax would have been R98,3 million. These amounts have been calculated using the Group's accounting policies and by adjusting the results of the subsidiary to reflect the additional depreciation and amortisation that would have been charged assuming the fair value adjustments to property, plant and equipment and intangible assets had been applied from 1 April 2005, together with the consequential tax effects.

The goodwill is attributable to the high profitability of the acquired business and the significant synergies expected to arise after the Group's acquisition of MTN Côte d'Ivoire.

Details of the net assets acquired and goodwill as at acquisition are as follows:	**1 July 2005 Rm**
Total purchase consideration	1 398
Fair value of net assets acquired	(142)
Goodwill	1 256

The assets and liabilities arising from the acquisition are as follows:	**Fair value 1 July 2005 Audited Rm**	Acquiree's carrying amount 1 July 2005 Rm
Cash and cash equivalents	**41**	41
Property, plant and equipment	**621**	1 031
Intangibles	**603**	376
Inventories and receivables	**109**	109
Payables	**(1 001)**	(988)
Borrowings	**(142)**	(148)
Net deferred tax asset	**48**	—
Net assets	**279**	421
Minority interest (49%)	**(137)**	
Net assets acquired	**142**	
Purchase consideration settled in cash		(1 398)
Cash and cash equivalents in subsidiary acquired		41
Cash outflow on acquisition		(1 357)

42. *Business combinations (continued)*

42.5 *The acquisition of 100% of Telecel Zambia (MTN Zambia), the remaining 40% of MTN Network Solutions (Proprietary) Limited (NS), 100% of Libertis Telecom (MTN Congo Brazzaville) and 44% of Mascom Wireless Botswana (Proprietary) Limited*

On 1 August 2005, the Group acquired 100% of the share capital of Telecel Zambia, a telecommunications company operating in Zambia. On 1 April 2005, the Group acquired the remaining 40% of Network Solutions, an internet service provider company incorporated in South Africa. On 1 December 2005, the Group acquired 100% of Libertis Telecom, a telecommunications company incorporated in the Republic of the Congo and on 28 September 2005, the Group acquired 44% of Mascom Wireless Botswana (Proprietary) Limited, a telecommunications company operating in Botswana. The acquired businesses contributed revenues of R312 million and net profit of R54 million to the Group for the period.

If the acquisitions had occurred on 1 April 2005, the contribution to Group revenue would have been R708 million, and the contribution to profit after tax would have been R149 million. These amounts have been calculated using the Group's accounting policies and by adjusting the results of the acquiree to reflect the additional depreciation and amortisation that would have been charged assuming the fair value adjustments to property, plant and equipment and intangible assets had applied from 1 April 2005, together with the consequential tax effects.

Details of the net assets acquired and goodwill as at acquisition are as follows:	**On acquisition date Rm**
Total purchase consideration	1 932
Fair value of net assets acquired	(494)
Goodwill	1 438

The assets and liabilities arising from the acquisition are as follows:	**Fair value on acquisition Audited Rm**	Acquiree's carrying amount on acquisition date Rm
Cash and cash equivalents	**105**	105
Property, plant and equipment	**350**	350
Intangibles	**230**	5
Inventories and receivables	**70**	70
Payables	**(141)**	(141)
Borrowings	**(102)**	(102)
Net deferred tax liability	**(18)**	(18)
Net assets acquired	**494**	269
Purchase consideration		(1 932)
Purchase consideration not yet settled in cash		36
Cash and cash equivalents in subsidiary acquired		111
Cash outflow on acquisition		(1 785)

Company income statement

for the year ended 31 December 2006

	Notes	12 months ended December 2006 Rm	9 months ended December 2005 Rm
Other operating expenses		**(6)**	(2)
Finance income	2	**1 088**	1 083
Finance costs		**—**	—
Profit before tax	1	**1 082**	1 081
Income tax expense	3	**—**	(2)
Net profit		**1 082**	1 079

Company balance sheet

at 31 December 2006

	Notes	December 2006 Rm	December 2005 Rm
ASSETS			
Non-current assets		**23 693**	14 178
Interest in subsidiaries	4	**23 693**	14 178
Current assets		**199**	176
Receivables and pre-payments		**143**	95
Cash and cash equivalents	5	**56**	81
Total assets		**23 892**	14 354
SHAREHOLDERS' EQUITY			
Ordinary shares and share premium	6	**23 804**	14 271
Retained earnings		**1**	2
Other reserves		**77**	41
Total equity		**23 882**	14 314
LIABILITIES			
Current liabilities		**10**	40
Current tax payable		**2**	2
Trade and other payables	7	**8**	38
Total liabilities		**10**	40
Total equity and liabilities		**23 892**	14 354

**Amounts less than R1 million*

Company statement of changes in equity

for the year ended 31 December 2006

	Share capital Rm	Share premium Rm	Other reserves Rm	Retained earnings Rm	Total Rm
Balance at 31 March 2005	*	14 238	24	4	14 266
Net profit				1 079	1 079
Dividends paid	—	—	—	(1 081)	(1 081)
Share-based payment reserve	—	—	17	—	17
Issue of share capital	*	33	—	—	33
Balance at 31 December 2005	*	14 271	41	2	14 314
Net profit	**—**	**—**	**—**	**1 082**	**1 082**
Dividends paid	**—**	**—**	**—**	**(1 083)**	**(1 083)**
Share-based payment reserve	**—**	**—**	**36**	**—**	**36**
Issue of share capital	*****	**9 533**	**—**	**—**	**9 533**
Balance at 31 December 2006	*****	**23 804**	**77**	**1**	**23 882**
Note	*6*	*6*		—	

Company cash flow statement

for the year ended 31 December 2006

	Notes	December 2006 Rm	December 2005 Rm
Cash generated from operations	8	**(84)**	(94)
Interest received	2	**5**	3
Income tax paid	9	**—**	—
Dividends paid		**(1 083)**	(1 081)
Dividends received	2	**1 083**	1 080
Net cash generated from operating activities		**(79)**	(92)
Cash flows from investing activities			
Acquisition/disposal of subsidiaries, joint ventures and associates		**(9 539)**	45
Proceeds from other loans and advances		**—**	*
Net cash generated from/(used in) investing activities		**(9 539)**	45
Cash flows from financing activities			
Proceeds from the issuance of ordinary shares		**9 533**	33
Increase in provision for share-based payments		**60**	—
Net cash generated from financing activities		**9 593**	33
Net decrease in cash and cash equivalents		**(25)**	(14)
Cash and cash equivalents at beginning of year		**81**	95
Cash and cash equivalents at end of year	5	**56**	81

**Amounts less than R1 million*

		December 2006 Rm	9 months ended December 2005 Rm
1.	***Profit before tax***		
	The following items have been included in arriving at profit before tax:		
	Auditors' remuneration:	—	1
	– Audit fees	—	1
	Directors' emoluments:	7	3
	– Directors' fees	7	3
	Fees paid for services:	42	19
	– Administrative	5	4
	– Management	37	15
2.	***Finance income***		
	Interest income	5	3
	Dividend income	1 083	1 080
		1 088	1 083
3.	***Income tax expense***		
	Current tax		
	Normal tax	—	2
	Current year	—	2
	South African normal taxation is calculated at 29% (December 2005: 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	29,0	29,0
	Exempt income	(29,0)	(29,0)
	Expenses not deductible for tax purposes	1,3	0,19
	Utilisation of assessed loss	(1,3)	—
		—	0,19

**Amounts less than R1 million*

Notes to the company financial statements

for the year ended 31 December 2006 *(continued)*

		December 2006 Rm	December 2005 Rm
4.	***Interest in subsidiaries***		
	525 757 682 (December 2005: 525 757 682) shares (100%) in Mobile Telephone Networks Holdings (Proprietary) Limited at cost	**22 173**	12 658
	Loan owing by subsidiary	**1 520**	1 520
	Net interest in subsidiary	**23 693**	14 178
	MTN Management Services (Proprietary) Limited		
	100 shares (100%) in Orbicom (Proprietary) Limited at cost	**—**	—
	Loan owing by subsidiary	**—**	—
	Less: Impairment of loan account	**—**	—
	Net interest in subsidiary	**—**	—
	Total interest in subsidiary companies	**23 693**	14 178
4.1	This loan account has been subordinated in favour of certain of the Group's lenders.		
5.	***Cash and cash equivalents***		
	Cash at bank and on hand	**56**	81
6.	***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		
	1 860 268 283 (December 2005: 1 665 317 425) ordinary shares of 0,01 cent each	*****	*
	Share premium		
	Balance at beginning of year	**14 271**	14 238
	Arising on the issue of shares during the year (net of share issue expenses)	**9 533**	33
	Balance at end of year	**23 804**	14 271

**Amounts less than R1 million*

		December 2006 Rm	December 2005 Rm
7.	***Trade and other payables***		
	Sundry creditors	**3**	20
	Accrued expenses and other payables	**5**	18
		8	38
8.	***Cash generated from operations***		
	Profit before tax	**1 082**	1 081
	Adjustments for:		
	Profit on disposal of Orbicom	**—**	(16)
	Finance income (note 2)	**(1 088)**	(1 083)
		(6)	(18)
	Changes in working capital	**(78)**	(76)
	Decrease/(increase) in receivables and pre-payments	**(48)**	26
	Increase in trade and other payables	**(30)**	(102)
	Cash generated from operations	**(84)**	(94)
9.	***Tax paid***		
	Amounts charged to income statement	**—**	2
	Balance at end of year	**—**	(2)
	Total tax paid	**—**	—
10.	***Related party transactions***		
	Various transactions were entered into by the company during the period with related parties. The terms of these transactions are documented below.		
	The following is a summary of transactions with related parties during the period and balances due at year end:		
	Dividends received:		
	– Mobile Telephone Networks Holdings (Pty) Limited	**1 083**	1 080
	Management fees paid:		
	– MTN Management Services company (Pty) Limited	**37**	15
	Management fees received:		
	– MTN International (Pty) Limited	**46**	5

Associates and joint ventures

Details of associates and joint ventures are disclosed in Annexure 1 and 2 of the financial statements.

Subsidiaries

Details of investments in subsidiaries are disclosed in Annexure 1 of the financial statements.

Directors

Details of directors' remuneration are disclosed in note 3 of the Group Financial Statements as well as in the Directors' report under the heading "Details of emoluments and related payments".

Shareholders

The principal shareholders of the company are disclosed in the Directors' report under the heading "Shareholders' interest".

Annexure 1

Interests in subsidiary companies, associates and joint ventures

Subsidiaries and joint ventures in which MTN Group Limited has a direct and indirect interest	Principal activity	Place of incorpora-tion	Effective % interest in issued ordinary share capital		Book value of holding company interest: Shares		Book value of holding company interest: Indebtedness	
			Dec 2006 %	Dec 2005 %	**Dec 2006 Rm**	Dec 2005 Rm	**Dec 2006 Rm**	Dec 2005 Rm
Mobile Telephone Networks Holdings (Proprietary) Limited	Investment holding company	South Africa	**100**	100	**22 111**	12 634	**1 536**	1 520
Mobile Telephone Networks (Proprietary) Limited	Network operator	South Africa	**100**	100	**—**	—	**—**	—
MTN Service Provider (Proprietary) Limited	Service provider	South Africa	**100**	100	**—**	—	**—**	—
Guardrisk International Limited PCC	Insurance company	Mauritius	**100**	100	**—**	—	**—**	—
MTN International (Proprietary) Limited	Investment holding company	South Africa	**100**	100	**—**	—	**—**	—
MTN International (Mauritius) Limited	Investment holding company	Mauritius	**100**	100	**—**	—	**—**	—
Cameroon Mobile Telephone Networks Limited	Network operator	Cameroon	**70**	70	**—**	—	**—**	—
MTN Nigeria Communications Limited	Network operator	Nigeria	**84,57**	77,3	**—**	—	**—**	—
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	**100**	100	**—**	—	**—**	—
MTN Management Services (Proprietary) Limited	Management services	South Africa	**100**	100	**46**	—	**—**	—
MTN Rwandacell S.A.R.L	Network operator	Rwanda	**40**	40	**—**	—	**—**	—
MTN Uganda Limited	Network operator	Uganda	**97,34**	52	**—**	—	**—**	—
Cell Place (Proprietary) Limited	Cellular dealership	South Africa	**51**	51	**—**	—	**—**	—
Nigerian Electronic Funds Transfer Operation	Virtual airtime	Nigeria	**50**	88,65	**—**	—	**—**	—
MTN Côte d'Ivoire	Network operator	Ivory Coast	**68,34**	51	**—**	—	**—**	—

Interests in subsidiary companies, associates and joint ventures (continued)

			Effective % interest in issued ordinary share capital		Book value of holding company interest			
					Shares		Indebtedness	
Subsidiaries and joint ventures in which MTN Group Limited has a direct and indirect interest	**Principal activity**	**Place of incorporation**	**Dec 2006 %**	Dec 2005 %	**Dec 2006 Rm**	Dec 2005 Rm	**Dec 2006 Rm**	Dec 2005 Rm
MTN Congo B	Network operator	Republic of the Congo	**100**	100	**—**	—	**—**	—
Mascom Wireless Botswana Limited	Network operator	Botswana	**51**	44	**—**	—	**—**	—
Mobile Botswana Limited	Investment holding company	Mauritius	**100**	100	**—**	—	**—**	—
Econet Wireless Citizens Limited	Investment holding company	Botswana	**75,2**	60	**—**	—	**—**	—
Deci (Proprietary) Limited	Investment holding company	Botswana	**33**	33	**—**	—	**—**	—
MTN Zambia	Network operator	Zambia	**100**	100	**—**	—	**—**	—
MTN Publicom Limited	Payphone services	Uganda	**100**	31	**—**	—	**—**	—
Swazi MTN Limited	Network operator	Swaziland	**30**	30	**—**	—	**—**	—
MTN Mobile Money Holdings (Pty) Ltd	Wireless banking services	South Africa	**50**	50	**—**	—	**—**	—
Irancell	Network operator	Iran	**49**	49	**—**	—	**—**	—
Investcom LLC		Lebanon	**100**	—	**—**	—	**—**	—
VGC Communications Ltd	Fixed line and data services	Nigeria	**100**	—	**—**	—	**—**	—
Easy Dial International Ltd	Holding company	British Virgin Islands	**99**	—	**—**	—	**—**	—
Investcom Mobile Communication Ltd	Holding company	British Virgin Islands	**100**	—	**—**	—	**—**	—
Investcom Consortium Holding SA	Holding company	British Virgin Islands	**99**	—	**—**	—	**—**	—
Satcorp Communications	Holding company	British Virgin Islands	**100**	—	**—**	—	**—**	—

Annexure 1 continued

Interests in subsidiary companies, associates and joint ventures (continued)

			Effective % interest in issued ordinary share capital		Book value of holding company interest			
					Shares		Indebtedness	
Subsidiaries and joint ventures in which MTN Group Limited has a direct and indirect interest	**Principal activity**	**Place of incorporation**	**Dec 2006 %**	Dec 2005 %	**Dec 2006 Rm**	Dec 2005 Rm	**Dec 2006 Rm**	Dec 2005 Rm
Investcom Mobile Benin	Holding company	British Virgin Islands	**99**		**—**		**—**	
Investcom Telecommunications Guinea Ltd	Holding company	British Virgin Islands	**99**		**—**		**—**	
Investcom Telecommunications Afghanistan Ltd	Holding company	British Virgin Islands	**100**		**—**		**—**	
SAM Mediterranean Network	Telecommunications	Monaco	**99,84**		**—**		**—**	
Mediterranean Network Multimedia SAM	Telecommunications	Monaco	**99,99**		**—**		**—**	
Spacetel UK Ltd	Telecommunications	UK	**100**		**—**		**—**	
Investcom Telecommunication Yemen	Telecommunications	British Virgin Islands	**100**		**—**		**—**	
Prime Call Ltd	Telecommunications	British Virgin Islands	**100**		**—**		**—**	
Areeba Ltd	Telecommunications	Cyprus	**100**		**—**		**—**	
Spacetel Africa Ltd	Telecommunications	British Virgin Islands	**100**		**—**		**—**	
Scancom Ltd	Telecommunications	Ghana	**97,65**		**—**		**—**	
Spacetel Syria	Telecommunications	Syria	**75**		**—**		**—**	
Spacetel Benin SA	Telecommunications	Benin	**75**		**—**		**—**	
Lonestar Communications Corp LLC	Telecommunications	Liberia	**60**		**—**		**—**	
Bashair Telecom company Ltd	Telecommunications	Sudan	**85**		**—**		**—**	
Spacetel Guinea Bissau	Telecommunications	Guinea Bissau	**100**		**—**		**—**	
Areeba Guinea	Telecommunications	Guinea	**75**		**—**		**—**	
Spacetel Yemen	Telecommunications	Yemen	**83**		**—**		**—**	

Interests in subsidiary companies, associates and joint ventures (continued)

Subsidiaries and joint ventures in which MTN Group Limited has a direct and indirect interest	Principal activity	Place of incorporation	Effective % interest in issued ordinary share capital Dec 2006 %	Dec 2005 %	Book value of holding company interest – Shares Dec 2006 Rm	Shares Dec 2005 Rm	Indebtedness Dec 2006 Rm	Indebtedness Dec 2005 Rm
Areeba Afghanistan	Telecommunications	Afghanistan	100		—		—	
Investcom Global Ltd	Managing and holding company	British Virgin Islands	99		—		—	
Interserve Overseas Ltd	International business	British Virgin Islands	99		—		—	
Uniglobe SA	Management company	France	99,8		—		—	
Servico SAL	Services and transportation of goods	Lebanon	99,97		—		—	
Inteltec Offshore SAL	Maintenance and engineering services	Lebanon	99,8		—		—	
Inteltec Maroc SA	Maintenance and engineering services	Monaco	99,83		—		—	
Inteltec SAL	Maintenance and engineering services	Lebanon	99,99		—		—	
Investcom Services SAL	Managing and holding company	Lebanon	97		—		—	
Investcom International Ltd	Dormant company	British Virgin Islands	99		—		—	
Spacetel International Ltd	Dormant company	UK	100		—		—	
Vernis Associates SA	Holding company	Panama	100		—		—	
Galactic Engineering Projects SA	Holding company	Panama	78		—		—	
Starcom Global Ltd	Holding company	British Virgin Islands	89		—		—	

Annexure 2

Interests in associated companies
as at 31 December 2006

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	
				Dec 2006 %	Dec 2005 %	**Dec 2006 Rm**	Dec 2005 Rm	**Dec 2006 Rm**	Dec 2005 Rm	**Dec 2006 Rm**	Dec 2005 Rm
Cellular Calls (Proprietary) Limited	Cellular dealership	South Africa	31 Mar	**26**	26	*****	*	**—**	—	**—**	—
I-Talk Cellular (Proprietary) Limited	Service Provider	South Africa	28 Feb	**41**	41	**4**	4	**—**	—	**—**	20
Leaf Wireless (Proprietary) Limited	Cellular dealership	South Africa	31 Mar	**40**	40	**16**	16	**—**	—	**—**	8
Publicom	Payphone services	Uganda	31 Dec	******	31	**—**	1	**—**	3	**—**	1
MTN Villagephone Limited	Payphone Services	Uganda	31 Dec	******	26	**—**	*	**—**	—	**—**	*
Jibayat SAL	Collection of invoices	Lebanon	31 Dec	**44**	—	**—**	*	**—**	—	**—**	*
Mobile Number Portability Company (Proprietary) Limited	Porting	South Africa	31 Dec	**33**	—	**—**	—	**—**	—	**—**	—
Total book value of associated companies						**20**	21	**—**	3		29

Groups' attributable interest in associated companies

As at 31 December 2006

	Effective interest		I-TALK		LEAF		PUBLICOM**		VILLAGEPHONE**		JIBAYAT		NUMBER PORTABILITY	
	Dec 2006 Rm	Dec 2005# Rm	**Dec 2006 Rm**	Dec 2005# Rm	**Dec 2006 Rm**	Dec 2005# Rm	**Dec 2006 Rm**	Dec 2005 Rm	**Dec 2006 Rm**	Dec 2005 Rm	**Dec 2006 Rm**	Dec 2005 Rm	**Dec 2006 Rm**	Dec 2005 Rm
ASSETS AND LIABILITIES														
Property, plant and equipment	**12**	9	**7**	5	**11**	7	**—**	15	**—**	—	*****	—	**15**	—
Investments and long-term receivables	**2**	3	**1**	7	**4**	1	**—**	—	**—**	—	*****	—	**—**	—
Intangible assets	**9**	11	**—**	—	**23**	27	**—**	—	**—**	—	**—**	—	*****	—
Deferred taxation asset	**3**	—	**6**	—	**1**	—		—		—	*****	—	**—**	—
Current assets	**91**	73	**147**	110	**76**	63	**—**	7	**—**	1	*****	—	**7**	—
Total assets	**117**	96	**161**	122	**115**	98	**—**	22	**—**	1	**2**	—	**22**	—
Long-term borrowings	**8**	2	*****	—	**2**	1	**—**	3	**—**	—	*****	—	**23**	—
Current liabilities	**43**	50	**83**	79	**25**	38	**—**	9	**—**	—	*****	—	*****	—
Total liabilities	**51**	52	**83**	79	**27**	39	**—**	12	**—**	(1)	**1**	—	**23**	—
Attributable net asset value	**66**	44	**78**	42	**88**	59	**—**	10	**—**	*	**1**	—	*****	—
Impairment	**—**	—	**—**	—	**—**	—	**—**	—	**—**	—	**—**	—	**—**	—
Goodwill arising on acquisition	**—**	—	**—**	—	**—**	—	**—**	—	**—**	—	**—**	—	**—**	—
Book value	**66**	44	**78**	42	**88**	59	**—**	10		*	**1**	—	*****	—
INCOME STATEMENT														
Revenue	**259**	178	**365**	324	**282**	112	**—**	23	**—**	1	**4**	—	*****	—
Net profit (loss) for the year	**22**	8	**24**	15	**31**	7	**—**	2	**—**	—	**—**	—	**(*)**	—
Dividends	**—**	—	**—**	—	**—**	—	**—**	—	**—**	—	**—**	—	**—**	—

**Amounts less than R1 million*

***Additional shares were acquired during the current financial year. This company is now a subsidiary.*

 # For nine months ended 31 December 2005

Contents

MTN South Africa

MTN Innovation Centre, Fairland, Johannesburg, South Africa

Notice of the twelfth 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 twelfth annual general meeting of shareholders of the company will be held in the Auditorium, Phase II, 216 – 14th Avenue, Fairland, Gauteng on Wednesday, 13 June 2007 at 14:30, for purposes of the business as outlined hereafter:

For the purposes hereof "Group" shall bear the meaning assigned to it by the JSE Listings Requirements (Listings Requirements) of the JSE Limited (JSE), which defines "Group" as a holding company, not itself being a wholly owned subsidiary, together with all companies being its subsidiaries.

Shareholders are advised that the chairman of the meeting intends to exercise his discretion as contemplated in Article 57 of the articles of association to require that all resolutions, ordinary and special, be conducted by way of a poll and not by way of a show of hands.

To consider and if deemed fit, pass with or without modification, resolutions number 1 to 6 as ordinary resolutions and resolution number 7 as a special resolution.

ORDINARY RESOLUTIONS

1 To receive and consider, by way of ordinary resolution the annual financial statements of the Group and the company for the year ended 31 December 2006, including the report of the directors and the external auditors.

2 To elect, in accordance with the company's articles of association and by way of separate ordinary resolutions as required under section 210(1) of the Companies Act, 1973 (Act 61 of 1973), as amended, (the Companies Act), Messrs MC Ramaphosa, PF Nhleko, RS Dabengwa, DDB Band and AF van Biljon as directors of the company who retire at the annual general meeting by rotation and are eligible and offer themselves for re-election and Messrs AT Mikati and J van Rooyen (who having been appointed during the course of the last financial year), who are required to retire at the annual general meeting and who offer themselves for re-election. Profiles of the directors to be elected are listed below:

2.1 **MC Ramaphosa**
Age: 54
Appointed: 10 October 2001
Educational qualification: BProc, LLD (hc)
Directorship: Executive chairman of Shanduka Group (Pty) Limited and among others, a director of Alexander Forbes Limited, Standard Bank Group Limited, The Bidvest Group Limited and SABMiller Plc. Currently the non-executive chairman of MTN Group Limited.

2.2 **PF Nhleko**
Age: 47
Appointed: 1 July 2002
Educational qualification: BSc (Civil Eng), MBA
Directorship: Non-executive chairman of World Wide Investments Holdings (Pty) Limited and a director of the Global System for Mobile Communications Association (GSMA). Director of various MTN Group subsidiary companies.

2.3 **RS Dabengwa**
Age: 49
Appointed: 1 October 2001
Educational qualification: BSc (Eng), MBA
Directorship: Director of various MTN Group subsidiary companies.

2.4 **AF van Biljon**
Age: 59
Appointed: 1 November 2002
Educational qualification: BCom, CA(SA), MBA
Directorship: Non-executive director of, among others, Peermont Global Limited, Hans Merensky Holdings (Pty) Limited and Alexander Forbes Limited.

2.5 **DDB Band**
Age: 63
Appointed: 1 October 2001
Educational qualification: BCom, CA(SA)
Directorship: Non-executive director of, among others, Standard Bank Group Limited, Tiger Brands Limited and The Bidvest Group Limited.

2.6 **AT Mikati**
Age: 34
Appointed: 17 July 2006
Educational qualification: BSc
Directorship: CEO of M1 Group Limited and director of various other MTN Group subsidiary companies.

2.7 **J van Rooyen**
Age: 57
Appointed: 17 July 2006
Educational qualification: BCom; BCompt (Hons); CA(SA)
Directorship: CEO of Uranus Investment Holdings (Pty) Limited and among others, the non-executive chairman of SAB&T Ubuntu Holdings Limited, a trustee of the International Accounting Standards Committee Foundation and non-executive director of Pick 'n Pay Stores Limited.

3 "RESOLVED THAT all the unissued ordinary shares of 0,01 cent each in the share capital of the company be and are 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 and/or to undertake to allot, issue or otherwise 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 (save for the unissued ordinary shares which have specifically been reserved for the company's share incentive schemes, being 5% of the total issued share capital, in terms of ordinary resolutions duly passed at previous annual general meetings of the company (the unissued scheme shares), which shall be issued to such person or persons on such terms and conditions in accordance with the terms of such authorising resolutions), subject to the aggregate number of such ordinary shares able to be allotted, issued and otherwise disposed of and/or so undertaken to be allotted, issued or disposed of in terms of this resolution being limited to 10% of the number of ordinary shares in issue as at 31 December 2006 (but excluding, in determining such 10% limit, the unissued scheme shares) and further subject to the provisions applicable from time to time of the Companies Act and the Listings Requirements of the JSE Limited, each as presently constituted and which may be amended from time to time."

A majority of the votes cast by all shareholders or represented by proxy at the annual general meeting will be required to approve ordinary resolutions numbered 1 to 7.

4 "RESOLVED THAT, subject to no less than 75% (seventy-five per cent) of the votes cast by those shareholders of the company present in person or represented by proxy to vote at this annual general meeting voting in favour of this ordinary resolution, the directors of the company be and are hereby authorised and empowered, by way of a general authority, on behalf of the company to allot and issue, or to undertake to allot and issue, equity securities in the company (which shall include for the purposes of this ordinary resolution, the grant or issue of options or convertible securities that are convertible into an existing class of securities) for cash (or the extinction or payment of any liability, obligation or commitment, restraint or settlement of expenses) to such persons, on such terms and conditions and at such times as the directors may from time to time at their discretion deem fit, but subject to the provisions applicable from time to time of the Companies Act and the Listings Requirements of the JSE Limited, each as presently constituted and which may be amended from time to time, and subject further to the additional restriction that the 15% limit referred to in Rule 5.52(c) of the Listings Requirements of the JSE Limited be reduced to (and read as) 10% for the purposes of this authorisation."

As at the last practicable date, the Listings Requirements provide *inter alia:*

(i) That the equity securities shall be of a class already in issue or, where this is not the case, must be limited to such securities or rights that are convertible into a class already in issue;

(ii) That the equity securities shall be issued to "public shareholders" and not to "related parties" as those terms are defined in the Listings Requirements;

(iii) That after the company issues equity securities in terms of an approved general issue for cash representing, on a cumulative basis within a financial year, 5% or more of the number of equity securities in issue prior to such issue, the company shall publish (at the time the said percentage is reached or exceeded) an announcement giving full details of the issue, including (a) the number of securities issued; (b) 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, (c) the effect of the issue on net asset value per share, net tangible asset value per share, earnings per share, headline earnings per share, and, if applicable, diluted earnings and headline earnings per share;

(iv) That the securities which are the subject of a general issue for cash:

a) in the aggregate in any one financial year, may not exceed 15% of equity securities in issue for that class (for the purpose of determining the securities comprising the 15% number in any one year, account must 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). The terms of the proposed resolution, however, further restricts this to a maximum of 10% of the issued share capital of a class and not the full 15% allowed under the Listings Requirements;

b) of a particular class will be aggregated with any securities that are compulsorily convertible into securities of that class and, in the case of the issue of compulsorily convertible securities, aggregated with the securities of that class into which they are compulsorily convertible;

c) as regards the number of securities which may be issued, (the 10% number, as limited by the terms of the resolution), shall be based on the number of securities of that class in issue added to those that may be issued in future (arising from the conversion of options/securities) at the date of such application:

(i) less any securities of the class issued or to be issued in future arising from options/convertible securities issued during the current financial year;

(ii) plus any securities of that class to be issued pursuant to a rights issue which has been announced, is irrevocable and is fully underwritten, or pursuant to an acquisition (which has had final terms announced), may be included as though they were securities in issue at the date of application;

(v) 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;

(vi) That, in respect of options and convertible securities granted or issued for cash, if the discount to market price at the time of exercise of the option or conversion of the convertible security is not known at the time of the grant or issue of the option or convertible security, or if it is known that the discount will exceed 10% of the 30 day weighted average traded price of the security at the date of exercise or conversion, then the grant or issue will be subject to the company providing its holders of securities with a fair and reasonable statement complying with the requirements of the Listings Requirements from an independent professional expert acceptable to the JSE, indicating whether or not the grant or issue is fair and reasonable to the company's holders of securities; and

(vii) That the general authorisation of the directors to allot and issue equity securities for cash will be valid until the earlier of the next annual general meeting of the company and the expiration of a period of 15 (fifteen) months from the date of passing this ordinary resolution."

5 Pursuant to the adoption of the MTN Group Share Incentive Scheme at the general meeting held on 26 September 2001, which was subsequently amended in June 2006 to incorporate a Share Appreciation Rights Scheme, under which participants are allocated share appreciation rights which vest over a period of five years at the following vesting rate:

- no SARs may be exercised prior to the second anniversary of the Date of Grant;
- no more than 20% of the SARs granted to an employee may be exercised prior to the expiry of three years from the Date of Grant;
- no more than 40% of the SARs granted to an employee may be exercised prior to the expiry of four years from the Date of Grant;

- no more than 70% of the SARs granted to an employee may be exercised prior to the expiry of five years from the Date of Grant; and
- any balance of the SARs granted to an employee may only be exercised after the expiry of five years from the Date of Grant,

It is hereby RESOLVED THAT, the MTN Group Board, together with the Trustees of the MTN Group Share Trust, be and they are hereby authorised to exercise their discretion, to accelerate the vesting periods in exceptional circumstances, provided always that the changes do not allow a participant to exercise 100% of the SARs granted to him/her prior to the expiry of three years from the Date of Grant.

6 "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 the ordinary and special resolutions passed by shareholders at the annual general meeting.

A majority of the votes cast by all shareholders or represented by proxy at the annual general meeting will be required to approve ordinary resolutions number 4 and 5.

7 **SPECIAL RESOLUTION**

To consider, and if deemed fit, to pass the following special resolution with or without amendment:

Preamble

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 Listings Requirements of the JSE Limited. 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.

Special resolution number 1

"RESOLVED THAT the company, or a subsidiary of the company, be and is hereby authorised, by way of a general authority contemplated in sections 85(2), 85(3) and 89 of the Companies Act, 1973 (Act 61 of 1973), as amended, (the Companies Act), to repurchase shares issued by the company or its holding company, if any, upon such terms and conditions and in such amounts as the directors of the company may from time to time determine, but subject to the applicable provisions of the Companies Act and the Listings Requirements of the JSE Limited, each as presently constituted and which may be amended from time to time; [and subject further to the restriction that that the repurchases by the company, or any of its subsidiaries, of shares in the company of any class hereunder shall not, in aggregate in any one financial year, exceed 10% of the shares in issue in such class as at the commencement of such financial year."

As at the last practicable date, the Listings Requirements of the JSE Limited provide in this regard *inter alia* that:

1 any such repurchase of shares shall be implemented through the order book operated by the JSE Limited's trading system and done without any prior understanding or arrangement between such company and the counter-party (reported trades are prohibited);

2 authorisation thereto is given by the company's articles of association;

3 at any point in time, such company may only appoint one agent to effect any repurchase(s) on its behalf;

4 the general authority shall only be valid until the company's next annual general meeting or 15 (fifteen) months from the date of passing of this special resolution number 1, whichever is the earlier;

5 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 securities acquired thereafter, in each case in terms of this resolution, an announcement shall be published on SENS and in the press as soon as possible and not later than 08:30 on the 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;

6 that all general repurchases by the company of its own shares shall not, in aggregate in any one financial year, exceed 20% of the company's issued share capital of that class. The terms of the proposed special resolution, however, further restricts this to a maximum of 10% of the issued share capital of a class and not the full 20% allowed under the Listings Requirements of the JSE Limited;

7 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 Listings Requirements of the JSE Limited;

8 that the company or its subsidiaries may not purchase any of the company's shares during a "prohibited period" as defined in the Listings Requirements of the JSE Limited;

9 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 (the maximum price). The JSE will be consulted for a ruling if the applicant's securities have not traded in such a five-day period;

10 if the company enters into derivative transactions that may or will result in the repurchase of shares in terms of this general authority, such transactions will be subject *inter alia* to the requirements in paragraph 2, 3, 4, 6 and 7 above, and the following requirements:

a) the strike price of any put option written by the company less the value of the premium received by the company for that put option may not be greater than the fair value of a forward agreement based on a spot price not greater that the maximum price;

b) the strike price and any call option may be greater than the maximum price at the time of entering into the derivative agreement, but the company may not exercise the call option if it is more than 10% "out of the money";

c) the strike price of the forward agreement may be greater than the maximum price but limited to the fair value of a forward agreement calculated from a spot price not greater than the maximum price.

This 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. However, it should be noted that, at the request of the board, the chairman intends to exercise his discretion to require that the resolution be voted on by way of a poll and not by way of a show of hands.

For the purpose of considering special resolution number 1 and in compliance with paragraph 11.26 of the Listings Requirements of the JSE Limited, 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 pages 18, 19 and 29 of this report;
- major shareholders – refer to page 175 of this report;
- directors' interest in securities – refer to page 185 of this report;
- share capital of the company – refer to page 230 of this report;
- the directors, whose names are set out on pages 18 and 19 of this report, collectively and individually accept full responsibility for the accuracy of the information contained in this Special Resolution and certify that to the best of their knowledge and belief, there are no other facts, the omission of which, would make any statement false or misleading and that they have made all reasonable queries in this regard; and
- there are no legal or arbitration proceedings (including any such proceeding that are pending or threatened of which the company is aware), which may have or have had a material effect on the company's financial position over the last 12 months.
- at the date of completing this notice there have been no material changes in the financial or trading position of the company and its subsidiaries that have occurred since December 2006.

Reason for and effect of 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, a general approval in terms of the Companies 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 Companies Act, and the Listings Requirements of the JSE Limited, 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 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.

Voting
The directors of the company decided that in order to reflect more accurately the views of all members and best practice, all resolutions and substantive decisions at the annual general meeting were to be put to a vote on a poll, rather than being determined simply on a show of hands. The MTN Group Limited has a large number of members and it is not possible for them all to attend the meeting. In view of this and because voting on resolutions at annual general meetings of the MTN Group Limited is regarded of high importance, putting all resolutions to a vote on a poll takes account of the wishes of those members who are unable to attend the meeting in person, but who have completed a form of proxy. A vote on a poll also takes

into account the number of shares held by each member, which the board believes is a more democratic procedure. This year, all resolutions will again be put to a vote on a poll.

Furthermore, shareholders are advised that the voting at this annual general meeting will be undertaken electronically. An electronic voting handset will be distributed before the start of the meeting to all members who attend in person and are eligible to vote. The registrars will identify each member's individual shareholding so that the number of shares that each member has at the meeting will be linked to the number of votes which each member will be able to exercise via the electronic handset. Members who have completed and returned forms of proxy will not need to vote using a handset at the meeting unless they wish to change their votes.

Proxies

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.

A form of proxy, in which is set out the relevant instructions for its completion, is attached for use by certificated shareholders and dematerialised shareholders with "own name" registration 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, 11 June 2007.

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, 11 June 2007.

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" registration must lodge their completed proxy forms with the company's registrars at the address provided below or at the registered office of the company not later than 14:30 on Monday, 11 June 2007.

By order of the board

SB Mtshali
Group secretary
17 May 2007

Business address and registered office

216 – 14th Avenue,
Fairland, 2195
(Private Bag 9955, Cresta, 2118)

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 11 688 5238

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 11 870 8206

Explanatory notes to resolutions for approval at the twelfth annual general meeting

For any assistance or information, please phone the MTN Group ShareCare Line on 0800 202 360 or on +27 11 870 8206.

Receipt, consideration and adoption of the Group and company annual financial statements for the year ended 31 December 2006

The directors have to present the annual financial statements to shareholders at the annual general meeting, incorporating the report of the directors, together with the report of the external auditors contained in the annual report.

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 for a period not longer than three years. Biographical details of the retiring directors offering themselves for re-election are given on page 280 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 the shares in issue as at 31 December 2006

and

Ordinary resolution number 3

In terms of sections 221 and 222 of 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 of the JSE Limited.

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.

General authority to the directors to issue equity securities for cash and waiver of the pre-emptive rights to which shareholders may be entitled on the issue of such equity securities for cash

and

Ordinary resolution number 4

The pre-emptive rights, to which shareholders are otherwise entitled, in terms of the Listings Requirements of the JSE Limited to participate in any future issues of new equity securities for cash which may be made by the company, will, pursuant to paragraph 3.32 of the Listings Requirements of the JSE Limited, not apply to any issue for cash effected by the company pursuant to the authority that may be given under ordinary resolution 4.

The directors consider it advantageous to grant 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 Listings Requirements of the JSE Limited, ordinary resolution number 4 has to be passed by a 75% majority of shareholders present or represented by proxy and entitled to vote at the annual general meeting.

Ordinary resolution number 5

In accordance with the provisions of the Trust Deed governing the Share Appreciation Rights Scheme, which has since its adoption in 2006 replaced the Share Option Scheme, all scheme shares allocated to participants, vest over a period of five years at a vesting rate as follows:

- no SARs may be exercised prior to the second anniversary of the Date of Grant;
- no more than 20% of the SARs granted to an employee may be exercised prior to the expiry of three years from the Date of Grant;
- no more than 40% of the SARs granted to an employee may be exercised prior to the expiry of four years from the Date of Grant;
- no more than 70% of the SARs granted to an employee may be exercised prior to the expiry of five years from the Date of Grant; and
- any balance of the SARs granted to an employee may only be exercised after the expiry of five years from the Date of Grant,

The effect of ordinary resolution number 5 will allow the board of directors of MTN Group Limited and the Trustees to exercise their discretion to change the vesting period in respect of the share appreciation rights allocated to the current participants in exceptional circumstances

The amendment is however, further subject to the participant not being allowed to exercise 100% of the share appreciation rights granted to him prior to the expiry of three years from the Date of Grant of the share appreciation rights.

General authority for the company and/or a subsidiary to acquire securities in the company

and

Special resolution number 1 (item 7 page 283)

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 Listings Requirements of the JSE Limited, 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 next annual general meeting of the company, or the 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. However, it should be noted that at the request of the board the chairman intends to exercise his discretion to require that the resolution be voted on by way of a poll and not by way of a show of hands.

Explanatory notes to notice of twelfth 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 at 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107) 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, 13 June 2007, proxy forms or powers of attorney must be lodged on or before 14:30 on Monday, 11 June 2007. The names and addresses of the registrars are given on the back of the proxy form as well as on page 291 of the annual report.

2 A shareholder (including certificated shareholders and dematerialised shareholders who hold their shares with "own name" registration) entitled to attend and vote at the meeting may appoint a proxy or proxies to attend, speak and vote in his/her/its 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 with "own name" registration, 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 his/her CSDP or broker.

Appendix to the notice of annual general meeting

Important notes about the annual general meeting (AGM)

Date: Wednesday, 13 June 2007, at 14:30

Venue: The Auditorium, Phase II, 216 – 14th Avenue, Fairland, Gauteng

Time: The AGM will start promptly at 14:30

Shareholders wishing to attend are advised to be in the auditorium not later than 14:15. The meeting will commence with a short presentation informing shareholders of the electronic voting process to be utilised at the meeting. Staff will direct shareholders to the AGM. Refreshments will be served after the meeting.

Admission: Shareholders attending the AGM are asked to register at the registration desk in the auditorium reception area at the venue. Shareholders, proxies and others 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 or be on silent mode 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 names. Should this not be the case and the shares be registered in any other name or in the name of a nominee company, it is incumbent on such beneficial owners who wish to attend 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**

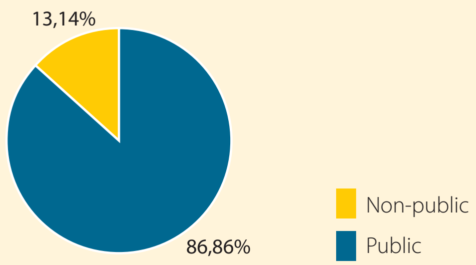
Any shareholders having difficulties or queries in regard to the AGM or the above are invited to contact the Group Secretary, SB Mtshali on +27 11 912 4067 or the ShareCare Line on 0800 202 360 or +27 11 870 8206. Calls may be monitored and recorded for quality control and record purposes.

Shareholders' information

as at 31 December 2006

	Number of shareholders	Number of shares	% holding
Public	46 702	1 615 877 721	86,86
Non-public	9	244 390 562	13,14
– Directors of MTN Group Limited and major subsidiaries	6	875 476	0,05
– MTN Group employees shares held by MTN Holdings Share Trust	1	12 675	—
– MTN Uganda Staff Provident Fund	1	2 400	—
– Newshelf 664 (Proprietary) Limited	1	243 500 011	13,09
Total issued share capital	46 711	1 860 268 283	100,00

Shareholding (%)



Stock exchange performance	**December 06**	December 05
Closing price (cents per share) at 31 December 2006	**8 530**	6 215
Highest price (cents per share)	**8 770**	6 400
Lowest price (cents per share)	**4 830**	4 100
Total number of shares traded (million)	**1 585,91**	882,2
Total value of shares traded (Rm)	**97 877,71**	43 654,9
No of issued shares	**1 860,3**	1 665,3
Number of shares traded as a percentage of issued shares (%)	**85,25**	52,9
Number of transactions	**263 756**	127 520
Average weighted trading price (cents per share)	**6 172**	4 948
Average telecommunications index	**34 437**	1 081
Average industrial index	**20 803**	11 215
Average mobile index	**99,67**	—
Dividend yield (%)	**1,02**	1,05
Earnings yield (%) (headline earnings)	**6,18**	5,79
Earnings yield (%) (adjusted headline earnings)	**—**	5,44
Price/earnings multiple (adjusted headline earnings) as at 31 December 2006	**16,18**	18
Market capitalisation as at 31 December 2006 (Rb)	**158 680,9**	103,5

Administration

Company registration number
1994/009584/06
ISIN code: ZAE 0000 42164
Share code: MTN

Board of directors
MC Ramaphosa
PF Nhleko*
DDB Band
RS Dabengwa*
KP Kalyan
AT Mikati†
RD Nisbet*
MJN Njeke
MA Ramphele
ARH Sharbatly‡
JHN Strydom
AF van Biljon
J van Rooyen
PL Woicke#

**Executive*
†Lebanese
‡Saudi
#German

Group secretary
SB Mtshali 216 – 14th Avenue, Fairland
Gauteng, 2195
Private Bag 9955, Cresta, 2118

Registered office
216 – 14th Avenue, Fairland
Gauteng, 2195
American Depository Receipt (ADR) programme:
Cusip No. 62474M108 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) 912-3000
International +27 11 912-3000
Facsimile: National (011) 912-4093
International +27 11 912-4093
E-mail: investor_relations@mtn.co.za
Internet: http:/www.mtn.com

MTN Group ShareCare line
Toll-free : 0800 202 360 or +27 11 870 8206 if phoning from outside South Africa

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.
Eglin Road, Sunninghill, 2157
Private Bag X36, Sunninghill, 2157
SizweNtsaluba VSP Inc.
1 Woodmead Drive Woodmead Estate,
Woodmead, 2157
P O Box 2939, Saxonwold, 2132

Sponsor
Merrill Lynch South Africa (Pty) Limited
Registration Number 1995/001805/07
(Registered sponsor and member of the JSE Limited)
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

Shareholders' diary

Annual general meeting		June 2007

REPORTS

Summarised annual financial statements	Published	March 2007
Annual financial statements	Posted	May 2007
Interim financial statements		September 2007
Dividend declaration		March 2007
Financial year-end		31 December

Please note that these dates are subject to alteration

Form of proxy

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 at 14:30 on Wednesday, 13 June 2007, at the Auditorium, Phase II, 216 – 14th Avenue, Fairland, Gauteng.

For assistance in completing the proxy form, please phone the MTN Group ShareCare Line on 0800 202 360 or on +27 11 870 8206.

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)

of (address) ....

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 to be held at 14:30 on Wednesday, 13 June 2007, in the Auditorium, Phase II, 216 – 14th Avenue, Fairland, 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 resolutions		For	Against	Abstain
1	The adoption of the Group annual financial statements for the year ended 31 December 2006			
2	The election, individually and separately of the directors referred to below: Directors retiring by rotation who offer themselves for re-election.			
2.1	MC Ramaphosa			
2.2	PF Nhleko			
2.3	RS Dabengwa			
2.4	DDB Band			
2.5	AF van Biljon			
2.6	AT Mikati (Director appointed during the year under review)			
2.7	J van Rooyen (Director appointed during the year under review)			
3	To authorise the directors to allot and issue the unissued ordinary shares of 0,01 cent each up to 10% of the issued share capital			
4	To authorise the issue for cash by the company of equity securities and thereby to waive pre-emptive rights to which shareholders may be entitled in respect thereof			
5	To authorise the MTN Group Board and the Trustees of the MTN Group Share Trust to accelerate the vesting periods under the scheme at their discretion in exceptional circumstances.			
6	To authorise any two directors to implement the special and ordinary resolutions			
	Special resolution number 1			
7	To approve an authority for the company and/or any of its subsidiary company's to repurchase shares in the company			

Mark with "X" or insert relevant number of votes, whichever is applicable. (See note 4)

Signed at .... on 2007

Signature of member(s) ....

Assisted by (where applicable) .... (state capacity and full name)

Please read the notes on the reverse side hereof.

Notes to proxy

1 Only shareholders who are registered in the register or sub-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 Depository 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 at 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107) by no later than 14:30 on Monday, 11 June 2007.

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 their instructions by no later than 14:30 on Monday, 11 June 2007.

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 aforegoing 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. Where a shareholder wishes to instruct and authorise a proxy to exercise such shareholders vote (or to abstain from voting) in respect of less than the full number of the votes exercisable by it, it may do so by indicating, in the space provided, the number of votes which it exercises in favour of and/or against such resolution (or in respect of which it wishes to abstain from so voting). 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, 13 June 2007, proxy forms must be lodged on or before 14:30 on Monday, 11 June 2007.

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 chairman 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 which 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.

11 Voting at this annual general meeting will be undertaken electronically. An electronic handset will be distributed at the start of the meeting to all members who attend in person and are eligible to vote. The registrars will identify each member's individual shareholding so the votes are linked to the number of shares held by each shareholder.

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 11 688 5238

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 11 870 8206)

Computershare

Please note that your call will be recorded for customer safety

Sustainability report feedback form

Fax:	011 912 4343
Email:	sustainability@mtn.co.za

Please let us know what you think about MTN's 2006 sustainability report or our sustainability performance in general.

How do you rate MTN's 2006 sustainable development report in terms of:

	Excellent	**Good**	**Fair**	**Poor**
Addressing issues of interest:				
Content and scope:				
Design and layout:				

Do you have any comments?

Your name and address (optional)

Would you like to be consulted for the next report? Yes: No:

Please indicate which stakeholder group you belong to?

Customer		Supplier	
Employee		Government/regulator	
Shareholder/investor		Media	
Community		Other	
NGO			

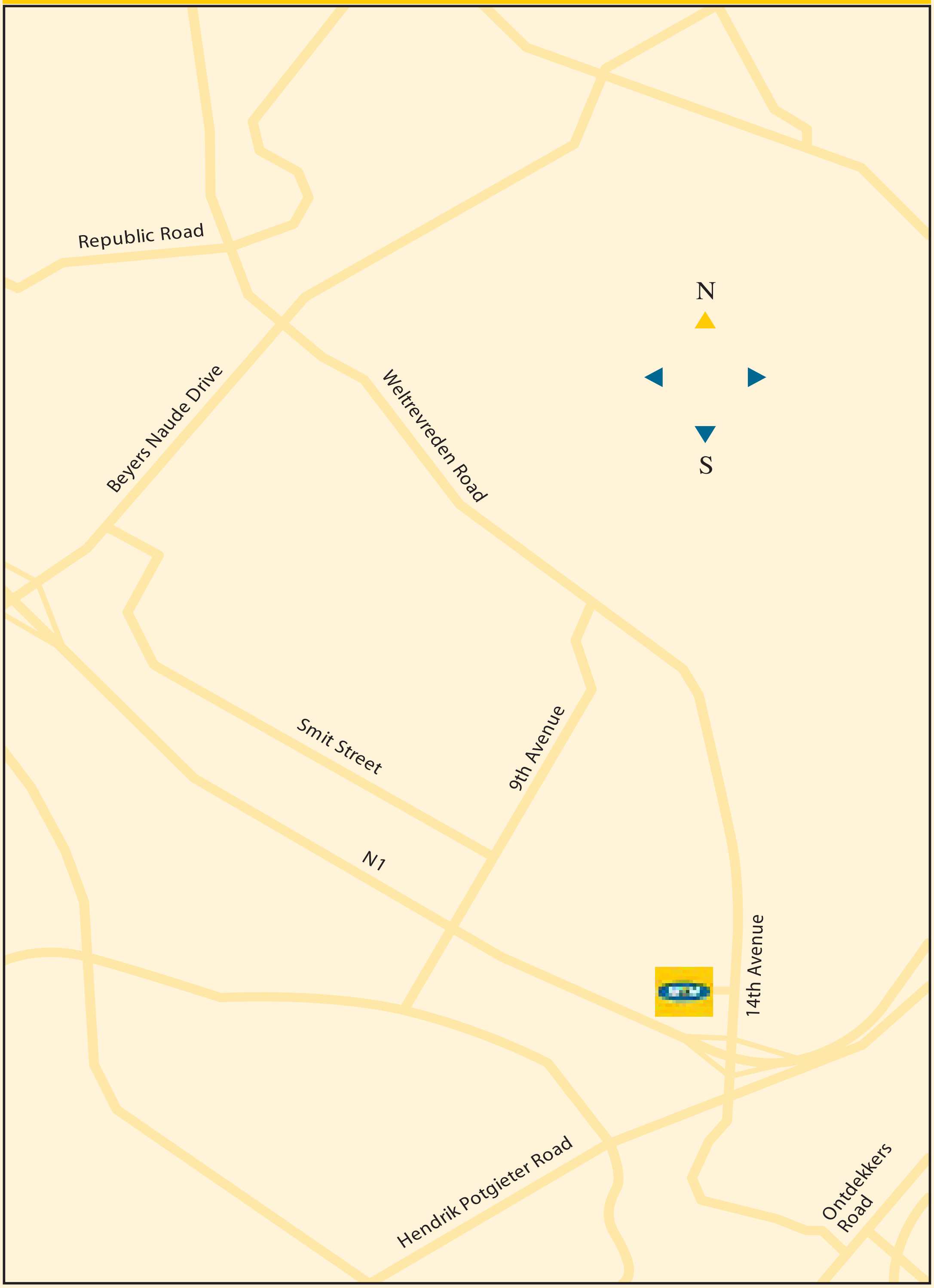
For further information please contact:

Name

Email

Tel

MTN Innovation Centre



Bastion Graphics

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