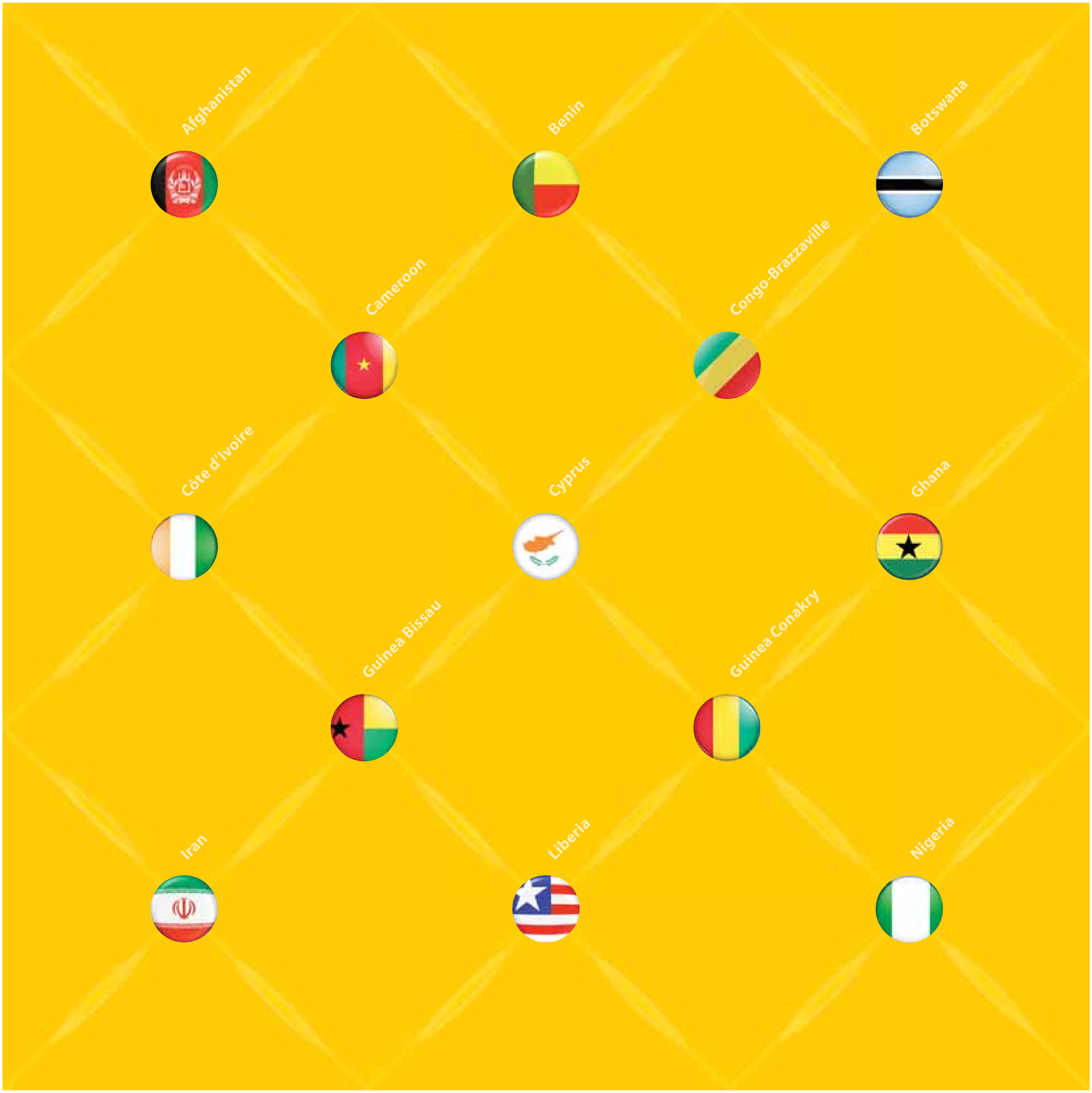
MTN Group Limited

Integrated Business Report for the year ended 31 December 2008

Book 2 – MTN Financial Statements


Afghanistan
Benin
Botswana
Cameroon
Congo-Brazzaville
Côte d'Ivoire
Cyprus
Ghana
Guinea Bissau
Guinea Conakry
Iran
Liberia
Nigeria

MTN Financial Statements

Book 2

South and East Africa region

Revenue contribution to Group (Rm)

R37 483

Subscribers

1. **South Africa**
   17 169 000
2. **Uganda**
   3 523 000
3. **Botswana**
   969 000
4. **Rwanda**
   1 159 000
5. **Swaziland**
   519 000
6. **Zambia**
   693 000

West and Central Africa region

Revenue contribution to Group (Rm)

R47 682

Subscribers

1. **Nigeria**
   23 077 000
2. **Ghana**
   6 428 000
3. **Côte d'Ivoire**
   3 562 000
4. **Cameroon**
   3 574 000
5. **Guinea Conakry**
   970 000
6. **Benin**
   1 010 000
7. **Congo-Brazzaville**
   823 000
8. **Liberia**
   486 000
9. **Guinea Bissau**
   343 000

...yes we can!

Contents

Middle East and North Africa region

Revenue contribution to Group (Rm)

R17 215

Subscribers

1. **Iran**
   16 039 000
2. **Syria**
   3 539 000
3. **Sudan**
   2 647 000
4. **Yemen**
   1 859 000
5. **Afghanistan**
   2 104 000
6. **Cyprus**
   158 000

Total revenue

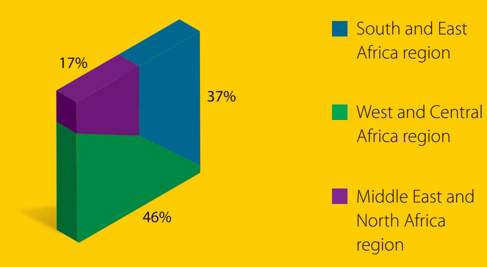
R102,5 billion

Total subscribers

90 700 000

Global presence

Revenue by business region (%)



Group finance director's report

The Group delivered an excellent performance in 2008, driven by a 48% increase in subscribers to 90,7 million resulting in a 40% increase in revenue to R102,5 billion and a 36% increase in EBITDA to R43,2 billion.

Introduction

As detailed by the Group president and CEO in his report, 2008 was a robust year for MTN. The Group increased revenue by 40% and lifted earnings before interest, taxation, depreciation and amortisation (EBITDA) by 36%. MTN increased capital investment by 84% to a record R28,3 billion, which enabled strong subscriber growth and better capacity and coverage to our customers.

Despite a severe worldwide economic slowdown and fierce competition within most of the 21 markets in which we operate, MTN's average revenue per user (ARPU) declined only marginally in most operations in 2008. Falling ARPU is consistent with increased penetration into lower-usage segments. The effect of the economic downturn on consumer spending in our markets only reflected in the last quarter of 2008 and has been varied with, for example, economic activity in countries such as South Africa, Syria and Zambia reflecting a decline while expenditure in Nigeria and Ghana remained relatively strong.

MTN continued to generate significant cash and despite increasing the dividend paid to shareholders during 2008 and the increased expenditure on capex reduced the net debt to EBITDA ratio to 0,3 from 0,5.

Basic headline earnings per share (HEPS) increased by 43% to 836,5 cents for 2008 while adjusted headline earnings per share increased by 33% to 904,4 cents.

The depreciation of the rand against the US dollar resulted in the effective appreciation of many African and Middle Eastern currencies against the South African unit for a major portion of the year. This positively affected MTN Group revenue and EBITDA by approximately 15%.

Changes in ownership

During the year MTN Group concluded a number of transactions that impacted our financial statements:

- In February 2008, MTN disposed of a 5,96% interest in MTN Nigeria for USD594 million. This reduces the Group's financial interest in MTN Nigeria to 78,61% and its legal interest to 76,08%.
- In October 2008, MTN reduced its shareholding in MTN Cyprus by 49% to a prominent Cypriot trading company which has a further option for 1%.

Rob Nisbet
Group finance director

- In November 2008, MTN increased its shareholding in MTN Côte d'Ivoire to 65% from 60% at a cost of USD38 million.
- In Côte d'Ivoire, MTN acquired Afnet and Arobase and in Cyprus, MTN acquired Infotel and OTEnet for a total consideration of approximately USD50 million.

Income statement analysis

The Group reports its performance by region, namely South and East Africa (SEA), West and Central Africa (WECA) and the Middle East and North Africa (MENA). MTN consolidates only 30% of MTN Swaziland and 49% of MTN Irancell, thereby diluting the impact of MTN Irancell's growth on the revenue and EBITDA lines.

MTN Group recorded a 40% increase in revenue to R102,5 billion (31 December 2007: R73,1 billion), driven by the strong growth in subscribers.

Table 1: Current vs previous period exchange rates

	Average exchange rates			Closing exchange rates		
Exchange rates vs rand	**2008 Actual**	2007 Actual	**% change**	**2008 Actual**	2007 Actual	**% change**
USD	**8,13**	7,04	(15)	**9,35**	6,78	(38)
NGN (Nigeria)	**14,54**	17,89	19	**15,07**	17,46	14
GHC (Ghana)	**0,13**	0,13	—	**0,13**	0,14	7
SDD (Sudan)	**0,27**	0,28	4	**0,24**	0,30	20
SYP (Syria)	**5,74**	7,09	19	**4,96**	7,08	29
IRR (Iran)	**1 151,90**	1 320,38	13	**1 047,8**	1 393,05	25

Group finance director's report *continued*

Table 2: Analysis of MTN Group revenue by region

	December 2008 Rm	December 2007 Rm	Change %	December 2008 Contribution %	December 2007 Contribution %
SEA	**37 483**	31 453	19	**37**	43
South Africa	**32 456**	28 220	15	**32**	39
Other	**5 027**	3 233	55	**5**	4
WECA	**47 682**	30 843	55	**46**	42
Nigeria	**31 558**	20 250	56	**30**	28
Ghana	**6 047**	4 048	49	**6**	6
Other	**10 077**	6 545	54	**10**	9
MENA	**17 215**	10 779	60	**17**	15
Sudan	**1 629**	1 656	(2)	**2**	2
Iran	**4 935**	1 341	268	**5**	2
Syria	**6 508**	4 530	44	**6**	6
Other	**4 143**	3 252	27	**4**	4
Head office companies	**146**	70	109	**—**	—
Total	**102 526**	73 145	40	**100**	100

Revenue

The WECA region was the largest contributor to Group revenue, comprising 46% of the total (2007: 42%). This was mainly driven by MTN Nigeria, which made up two-thirds of the region's total revenue and achieved 56% revenue growth to R31,6 billion in 2008. Ghana contributed more than 13% of the region's total revenue.

The SEA region's contribution to Group revenue decreased by six percentage points to 37% in 2008. MTN South Africa remains the largest contributor to the SEA region and recorded a year-on-year revenue increase of 15% to R32,5 billion, bringing its share to more than 86% of the region's total.

The MENA region contributed 17% to total revenue, compared with 15% in 2007. Syria contributed 38% to the region's revenue, followed by MTN's proportionate share of MTN Irancell, which contributed 29%.

Table 3: MTN Group EBITDA by region

	December 2008 Rm	December 2007 Rm	Change %	December 2008 Contribution %	December 2007 Contribution %
Southern region	**12 878**	11 329	14	**30**	36
South Africa	**10 654**	9 814	9	**25**	31
Other	**2 224**	1 515	47	**5**	5
WECA	**25 318**	16 601	53	**58**	52
Nigeria	**18 248**	11 605	57	**42**	36
Ghana	**2 786**	2 072	34	**6**	7
Other	**4 284**	2 924	47	**10**	9
MENA	**4 654**	2 530	84	**11**	8
Sudan	**250**	576	(57)	**1**	2
Iran	**1 492**	(180)	929	**3**	(1)
Syria	**1 829**	1 381	32	**4**	4
Other	**1 083**	753	44	**3**	2
Head office companies	**316**	1 385	(77)	**1**	4
Total	**43 166**	31 845	36	**100**	100

EBITDA

As a result of strong revenue growth, MTN Group's EBITDA increased by 36% to R43,2 billion.

MTN Group's EBITDA margin declined by 1,4 percentage points to 42,1% as a result of numerous factors. An increase in direct network operating costs was led by higher site leases to support network expansion – particularly in Nigeria, Iran and Ghana – and higher regulatory levies (particularly in Syria, Iran and Ghana) as well as higher facilities and utilities costs (mainly higher fuel prices).

MENA contributed 11% to Group EBITDA, increasing its share by three percentage points from December 2007. At 39%, Syria was still the main contributor to MENA EBITDA, although it is now closely followed by MTN's proportionate share of MTN Irancell at 32%. It is pleasing to note that MTN Irancell's EBITDA margin turned positive in 2008, from negative 13,4% in 2007 to a positive 30,2%, as the business picked up critical mass.

The WECA region is the largest contributor to Group EBITDA and increased its share by six percentage points to 58% at 31 December 2008. The region increased EBITDA by 53% to R25,3 billion due to the 57% EBITDA growth in rand terms from the Nigerian operation.

The SEA region contributed 30% of Group EBITDA, a six percentage point decrease from the previous year reflecting lower growth of the maturing South African market. The SEA region's EBITDA increased by 14% to R12,9 billion, mainly driven by South African EBITDA which increased by 9% to R10,7 billion. The South Africa EBITDA margin dropped two percentage points to 32,8%, principally as a result of management's strategic decision to invest in distribution.

Group finance director's report *continued*

Depreciation and amortisation

MTN Group's depreciation increased by R3,2 billion to R9,9 billion for the year ended 31 December 2008. This was as a result of an increase in the Group's depreciable assets, mainly infrastructure, to support growth. The depreciation of the rand against the US dollar also increased overall depreciation. MTN Nigeria's depreciation charge increased by 45% to R4,5 billion as a result of additional capital expenditure for network expansion and the strengthening of the naira against the rand. MTN South Africa and MTN Irancell's depreciation increased by 21% and 158% respectively.

Net finance costs

	December 2008 Rm	December 2007 Rm
Finance costs	**(8 644)**	(5 179)
Interest paid	**(4 173)**	(3 151)
Put option	**(1 259)**	(583)
Forex losses	**(2 875)**	(746)
Other	**(337)**	(699)
Finance income	**6 727**	2 006
Interest received	**2 322**	1 336
Functional currency gains	**2 779**	255
Revaluation of FECs	**968**	146
Other	**658**	269
Net finance cost	**(1 917)**	(3 173)

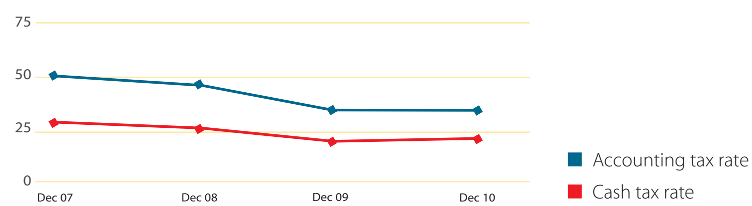
Net finance costs for the Group decreased by 40% to R1,9 billion in 2008. This was mainly due to the substantial unrealised foreign exchange gain at a holding company level on loans to operating companies of R2,8 billion and the R1 billion increase in interest received due to increased cash balances across the Group and the impact of currency movements. These gains were offset to an extent by the fair value adjustment of the Nigerian put option of R1,3 billion and by foreign exchange losses on foreign loans in holding and operating companies. Finance cost increases were also substantial due to increases in interest-bearing liabilities at the operating company level, following increased capital expenditure.

Taxation

The Group's effective tax rate increased marginally to 39,9% from 39,5% at 31 December 2007. The difference between the statutory tax rate of 28% and the Group effective tax rate is largely due to:

- The effect of the Nigerian commencement provisions (4,3%), which resulted in double taxation on MTN Nigeria's profits for the first three months of the year
- Disallowed expenses (2,6%)
- The secondary tax on companies (STC) and other withholding taxes on dividends and management fees (3,4%)
- The provision for the Nigerian put option (1,2%).

NIGERIA – expected trends in effective tax rates *(Illustrative %)*



Adjusted headline earnings per share

The Group continues to report adjusted headline EPS in addition to basic headline EPS. The adjustments are in respect of:

- The IFRS requirement that the Group account for a written put option held by a minority shareholder of one of the Group's subsidiaries, which provides it with the right to require the subsidiary to acquire its shareholding at fair value. The net impact is an increase in adjusted headline EPS of 44,3 cents
- The unwinding of a previously reversed deferred tax asset in Nigeria increased the adjusted headline EPS by 23,6 cents. This unwind is now complete and there will be no further impact in subsequent years.

Adjusted headline EPS of 904,4 cents was 33% higher than the previous year's 681,9 cents.

Group finance director's report *continued*

MTN South Africa

MTN South Africa revenue and expenses summary

	December 2008 Rm	December 2007 Rm	Change %
Airtime and subscription revenue	18 158	15 674	16
Interconnect revenue	6 951	6 346	10
Data and SMS	3 596	2 756	30
Connection revenue	35	29	21
Cellular telephone and accessories	3 122	2 989	4
Other	594	426	39
Total revenue	**32 456**	28 220	15
Direct network operating costs	2 301	1 897	21
Costs of handsets, SIMs and vouchers	4 293	4 426	(3)
Interconnect and roaming costs	5 140	4 387	17
Employee benefits and consulting costs	2 137	1 516	41
Selling, distribution and marketing costs	6 400	5 032	27
Other expenses (general and administration)	1 531	1 148	33
Total operating expenses	**21 802**	18 406	18
EBITDA	10 654	9 814	9
EBITDA margin (%)	32,8	34,8	(2,0) (pts)

Revenue

MTN South Africa increased revenue by 15%, which was driven by a similar increase in subscribers and efforts to deliver on customer needs. Prepaid voice, with a subscriber base of nearly 14,4 million (or approximately 84% of all customers), remains a key revenue driver, expanding by almost a third in the year. This was assisted by the launch of the innovative MTN Zone pricing plan as well as the ever-popular low-denomination recharge options.

Although interconnect revenues were up in the year, the proportion of these to total revenues is gradually decreasing, dropping to 20% in 2008 from 22% in 2007. Data and SMS revenues are gaining importance, growing by 30% in the year and contributing R3,6 billion or 11% of revenues from R2,8 billion or 9,8% of revenues in 2007. This is driven mainly by the increases in packet switch data, with SMS reflecting slower revenue growth as a consequence of the high SMS penetration level and increased use of lower cost bundles. Other revenue increased by 39%, due to a number of factors including increased use of international roaming, repairs to handsets, increased demand for itemised billing and caller-line identity, as well as revenues from ISPs (MTN Network Solutions).

EBITDA

MTN South Africa's EBITDA increased by 8,6 % to R10,65 billion, due mainly to revenue growth. However, as a result of a strategic decision the operating expenses increased at a faster pace (18,4%) than revenue growth and the EBITDA margin therefore decreased to 32,8% from 34,8% in 2007. Direct network operating costs increased by 21% due to partly higher costs of maintenance of network equipment, computer software and BTSs. Although the cost of handsets, SIMs and vouchers decreased 3%, the handset subsidy increased during the last quarter of the year due to the deterioration of the rand exchange rate to the USD. Interconnect and roaming costs were substantially in line with revenue growth. The increase in operating expenses included a 41% rise in employee benefits and consulting costs, mainly related to the outsourcing of the IT department and professional consultancy on the restructuring of the company. Selling, distribution and marketing costs increased by 27% and included the cost of the mobile content rights for the 2010 FIFA World Cup South Africa™, as well as other sponsorship costs. The drive to improve distribution in the rural and lower-income groups led to projects such as MTN Zone – a value proposition that required relatively significant upfront operational costs included in other expenses.

Group finance director's report *continued*

MTN Nigeria

MTN Nigeria revenue and expenses summary

	December 2008 Rm	December 2007 Rm	Change %
Airtime and subscription revenue	**25 848**	16 577	56
Interconnect revenue	**4 291**	2 763	55
Data and SMS	**988**	589	68
Connection revenue	**236**	171	38
Other	**195**	150	30
Total revenue	**31 558**	20 250	56
Direct network operating costs	**3 418**	1 943	76
Costs of handsets, SIMs and vouchers	**590**	505	17
Interconnect and roaming costs	**2 847**	2 042	39
Employee benefits and consulting costs	**1 540**	795	94
Selling, distribution and marketing costs	**3 046**	1 795	70
Other expenses (general and administration)	**1 869**	1 565	19
Total operating expenses	**13 310**	8 645	54
EBITDA	**18 248**	11 605	57
EBITDA margin (%)	**57,8**	57,3	0,5 (pts)

Revenue

A sharp increase in subscriber numbers, network quality improvements and a decline in the value of the rand relative to the naira lifted MTN Nigeria's rand revenue by 56% in 2008. In naira terms, the increase in revenue was 25%. The currency effect, coupled with an increase in incoming call minutes from other operators, lifted interconnect revenue by 55%. Connection revenue increased by 38%, matching the increase in subscriber numbers in the year. Data revenue increased 68%, off a low base, driven by increased usage.

EBITDA

MTN Nigeria's rand EBITDA increased 57% which is slightly ahead of revenue growth due to sound cost containment in general and administration expenses, lower interconnect and roaming costs and a limited increase in the cost of handsets, SIMs and vouchers.

Direct network operating costs increased by 76% mainly as a result of the network expansion which resulted in a 54% increase in the number of BTS sites. Increases in rent and fuel prices also contributed to the significant growth in these costs. Interconnect and roaming costs increased by 39% but below revenue growth. Multiple SIMs resulted in less off-net traffic. Higher staff numbers, a significant increase in the number of consultants engaged for the network roll out and network optimisation as well as an increase in call centre agents were some of the main factors behind the 94% rise in employee benefits and consulting fees.

Selling, distribution and marketing costs increased by 70%. This was mainly due to marketing costs associated with various sponsorships, including the 2008 MTN Africa Cup of Nations football tournament as well as an increase in commission and distribution costs associated with the new dealer commission structure and expanded subscriber base.

Group finance director's report *continued*

MTN Ghana

MTN Ghana revenue and expenses summary

	December 2008 Rm	December 2007 Rm	Change %
Airtime and subscription revenue	**4 439**	3 411	30
Interconnect revenue	**950**	560	70
Data and SMS	**553**	15	
Connection revenue	**61**	28	118
Other	**44**	34	29
Total revenue	**6 047**	4 048	49
Direct network operating costs	**468**	216	117
Costs of handsets, SIMs and vouchers	**143**	63	127
Interconnect and roaming costs	**845**	364	132
Employee benefits and consulting costs	**335**	280	20
Selling, distribution and marketing costs	**581**	442	31
Other expenses (general and administration)	**889**	611	45
Total operating expenses	**3 261**	1 976	65
EBITDA	**2 786**	2 072	34
EBITDA margin (%)	**46,1**	51,2	(5,1) (pts)

Revenue

MTN Ghana delivered a 49% increase in revenue, which was driven by a 60% increase in subscriber numbers. Airtime revenue, up 30%, was the largest contributor to total revenues and was buoyed by increased subscriber usage as well as from the substantial increases in the number of subscribers. Interconnect revenue increased 70% as market share improved and the larger subscriber base received more off-network calls. Data and SMS revenues increased significantly from a very low base in 2007, underlining the considerable opportunity for growth in this service segment.

EBITDA

The EBITDA margin declined to 46,1% from 51,2%. Ghana's EBITDA was negatively affected by the increase in regulatory fees and the introduction of a communications service tax.

Direct network operating costs increased by 117%, partly as a result of steep increases in utility costs, as well as higher rentals due to the substantial increase in the number of sites.

Apart from the increase in the subscriber base which led to more off-network calls, the exchange rate effect of calls made while roaming internationally led to a 132% rise in interconnect and roaming costs.

Selling, distribution and marketing costs increased by 31% mainly as a result of the realignment of MTN's proposition to the distribution channel and the increased commissions that resulted.

MTN Irancell*

MTN Irancell revenue and expenses summary

	December 2008 Rm	December 2007 Rm	Change %
Airtime and subscription revenue	**4 817**	944	410
Interconnect revenue	**3 421**	786	335
Data and SMS	**1 407**	209	573
Connection revenue	**420**	798	(47)
Other	**6**	1	500
Total revenue	**10 071**	2 738	268
Direct network operating costs	**1 232**	647	90
Regulatory fees – revenue share	**2 613**	1 114	134
Costs of handsets, SIMs and vouchers	**332**	128	159
Interconnect and roaming costs	**1 358**	316	330
Employee benefits and consulting costs	**249**	177	41
Selling, distribution and marketing costs	**958**	547	75
Other expenses (general and administration)	**284**	176	61
Total operating expenses	**7 026**	3 105	126
EBITDA	**3 045**	(367)	
EBITDA margin (%)	**30,2**	(13,4)	(43,6) (pts)

**Irancell is shown at 100%, although 49% is consolidated in accordance with the joint venture structure.*

Revenue

MTN Irancell increased revenue by 268% to R10,1 billion, driven by the 167% increase in subscribers as well as improved network roll out that provided substantially more coverage and capacity. Despite the high number of connections, connection revenue dropped due to a reduction in connection prices and the use of promotional campaigns. Connection revenue now only represents 4% of total 2008 revenue compared to 29% in 2007.

EBITDA

MTN Irancell reported a turnaround in profitability in 2008, its second full year of operation, reporting EBITDA of R3,0 billion as a result of the business obtaining critical mass. The 90% increase in the direct network operating costs is in line with the network roll out in the year.

Regulatory fees grew at a lower rate than revenue because in the prior year as actual revenue did not achieve the minimum specified in the licence the minimum revenue share was paid, whereas in the current year it became a percentage of actual revenue.

Group finance director's report *continued*

MTN Syria

MTN Syria revenue and expenses summary

	December 2008 Rm	December 2007 Rm	Change %
Airtime and subscription revenue	**5 434**	3 590	51
Interconnect revenue	**472**	350	35
Data and SMS	**375**	427	(12)
Connection revenue	**82**	91	(10)
Other	**145**	72	101
Total revenue	**6 508**	4 530	44
Direct network operating costs	**410**	294	40
Regulatory fees – revenue share	**2 765**	1 700	63
Costs of handsets, SIMs and vouchers	**38**	35	9
Interconnect and roaming costs	**453**	336	35
Employee benefits and consulting costs	**235**	154	53
Selling, distribution and marketing costs	**237**	248	4
Other expenses (general and administration)	**541**	382	42
Total operating expenses	**4 679**	3 149	49
EBITDA	**1 829**	1 381	32
EBITDA margin (%)	**28,1**	30,5	(2,4) (pts)

Revenue

MTN Syria recorded a 44% increase in revenue in rand terms, driven by a 51% increase in airtime and subscription revenue, as well as a 35% increase in interconnect revenue. These increases were mainly due to the larger subscriber base (14% higher than 2007). The growth in local currency revenue of 14% was in line with subscriber growth.

EBITDA

The high revenue sharing arrangement in Syria causes EBITDA margins in this operation to typically be below those of other MTN operations. In 2008, MTN Syria's EBITDA margin decreased to 28,1% from 30,5% at the end of 2007 as the increased Build, Operate and Transfer (BOT) revenue sharing fee increased to 50% from 40% in June.

Direct network operating costs increased by 40%, due to the continued network expansion. Other significant increases were in employee benefits and consulting costs as a result of the use of consultants during the implementation of a number of projects. Interconnect and roaming costs increased slightly below revenue growth as a greater percentage of calls were made on-net.

MTN Sudan

MTN Sudan revenue and expenses summary

	December 2008 Rm	December 2007 Rm	Change %
Airtime and subscription revenue	**1 134**	995	14
Interconnect revenue	**296**	454	(35)
Data and SMS	**63**	77	(18)
Connection revenue	**29**	34	15
Other	**107**	96	11
Total revenue	**1 629**	1 656	(2)
Direct network operating costs	**391**	224	75
Costs of handsets, SIMs and vouchers	**43**	32	34
Interconnect and roaming costs	**260**	316	(18)
Employee benefits and consulting costs	**206**	144	43
Selling, distribution and marketing costs	**225**	207	9
Other expenses (general and administration)	**254**	157	62
Total operating expenses	**1 379**	1 080	28
EBITDA	**250**	576	(57)
EBITDA margin (%)	**15,3**	34,8	(19,5) (pts)

Revenue

The regulatory requirement to disconnect all prepaid subscribers in the first half of 2008 who had not registered their personal details with their mobile operator (some 1,1 million users disconnected in H108) together with network and distribution challenges resulted in MTN Sudan reporting virtually no change in revenue between 2007 and 2008. While airtime and subscription fees increased by 14%, interconnect revenue declined by 35% mainly due to the drop in the interconnect tariff in the last quarter of 2008.

EBITDA

Higher operating expenditure associated with the continued network roll out and flat revenues led to a decline of 57% in MTN Sudan's EBITDA and a fall in the EBITDA margin to 15,3% from 34,8%. There were increases in other expenses arising from provisions for interconnect rate disputes and the IT fund contributions that were absorbed by the company following a change in the method of invoicing by the regulator.

Group finance director's report *continued*

Balance sheet analysis

MTN Group

Balance sheet

	December 2008 Rm	December 2007 Rm	Change %
Non-current assets	**115 319**	82 085	40
Property, plant and equipment	**64 193**	39 463	63
Goodwill and other intangible assets	**45 786**	38 797	18
Other non-current assets	**5 340**	3 825	40
Current assets	**54 787**	33 501	64
Bank balances	**26 961**	16 868	60
Other current assets	**27 826**	16 633	67
Total assets	**170 106**	115 586	47
Capital and reserves	**80 542**	51 502	56
Non-current liabilities	**34 973**	29 114	20
Long-term liabilities	**29 100**	23 007	26
Deferred taxation and other non-current liabilities	**5 873**	3 551	65
Put option liability	**—**	2 556	(100)
Current liabilities	**54 591**	34 970	56
Put option liability	**3 341**	—	—
Non-interest-bearing liabilities	**38 760**	24 320	59
Interest-bearing liabilities	**12 490**	10 650	17
Total equity and liabilities	**170 106**	115 586	47

Overview

The 2008 balance sheet was affected by the appreciation of the operational currencies relative to the rand. Total assets increased by 47% to R170 billion. This was mainly because of increases in property, plant and equipment due to the significant roll out of infrastructure in the year.

Property, plant and equipment

Property, plant and equipment increased by R24,7 billion in the year, due mainly to significant capital additions undertaken in the year, primarily in Nigeria, South Africa, Iran, Ghana and Syria, and due to the weakening of the rand against the dollar.

Goodwill and intangibles

Goodwill of R31,9 billion at December 2008 showed an increase of R6,2 billion on that reported at December 2007 mainly due to the weakening of the rand and the effect of this on the translation of the goodwill from the acquisition of Investcom LLC in 2006. Intangibles increased mainly due to software acquisitions by South Africa, Iran and Cameroon.

Current assets

Current assets increased by 64% to R54,8 billion at 31 December 2008. The increase in trade receivables was marginally above the organic growth rate of the business. Despite the net cash outflow of R27,1 billion on investing activities and R2,5 billion for dividends, the Group's cash balance increased by R11,1 billion to R28,7 billion at year-end.

R2,7 billion of the increase in bank balances was due to the positive impact of foreign exchange rate movements. Cash balances in Syria and Ghana continued to increase as resolution of the specific issues in these countries remained principally unresolved. A portion of the R11,9 billion cash balance at the head office was utilised soon after year-end for the repayment of amortising loans and the acquisition of Verizon Business South Africa.

Trade and other receivables increased by R6,4 billion, with the majority of this increase recorded in South Africa, Ghana, Nigeria, Iran, Sudan and Syria. Sudan's trade receivables increased due to higher interconnect receivables in the absence of interconnect agreements with other operators. Nigeria's trade and other receivables increased by R900 million due to higher prepayments and increased trading activities. South Africa's trade receivables increased by R1,4 billion, a result of higher trading activities and an increase in interconnect debts.

Group finance director's report *continued*

Interest-bearing liabilities

MTN Group's interest-bearing debt increased from R33,7 billion to R41,6 billion at December 2008. 52% of the interest-bearing liabilities are at the holding company level, with Nigeria accounting for 31% of the balance. Operational gross debt increased by 44% to R24,7 billion, mainly due to the R8 billion increase in interest-bearing liabilities in Nigeria. This is in line with MTN's strategy of gearing up the operational companies wherever possible and efficient.

Due to the current economic climate and uncertainties in financial markets, MTN Group or holding companies within the Group may be required to provide additional funding to certain of its operations.

Non-interest-bearing liabilities

Non-interest-bearing liabilities consist of trade payables, accruals, taxation, provisions, put option liability and unearned income. These liabilities increased by R14 billion from December 2007 to R39 billion. Trade payables increased by R3,8 billion to R10,2 billion at 31 December 2008. Iran's trade payables increased by R2 billion, while those for South Africa, Syria and Nigeria increased by R1 billion each.

Cash flow analysis

Cash generated from operations improved to R44,8 billion from R34,3 billion as a result of the strong operational performance. The Group paid a dividend of R2,5 billion in April 2008 and tax of R6,8 billion in the year. The successful capital expenditure roll out programme utilised R26,9 billion of cash in the year. Nevertheless, net cash flow for the year was R7,4 billion before foreign exchange translation gains of R2,7 billion and movements in restricted cash balances.

Capital commitments

The Group has committed to capital expenditure of R37,7 billion in 2009, mainly to expand the capacity of the network and increase its coverage, which in turn is expected to underpin demand growth. This amount includes the effect of an expected weakening of the rand in the year by an average rate of 9,09. The operations with the largest capital expenditure allocations for 2009 are Nigeria (R12 billion), South Africa (R8,15 billion), Iran (R4 billion) and Ghana (R3,65 billion).

Dividends

The board declared a cash dividend of 181 cents per ordinary share, in line with the Group's dividend policy of five times adjusted headline earnings.

Conclusion

MTN Group performed well in 2008 and substantially met its ambitious capital spending plans, made significant progress in improving operational efficiencies and continued to report impressive growth in revenue and earnings.

The Group's net debt to EBITDA ratio dropped to 0,3 in 2008 from 0,5, as a result of MTN's strong cash flow generation, which reached more than R7 billion after taking into account capital investment.

In an environment of increasingly tight credit markets, this robust cash position and strong balance sheet place the Group in a solid position to take advantage of any expansion opportunities that may arise, and that are considered to be commercially and strategically attractive and feasible.

Rob Nisbet
Group finance director
May 2009

Five-year review

Financial information	December 2008	December 2007	December 2006	December 2005**#	March 2004**
Income statement – extracts (Rm)					
Revenue	**102 526**	73 145	51 595	27 212	23 871
EBITDA	**43 166**	31 845	22 413	11 231	9 055
Profit from operations	**30 407**	22 872	16 094	8 478	6 679
Net finance costs	**(1 917)**	(3 173)	(1 427)	(373)	(604)
Income tax expense	**(11 355)**	(7 791)	(2 591)	(1 411)	(1 101)
Minority interests	**(1 820)**	(1 308)	(1 489)	(838)	(612)
Attributable earnings	**15 315**	10 608	10 610	5 866	4 371
Basic headline earnings	**15 603**	10 886	10 628	5 984	4 370
Balance sheet – extracts (Rm)					
Property, plant and equipment	**64 193**	39 463	30 647	20 676	10 904
Goodwill	**31 914**	25 744	27 017	2 650	33
Intangible assets	**13 872**	13 053	13 088	4 057	1 784
Investments and loans	**4 683**	2 493	2 925	2 367	560
Deferred taxation	**657**	1 332	2 605	1 386	356
Bank balances, deposits and cash	**28 738**	17 607	10 091	7 560	5 336
Other current assets	**26 049**	15 894	10 544	6 116	3 307
Total assets	**170 106**	115 586	96 917	44 812	22 280
Ordinary shareholders' interest	**76 386**	47 315	38 696	19 716	10 128
Minority interest	**4 156**	4 187	4 033	3 380	1 418
Interest-bearing liabilities	**41 590**	33 657	32 979	8 605	4 149
Non-interest-bearing liabilities	**42 985**	27 751	18 431	12 258	5 919
Deferred taxation	**4 989**	2 676	2 778	853	666
Total liabilities	**89 564**	64 084	54 188	21 716	10 734
Total equity and liabilities	**170 106**	115 586	96 917	44 812	22 280
Cash flow statement – extract (Rm)					
Net cash flow from operations	**44 836**	34 334	22 934	11 367	10 027
Cash inflows from operating activities	**34 236**	25 850	17 622	9 159	8 597
Cash outflows from investing activities	**(27 177)**	(17 152)	(35 711)	(12 920)	(4 898)
Cash outflows from financing activities	**292**	(2 135)	18 993	5 357	233
Cash and cash equivalents	**25 596**	15 546	9 008	7 164	5 231
Dividends paid	**(2 536)**	(1 675)	(1 083)	(1 081)	—
Capital expenditure	**(26 896)**	(15 348)	(9 796)	(6 732)	(5 048)
Performance per ordinary share					
Basic headline earnings (cents)	**836,5**	584,8	606,5	359,8	263,7
Adjusted headline earnings (cents)	**904,4**	681,9	584,7	338,2	253,1
Attributable earnings (cents)	**821,0**	569,9	605,4	352,7	253,1
Dividends (cents)	**136,0**	90,0	65,0	65,0	—
Net asset value – book value (rand)[1]	**41,0**	25,4	20,8	11,8	6,1
Returns and profitability ratios					
Return on assets (%)[2]	**21,3**	21,5	22,7	30,3	33,3
Return on average shareholders' funds (%)[3]	**25,2**	25,3	36,4	44,6	51,7
EBITDA margin (%)	**42,1**	43,5	43,4	41,3	37,9
Enterprise value/EBITDA multiple (times)[4]	**5,1**	8,1	8,3	7,2	6,1
Effective taxation rate (%)	**39,9**	39,5	17,6	17,4	18,1
Solvency and liquidity ratios					
Gearing (%)[5]	**16,0**	31,2	53,6	4,5	(10,3)
Interest cover (times)[6]	**3,5**	4,6	4,9	10,7	8,9
Dividends cover (times)[7]	**4,6**	4,3	6,3	5,2	6,2
Net debt to EBITDA[8]	**0,3**	0,5	1,0	0,1	(0,1)
Operating cash flow/revenue (%)	**43,7**	46,9	44,5	41,8	42,0

Operational information	December 2008	December 2007	December 2006	December 2005	March 2004
Share performance					
Number of ordinary shares in issue (million)					
– at year-end	**1 868,0**	1 864,8	1 860,3	1 665,3	1 658,8
– weighted average during the year	**1 865,3**	1 861,5	1 752,3	1 663,2	1 654,4
Closing price (cents per share)	**10 850**	12 806	8 530	6 215	3 296
Market capitalisation (Rm)	**202 385**	238 806	158 684	103 498	54 674
South Africa					
Mobile penetration (%)	**97**	86	74	62	36
Market share (%)	**36**	36	36	35	38
Subscribers (million)	**17**	15	12	10	6
ARPU (ZAR)	**164**	149	159	169	203
EBITDA margin (%)	**33**	35	34	32	30
Capex/sales (%)	**15**	10	10	15	7
Nigeria					
Mobile penetration (%)	**36**	28	19	13	3
Market share (%)	**44**	43	46	47	48
Subscribers (million)	**23**	17	12	8	2
ARPU (USD)	**16**	17	18	22	51
EBITDA margin (%)	**58**	57	57	52	51
Capex/sales (%)	**30**	24	25	43	49
Ghana* **					
Mobile penetration (%)	**50**	33	22		
Market share (%)	**55**	52	52		
Subscribers (million)	**6**	4	3		
ARPU (USD)	**12**	15	17		
EBITDA margin (%)	**46**	51	42		
Capex/sales (%)	**31**	31	28		
Sudan* **					
Mobile penetration (%)	**23**	21	12		
Market share (%)	**28**	28	25		
Subscribers (million)	**3**	2	1		
ARPU (USD)	**7**	12	16		
EBITDA margin (%)	**15**	36	17		
Capex/sales (%)	**57**	60	74		
Iran					
Mobile penetration (%)	**61**	37	20		
Market share (%)	**37**	23	1		
Subscribers (million)	**16**	6	*		
ARPU (USD)	**9**	10	9		
EBITDA margin (%)	**30**	(13)	(75)		
Capex/sales (%)	**56**	116	1 003		

Definitions

(1) Ordinary shareholders' interest dividend by the number of ordinary shares in issue at year-end
(2) Profit from operations 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

**Amounts less than R1 million*
***Restated to comply with IFRS*
****Included from date of acquisition*
#Nine months to 31 December 2005

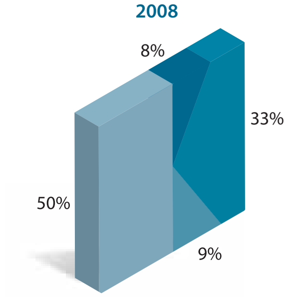
Value added statement

for the year ended 31 December 2008

Value added is defined as the value created by the activities of a business and its employees. The value added statement reports on the calculation of value added and its application among stakeholders in the Group. This statement shows the total wealth created and how it was distributed, taking into account the amounts reinvested in the Group for the replacement of assets and development of operations.

	December 2008 Rm	%	December 2007 Rm	%
Cash value generated from revenue	**102 526**		70 589	
Cost of materials and services	**(44 625)**		(30 330)	
Value added by operations	**57 901**	97	40 259	98
Finance income	**1 744**	3	1 013	2
Wealth created	**59 645**	100	41 272	100
Employees	**4 776**	8	3 379	8
Salaries, wages and other benefits	**4 347**		3 035	
Employees' tax	**429**		344	
Governments	**19 661**	33	11 984	29
Corporate and indirect taxation	**13 152**		8 221	
Licence fees	**6 509**		3 763	
Providers of capital	**5 563**	9	5 264	13
Finance costs	**3 027**		3 589	
Dividends	**2 536**		1 675	
Reinvested in the Group to maintain and develop operations	**29 645**	50	20 645	50
Wealth distribution	**59 645**	100	41 272	100
Employee statistics				
Average number of employees	**16 452**		14 878	
	R		R	
Revenue per employee	**6 231 826**		4 744 522	
Value added per employee	**3 519 390**		2 705 942	
Wealth created per employee	**3 625 395**		2 774 029	

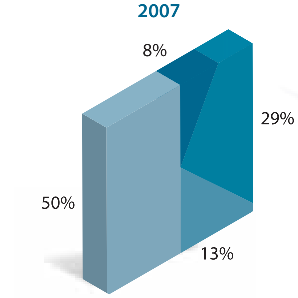
2008



Wealth distribution

- Employees
- Governments
- Providers of capital
- Reinvested in the Group

2007



Report of the audit committee

The legal responsibilities of the MTN Group audit committee (the committee) are set out in section 270A(1)(F) of the Companies Act, 61 of 1973 (as amended by the Corporate Laws Amendment Act). These responsibilities, together with the requirements of the JSE and compliance with appropriate governance and international best practice, are incorporated in the committee's charter, which was reviewed and approved by the board during 2008. The committee has regulated its affairs in compliance with this mandate, and has discharged all of the responsibilities set out therein.

The committee was formally reappointed by the board during the period under review.

The biographical details of the committee members are set out in book 1 on pages 14 and 15 and the members' fees are included in the table of directors' remuneration on page 31.

Group finance director – As required by the JSE Listings Requirement 3.84(h), the audit committee has satisfied itself that the Group finance director has appropriate expertise and experience.

External auditors – The audit committee considered the matters set out in section 270A (5) of the Companies Act, as amended by the Corporate Laws Amendment Act, and:

- is satisfied with the independence and objectivity of the external auditors;
- approved the external auditors' fees for 2008 and budgeted fees for the 2009 financial year; and
- approved the non-audit related services performed by the external auditors' in the year in accordance with the policy established and approved by the board.

Internal auditors – considered and confirmed the internal audit charter and audit plan for the 2008 financial year as well as reviewed the results of the internal audits conducted during the 2008 year.

Separate meetings are held with management, external and internal audit representatives to discuss any problems and other matters that they wish to discuss.

To the best of their knowledge and on the basis of the information and explanations given by management and the Group internal audit function as well as discussions with the independent external auditors on the results of their audits, the audit committee is satisfied that there was no material breakdown in the internal accounting controls during the financial year under review.

A Group financial policies manual was developed during the year and is in the process of implementation in the various operations. This manual will standardise accounting treatment across the Group and facilitate the production of IFRS compliant financial statements on a more timely basis.

The audit committee has evaluated the financial statements of MTN Group Limited for the year ended 31 December 2008 and, based on the information provided to the audit committee, considers that the Group complies, in all material respects, with the requirements of the Companies Act (61 of 1973), as amended, IFRS and the Listings Requirements of the JSE.

The committee has recommended the financial statements to the board for approval. The board has subsequently approved the financial statements which will be open for discussion at the forthcoming annual general meeting.

The head of internal audit and risk and external auditors have unlimited access to the chairman of the committee. The chairman of the audit committee attends annual general meetings and is available to answer any questions.

Alan van Biljon
Chairman of the audit committee

Fairland
11 May 2009

Report of the independent auditors
for the year ended 31 December 2008

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 2008, 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 pages 26 to 152.

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 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.

Auditors' 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 as to 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 management, 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 the Group as at 31 December 2008 and their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa.

PricewaterhouseCoopers Inc.
SizweNtsaluba vsp.

PricewaterhouseCoopers Inc.
Director: S Sooklal
Registered Auditor
Sunninghill

11 March 2009

SizweNtsaluba VSP
Director: A Mashifane
Registered Auditor
Woodmead

11 March 2009

Certificate of the company secretary

for the year ended 31 December 2008

In terms of section 268G(d) of the Companies 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 2008, all such returns as are required of a public company in terms of the Companies Act, and that all such returns are true, correct and up to date.

SB Mtshali
Group secretary

Fairland
11 March 2009

Directors' report
for the year ended 31 December 2008

The directors have pleasure in submitting their report on the annual financial statements of the Group for the year ended 31 December 2008.

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

Review of financial results and operations
The detailed 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 and the annual financial statements.

	31 December 2008 Rm	31 December 2007 Rm
Aggregate net profits in:		
Subsidiaries	**15 626**	13 259
Joint ventures	**511**	134
Associated companies	**—**	8
	16 137	13 401
Aggregate net losses in:		
Subsidiaries	**(822)**	(2 111)
Joint ventures	**—**	(682)
	(822)	(2 793)

Subsidiary companies
Details of entities in which MTN Group has a direct or indirect interest are set out in Annexures 1 and 2, of the financial statements on pages 147 and 151, respectively.

All the Group subsidiaries have a year-end consistent with that of the MTN Group, with the exception of MTN Irancell, which has a year-end of 19 March, due to statutory requirements in Iran.

Distribution to shareholders
A dividend of 181 cents per share (December 2007: 136 cents per share) amounting to R3,381 million (December 2007: R2,536 million) in respect of the financial year ended 31 December 2008 was declared on Wednesday, 11 March 2009, payable to shareholders registered on Friday, 27 March 2009. The payments of future dividends will depend on the board's ongoing assessment of MTN Group's earnings, 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, please note that 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, by approaching our share registrar, Computershare Investor Services (Proprietary) Limited, whose contact details are reflected on page 172 of shareholders' information.

Share capital

Authorised share capital

There was no change in the authorised share capital of the Company during the year under review. The authorised share capital of MTN Group is 2,5 billion ordinary shares of 0,01 cent each. The movement in the issued ordinary share capital during the year under review is reflected below.

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:

Shares	Strike price
2 596 055	at R9,31
75 660	at R13,53
449 970	at R27,00
90 812	at R40,50

Accordingly, at 31 December 2008, the issued share capital of the Company was R186 801 (December 2007: R186 480) comprising 1 868 010 304 (December 2007: 1 864 797 807) ordinary shares of 0,01 cent each. No treasury shares were 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 as amended (Act No 61 of 1973) (the Companies Act). As this general authority remains valid only until the next annual general meeting, which is to be held on 24 June 2009, 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 ordinary shares as well as the share premium for the year ended 31 December 2008 appear in note 15 to the MTN Group annual financial statements.

Acquisition of the Company's own shares

At the last annual general meeting held on 19 June 2008, 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, which is to be held on 24 June 2009, members will be asked at that meeting to consider a special resolution to renew this general approval until the next annual general meeting.

The Company did not exercise the approval to buy back shares during the year under review.

Directors' report *continued*

for the year ended 31 December 2008

Shareholders' interest

Major shareholders

The following information was extracted from the Company's share register at 31 December 2008:

	31 December 2008		31 December 2007	
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	**756 664 535**	**40,51**	686 542 027	36,82
Standard Bank Nominees (Tvl) (Proprietary) Limited	**632 349 026**	**33,85**	575 585 098	30,87
First National Nominees (Proprietary) Limited	**304 791 742**	**16,32**	308 704 138	16,55
Spread of ordinary shareholders				
Public	**1 396 012 143**	**74,73**	1 437 498 643	77,09
Non-public	**471 998 161**	**25,27**	427 299 164	22,91
– Directors of MTN Group Limited and major subsidiaries	**4 023 540**	**0,22**	645 089	0,03
– MTN Uganda Staff Provident Fund	**—**	**—**	1 500	—
– Lombard Odier Darier Hentsch & Cie (M1 Limited)	**190 084 630**	**10,18**	183 152 564	9,82
– Newshelf 664 (Proprietary) Limited	**277 889 991**	**14,87**	243 500 011	13,06
Total issued share capital	**1 868 010 304**	**100,00**	1 864 797 807	100,00

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

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

	31 December 2008		31 December 2007	
Beneficial shareholders holding 5% or more	**Number of shares**	**% of issued share capital**	Number of shares	% of issued share capital
Public Investment Corporation	**219 002 091**	**11,17**	247 425 249	13,27
Newshelf 664 (Proprietary) Limited*	**277 889 991**	**14,87**	243 500 011	13,06
Lombard Odier Darier Hentsch & Cie (M1 Limited)	**190 084 630**	**10,18**	183 152 564	9,82

**Further details of the Newshelf 664 shareholding are provided on page 47.*

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

Reward and remuneration philosophy

The principles of MTN Group's remuneration policy reflect the Group's objectives of a sound governance process and long-term value creation for the Group's shareholders. Also it is designed to support key business strategies and create a strong, performance-orientated environment. At the same time the policy must attract, motivate and retain talent.

Performance management

The performance of MTN employees is greatly enhanced through an effective performance management system at all levels of remuneration, whether through the fixed guaranteed package, or the various short-term and long-term incentive schemes.

As a multi-national company, all applicable employees and executives within the MTN Group of companies and operating units participate in the Group's Integrated Performance Framework (IPF) by means of performance agreements, thereby ensuring that the entire Group is fully aligned in achieving the strategic objectives and goals as determined by the board. This process consists of two elements, namely the individual performance section, which rewards individuals for achieving their individual targets through the salary increase process; and the team performance section which rewards the team for achieving the strategically determined value drivers, coupled with the Company's performance targets, and is rewarded through the performance bonus incentive scheme.

The MTN Group board of directors has delegated responsibility for remuneration policy to the nomination, remuneration, human resources and corporate governance committee (NRHR & CG committee). The role of this committee, among others, is to establish the overall principles that determine the remuneration of the Group's executive directors and senior management. The full details of the NRHR & CG committee's role, constitution and attendance are outlined in the corporate governance report.

In setting remuneration policy, the NRHR & CG committee recognises the need to be competitive in an international market. The committee's policy is to set remuneration levels which ensure that the executive directors and senior management are fairly and responsibly rewarded for their contribution to the Group's operating and financial performance. Also in order to promote a common interest with shareholders, performance linked share based incentives are considered to be an important element of the executive incentive policy.

Executive directors and senior management

The remuneration of the executive directors and senior management currently consists of three main components, to balance long- and short-term objectives; a base salary, annual bonus plan with performance targets and long-term incentives in the form of share-based incentive schemes. The last two are designed to encourage and reward superior performance, employee retention and to align the interests of the executive directors and senior management as closely as possible with the interests of shareholders. In addition to these main components, the executive directors and senior management also receive pensions, medical insurance, death/disability insurance and other benefits.

Directors' report *continued*
for the year ended 31 December 2008

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 reflected are for amounts accrued in respect of each year and not the amounts paid in that year. The bonuses are determined by the NRHR & CG committee and are approved by the board.

The base salary of executive directors is subject to annual review and is set with reference to external market benchmarks, taking individuals into consideration. Executive directors do not receive payment of directors' fees or committee fees in respect of meetings attended.

MTN Group recognises the benefit that the involvement of the executive directors as non-executive directors of other companies (under certain conditions) has to the individual and to the Company. However, each director is normally permitted to accept only one outside appointment. The directors' fees in that regard are ceded to MTN Group.

The total benefits received by executive directors are reflected in the following tables:

Remuneration of non-executive directors
MTN Group's non-executive directors receive annual retainer and meeting attendance fees. They do not participate in any type of share incentive scheme or receive pension-related benefits.

The non-executive directors' remuneration has been unchanged since the AGM held in June 2006. It is important to ensure that the remuneration of non-executive directors remains competitive in order to enable the Company to retain and attract persons of the required calibre in order to make meaningful contributions to the Company. Given its global footprint and growth rate and having regard to the appropriate capabilities, skills and experience required, the Group president and CEO, in consultation with the Group executive for human resources and Group financial director, conducted a review of the remuneration paid to non-executive directors, based on data provided by independent remuneration specialists and benchmarked against comparable international South African companies. The results indicated that the current remuneration paid was materially below that of comparable entities. The NRHR & CG committee debated and considered the revised remuneration proposal at length and after reaching consensus, recommended the revised remuneration proposal to the board, which sanctioned the proposal for recommendation to shareholders at the annual general meeting to be held on 24 June 2009. The proposed new fees structure is outlined in the notice of the fourteenth annual general meeting, in the table on pages 159 and 160 and will have retrospective effect to 1 January 2008.

The fees received by executive and non-executive directors during 2008 are reflected in the following table:

Directors' emoluments and related payments

For the year ended 31 December 2008

	Date appointed	Directors' fees R000	Salaries R000	Retirement benefits R000	Other benefits R000	Bonuses R000	Share options R000	Total R000
Executive directors								
PF Nhleko	01/06/01		6 498	385	75	13 000	—	19 958
RD Nisbet	01/10/01		3 090	410	241	5 750	—	9 491
RS Dabengwa	01/10/01		3 771	483	553	6 250	12 585	23 642
Sub-total			13 359	1 278	869	25 000	12 585	53 091
Non-executive directors								
MC Ramaphosa	01/10/01	820						820
DDB Band	01/10/01	575						575
K Kalyan**	13/06/06	2 019						2 019
AT Mikati**†	17/07/06	1 858						1 858
MJN Njeke	13/06/06	489						489
JHN Strydom	11/03/04	538						538
AF van Biljon	01/11/02	580						580
J van Rooyen	17/07/06	528						528
Directors who resigned during 2008								
MA Ramphele	13/06/06	58						58
AH Sharbatly**	13/06/06	434						434
PL Woicke**	13/06/06	291						291
Sub-total		8 190						8 190
Total		8 190	13 359	1 278	869	25 000	12 585	61 281

***The fees are paid in euro but have been converted to rand for the sake of consistency.*

†Fees are paid to M1 Limited.

OFFICIAL SPONSOR

Directors' report *continued*

for the year ended 31 December 2008

Directors' emoluments and related payments

For the year ended 31 December 2007

	Date appointed	Directors' fees R000	Salaries R000	Retirement benefits R000	Other benefits R000	Bonuses R000	Share options R000	Total R000
Executive directors								
PF Nhleko	01/06/01		5 971	514	414	9 358	—	16 257
RD Nisbet	01/10/01		2 943	377	154	3 425	—	6 899
RS Dabengwa	01/10/01		3 472	445	177	3 225	24 200	31 519
Sub-total			12 386	1 336	745	16 008	24 200	54 675
Non-executive directors								
MC Ramaphosa	01/10/01	859						859
DDB Band	01/10/01	649						649
K Kalyan	13/06/06	1 648						1 648
AT Mikati**†	17/07/06	2 132						2 132
MJN Njeke	13/06/06	680						680
M Ramphele	13/06/06	320						320
JHN Strydom	11/03/04	617						617
AH Sharbatly**	13/06/06	815						815
AF van Biljon	01/11/02	736						736
J van Rooyen	17/07/06	859						859
P Woicke**	13/06/06	1 262						1 262
Sub-total		10 577						10 577
Total		10 577	12 386	1 336	745	16 008	24 200	65 252

***The fees are paid in euro but have been converted to rand for the sake of consistency.*
†Fees are paid to M1 Limited.

The MTN Group share options, share appreciation rights and share rights schemes
The Company operates share options, share appreciation rights and share rights schemes (jointly referred to as "the schemes") and eligible employees, including executive directors, are able to participate in accordance with the schemes' rules. The schemes are designed to retain and recognise the contributions of executive directors and eligible staff and to provide additional incentives to contribute to the Company's continuing growth.

In terms of the Company's share option scheme, the total number of shares which may be allocated for the purposes of the scheme shall not exceed 5% of the total issued ordinary share capital of the Company, being 81 799 691 shares approved by shareholders in 2001.

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

The vesting periods under the 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 the date of allocation.

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

Share options
Details of the share options outstanding at year-end are as follows:

	31 December 2008 Number of shares	31 December 2007 Number of shares
Options allocated and reserved at beginning of year	**6 946 726**	11 900 904
Adjustment to prior year closing balance	**5 680**	41 140
	6 952 406	11 942 044
Less: Options no longer reserved due to participants leaving the employ of the Group and the lapsing of offers	**(165 240)**	(465 010)
Less: Options exercised and allotted during the year	**(3 212 087)**	(4 530 308)
Options allocated at year-end	**3 575 079**	6 946 726

Directors' report *continued*

for the year ended 31 December 2008

The options outstanding at the end of the period under review have a weighted average remaining contractual life of four years (December 2007: five years). During the year ended 31 December 2008, no options were granted. The fair values were calculated using the stochastic model. The inputs into the model are reflected below:

	31 December 2008	31 December 2007
Weighted average share price for the year	**R120,36**	R103,47
Weighted average exercise price	**R100,72**	R118,10
Expected life	**3 – 5 years**	4 – 6 years
Risk-free rate	**6,77% – 7,60%**	8,94% – 10,04%
Expected dividend yield	**0,97%**	1,11%
Expected volatility	**40,39% – 46,52%**	32,91% – 34,35%

Expected volatility was determined by calculating the historical volatility of the Company's share price over the previous six 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.

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

	31 December 2008 R000	31 December 2007 R000
Ordinary share capital – at par	*****	*
Share premium	**41 021**	60 181
Proceeds	**41 021**	60 181
Fair value, at exercise date, of shares issued	**339 947**	535 032

**Amount less than R1 million.*

The balances of share options, including executive director's allocations in issue, are reflected below:

Offer date	**Strike price R**	Number outstanding at 31 December 2007	**Forfeited during 2008**	**Exercised during 2008**	**Number outstanding at 31 December 2008**	**Remaining contractual life (Years)**
28 September 2001	13,53	599 694	**40 150**	**75 660**	**483 884**	2,74
2 September 2002	9,31	4 008 500	**35 600**	**2 595 645**	**1 377 255**	3,67
2 January 2003	12,88	119 820	**—**	**—**	**119 820**	4,00
7 July 2003	16,81	550 000	**—**	**—**	**550 000**	4,51
1 December 2003	27,00	955 676	**25 230**	**449 970**	**480 476**	4,91
1 December 2004	40,50	718 716	**64 260**	**90 812**	**563 644**	5,92
		6 952 406	**165 240**	**3 212 087**	**3 575 079**	

MTN Group share appreciation rights scheme and share rights scheme ("the rights schemes")

The share appreciation rights scheme was implemented on 31 May 2006, and superseded the share option scheme.

On 26 August 2008, the board approved the share rights scheme, which superseded the share appreciation rights scheme in respect of future grants. Both the rights schemes operate under the same provisions with the exception that the share rights scheme was extended to allow participation by junior managers.

Share rights under the rights schemes are granted to eligible employees by the relevant employer subsidiary company. Exercised rights are equity settled whereby the relevant MTN Group subsidiary purchases the required MTN shares in the open market.

The balances of the share rights schemes, including executive director's allocations in issue, are reflected below:

Offer date	Strike price R	Number outstanding at 31 December 2007	Offered during 2008	Forfeited during 2008	Exercised during 2008	Number outstanding at 31 December 2008	Remaining contractual life (Years)
31 May 2006	56,83	433 400	—	10 700	83 540	339 160	7,41
31 May 2006#	56,83	2 028 440	—	177 420	175 380	1 675 640	6,90
21 November 2006	71,00	3 560 300	—	281 100	300 380	2 978 820	7,89
1January 2007	85,30	104 600	—	—	—	104 600	8,00
2 April 2007	98,50	23 700	—	—	—	23 700	8,25
22 June 2007	96,00	786 300	—	58 500	—	727 800	8,47
19 March 2008	126,99	—	567 800	18 300	—	549 500	9,21
1 September 2008	118,64	—	2 497 300	52 900	—	2 444 400	9,67
Total		6 936 740	3 065 100	598 920	559 300	8 843 620	

#The vesting period in respect of part of the allocation made on 31 May 2006 was accelerated by six months, due to the fact that the Company had not issued any share incentive rights to eligible employees in 2005. The remaining contractual life of these rights is thus reduced by six months.

A valuation has been prepared using the stochastic model to determine the fair value of the share appreciation rights and the expense to be recognised during the year.

The inputs into stochastic model were as follows:

	31 December 2008	31 December 2007
Share price at balance sheet date	R108,50	R128,06
Expected life	1 to 6 years	1 to 6 years
Risk-free rate	6, 77% – 7,60%	8,40% to 10,04%
Expected volatility	40,39% – 46,52%	33,54% to 35,73%
Dividend yield	0,97%	1,11%

Expected volatility was determined by calculating the historical volatility of MTN Group Limited's share price over the previous six 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 *continued*
for the year ended 31 December 2008

The nominations, remunerations, human resources and corporate governance committee periodically assesses the effectiveness of the Company's long-term incentive scheme, to ensure alignment with shareholder requirements and international best practice.

A revised share-based incentive scheme is currently being developed with the assistance of independent experts.

Equity compensation benefits for executive directors, the Group secretary and directors of major subsidiaries
Participation in the MTN Group Limited share schemes for the year ended 31 December 2008.

Offer date	Strike price R	Vesting date	Offered	Number outstanding at 31 December 2007	Exercised 2008	Exercise date	Exercise price and sale price R	Number outstanding at 31 December 2008
PF Nhleko								
2 September 2002	9,31	02/09/2004	477 740	82 740	**82 740**	22/12/2008	99,00	—
2 September 2002	9,31	02/09/2005	477 740	477 740	**477 740**	22/12/2008	99,00	—
2 September 2002	9,31	02/09/2006	716 610	716 610	**716 610**	22/12/2008	99,00	—
2 September 2002	9,31	02/09/2007	716 610	716 610	**716 610**	22/12/2008	99,00	—
			2 388 700	1 993 700	**1 993 700**			—
21 November 2006	71,00	21/11/2008	172 133	172 133	**103 280**	22/12/2008	105,56	**68 853**
21 November 2006	71,00	21/11/2009	172 133	172 133				**172 133**
21 November 2006	71,00	21/11/2010	172 134	172 134				**172 134**
			516 400	516 400	**103 280**			**413 120**
2 April 2007	98,50	02/04/2008	7 900	7 900				**7 900**
2 April 2007	98,50	02/04/2009	7 900	7 900				**7 900**
2 April 2007	98,50	02/04/2010	7 900	7 900				**7 900**
			23 700	23 700				**23 700**
Total			2 928 800	2 533 800	**2 096 980**			**436 820**

Equity compensation benefits for executive directors, the Group secretary and directors of major subsidiaries (continued)

Offer date	Strike price R	Vesting date	Offered	Number outstanding at 31 December 2007	Exercised 2008	Exercise date	Exercise price and sale price R	Number outstanding at 31 December 2008
RD Nisbet								
2 September 2002	9,31	02/09/2004	187 160	—				**—**
2 September 2002	9,31	02/09/2005	187 160	—				**—**
2 September 2002	9,31	02/09/2006	280 740	280 740				**280 740**
2 September 2002	9,31	02/09/2007	280 740	280 740				**280 740**
			935 800	561 480				**561 480**
1 December 2003	27,00	01/12/2005	12 900	—				**—**
1 December 2003	27,00	01/12/2006	12 900	12 900				**12 900**
1 December 2003	27,00	01/12/2007	19 350	19 350				**19 350**
1 December 2003	27,00	01/12/2008	19 350	19 350				**19 350**
			64 500	51 600				**51 600**
21 November 2006	71,00	21/11/2008	39 480	39 480				**39 480**
21 November 2006	71,00	21/11/2009	39 480	39 480				**39 480**
21 November 2006	71,00	21/11/2010	59 220	59 220				**59 220**
21 November 2006	71,00	21/11/2011	59 220	59 220				**59 220**
			197 400	197 400				**197 400**
19 March 2008	126,99	19/03/2010	4 520					**4 520**
19 March 2008	126,99	19/03/2011	4 520					**4 520**
19 March 2008	126,99	19/03/2012	6 780					**6 780**
19 March 2008	126,99	19/03/2013	6 780					**6 780**
			22 600					**22 600**
Total			1 220 300	810 480				**833 080**

Directors' report *continued*

for the year ended 31 December 2008

Equity compensation benefits for executive directors, the Group secretary and directors of major subsidiaries (continued)

Offer date	Strike price R	Vesting date	Offered	Number outstanding at 31 December 2007	Exercised 2008	Exercise date	Exercise price and sale price R	Number outstanding at 31 December 2008
RS Dabengwa								
2 September 2002	9,31	02/09/2004	66 140	—				—
2 September 2002	9,31	02/09/2005	66 140	—				—
2 September 2002	9,31	02/09/2006	99 210	—				—
2 September 2002	9,31	02/09/2007	99 210	—				—
			330 700	—				—
1 December 2003	27,00	01/12/2005	58 220	58 220	**58 220**	14/10/2008	105,96	—
1 December 2003	27,00	01/12/2006	58 220	58 220	**58 220**	14/10/2008	105,96	—
1 December 2003	27,00	01/12/2007	87 330	87 330	**43 560**	14/10/2008	105,96	**43 770**
1 December 2003	27,00	01/12/2008	87 330	87 330				**87 330**
			291 100	291 100	**160 000**			**131 100**
21 November 2006	71,00	21/11/2008	8 680	8 680				**8 680**
21 November 2006	71,00	21/11/2009	8 680	8 680				**8 680**
21 November 2006	71,00	21/11/2010	13 020	13 020				**13 020**
21 November 2006	71,00	21/11/2011	13 020	13 020				**13 020**
			43 400	43 400				**43 400**
31 May 2006	56,83	30/11/2007	26 960	26 960				**26 960**
31 May 2006	56,83	30/11/2008	26 960	26 960				**26 960**
31 May 2006	56,83	30/11/2009	40 440	40 440				**40 440**
31 May 2006	56,83	30/11/2010	40 440	40 440				**40 440**
			134 800	134 800				**134 800**
19 March 2008	126,99	19/03/2010	14 440					**14 440**
19 March 2008	126,99	19/03/2011	14 440					**14 440**
19 March 2008	126,99	19/03/2012	21 660					**21 660**
19 March 2008	126,99	19/03/2013	21 660					**21 660**
			72 200					**72 200**
Total			872 200	469 300	**160 000**			**381 500**

Equity compensation benefits for executive directors, the Group secretary and directors of major subsidiaries (continued)

Offer date	Strike price R	Vesting date	Offered	Number outstanding at 31 December 2007	Exercised 2008	Exercise date	Exercise price and sale price R	Number outstanding at 31 December 2008
C de Faria								
21 November 2006	71,00	21/11/2008	69 720	69 720				**69 720**
21 November 2006	71,00	21/11/2009	69 720	69 720				**69 720**
21 November 2006	71,00	21/11/2010	104 580	104 580				**104 580**
21 November 2006	71,00	21/11/2011	104 580	104 580				**104 580**
Total			348 600	348 600				**348 600**
J Ramadan								
21 November 2006	71,00	21/11/2008	69 720	69 720				**69 720**
21 November 2006	71,00	21/11/2009	69 720	69 720				**69 720**
21 November 2006	71,00	21/11/2010	104 580	104 580				**104 580**
21 November 2006	71,00	21/11/2011	104 580	104 580				**104 580**
Total			348 600	348 600				**348 600**
SL Botha								
07 July 2003	16,81	07/07/2005	191 908	—				**—**
07 July 2003	16,81	07/07/2006	191 908	—				**—**
07 July 2003	16,81	07/07/2007	287 862	262 138				**262 138**
07 July 2003	16,81	07/07/2008	287 862	287 862				**287 862**
			959 540	550 000				**550 000**
22 June 2007	96,00	22/06/2009	31 180	31 180				**31 180**
22 June 2007	96,00	22/06/2010	31 180	31 180				**31 180**
22 June 2007	96,00	22/06/2011	46 770	46 770				**46 770**
22 June 2007	96,00	22/06/2012	46 770	46 770				**46 770**
			155 900	155 900				**155 900**
Total			1 115 440	705 900				**705 900**

Directors' report *continued*

for the year ended 31 December 2008

Equity compensation benefits for executive directors, the Group secretary and directors of major subsidiaries (continued)

Offer date	Strike price R	Vesting date	Offered	Number outstanding at 31 December 2007	Exercised 2008	Exercise date	Exercise price and sale price R	Number outstanding at 31 December 2008
KW Pienaar								
2 September 2002	9,31	02/09/2004	124 120	—				—
2 September 2002	9,31	02/09/2005	124 120	—				—
2 September 2002	9,31	02/09/2006	186 180	—				—
2 September 2002	9,31	02/09/2007	186 180	—				—
			620 600	—				—
1 December 2004	40,50	01/12/2006	6 220	—				—
1 December 2004	40,50	01/12/2007	6 220	—				—
1 December 2004	40,50	01/12/2008	9 330	9 330				**9 330**
1 December 2004	40,50	01/12/2009	9 330	9 330				**9 330**
			31 100	18 660				**18 660**
21 November 2006	71,00	21/11/2008	20 760	20 760				**20 760**
21 November 2006	71,00	21/11/2009	20 760	20 760				**20 760**
21 November 2006	71,00	21/11/2010	31 140	31 140				**31 140**
21 November 2006	71,00	21/11/2011	31 140	31 140				**31 140**
			103 800	103 800				**103 800**
Total			755 500	122 460				**122 460**

Equity compensation benefits for executive directors, the Group secretary and directors of major subsidiaries (continued)

Offer date	Strike price R	Vesting date	Offered	Number outstanding at 31 December 2007	Exercised 2008	Exercise date	Exercise price and sale price R	Number outstanding at 31 December 2008
PD Norman								
2 September 2002	9,31	02/09/2004	110 020	—				**—**
2 September 2002	9,31	02/09/2005	110 020	20				**20**
2 September 2002	9,31	02/09/2006	165 030	135 030	**100 000**	02/04/2008	134,20	**35 030**
2 September 2002	9,31	02/09/2007	165 030	165 030	**50 000**	12/12/2008	99,00	**115 030**
			550 100	300 080	**150 000**			**150 080**
1 December 2004	40,50	01/12/2006	6 780	6 780				**6 780**
1 December 2004	40,50	01/12/2007	6 780	6 780				**6 780**
1 December 2004	40,50	01/12/2008	10 170	10 170				**10 170**
1 December 2004	40,50	01/12/2009	10 170	10 170				**10 170**
			33 900	33 900				**33 900**
21 November 2006	71,00	21/11/2008	14 420	14 420				**14 420**
21 November 2006	71,00	21/11/2009	14 420	14 420				**14 420**
21 November 2006	71,00	21/11/2010	21 630	21 630				**21 630**
21 November 2006	71,00	21/11/2011	21 630	21 630				**21 630**
			72 100	72 100				**72 100**
31 May 2006	56,83	30/11/2007	9 140	9 140				**9 140**
31 May 2006	56,83	30/11/2008	9 140	9 140				**9 140**
31 May 2006	56,83	30/11/2009	13 710	13 710				**13 710**
31 May 2006	56,83	30/11/2010	13 710	13 710				**13 710**
			45 700	45 700				**45 700**
Total			701 800	451 780	**150 000**			**301 780**

Directors' report *continued*

for the year ended 31 December 2008

Equity compensation benefits for executive directors, the Group secretary and directors of major subsidiaries (continued)

Offer date	Strike price R	Vesting date	Offered	Number outstanding at 31 December 2007	Exercised 2008	Exercise date	Exercise price and sale price R	Number outstanding at 31 December 2008
SB Mtshali								
31 May 2006	56,83	31/05/2008	10 600	10 600				**10 600**
31 May 2006	56,83	31/05/2009	10 600	10 600				**10 600**
31 May 2006	56,83	31/05/2010	15 900	15 900				**15 900**
31 May 2006	56,83	31/05/2011	15 900	15 900				**15 900**
Total			53 000	53 000				**53 000**
A Farroukh								
21 November 2006	71,00	21/11/2008	55 580	55 580				**55 580**
21 November 2006	71,00	21/11/2009	55 580	55 580				**55 580**
21 November 2006	71,00	21/11/2010	83 370	83 370				**83 370**
21 November 2006	71,00	21/11/2011	83 370	83 370				**83 370**
Total			277 900	277 900				**277 900**

Equity compensation benefits for executive directors, the Group secretary and directors of major subsidiaries (continued)

Offer date	Strike price R	Vesting date	Offered	Number outstanding at 31 December 2007	Exercised 2008	Exercise date	Exercise price and sale price R	Number outstanding at 31 December 2008
Z Bulbulia								
28 September 2001	13,53	28/09/2003	15 180	—				**—**
28 September 2001	13,53	28/09/2004	15 180	15 180				**15 180**
28 September 2001	13,53	28/09/2005	22 770	22 770				**22 770**
28 September 2001	13,53	28/09/2006	22 770	22 770				**22 770**
			75 900	60 720				**60 720**
2 September 2002	9,31	02/09/2004	18 480	18 480				**18 480**
2 September 2002	9,31	02/09/2005	18 480	18 480				**18 480**
2 September 2002	9,31	02/09/2006	27 720	27 720				**27 720**
2 September 2002	9,31	02/09/2007	27 720	27 720				**27 720**
			92 400	92 400				**92 400**
1 December 2003	27,00	01/12/2005	4 940	4 940				**4 940**
1 December 2003	27,00	01/12/2006	4 940	4 940				**4 940**
1 December 2003	27,00	01/12/2007	7 410	7 410				**7 410**
1 December 2003	27,00	01/12/2008	7 410	7 410				**7 410**
			24 700	24 700				**24 700**
31 May 2006	56,83	30/11/2007	12 920	12 920				**12 920**
31 May 2006	56,83	30/11/2008	12 920	12 920				**12 920**
31 May 2006	56,83	30/11/2009	19 380	19 380				**19 380**
31 May 2006	56,83	30/11/2010	19 380	19 380				**19 380**
			64 600	64 600				**64 600**
19 March 2008	126,99	19/03/2010	4 920					**4 920**
19 March 2008	126,99	19/03/2011	4 920					**4 920**
19 March 2008	126,99	19/03/2012	7 380					**7 380**
19 March 2008	126,99	19/03/2013	7 380					**7 380**
			24 600					**24 600**
Total			282 200	242 420				**267 020**

Directors' report *continued*

for the year ended 31 December 2008

Equity compensation benefits for executive directors, the Group secretary and directors of major subsidiaries (continued)

Offer date	Strike price R	Vesting date	Offered	Number outstanding at 31 December 2007	Exercised 2008	Exercise date	Exercise price and sale price R	Number outstanding at 31 December 2008
AR Bing								
2 September 2002	9,31	02/09/2004	4 860	—				—
2 September 2002	9,31	02/09/2005	4 860	—				—
2 September 2002	9,31	02/09/2006	7 290	—				—
2 September 2002	9,31	02/09/2007	7 290	7 290				**7 290**
			24 300	7 290				**7 290**
1 December 2004	40,50	01/12/2006	6 670	—				—
1 December 2004	40,50	01/12/2007	6 670	6 670				**6 670**
1 December 2004	40,50	01/12/2008	10 005	10 005				**10 005**
1 December 2004	40,50	01/12/2009	10 005	10 005				**10 005**
			33 350	26 680				**26 680**
21 November 2006	71,00	21/11/2008	640	640				**640**
21 November 2006	71,00	21/11/2009	640	640				**640**
21 November 2006	71,00	21/11/2010	960	960				**960**
21 November 2006	71,00	21/11/2011	960	960				**960**
			3 200	3 200				**3 200**
31 May 2006	56,83	30/11/2007	3 240	3 240				**3 240**
31 May 2006	56,83	30/11/2008	3 240	3 240				**3 240**
31 May 2006	56,83	30/11/2009	4 860	4 860				**4 860**
31 May 2006	56,83	30/11/2010	4 860	4 860				**4 860**
			16 200	16 200				**16 200**
22 June 2007	96,00	22/06/2009	4 220	4 220				**4 220**
22 June 2007	96,00	22/06/2010	4 220	4 220				**4 220**
22 June 2007	96,00	22/06/2011	6 330	6 330				**6 330**
22 June 2007	96,00	22/06/2012	6 330	6 330				**6 330**
			21 100	21 100				**21 100**
Total			98 150	74 470				**74 470**

Directors' shareholdings and dealings

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

	31 December 2008	31 December 2007
Director		
DDB Band (beneficial)	**14 023**	14 023
PF Nhleko (beneficial)	**3 304 451**	—
J Ramadan[†] (indirect beneficial)	**20 000**	—
J Ramadan[†] (beneficial)	**9 000**	—
RD Nisbet (beneficial)	**656 066**	611 066
Z Bulbulia[#] (beneficial)	**10 000**	10 000
PD Norman[#] (non-beneficial)	**10 000**	10 000
Total	**4 023 540**	645 089

[#] *Major subsidiary director*

[†] *VP for the MENA region*

Directors' report *continued*
for the year ended 31 December 2008

Directors' shareholdings and dealings (continued)

Mr PF Nhleko concluded the following share purchases and sales during the financial year under review:

Transaction date	Number of shares	Purchase price
23 December 2008	18 741	98,84*
29 December 2008	1 116 092	99,00**
30 December 2008	931 183	107,12***
Total purchases	2 066 016	
Transaction date	**Number of shares**	**Sales price**
23 December 2008	15 073	95,00*
29 December 2008	877 608	102,94**
Total sales	892 681	

Mr RD Nisbet concluded the following share purchases during the financial year under review:

Transaction date	Number of shares	Purchase price
23 October 2008	45 000	83,61***

Mr J Ramadan concluded the following share purchases during the financial year under review:

Transaction date	Number of shares	Purchase price
27 October 2008	9 000	74,95***
27October 2008	20 000	74,34***
Total	29 000	

Mr PD Norman concluded the following share sales during the financial year under review:

Transaction date	Number of shares	Sale price
02 April 2008	100 000	134,20**
15 December 2008	20 000	102,35**
19 December 2008	30 000	104,84**
Total	150 000	

**Shares exercised under the Share Appreciation Rights Scheme*
***Shares exercised under the Share Options Scheme*
****Shares purchased in the open market*

Pursuant to the Alpine Trust unwind, the executive directors received the following number of MTN shares on 26 February 2009:

– PF Nhleko 2 759 401 (0,15%)
– RS Dabengwa 1 944 818 (0,10%)
– RD Nisbet 1 944 818 (0,10%)

Directors' shareholdings and dealings (continued)

Shareholders are referred to the Integrated Business Report for the year ended 31 December 2007 in which it was disclosed that Mr PF Nhleko bought and restructured the forward purchase of 4 150 000 shares on numerous occasions between 24 May 2006 and 29 November 2007. During the year under review, Mr PF Nhleko continued to restructure the forward purchases and eventually closed out the trade of 27 October as follows:
On 7 October 2008 the 4 150 000 forward purchased shares were restructured for a 13-month term to 30 November 2009 at forward price of R98,25. A put option was purchased at a strike price of R122,34 per share and the call option sold at a strike price of R129,09 in respect of the full 4 150 000 forward purchased MTN shares. Further, a call spread was concluded with a commercial bank for 5 000 000 contracts, buying a call strike price of R102,57 and selling a call strike price of R150,00 for 30 March 2009. On 27 October 2008, the 4 150 000 shares were restructured and early settled resulting in a purchase of 1 238 435 shares at R78,06.

Shareholders are referred to the Integrated Business Report for the year ended 31 December 2007 in which it was also disclosed that Mr PF Nhleko entered into a separate and independent 15-month term contract with a commercial bank on 28 December 2007 to acquire 15 893 822 shares at call strike price of R133,21 per share and sold calls at R195,00 per share. This trade was financed through a forward sale of 2 160 000 shares atR149,63 per share. During the year under review, Mr PF Nhleko restructured this trade as follows:
On 30 October 2008 a call spread was concluded with a commercial bank for 3 500 000 contracts buying a call strike price of R122 and selling a call strike price of R182 for 30 June 2009.

On 30 October 2008 a call spread was concluded with a commercial bank for 3 500 000 contracts, buying a call strike price of R135 and selling a call strike price of R195 for 17 September 2009.

Directors' interests in MTN Group held through Newshelf 664 (Proprietary) Limited and derived from the Alpine Trust

Newshelf 664 (Proprietary) Limited ("Newshelf 664") owns 277,89 million MTN Group shares (equivalent to 14,89% (December 2007: 13,06%) of the issued capital of MTN Group). Newshelf 664 exercises the voting rights in respect of such shares. Initially, 243,5 million MTN Group shares were acquired from Transnet Limited ("Transnet") at an average price of R13,90 per share between December 2002 and March 2003. A further 34,39 million MTN Group shares were acquired from the Government Employees Pension Fund, represented by the Public Investment Corporation Limited ("PIC") on 22 December 2008, at a price of R99,00 per share ("the special dividend MTN shares").

The special dividend MTN shares were declared as a dividend in specie on the same date to the Alpine Trust ("the trust"), as the holder of the single ordinary share in Newshelf 664. The trust simultaneously distributed the special dividend MTN shares (except for 300 000 shares retained for costs) to its beneficiaries, in accordance with the trust's trust deed. The special dividend MTN shares were delivered to the trust's beneficiaries on 4 February 2009. As at 22 December 2008, the trust further agreed to sell its ordinary share in Newshelf 664 to the PIC for a nominal value. The trust has no further interest in Newshelf 664.

Directors' report *continued*
for the year ended 31 December 2008

The trust's main objective is the advancement of black economic empowerment. In undertaking the distribution to its beneficiaries, as aforesaid, the trust has fulfilled its objectives. The benefits from the trust that have been distributed to MTN directors, comprising MTN Group shares, were disclosed on SENS on 9 February 2009, are further detailed below, and are included in this report in the directors' direct holdings of MTN shares at 31 December 2008.

The trust has six trustees, two of whom are directors of MTN Group, namely PF Nhleko and RS Dabengwa. The other trustees, being I Charnley, W Lucas-Bull, PM Jenkins (Chairperson) 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 are also included among the beneficiaries of the trust. Consequently, the interests of the Newshelf 664 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 RS Dabengwa, together with the other trustees, have a nominal indirect, non-beneficial interest in the MTN Group shares that 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 that are currently held by Newshelf 664.
- During 2008, as a result of being beneficiaries of the trust, the Newshelf 664 directors had an indirect, beneficial interest in the MTN Group shares that were held by Newshelf 664. This beneficial interest was in the form of rights to participate in a predetermined ratio ("the participation ratio") in the net assets of the trust. The participation ratio of each Newshelf 664 director, who are currently also executive directors of MTN Group Limited are as follows:
  – PF Nhleko 7,9270% (2006: 7,9270%)
  – RS Dabengwa 5,5869% (2006: 5,5869%)
  – RD Nisbet 5,5869% (2006: 5,5869%)

Subject to the terms and conditions of the trust deed, the rights to participate in the net assets of the trust vested in the above persons in full at the end of 2008 and the special dividend MTN shares were distributed to all beneficiaries of the trust in accordance with their participation ratios. As at the end of 2008, the beneficiaries of the trust ceased to hold any beneficial interest in Newshelf 664.

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 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 Newshelf 664 director was as follows:

Director	Consideration paid
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 Limited 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.

The following persons, being directors of MTN Group Limited and its major subsidiaries and the MTN Group secretary, received the following numbers of MTN shares from the Alpine Trust, pursuant to the distribution of the special dividend MTN shares:

Beneficiary	Shares
PF Nhleko	2 759 401
RS Dabengwa	1 944 818
RD Nisbet	1 944 818
SL Botha	404 996
PD Norman	404 996
KP Pienaar	404 996
Z Bulbulia	69 300
A Bing	23 787
SB Mtshali	7 031
Total	**7 964 143**

Directorate and Group secretary

The composition and profiles of the board of directors of MTN Group appear on pages 14 and 15 of book 1.
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
2195	2118

During the financial year under review, the following MTN Group directors resigned from the board:

Director	*Resignation date*
MA Ramphele	18 March 2008
L Woicke	18 March 2008
AH Sharbatly	19 June 2008

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-election and directors who have been appointed between annual general meetings.

The directors retiring by rotation in terms of the articles of association at the forthcoming annual general meeting are Messrs RS Dabengwa, AT Mikati, MJN Njeke and J van Rooyen. The profiles of the directors retiring by rotation can be viewed on pages 158 and 159 the notice to shareholders.

Profiles of the directors seeking re-election are contained in the notice of the fourteenth annual general meeting.

Directors' report *continued*

for the year ended 31 December 2008

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 of executive directors are determined by the Group NRHR & CG 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, of which the first contract had commenced on 1 July 2002 and terminated on 30 June 2007. The contract was subsequently renewed at the annual general meeting held on 13 June 2007 until 30 June 2010.

Material resolutions

MTN Nigeria Communications Limited passed a special resolution on 26 November 2008 authorising its merger with VGC Communications Limited, retaining the name MTN Nigeria Communications Limited. MTN Nigeria Communications Limited is a major subsidiary of the Company thus the transaction requires disclosure in terms of the JSE Listings Requirements.

Mergers and acquisitions

Details of the MTN Group's acquisitions and disposals are presented in book 1 on page 22 in the Group president and CEO's statement and on pages 120 to 127 of the annual financial statements.

Post-balance sheet events

Subsequent to year-end, the Group acquired 100% of Verizon South Africa (Proprietary) Limited and the remaining 59% in I-Talk (Proprietary) Limited.

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 has been established. This ADR facility is sponsored by the Bank of New York and details of the administrators are reflected under administration on page 169.

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 expressed in the treasury policy of the MTN Group. The details of borrowings appear in note 17 of the annual financial statements.

Going concern

The directors have reviewed the MTN Group's budget and cash flow forecast for the year to 31 December 2008. 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 and 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. The audit committee reviewed the independence of the auditors during the year under review and declared itself satisfied that the auditors were independent of the Company.

Principal accounting policies

for the year ended 31 December 2008

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 consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and the requirements of the South African Companies Act.

The financial statements have been prepared on the historical cost basis, except for the following which is measured at fair value; derivative financial instruments, financial instruments at fair value through profit or loss and available-for-sale financial assets. The methods used to measure fair value are discussed further in accounting policy note 1.26.

Amounts are rounded to the nearest million with the exception of earnings per share and the weighted average number of shares (note 7).

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements is included in notes 1.23 and 1.24.

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 2008.

1.2.1 Subsidiaries

Subsidiaries are all entities (including special purpose entities) controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities, 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 deconsolidated from the date that control ceases.

All intercompany 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. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. 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 disposals 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 or 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 align them with the policies adopted by the Group.

The Company accounts for investments in subsidiaries at cost, which includes transaction costs, less accumulated impairment losses.

1.2.2 Associates

Associates are all entities over which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity.

Associates are accounted for using the equity method and are recognised initially at cost. The Group's investment in associates includes goodwill identified on acquisition. The consolidated financial statements include the Group's share of post-acquisition accumulated profits or losses of associated companies in the carrying value of the investments, which are generally determined from their latest audited financial statements 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 cumulative post-acquisition movements are adjusted against the carrying amount of the investment.

The carrying amount of such interests is reduced to recognise any potential impairment, in the value of individual investments. 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 an obligation, issued guarantees or made payments on behalf of the associate.

Where another Group entity transacts with an associate of the Group, unrealised profits or 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 align them with the policies of the Group.

The Company accounts for investments in associates at cost, which includes transaction costs, less accumulated impairment losses.

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 Group annual financial statements on a line-by-line basis.

Where the Group transacts with its jointly controlled entities, unrealised profits or 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 align them with the policies adopted by the Group.

The Company accounts for investments in joint ventures at cost, which includes transaction costs, less accumulated impairment losses.

Principal accounting policies *continued*

for the year ended 31 December 2008

1. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (continued)

1.1 Basis of preparation (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 as well as those that can be allocated on a reasonable basis to a segment, whether from external transactions or from transactions with other Group segments. Inter-segment 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 at the dates of the transactions. Foreign exchange gains or 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.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to equity. 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 accumulated impairment losses. Property, plant and equipment acquired through business combinations are initially shown at fair value and are subsequently carried at the initially determined fair value less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, and the present value of future decommissioning costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of the equipment. Borrowing costs related to the acquisition or construction of qualifying assets are recognised in the income statement as incurred. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Capital work-in-progress

Property, plant and equipment under construction is stated at initial cost and depreciated from the date the asset is placed in use over its useful life. Assets are transferred from capital work-in-progress to an appropriate category of property, plant and equipment when commissioned and ready 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	5 – 50 years
Buildings – leased	3 – 11 years (shorter of lease term and useful life)
Network infrastructure	3 – 20 years
Information systems equipment	3 – 10 years
Furniture and fittings	3 – 10 years
Leasehold improvements	3 – 10 years (shorter of lease term and useful life)
Office equipment	3 – 10 years
Motor vehicles	3 – 10 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. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the proceeds from the disposal and the carrying amount of the asset, and is included in operating profit.

Principal accounting policies *continued*

for the year ended 31 December 2008

1. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (continued)

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. 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 program 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, 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 program 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).

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 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 35, and are determined primarily with reference to the unexpired licence period.

1.7.3 Goodwill

Goodwill arises on the acquisition of subsidiaries and joint ventures. Goodwill represents the excess of the cost of the acquisition over the fair value of the Group's interest in the net fair value of the identifiable assets, liabilities of the acquiree at the date of acquisition. When the excess is negative (negative goodwill), it is recognised immediately in the income statement.

Goodwill arising on the acquisition of subsidiaries and jointly controlled entities is included in intangible assets. Goodwill arising on the acquisition of an associate is included in "investments in associates", and is tested for impairment as part of the overall balance.

Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses.

1.7.4 Customer relationships

Customer relationships acquired through business combinations are initially shown at fair value, 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. Prepaid customer bases are amortised over two years and postpaid customer bases are amortised over five years.

1.7.5 Other intangible assets

Other intangible assets that are acquired by the Group, which have finite useful lives are stated at cost less accumulated amortisation and impairment losses. Other intangible assets acquired through business combinations are initially shown at fair value and are subsequently carried at the initially determined fair value less accumulated amortisation and impairment losses. Amortisation is recognised in the income statement on a straight-line basis over the estimated useful lives of intangible assets from the date they are available for use.

1.8 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.

1.8.1 Non-derivative financial instruments

The Group classifies its financial instruments into the following categories: financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets. 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.

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

Cash and cash equivalents comprise 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.

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

An instrument is classified at fair value through profit or loss if it is held for trading, i.e. acquired principally for the purpose of selling the item in the short term. Upon initial recognition attributable transaction costs are recognised in the income statement when incurred. Financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognised in the income statement.

(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. Loans and receivables comprise loans, trade and other receivables (excluding prepayments), restricted cash and cash and cash equivalents. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Principal accounting policies *continued*

for the year ended 31 December 2008

1. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (continued)

1.8 Financial instruments (continued)

1.8.1 Non-derivative financial instruments (continued)

(c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are not classified in any of the other categories. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale monetary items, are recognised directly in equity. When an investment is derecognised, the cumulative gain or loss in equity is transferred to profit or loss.

(d) Financial liabilities

Financial liabilities comprise trade and other payables, borrowings and other non-current liabilities (excluding provisions). Financial liabilities are measured at amortised cost using the effective interest method.

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.

Derecognition

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.

Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expires.

1.8.2 Derivative financial instruments

Derivatives are initially recognised at fair value on the date the derivative contract is entered into and attributable transaction costs are recognised in the income statement when occurred. Subsequently derivatives are 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 shareholder's equity are shown in note 16. 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.

1.8.2 Derivative financial instruments and hedging activities

(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 hedged 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 to 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, hedge accounting is discontinued prospectively. Any cumulative gain or loss existing in equity 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.

Gains or losses accumulated in equity are included in the income statement when the foreign operation is partially disposed of or sold.

(c) Net investment hedges
Hedges of net investments in foreign operations are accounted for similar 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 or losses accumulated in equity are included in the income statement when the foreign operation is disposed of.

(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.

Embedded derivatives
Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value through profit or loss.

Changes in the fair value of separable embedded derivatives are recognised immediately in profit or loss.

1.9 Impairment

1.9.1 Financial assets

A financial asset is assessed at each balance sheet date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its fair value. 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.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in the income statement. Any cumulative loss in respect of an available-for-sale financial asset previously recognised in equity, is transferred to the income statement.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognised in the income statement. For available-for-sale financial assets that are equity securities, the reversal is recognised directly in equity.

Principal accounting policies *continued*

for the year ended 31 December 2008

1. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (continued)

1.9 Impairment (continued)

1.9.1 Financial assets (continued)

Trade and other receivables

An 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 of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the trade receivable is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited to the income statement.

1.9.2 Non-financial assets

The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash generating units that are expected to benefit from the synergies of the combination.

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated each year at the same time. Goodwill is deemed to have an indefinite useful life.

An impairment loss is recognised if the carrying amount of an asset or its cash generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in the income statement. Impairment losses recognised in respect of cash generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amounts of the other assets in the unit (group of units) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each balance sheet date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.10 Finance income and expenses

Finance income comprises interest income on funds invested (including available-for-sale financial assets), dividend income, gains on disposal of available-for-sale financial assets, changes in the fair value of financial assets at fair value through profit or loss, foreign currency gains and gains on hedging instruments that are recognised in the income statement. Interest income is recognised as it accrues in the income statement, using the effective interest method. Dividend income is recognised in the income statement on the date that the Group's right to receive payment is established.

Finance expenses comprise interest expenses on borrowings, unwinding of the discount on provisions, changes in the fair value of financial assets at fair value through profit or loss, impairment losses recognised on financial assets, foreign exchange losses and any losses on hedging instruments that are recognised in the income statement. All borrowing costs are recognised in the income statement using the effective interest method.

1.11 Inventories

Inventories are stated at the lower of cost and net realisable value. The cost of inventory 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.

1.12 Share capital

Ordinary shares are classified as equity. Incremental external costs directly attributable to the issue of ordinary shares or share options are recognised in equity as a deduction, net of tax.

Where the Company or its subsidiaries purchase the Company's equity share capital (treasury shares), the amount paid, including any directly attributable incremental external costs net of income taxes, is deducted from total shareholders' equity as treasury shares. When treasury shares are subsequently reissued or sold, the amount received, net of any directly attributable incremental transaction costs and the related income tax effects, is recognised as an increase in equity.

1.13 Current and deferred income tax

Current income tax

Current income tax is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date in the countries where the Group's subsidiaries and joint ventures operate and generate taxable income, and any adjustment to tax payable in respect of previous years. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax

Deferred income tax is recognised using the liability method, providing for temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Deferred income tax is not recognised for the following temporary differences: the 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, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred income tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill. Deferred income tax is measured at tax rates (and laws) that have been enacted or substantially enacted at the balance sheet date and are expected to apply to temporary differences when they reverse.

Deferred income tax assets and liabilities are offset if there is a legally enforceable right to offset current income tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax assets are reviewed at each balance sheet date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

1.14 Employee benefits

Short-term employee benefits

Remuneration to employees in respect of services rendered during a reporting period is recognised on an undiscounted basis 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.

Principal accounting policies *continued*

for the year ended 31 December 2008

1. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (continued)

1.14 Employee benefits (continued)

Share-based payment transactions

The Group operates two staff share incentive schemes, the MTN Group share option scheme and the MTN Group share appreciation rights scheme.

These schemes are accounted for as 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. The expense is adjusted to reflect the actual number of share options for which the related service and non-market-based vesting conditions are met.

Where employees exercise options in terms of the rules and regulations of the option 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 Limited on which the Company's shares are listed. For the share option scheme, in exchange for the share options the participants entitled to such share options pay a consideration equal to 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. The share appreciation rights scheme is exercised at the participants' election in terms of the vesting period and on the date exercised the benefits associated with the share appreciation rights will be received by the participant. At the participants' election any tax associated with the rights awards and the settlement of the strike price can either be settled in cash or MTN would act as agent and dispose of the shares on the participants' behalf. The proceeds of the disposal will be used to settle the participants' obligations. Further details of equity compensation schemes are provided in the directors' report.

Defined contribution plans

Group companies operate various 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.

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 and it is probable the offer will be accepted, and the number of acceptances can be estimated reliably. Benefits falling due more than 12 months after balance sheet date are discounted to their present value.

1.15 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.

1.16 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. 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.

1.17 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.

Contract and prepaid products with multiple deliverables are defined as multiple element arrangements. Postpaid products typically include the sale of a handset, activation fee and a service contract; and prepaid contract include a SIM card and airtime. These arrangements are divided into separate units of accounting, which is based on the determination of each deliverable's separate value to the customer on a stand-alone basis. The arrangement consideration is then allocated to the units of accounting based on their relative fair value.

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

1.17.1 Contract (postpaid) products

- Connection revenue: 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.

The terms and conditions of bundled airtime products, may allow for the carry over of unused minutes. The revenue related to the unused airtime is deferred and recognised when utilised by the customer or on termination of the contract.

1.17.2 Prepaid products

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

Unused airtime is deferred and recognised when utilised by the customer or on termination of the customer relationship.

Principal accounting policies *continued*

for the year ended 31 December 2008

1. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (continued)

1.17 Revenue recognition (continued)

1.17.3 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.

1.17.4 Interest income

Finance income 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.

1.18 Connection incentives

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

1.19 Dividends payable

Dividends payable are recorded in the financial statements in the period in which they are approved by the Company's shareholders.

1.20 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.

1.21 Headline earnings per ordinary share

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 8/2007 issued by the South African Institute of Chartered Accountants ("SAICA").

1.22 Secondary taxation on companies

Secondary taxation on companies ("STC") is provided for at a rate of 10% on the amount by which dividends declared by the Group exceeds dividends received. Deferred tax on unutilised STC credits is recognised to the extent that STC payable on future dividend payments is likely to be available for set-off.

1.23 Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. Actual results may differ from these estimates. 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 1.9. 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 that have been tested is required at year-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 (prepaid discount). In accordance with 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.

1.24 Critical judgements in applying the entity's accounting policies

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 outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made.

1.25 New accounting standards and International Financial Reporting Interpretation Committee ("IFRIC") interpretations

(a) The following accounting standards, amendments and interpretations, none of which had a material impact on the operations of the Group, became effective in 2008:

- IAS 39, (Amendment), *Financial Instruments: Recognition and Measurement and IFRS 7, (Amendment), Financial Instruments: Disclosures (effective 1 July 2008)*
  The amendments introduce the possibility of reclassifications for certain financial assets previously classified as "held for trading"' or "available for sale" to another category under limited circumstances. Various disclosures are required where a reclassification has been made. Derivatives and assets designated as "at fair value through profit or loss" under the fair value option are not eligible for this reclassification.

- IFRIC 11, IFRS 2 – *Group and Treasury Share Transactions (effective 1 March 2007)*
  IFRIC 11 addresses how to apply IFRS 2 to share-based payment arrangements involving an entity's own equity instruments or equity instruments of another entity in the same group (eg equity instruments of its parent).

- IFRIC 12, *Service Concession Arrangements (effective 1 January 2008)*
  IFRIC 12 addresses how service concession operators should apply existing IFRS to account for the obligations they undertake and rights they receive in service concession arrangements.

- IFRIC 14, IAS 19 *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (effective 1 January 2008)*
  IFRIC 14 provides general guidance on how to assess the limit in IAS 19 on the amount of the surplus that can be recognised as an asset. It also explains how the pension asset or liability may be affected when there is a statutory or contractual minimum funding requirement.

Principal accounting policies *continued*

for the year ended 31 December 2008

1. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (continued)

1.25 New accounting standards and International Financial Reporting Interpretation Committee ("IFRIC") interpretations (continued)

(b) 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 2009 or later periods, and which the Group has elected not to early adopt.

Management is still in the process of assessing the impact of these standards and interpretations on the operations of the Group. These standards and interpretations will be adopted in the year in which they become effective.

- IAS 1 (Amendment), *Presentation of Financial Statements (effective from 1 January 2009)*
  The objective of this standard is to prescribe the basis for presentation of general purpose financial statements, to ensure comparability both with the entity's financial statements of previous periods and with the financial statements of other entities.

  In addition, there was an amendment as part of the IASB's annual improvements project published in May 2008. The amendment clarifies that some rather than all financial assets and liabilities classified as held for trading in accordance with IAS 39, *Financial Instruments: Recognition and Measurement* are examples of current assets and liabilities respectively.

- IAS 23 (Amendment), *Borrowing Costs (effective from 1 January 2009)*
  The main change from the previous version of IAS 23 is the removal of the option of immediately recognising as an expense, borrowing costs that relate to assets that take a substantial period of time to get ready for use or sale.

  In addition, there was an amendment as part of the IASB's annual improvements project published in May 2008. The definition of borrowing costs has been amended so that interest expense is calculated using the effective interest method defined in IAS 39 *Financial Instruments: Recognition and Measurement*. This eliminates the inconsistency of terms between IAS 39 and IAS 23.

- IAS 27R, *Consolidated and Separate Financial Statements (effective 1 July 2009)*
  The objective of this standard is to reduce the alternatives in accounting for subsidiaries in consolidated financial statements and in accounting for investments in the separate financial statements of the parent, venturer or investor. The amendments relate, primarily, to accounting for non-controlling interests and the loss of control of a subsidiary.

- IAS 28 (Amendment), *Investments in Associates (and consequential amendments to IAS 32, Financial Instruments: Presentation and IFRS 7, Financial Instruments: Disclosures) (effective from 1 January 2009)*
  The amendment is part of the IASB's annual improvements project published in May 2008. An investment in associate is treated as a single asset for the purposes of impairment testing. Any impairment loss is not allocated to specific assets included within the investment, for example, goodwill. Reversals of impairment are recorded as an adjustment to the investment balance to the extent that the recoverable amount of the associate increases.

- IAS 36 (Amendment), *Impairment of Assets (effective from 1 January 2009)*
  The amendment is part of the IASB's annual improvements project published in May 2008. Where fair value less costs to sell is calculated on the basis of discounted cash flows, disclosures equivalent to those for value-in-use calculation should be made.

- IAS 38 (Amendment), *Intangible Assets (effective from 1 January 2009)*
  The amendment is part of the IASB's annual improvements project published in May 2008. A prepayment may only be recognised in the event that payment has been made in advance of obtaining right of access to goods or receipt of services.

- IAS 39 (Amendment), *Financial Instruments: Recognition and Measurement (effective from 1 January 2009)*
  The amendment is part of the IASB's annual improvements project published in May 2008.

  This amendment clarifies that it is possible for there to be movements into and out of the fair value through profit or loss category where a derivative commences or ceases to qualify as a hedging instrument in cash-flow or net-investment hedge.

  The definition of financial asset or financial liability at fair value through profit or loss as it relates to items that are held for trading is also amended. This clarifies that a financial asset or liability that is part of a portfolio of financial instruments managed together with evidence of an actual recent pattern of short-term profit taking is included in such a portfolio on initial recognition.

  The current guidance on designating and documenting hedges states that a hedging instrument needs to involve a party external to the reporting entity and cites a segment as an example of a reporting entity. This means that in order for hedge accounting to be applied at segment level, the requirements for hedge accounting are currently required to be met by the applicable segment. IFRS 8, *Operating Segments*, which requires disclosure for segments to be based on information reported to the chief operating decision-maker. Currently, for segment reporting purposes, each subsidiary designates contracts with Group treasury as fair-value or cash-flow hedges so that the hedges are reported in the segment to which the hedged items relate. This is consistent with the information viewed by the chief operating decision-maker. After the amendment is effective, the hedge will continue to be reflected in the segment to which the hedged items relate (and information provided to the chief operating decision-maker), but the Group will not formally document and test this relationship.

  When remeasuring the carrying amount of a debt instrument on cessation of fair-value hedge accounting, the amendment clarifies that a revised effective interest rate (calculated at the date fair value hedge accounting ceases) is used.

- IFRS 2R, *Share-based Payments (effective 1 January 2009)*
  The objective of this standard is to:
  (a) clarify that vesting conditions are service and performance conditions only;
  (b) all cancellations, whether by the entity or by another party, should receive the same accounting treatment.

- IFRS 3R, *Business Combinations (effective 1 July 2009)*
  The objective of this standard is to enhance the relevance, reliability and comparability of the information that an entity provides in its financial statements about a business combination and its effects.

  The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently remeasured through the income statement.

  There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed.

- IFRIC 13, *Customer Loyalty Programmes (effective 1 July 2008)*
  IFRIC 13 addresses accounting by entities that grant loyalty award credits to customers who buy other goods or services. Specifically, it explains how such entities should account for their obligations to provide free or discounted goods or services to customers who redeem award credits.

Principal accounting policies *continued*

for the year ended 31 December 2008

1. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (continued)

1.25 New accounting standards and International Financial Reporting Interpretation Committee ("IFRIC") interpretations (continued)

- IFRIC 16, *Hedges of a Net Investment in a Foreign Operation (effective 1 October 2008)*
  IFRIC 16 provides guidance on:
  (a) identifying the foreign currency risks that qualify as a hedged risk;
  (b) where, within a group, hedging instruments that are hedges of a net investment in a foreign operation can be held to qualify for hedge accounting;
  (c) how an entity should determine the amounts to be reclassified from equity to profit or loss for both the hedging instrument and the hedged item.

- IFRIC 17, *Distributions of Non-cash Assets to Owners (effective 1 July 2009)*
  The interpretation clarifies that:
  (a) a dividend payable should be recognised when the dividend is appropriately authorised and is no longer at the discretion of the entity;
  (b) an entity should measure the dividend payable at the fair value of the net assets to be distributed;
  (c) an entity should recognise the difference between the dividend paid and the carrying amount of the net assets distributed in profit or loss.

(c) The following standards, amendments and interpretations are not yet effective nor are they relevant for the Group's operations:

- IFRS 1 (Amendment), *First-time Adoption of International Financial Reporting Standards* and IAS 27, (Amendment), *Consolidated and separate financial statements* (effective 1 January 2009)
- IFRS 8, *Operating Segments* (effective 1 January 2009)
- 32, (Amendment), *Financial Instruments: Presentation* and IAS 1 (Amendment), *Presentation of financial statements* (effective 1 January 2009)
- IAS 19 (Amendment), *Employee Benefits* (effective from 1 January 2009)
- IAS 20 (Amendment), *Accounting for Government Grants and Disclosure of Government Assistance* (effective from 1 January 2009).
- IAS 16 (Amendment), *Property, Plant and Equipment* (and consequential amendment to IAS 7, *Statement of Cash Flows*) (effective from 1 January 2009)
- IAS 27 (Amendment), *Consolidated and Separate Financial Statements* (effective from 1 January 2009)
- IAS 28 (Amendment), *Investments in Associates* (and consequential amendments to IAS 32, *Financial Instruments: Presentation* and IFRS 7, *Financial Instruments: Disclosures*) (effective from 1 January 2009)
- IAS 29 (Amendment), *Financial Reporting in Hyperinflationary Economies* (effective from 1 January 2009)
- IAS 31 (Amendment), *Interests in Joint Ventures* (and consequential amendments to IAS 32 and IFRS 7) (effective from 1 January 2009)
- IAS 38 (Amendment), *Intangible Assets* (effective from 1 January 2009)
- IAS 40 (Amendment), *Investment Property* (and consequential amendments to IAS 16) (effective from 1 January 2009)
- IAS 41 (Amendment), *Agriculture* (effective from 1 January 2009)
- IFRIC 15, *Agreements for Construction of Real Estates* (effective from 1 January 2009)
- IFRIC 18, *Transfers of Assets from Customers* (effective 1 July 2009)
- IFRS 5 (Amendment), *Non-current Assets Held-for-sale and Discontinued Operations* (and consequential amendment to IFRS 1, *First-time Adoption*) (effective from 1 July 2009)

1.26 Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair value has been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(a) Property, plant and equipment

The fair value of property, plant and equipment recognised as a result of a business combination is based on depreciated replacement cost.

(b) Intangible assets

The fair value of customer relationships acquired in a business combination is determined using the multi-period excess earnings method, whereby the subject asset is valued after deducting a fair return on all other assets that are part of creating the related cash flows.

The fair value of patents and trademarks acquired in a business combination is based on the discounted estimated royalty payments that have been avoided as a result of the patent or trademark being owned.

The fair value of other intangible assets is based on the discounted cash flows expected to be derived from the use and eventual sale of the assets.

(c) Investments in equity and debt securities

The fair value of financial assets at fair value through profit or loss and available-for-sale financial assets is determined by reference to their quoted closing bid price at the balance sheet date. 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 and discounted cash flow analysis.

(d) Derivatives

The fair value of forward foreign exchange contracts is based on marked-to-market valuations.

(e) Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the balance sheet date. For finance leases the market rate of interest is determined by reference to similar lease agreements.

(f) Share-based payment transactions

The 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. Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

(g) Long-term receivables

The fair value of long-term receivables is determined using a discounted cash flow method using market-related rates at 31 December.

Principal accounting policies *continued*

for the year ended 31 December 2008

1. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (continued)

1.27 Financial risk management

1.27.1 Overview

The Group has exposure to the following risks from its use of financial instruments: credit risk, liquidity risk and market risk (foreign exchange and interest-rate risk). This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

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.

1.27.2 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

Trade and other receivables

The Group has no significant concentrations of credit risk, due to its widespread 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 1.17) 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.

1.27.3 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

1.27.4 Market risk

Market risk is the risk that changes in market prices (currency and interest rate risk) will affect the Group's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk
The Group operates internationally and is exposed to currency risk arising from various currency exposures. Currency risk arises when future commercial transactions or recognised assets and liabilities are denominated in a currency that is not the entity's functional currency. MTN is also exposed to translation risk as holding companies do not report in the same currencies as operating entities. Where possible entities in the Group use forward contracts to hedge their actual exposure to foreign 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.

Interest rate risk
Interest rate risk arises from the repricing of the Group's forward cover and floating rate debt, incremental funding or new borrowings, the refinancing of existing borrowings and the magnitude of the significant cash balances which exist.

Debt in the South African entities and all holding companies (including MTN Dubai and MTN International (Mauritius) Limited) is managed on an optimal fixed versus floating interest rate basis, in line with the approved Group Treasury Policy. Significant cash balances are also considered in the fixed versus floating interest rate exposure mix.

Debt in the majority of MTN's non-South African operations is at floating interest rates. This is due to the under-developed and expensive nature of derivative products in these financial markets. MTN continues to monitor developments which may create opportunities as these markets evolve in order that each underlying operation can be aligned with the Group Treasury Policy.

The Group makes use of various products including interest rate derivatives and other appropriate hedging tools as a way to manage these risks; however, derivative instruments may only be used to hedge existing exposures.

1.27.5 Price risk
The Group is not exposed to commodity price risk on material equity securities price risk.

1.27.6 Capital risk management
The Group's policy is to maximise borrowings at an operating company level, on a non-recourse basis, within an acceptable level of debt for the maturity of the local company. Equity funding for existing operations or new acquisitions is raised centrally, first from excess cash and then from new borrowings while retaining an acceptable level of debt for the consolidated Group. Where funding is not available to the operating company locally or in specific circumstances where it is more efficient to do so, funding is sourced centrally and on-lent. The Group's policy is to borrow using a mixture of long-term and short-term capital market issues and borrowing facilities from the local and international capital markets as well as multi-lateral organisations together with cash generated to meet anticipated funding requirements. The board of directors has approved three key debt protection ratios at a consolidated level, being: net debt : EBITDA; net debt : equity; and net interest : EBITDA. Net debt is defined as (cash and cash equivalents) less (interest-bearing borrowings). Equity approximates share capital and reserves attributable to equity holders of the Company.

These internal ratios establish levels of debt that the Group should not exceed other than for relatively short periods of time and are shared with the Group's debt rating agencies, being Moody's and Fitch.

Group income statement

for the year ended 31 December 2008

	Notes	December 2008 Rm	December 2007 Rm
Revenue	2	**102 526**	73 145
Direct network operating costs		**(14 140)**	(8 525)
Costs of handsets, SIMs and vouchers		**(5 985)**	(5 524)
Interconnect and roaming		**(13 217)**	(9 997)
Employee benefits	3	**(4 776)**	(3 379)
Selling, distribution and marketing expenses		**(13 274)**	(9 071)
Other operating expenses		**(7 743)**	(4 592)
Impairment of property, plant and equipment	8	**(225)**	(212)
Depreciation	8	**(9 939)**	(6 774)
Amortisation of intangible assets	9	**(2 820)**	(2 199)
Operating profit	3	**30 407**	22 872
Finance income	4	**6 727**	1 780
Finance costs	5	**(8 644)**	(4 953)
Share of results of associates after tax	10	**—**	8
Profit before tax		**28 490**	19 707
Income tax expense	6	**(11 355)**	(7 791)
Profit after tax		**17 135**	11 916
Attributable to:			
Equity holders of the Company		**15 315**	10 608
Minority interests		**1 820**	1 308
		17 135	11 916
Basic earnings per share (cents)	7	**821,0**	569,9
Diluted earnings per share (cents)	7	**806,1**	559,2
Dividend per share (cents)	7	**136,0**	90,0

The notes on pages 76 to 138 are an integral part of these consolidated financial statements.

Group balance sheet

at 31 December 2008

	Notes	December 2008 Rm	December 2007 Rm
ASSETS			
Non-current assets		**115 319**	82 085
Property, plant and equipment	8	**64 193**	39 463
Intangible assets	9	**45 786**	38 797
Investments in associates	10	**60**	60
Loans and other non-current receivables	11	**4 623**	2 433
Deferred income tax assets	12	**657**	1 332
Current assets		**54 787**	33 501
Inventories	13	**2 372**	1 167
Trade and other receivables	14	**18 942**	12 586
Taxation prepaid	23	**642**	184
Current portion of loans and other non-current receivables	11	**3 324**	1 933
Other investments	39	**7**	24
Derivatives	38	**761**	—
Restricted cash	25	**1 778**	739
Cash and cash equivalents	24	**26 961**	16 868
Total assets		**170 106**	115 586
EQUITY			
Ordinary shares and share premium	15	**23 905**	23 864
Retained earnings		**50 712**	38 020
Reserves	16	**1 769**	(14 569)
Total equity attributable to equity holders of the Company		**76 386**	47 315
Minority interest		**4 156**	4 187
Total equity		**80 542**	51 502
LIABILITIES			
Non-current liabilities		**34 973**	29 114
Borrowings	17	**29 100**	23 007
Deferred tax liabilities	12	**4 989**	2 676
Put option liability	19	**—**	2 556
Other long-term liabilities	18	**884**	875
Current liabilities		**54 591**	34 970
Trade and other payables	20	**24 753**	16 603
Unearned income		**4 869**	2 602
Provisions for other liabilities and charges	21	**3 292**	925
Current income tax liabilities	23	**5 720**	3 746
Borrowings	17	**11 125**	9 328
Derivatives	38	**126**	444
Put option liability	19	**3 341**	—
Bank overdraft	17/24	**1 365**	1 322
Total liabilities		**89 564**	64 084
Total equity and liabilities		**170 106**	115 586

The notes on pages 76 to 138 are an integral part of these consolidated financial statements.

Group statement of changes in equity

for the year ended 31 December 2008

	Share capital Rm	Share premium Rm	Retained earnings Rm	Other reserves Rm	Total Rm	Minority reserves Rm	Total Rm
Balance at 1 January 2007	*	23 804	28 974	(14 082)	38 696	4 033	42 729
Cash flow hedging reserve	—	—	—	30	30	—	30
Foreign currency translation differences	—	—	—	(1 240)	(1 240)	443	(797)
Net (expenses)/income recognised directly in equity	—	—	—	(1 210)	(1 210)	443	(767)
Net profit	—	—	10 608	—	10 608	1 308	11 916
Total recognised income and expenses for the period	—	—	10 608	(1 210)	9 398	1 751	11 149
Transfers between reserves	—	—	113	(113)	—	—	—
Dividends paid	—	—	(1 675)	—	(1 675)	(1 712)	(3 387)
Disposal of non-controlling interest	—	—	—	179	179	115	294
Purchasing of non-controlling interest	—	—	—	—	—	192	192
Issue of share capital	*	60	—	—	60	—	60
Share-based payments reserve	—	—	—	92	92	—	92
Revaluation of shareholders' loans	—	—	—	565	565	—	565
Conversion of shareholders' loans to preference shares	—	—	—	—	—	(192)	(192)
Balance at 31 December 2007	*	23 864	38 020	(14 569)	47 315	4 187	51 502
Cash flow hedging reserve	**—**	**—**	**—**	**138**	**138**	**—**	**138**
Foreign currency translation differences	**—**	**—**	**—**	**11 920**	**11 920**	**1 303**	**13 223**
Net income/(expenses) recognised directly in equity	**—**	**—**	**—**	**12 058**	**12 058**	**1 303**	**13 361**
Net profit	**—**	**—**	**15 315**	**—**	**15 315**	**1 820**	**17 135**
Total recognised income and expenses for the period	**—**	**—**	**15 315**	**12 058**	**27 373**	**3 123**	**30 496**
Transfers between reserves	**—**	**—**	**(87)**	**87**	**—**	**—**	**—**
Dividends paid	**—**	**—**	**(2 536)**	**—**	**(2 536)**	**(3 978)**	**(6 514)**
Disposal of non-controlling interest	**—**	**—**	**—**	**4 020**	**4 020**	**909**	**4 929**
Purchase of non-controlling interest	**—**	**—**	**—**	**—**	**—**	**(85)**	**(85)**
Issue of share capital	*****	**41**	**—**	**—**	**41**	**—**	**41**
Share-based payments reserve	**—**	**—**	**—**	**75**	**75**	**—**	**75**
Revaluation of shareholders' loans	**—**	**—**	**—**	**44**	**44**	**—**	**44**
Cancellation of the Ivory Coast Put option	**—**	**—**	**—**	**54**	**54**	**—**	**54**
Balance at 31 December 2008	*****	**23 905**	**50 712**	**1 769**	**76 386**	**4 156**	**80 542**
Notes	*15*	*15*		*16*			

**Amounts less than R1 million.*

The notes on pages 76 to 138 are an integral part of these consolidated financial statements.

Group cash flow statement

for the year ended 31 December 2008

	Notes	December 2008 Rm	December 2007 Rm
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	22	**44 836**	34 334
Interest received	4	**1 744**	1 013
Interest paid	5	**(3 027)**	(3 589)
Dividends paid		**(2 536)**	(1 675)
Income tax paid	23	**(6 781)**	(4 233)
Net cash from operating activities		**34 236**	25 850
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(26 896)**	(14 458)
– to maintain operations		**(4 172)**	(1 908)
– to expand operations		**(22 724)**	(12 550)
Acquisition of other loans and advances		**—**	(891)
Proceeds from sale of property, plant and equipment and non-current assets		**147**	142
Acquisitions of intangible assets		**(1 477)**	(1 874)
Loans granted		**(2 277)**	—
Acquisitions of subsidiaries, net of cash acquired	42	**(581)**	(169)
Changes in shareholding	43	**4 575**	221
Increase in prepayments		**(668)**	(123)
Net cash used in investing activities		**(27 177)**	(17 152)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid to minorities		**(3 979)**	(1 712)
Proceeds from the issuance of ordinary shares	15	**41**	60
Increase in other non-current liabilities		**—**	(11)
Long-term borrowings raised		**20 431**	8 217
Long-term borrowings repaid		**(16 444)**	(14 054)
Realisation of a cash-flow hedge		**266**	—
Increase in restricted cash		**(1 038)**	(609)
Short-term borrowings raised		**2 322**	10 422
Short-term borrowings repaid		**(1 394)**	(4 449)
Other		**87**	—
Net cash generated from/(used in) financing activities		**292**	(2 135)
Net increase in cash and cash equivalents		**7 351**	6 563
Cash and cash equivalents at beginning of year		**15 546**	9 008
Exchange gains/(losses) on cash and cash equivalents		**2 699**	(25)
Cash and cash equivalents at end of year	24	**25 596**	15 546

The notes on pages 76 to 138 are an integral part of these consolidated financial statements.

Notes to the Group financial statements

for the year ended 31 December 2008

1. PRIMARY REPORTING FORMAT – GEOGRAPHIC SEGMENTS

December 2008	South and East Africa Rm	West and Central Africa Rm	Middle East and North Africa Rm	Head office companies Rm	Consolidated Rm
Revenue					
External sales	37 483	47 682	17 215	146	102 526
Total revenue	37 483	47 682	17 215	146	102 526
Segment result	12 878	25 543	4 654	316	43 391
Impairment charge	—	(225)	—	—	(225)
Depreciation	(2 081)	(6 073)	(1 772)	(13)	(9 939)
Amortisation of intangible assets	(399)	(1 624)	(773)	(24)	(2 820)
Finance costs	(594)	(2 492)	(405)	(5 153)	(8 644)
Finance income	308	928	79	5 412	6 727
Income before tax	10 112	16 057	1 783	538	28 490
Income tax expense	(2 790)	(6 114)	(234)	(2 217)	(11 355)
Net profit for the period	7 322	9 943	1 549	(1 679)	17 135
Other information:					
Segment assets****					
Assets	30 404	54 723	25 710	58 567	169 404
Associates	59	—	—	—	59
Total assets	30 463	54 723	25 710	58 567	169 463
Segment liabilities****	23 388	33 625	22 220	4 610	83 843
Capital expenditure***	7 350	15 024	5 772	117	28 263
Average number of employees for the period for each of the Group's principal segments were as follows:	5 361	5 795	5 075	221	16 452

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.*

1. PRIMARY REPORTING FORMAT – GEOGRAPHIC SEGMENTS (continued)

December 2007	South and East Africa Rm	West and Central Africa Rm	Middle East and North Africa Rm	Head office companies Rm	Consolidated Rm
Revenue					
External sales	31 453	30 843	10 779	70	73 145
Total revenue	31 453	30 843	10 779	70	73 145
Segment result	11 321	16 807	2 536	1 392	32 056
Impairment charge	7	(206)	(6)	(7)	(212)
Depreciation	(1 659)	(4 045)	(1 065)	(5)	(6 774)
Amortisation of intangible assets	(317)	(1 257)	(601)	(24)	(2 199)
Finance costs	(640)	(780)	(358)	(3 175)	(4 953)
Finance income	278	581	202	719	1 780
Share of profits of associates	8	—	—	—	8
Income before tax	8 998	11 100	708	(1 100)	19 706
Income tax expense	(2 843)	(4 571)	23	(399)	(7 791)
Net profit for the period	6 155	6 529	730	(1 498)	11 916
Other information:					
Segment assets****					
Assets	22 373	35 629	14 669	42 650	115 321
Associates	81	—	—	—	81
Total assets	22 454	35 629	14 669	42 650	115 402
Segment liabilities****	15 991	16 602	12 018	15 727	60 338
Capital expenditure***	3 707	7 915	3 676	50	15 348
Average number of employees for the period for each of the Group's principal segments were as follows:	5 911	4 639	4 163	165	14 878

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.*

Notes to the Group financial statements *continued*
for the year ended 31 December 2008

		December 2008 Rm	December 2007 Rm
2.	**REVENUE**		
	Airtime and subscription revenue	**76 864**	53 340
	Interconnect	**18 364**	13 535
	Connection revenue	**739**	853
	Cellular telephones and accessories	**3 551**	3 221
	Other	**3 008**	2 196
		102 526	73 145
3.	**OPERATING PROFIT**		
	The following items have been included in arriving at profit before tax:		
	Auditors' remuneration:	**(67)**	(54)
	– Audit fees	**(55)**	(43)
	– Fees for other services	**(11)**	(9)
	– Expenses	**(1)**	(2)
	Directors' emoluments:	**(61)**	(65)
	– Services as director	**(53)**	(54)
	– Directors' fees	**(8)**	(11)
	Operating lease rentals:	**(351)**	(281)
	– Property	**(305)**	(213)
	– Equipment and vehicles	**(46)**	(68)
	Loss on disposal of property, plant and equipment (note 22)	**(135)**	(73)
	Loss on disposal of non-current assets (note 22)	**(2)**	—
	Impairment of inventories (note 13)	**(86)**	20
	Impairment charge on other intangible assets (note 9)*	**—**	(77)
	Movement in the provision for impairment on trade receivables (note 45)	**(328)**	(91)

The impairment charge in 2007 relates to the previous Benin licence which was re-issued in accordance with the terms as included in note 35.

	December 2008 Rm	December 2007 Rm
3. OPERATING PROFIT (continued)		
Employee benefits:	**(4 776)**	(3 379)
– Wages and salaries	**(3 947)**	(2 844)
– Pension costs – defined contribution plans	**(183)**	(153)
– Share options granted to directors and employees	**(76)**	(90)
– Other	**(570)**	(292)
Fees paid for services:	**(2 524)**	(1 374)
– Administrative	**(1 021)**	(433)
– Management	**(270)**	(357)
– Professional	**(219)**	(185)
– Secretarial	**(85)**	(131)
– Technical	**(929)**	(268)
Average number of employees	**16 452**	14 878
4. FINANCE INCOME		
Interest income on loans and receivables	**2 280**	1 325
Foreign exchange transaction gains	**4 447**	455
	6 727	1 780
Reconciliation of interest received to finance income		
Interest received (operating activities)	**1 744**	1 013
Unrealised foreign exchange transaction gains	**4 393**	399
Interest accrued	**579**	368
Fair value adjustments	**11**	—
Finance income recognised in the income statement	**6 727**	1 780

Notes to the Group financial statements *continued*

for the year ended 31 December 2008

		December 2008 Rm	December 2007 Rm
5.	**FINANCE COSTS**		
	Interest expense – borrowings	**(4 030)**	(3 088)
	Interest expense – finance leases	**(1)**	(25)
	Financing costs – put option	**(1 259)**	(558)
	Finance costs	**(439)**	(272)
	Fair value losses	**(94)**	(309)
	Foreign exchange	**(726)**	23
	Foreign exchange transaction losses	**(2 010)**	(1 265)
	Other	**(1 344)**	(17)
		(8 644)	(4 953)
	Reconciliation of interest paid to finance costs		
	Interest paid (operating activities)	**(3 027)**	(3 589)
	Arrangement fees	**(2)**	(1)
	Financing costs – put option	**(1 259)**	(558)
	Interest accrued	**(2 022)**	(142)
	Unrealised foreign exchange transaction losses	**(2 334)**	(663)
	Finance costs recognised in the income statement	**(8 644)**	(4 953)

	December 2008 Rm	December 2007 Rm
6. INCOME TAX EXPENSE		
Current tax		
Normal tax	**(7 614)**	(6 174)
Current year	**(7 338)**	(5 968)
Prior year over provision	**1**	3
Secondary tax on companies	**(277)**	(209)
Foreign tax		
Foreign income and withholding taxes**	**(681)**	(256)
Deferred tax (note 12)	**(3 060)**	(1 361)
Current year	**(3 060)**	(1 298)
Prior year over provision	**100**	17
Change in tax rate	**(100)**	(80)
	(11 355)	(7 791)
Secondary tax on companies		
STC relating to dividend to be proposed at the AGM	**(338)**	(254)

***Taxation for foreign jurisdictions is calculated at the rates prevailing in the respective jurisdictions.*

Notes to the Group financial statements *continued*

for the year ended 31 December 2008

		December 2008 %	December 2007 %
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	**28,0**	29,0
	Expenses not allowed	**2,6**	1,8
	Effect of different tax rates in other countries	**(1,1)**	(1,9)
	Nigeria investment allowance relief	**(0,8)**	(3,1)
	Income not subject to tax	**(0,1)**	(0,5)
	Effect of pioneer status/tax credit granted	**—**	(3,0)
	Effect of Nigerian commencement provisions	**4,3**	13,8
	Nigeria put revaluation	**1,2**	0,8
	Withholding taxes	**2,4**	1,2
	Effect of STC	**1,0**	1,1
	Other	**2,4**	0,3
		39,9	39,5

The Company holds investments in Afghanistan, Benin, Botswana, Cameroon, Congo-Brazzaville, Côte d'Ivoire, Cyprus, Ghana, Guinea Bissau, Guinea Conakry, Iran, Liberia, Monaco, Nigeria, Rwanda, Sudan, Swaziland, Syria, Uganda, Yemen and Zambia. Taxation for foreign jurisdictions is calculated at the rates prevailing in the respective jurisdictions. The Company is regarded as 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.

During the year, the South African Minister of Finance announced a change in the corporate tax rate from 29% to 28% effective for financial years ending between April 2008 and March 2009. Deferred tax balances have been remeasured as a result.

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 R15 315 million (December 2007: R10 608 million), and the weighted average number of 1 865 298 632 (December 2007: 1 861 454 696) 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 R15 603 million (December 2007: R10 886 million) and adjusted headline earnings of R16 870 million (December 2007: R12 693 million) respectively, and the weighted average number of 1 865 298 632 (December 2007: 1 861 454 696) 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 1 875 155 825 (December 2007: 1 875 629 522) fully diluted ordinary shares in issue (excluding treasury shares) during the year.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. Dilutive potential ordinary shares are in respect of share options and share appreciation rights. For the share options and the share appreciation rights a calculation is done to determine the number of shares that could be acquired at fair value (determined as the average annual market share price of the company shares) based on the monetary value of the subscription rights attached to the outstanding share options. The number of shares calculated above is compared with the number of shares that would have been issued assuming the exercise of the share options and share appreciation rights.

	December 2008 Rm		December 2007 Rm	
	Gross	**Net**	Gross	Net
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		**15 315**		10 608
Adjusted for:				
Loss on disposal of property, plant and equipment*	**137**	**111**	73	61
Impairment of property, plant and equipment*	**225**	**177**	212	173
Other impairments	**—**	**—**	57	44
Basic headline earnings		**15 603**		10 886
Adjusted for:				
Reversal of deferred tax asset	**562**	**441**	(264)	(223)
Reversal of the subsequent utilisation of deferred tax asset	**—**	**—**	1 968	1 664
Impact of put options				
– Fair value adjustment	**94**	**74**	310	262
– Finance costs	**1 165**	**914**	249	210
– Minority share of profits	**(162)**	**(162)**	(106)	(106)
Adjusted headline earnings		**16 870**		12 693
Earnings per ordinary share (cents)				
– Basic		**821,0**		569,9
– Basic headline		**836,5**		584,8
– Adjusted headline		**904,4**		681,9
Diluted earnings per share (cents)				
– Basic		**806,1**		559,2
– Basic headline		**821,5**		580,4
– Adjusted headline		**888,9**		676,7

*Amounts are stated after taking into account minority interests.

Notes to the Group financial statements *continued*

for the year ended 31 December 2008

		December 2008 000	December 2007 000
7.	**EARNINGS AND DIVIDEND PER ORDINARY SHARE (continued)**		
7.1	**Earnings per ordinary share (continued)**		
	Weighted average number of shares	**1 865 299**	1 861 455
	Adjusted for:		
	– share options	**3 575**	6 947
	– share appreciation rights	**6 282**	7 228
	Weighted average number of shares for diluted earnings per share calculation	**1 875 156**	1 875 630

Explanation of adjusted headline earnings

Impact of put options

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.

7.2 Dividend per share

The dividends paid during the December 2008 and 2007 financial years amounted to R2 536 million and R1 675 million respectively. A dividend in respect of the period ended 31 December 2008 of R1,81 was approved by the board on 11 March 2009.

These financial statements do not reflect the declared dividend.

	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 Rm	Capital work-in-progress/other Rm	Total Rm
8. PROPERTY, PLANT AND EQUIPMENT								
8.1 Movement in net carrying amount								
At 31 December 2008								
Cost	3 412	897	83 438	6 149	944	655	6 887	102 382
Accumulated depreciation	(397)	(494)	(33 065)	(3 631)	(359)	(154)	(89)	(38 189)
Net carrying amount	3 015	403	50 373	2 518	585	501	6 798	64 193
The movement in net carrying amount of property, plant and equipment is comprised as follows:								
Opening net carrying amount	1 778	275	32 410	1 338	241	529	2 892	39 463
Acquisition of business combinations	30	2	48	62	—	—	13	155
Additions	1 019	207	14 689	1 509	446	—	9 027	26 897
Impairment loss	—	—	(225)	—	—	—	—	(225)
Disposals	—	—	(249)	(5)	(16)	—	(14)	(284)
Depreciation charge	(119)	(125)	(8 817)	(696)	(139)	(28)	(15)	(9 939)
Other movements	39	10	6 548	65	(3)	—	(6 240)	419
Exchange differences	268	34	5 969	245	56	—	1 135	7 707
Closing net carrying amount	3 015	403	50 373	2 518	585	501	6 798	64 193

Notes to the Group financial statements *continued*

for the year ended 31 December 2008

	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 Rm	Capital work-in-progress/ other Rm	Total Rm
8. PROPERTY, PLANT AND EQUIPMENT (continued)								
8.1 Movement in net carrying amount								
At 31 December 2007								
Cost	1 997	588	53 564	3 854	516	655	2 965	64 139
Accumulated depreciation	(219)	(313)	(21 154)	(2 516)	(275)	(126)	(73)	(24 676)
Net carrying amount	1 778	275	32 410	1 338	241	529	2 892	39 463
The movement in net carrying amount of property, plant and equipment is comprised as follows:								
Opening net carrying amount	1 585	221	26 274	1 244	202	557	564	30 647
Acquisition of business combinations	—	(1)	646	10	10	—	25	690
Additions	372	133	10 775	576	114	—	2 850	14 820
Impairment loss	—	—	(212)	—	—	—	—	(212)
Disposals	(4)	(1)	(167)	(8)	(6)	—	(377)	(563)
Reallocation (to)/from intangible assets*	(119)	14	234	23	1	—	(204)	(51)
Reallocation to prepayments**	—	3	192	18	—	—	(227)	(14)
Depreciation charge	(83)	(106)	(5 846)	(550)	(82)	(28)	(79)	(6 774)
Exchange differences	27	12	514	25	2	—	340	920
Closing net carrying amount	1 778	275	32 410	1 338	241	529	2 892	39 463

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.

**This relates to software acquired in the prior year that was reallocated to intangible assets.*

***This relates to advances made for capital expenditure.*

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 carrying amount of R111 million (December 2007: R797 million) (note 17).

MTN Uganda Limited

In terms of the Inter-creditor Security Package, MTN Uganda Limited has provided a first ranking floating charge over all its present and future assets, except its licence. Its property, plant and equipment has a carrying amount of R2 458 million (December 2007: R1 202 million). This serves as security for a syndicated loan made to MTN Uganda Limited by various banks and financial institutions (note 17).

MTN (Proprietary) Limited

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 carrying amounts of these secured assets are R231 million and R298 million respectively (December 2007: R247 million and R315 million respectively) (note 17).

Irancell Telecommunication Company Services

Borrowings by Irancell Telecommunication Company Services are secured by certain categories of equipment with a carrying amount of R285 million (2007: R19,64 million) (note 17).

MTN Sudan

Borrowings by MTN Sudan are secured by certain categories of buildings with a carrying amount of R200 million (note 17).

MTN Zambia Limited

Borrowings by MTN Zambia Limited are secured by certain categories of network assets with a carrying amount of R432 million (December 2007: Rnil) (note 17).

8.3 Prior year

MTN Ghana

Borrowings by Scancom Limited were secured by two switches of the operation with a carrying amount of Rnil in December 2007.

MTN Congo-Brazzaville

Borrowings by MTN Congo-Brazzaville were secured by motor vehicles with a carrying amount of R12 million in December 2007.

Notes to the Group financial statements *continued*

for the year ended 31 December 2008

	Goodwill Rm	Customer relation-ships Rm	Licences Rm	Software Rm	Other intangible assets Rm	Total Rm
9. INTANGIBLE ASSETS						
At 31 December 2008						
Cost	**31 914**	**4 625**	**13 761**	**3 822**	**226**	**54 348**
Accumulated amortisation	**—**	**(3 079)**	**(3 764)**	**(1 570)**	**(149)**	**(8 562)**
Net carrying amount	**31 914**	**1 546**	**9 997**	**2 252**	**77**	**45 786**
The movement in the net carrying amount of intangible assets is comprised as follows:						
Opening net carrying amount	**25 744**	**2 722**	**9 092**	**1 137**	**102**	**38 797**
Additions from business combinations	**662**	**—**	**148**	**—**	**—**	**810**
Additions	**—**	**—**	**82**	**1 366**	**29**	**1 477**
Amortisation charge	**—**	**(1 288)**	**(1 019)**	**(469)**	**(44)**	**(2 820)**
Exchange differences	**5 508**	**112**	**1 694**	**218**	**(10)**	**7 522**
Closing net carrying amount	**31 914**	**1 546**	**9 997**	**2 252**	**77**	**45 786**
At 31 December 2007						
Cost	25 744	4 420	11 268	2 059	202	43 693
Accumulated amortisation	—	(1 698)	(2 176)	(922)	(100)	(4 896)
Net carrying amount	25 744	2 722	9 092	1 137	102	38 797
The movement in the net carrying amount of intangible assets is comprised as follows:						
Year ended 31 December 2007						
Opening net carrying amount	27 017	3 797	8 442	832	17	40 105
Additions from business combinations	(122)	4	32	5	1	(80)
Additions	—	—	1 427	528	120	2 075
Amortisation charge	—	(1 094)	(789)	(286)	(30)	(2 199)
Impairment losses	—	—	(77)	—	—	(77)
Reallocations	—	—	—	51	—	51
Amortisation charge from business combinations	—	—	(1)	—	(1)	(2)
Exchange differences	(1 151)	15	58	7	(5)	(1 076)
Closing net carrying amount	25 744	2 722	9 092	1 137	102	38 797

	December 2008 Rm	December 2007 Rm
9. INTANGIBLE ASSETS (continued)		
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	**1 975**	1 519
Scancom Limited (Ghana)	**13 479**	11 942
MTN Sudan Company Limited	**4 913**	3 829
MTN Yemen	**2 654**	1 894
MTN Afghanistan	**1 364**	1 012
MTN Uganda	**781**	646
MTN Congo-Brazzaville	**810**	615
MTN Syria	**461**	317
Areeba Limited (Cyprus)	**722**	539
Spacetel Benin (SA)	**1 146**	951
Areeba Guinea (Conakry)	**925**	890
Others	**2 684**	1 590
Total	**31 914**	25 744

Goodwill is tested annually for impairment. There was no impairment of any of the CGUs above to which goodwill had been allocated.

The recoverable amount of a CGU was determined based on value-in-use calculations. The calculations mainly used cash flow projections based on financial budgets approved by management covering a five to 10-year period. Cash flows beyond the above period were extrapolated using the estimated growth rates stated below. The following key assumptions were used for the value-in-use calculations:

- Growth rate: We used a steady growth rate to extrapolate revenues beyond the budget period cash flows. The growth rate was consistent with publicly available information relating to long-term average growth rates for each of the markets in which the respective CGU operated. The average growth rates used ranged from 2% to 4%.
- Discount rate: Discount rates range from 8% to 21%. Discount rates used reflect specific risks relating to the relevant CGU.
- Afnet, Arobase, OTEnet and Infotel were acquired during the year (note 42.1) and have not yet been subject to impairment testing. The Group has elected, under IFRS 3, to finalise asset and liability fair values in respect of these acquisitions, within 12 months subsequent to acquisition date, after which impairment testing will be performed.

	December 2008 Rm	December 2007 Rm
10. INVESTMENTS IN ASSOCIATES		
Balance at beginning of year	**60**	73
Share of results after tax	**—**	8
Exchange differences	**—**	(21)
Balance at end of period	**60**	60

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.

Notes to the Group financial statements *continued*

for the year ended 31 December 2008

		December 2008 Rm	December 2007 Rm
11.	**LOANS AND OTHER NON-CURRENT RECEIVABLES**		
	Loan to Broadband Limited**	**20**	75
	Loan to Iran Electronic Development Company***	**471**	354
	Loan to Irancell Telecommunication Company Services****	**5 090**	2 759
	Non-current advances	**1 179**	469
	Non-current prepayments	**1 187**	709
		7 947	4 366
	Less: short-term portion	**(3 324)**	(1 933)
	Loan to Broadband Limited**	**(10)**	(25)
	Non-current advances	**(106)**	—
	Loan to Iran Electronic Development Company***	**(471)**	—
	Loan to Irancell Telecommunication Company Services****	**(2 737)**	(1 908)
		4 623	2 433

***This amount consists of two loans relating to the disposal of a 30% shareholding by MTN International (Mauritius) Limited in MTN Cameroon Limited in prior years:*

20% tranche

The USD denominated loan amounting to USD2,2 million (December 2007: USD11,1 million) attracts interest at LIBOR + 6% per annum (effective rate of 7,00% per annum) (December 2007: effective rate of 9,18% per annum) which is capitalised bi-annually. The loan is repayable by 31 December 2010 out of 80% of the borrower's entitlement to shareholder distributions.

10% tranche

The USD denominated loan amounting to USD10,1 million is repayable at the higher of (i)10% of the market value of MTN Cameroon Limited if onsold by the purchaser; and (ii) USD10,1 million plus interest at LIBOR + 6% per annum. If dividends are declared, an interest charge equal to the dividends is levied.

During the year, dividends relating to the 10% tranche, accounted for as interest, amounted to R6 million (2007: R6 million).

The minority shareholders in MTN Cameroon Limited have provided their shares in the company as security for the above loans.

The recoverability of the loan was assessed at balance sheet date and was not found to be impaired.

****USD58,8 million (December 2007: USD58,65 million) will attract interest at LIBOR + 4% per annum (effective rate 7,78%) (December 2007: effective rate of 10,52%) which will be capitalised against the loan. The loan and capitalised interest is repayable by August 2009.*

The recoverability of the loan was assessed at balance sheet date and was not found to be impaired.

It is anticipated that the current repayment terms will be renegotiated. The loans are registered with the Organisation for Investment Economic and Technical Assistance of Iran ("OIETAI") under the foreign investment licence obtained by MTN International (Mauritius) Limited and which is covered by the Foreign Investment Promotion and Protection Act ("FIPPA").

*****This amount consists of four loans:*

Loan 1: USD115,3 million (December 2007: USD106,7 million) attracting interest at LIBOR +4% per annum (effective rate of 7,8%) (December 2007: effective rate of 9,1%) which will be capitalised against the loan. The loan and capitalised interest is repayable by August 2009.

Loan 2: USD458,4 million (December 2007: USD425,5 million) will attract interest at LIBOR +4% per annum (effective rate of 7,5%) (December 2007: effective rate of 9,1%) which will be capitalised against the loan. The loan and capitalised interest is repayable by November 2009.

Loan 3: EUR196,5 million (December 2007: EUR180,3 million) will attract interest at EURIBOR +4% which will be capitalised against the loan (effective rate of 8,6%) (December 2007: effective rate of 9,8%). The loan and capitalised interest is repayable by 31 May 2008.

Loan 4: EUR156,4 million will attract interest at EURIBOR +4% which will be capitalised against the loan (effective rate 8,3%). There are no fixed terms of repayment.

Although loans 1 and 2 are contractually repayable in the short term, only R3 208 million of these loans have been reflected as current from a classification perspective; due to management intention to only call on the remainder reflected as non-current after 31 December 2009.

In addition, loan 3 was also not called upon in the current financial year in accordance with its agreed contractual term.

The recoverability of the loans was assessed at balance sheet date and were not found to be impaired.

The loans to MTN Irancell have been subordinated in accordance with the Deferred Payment Facility Agreement obtained by MTN Irancell.

The loans are registered with the Organisation for Investment Economic and Technical Assistance of Iran ("OIETAI") under the foreign investment licence obtained by the company and which is covered by the Foreign Investment Promotion and Protection Act ("FIPPA").

	1 January 2007 Rm	Additions-business combina-tions Rm	Charged to income statement Rm	Exchange diffe-rences Rm	31 Decem-ber 2007 Rm	Charged to income statement Rm	Exchange diffe-rences Rm	31 Decem-ber 2008 Rm
12. DEFERRED INCOME TAXES								
Movement								
Deferred income tax liabilities								
Assessed losses	5	—	—	—	5	**—**	**—**	**5**
Tax allowances over book depreciation	(1 332)	(13)	(169)	13	(1 501)	**(1 990)**	**22**	**(3 469)**
Other temporary differences	(342)	(21)	203	10	(150)	**(515)**	**(23)**	**(688)**
Revaluation of at acquisition assets	(1 286)	(2)	49	3	(1 236)	**55**	**(37)**	**(1 218)**
Working capital allowances	177	—	29	—	206	**175**	**—**	**381**
	(2 778)	(36)	112	26	(2 676)	**(2 275)**	**(38)**	**(4 989)**
Deferred income tax assets								
Provisions and other temporary differences	306	—	16	180	502	**(188)**	**75**	**389**
Excess allowances over depreciation	15	—	26	38	79	**(23)**	**—**	**56**
Accelerated depreciation	—	—	—	—	—	**79**	**16**	**95**
Tax loss carried forward	44	—	164	(11)	197	**(150)**	**52**	**99**
Arising due to fair value adjustments on business combinations	105	—	3	(7)	101	**(43)**	**(33)**	**25**
MTN Nigeria Communications Limited	2 135	—	(1 682)	—	453	**(453)**	**—**	**—**
Working capital allowance	—	—	—	—	—	**(7)**	**—**	**(7)**
	2 605	—	(1 473)	200	1 332	**(785)**	**110**	**657**
Net deferred income tax asset/(liability)	(173)	(36)	(1 361)	226	(1 344)	**(3 060)**	**72**	**(4 332)**

Notes to the Group financial statements *continued*

for the year ended 31 December 2008

12. DEFERRED INCOME TAXES (continued)

In prior years MTN Nigeria Communications Limited (MTN Nigeria) enjoyed a tax holiday (pioneer status) which expired on 31 March 2007. In accordance with Nigerian tax legislation, MTN Nigeria's operating profit post pioneer status is subsequently included in taxable income. The deferred income tax asset at the end of pioneer status amounted to R2,5 billion (31 March 2007) which was primarily comprised of capital allowances on fixed assets acquired during the tax holiday. At Group level, R1,7 billion of the asset was utilised during 2007 with the remainder being utilised in the current financial year.

In 2007, a deferred income tax asset of R400 million (49% : R196 million) relating to unused tax losses, was recognised in respect of MTN Irancell Telecommunication Company Services. During 2008 a substantial portion of these unused tax losses have been utilised, supporting the previous recognition of the deferred income tax asset. A deferred income tax asset of R98 million remains at 31 December 2008 relating to the remaining unused tax losses. Management considers it probable that future taxable profit will be available against which the unused tax losses will be utilised.

	December 2008 Rm	December 2007 Rm
13. INVENTORIES		
Finished goods (handsets, SIM cards and accessories) – at cost	**2 475**	1 214
Consumable stores and maintenance spares – at cost	**59**	25
Less: Write down to net realisable value	**(162)**	(72)
	2 372	1 167

	At beginning of year Rm	**Additions Rm**	**Utilised Rm**	**Unused Rm**	**Exchange differences Rm**	**At end of year Rm**
Provision movement						
Year ended 31 December 2008						
Movement in impairment of inventories	**(72)**	**(95)**	**1**	**8**	**(4)**	**(162)**
Year ended 31 December 2007						
Movement in impairment of inventories	(92)	(9)	9	20	—	(72)

A write-down of R78 million (December 2007: R9 million) was incurred in the current year. This amount is included in other expenses in the income statement (note 3).

	December 2008 Rm	December 2007 Rm
14. TRADE AND OTHER RECEIVABLES		
Trade receivables	**13 468**	10 107
Less: Provision for impairment of trade receivables	**(1 674)**	(1 071)
Trade receivables – net	**11 794**	9 036
Prepayments and other receivables*	**3 615**	2 625
Sundry debtors and advances**	**3 533**	925
	18 942	12 586

An impairment charge of R328 million (December 2007: R91 million) was incurred in the current year, and this amount is included in other expenses in the income statement (refer to note 3).

The Group's exposure to credit and currency risk and impairment losses related to trade and other receivables are disclosed in note 45.

The carrying value of trade and other receivables approximates the fair value because of the short period to maturity.

**Prepayments and other receivables include prepayment for BTS and other property leases.*
***Sundry debtors and advances include advances to suppliers and short-term loans.*

	December 2008 Rm	December 2007 Rm
15. 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		
1 868 010 304 (December 2007: 1 864 797 807) ordinary shares of 0,01 cent each	*	*
Share premium		
Balance at beginning of year	**23 864**	23 804
Options exercised	**41**	60
Balance at end of year	**23 905**	23 864

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 45 of the directors' report. All disclosure as required has been included in the directors' report.

**Amounts less than R1 million*

Notes to the Group financial statements *continued*

for the year ended 31 December 2008

		December 2008 Rm	December 2007 Rm
16.	**RESERVES**		
	Non-distributable reserves		
	Balance at beginning of year	**(14 569)**	(14 082)
	Purchase/sale of non-controlling interests	**4 020**	179
	Transfer from distributable reserves	**87**	(113)
	Share-based payment reserve	**75**	92
	Cash flow hedging reserve	**138**	30
	Cancellation of Ivory Coast put option	**54**	—
	Shareholders' loan revaluation reserve	**44**	565
	Foreign currency translation differences of foreign subsidiaries and joint ventures	**11 920**	(1 240)
	Balance at end of year	**1 769**	(14 569)
	Consisting of:		
	Contingency reserve (as required by insurance regulations)	**18**	18
	Statutory reserve (as required by Rwandan and Congo-Brazzaville legislation)	**(9)**	(9)
	Purchase/sale of non-controlling interests	**(10 707)**	(14 727)
	Shareholders' loan revaluation reserve	**(244)**	(288)
	Cash flow hedging reserve	**114**	(24)
	Share-based payment reserve	**244**	169
	Other reserves	**53**	(88)
	Foreign currency translation differences of foreign subsidiaries and joint ventures	**12 300**	380
		1 769	(14 569)

A 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 2008 Rm	December 2007 Rm
17. BORROWINGS		
Unsecured		
MTN Dubai Limited		
Revolving credit facility		
Bank loan of USD50 million bearing interest at LIBOR plus 3,5% repayable on 5 February 2009. The effective interest rate was 5,88% (December 2007: 6,83%)	**329**	203
Term loan		
A bank loan of USD50 million bearing interest at three month LIBOR plus 2,5% with an effective rate of 6,12% (December 2007: 7,33%), repayable quarterly with the final instalment due in December 2010	**187**	177
MTN Sudan Company Limited		
A bank loan of EUR26,4 million, repayable semi-annually, bearing interest at EURIBOR plus 3%, with an effective interest rate of 7,98% (December 2007: 7,84%). The maturity date is June 2011. MTN Dubai has provided a guarantee for this loan	**166**	261
Areeba Limited (Cyprus)		
A long-term bank loan denominated in EUR, bearing interest at EURIBOR six month plus 1,75% with an effective interest rate of 6,39%. The loan is repayable semi-annually with the final instalment due by December 2020. MTN Dubai has provided a guarantee for this loan	**346**	—
A long-term bank loan denominated in EUR, bearing interest at EURIBOR six month plus 2%, with an effective interest rate of 5,84% (December 2007: 5,84%). The loan is repayable semi-annually with the final instalment due by 2010. MTN Dubai has provided a guarantee for this loan	**58**	65
A trade finance loan denominated in EUR, bearing interest at EURIBOR six month plus 0,45% with an effective rate of 3,22% (December 2007). This loan was repaid in the current year	**—**	84
MTN Syria SA		
Bank loan USD10 million bearing interest at an interest rate of 7,61% (December 2007: 7,61%). The loan is repayable semi-annually with the last instalment due on 21 July 2009. MTN Dubai has provided a guarantee for this loan	**33**	41
Bank loan of USD7 million with an interest rate of 4,47% (December 2007: 6,29%) The loan is repayable semi-annually with the last instalment due in February 2009. MTN Dubai has provided a guarantee for this loan	**7**	15
MTN International (Mauritius) Limited		
Revolving credit facility		
Facility arranged by Standard Finance (Isle of Man) of USD150 million bearing interest at LIBOR plus 1,6% at an effective interest rate of 4,1% (December 2007: 7,69%). This loan expires on 31 March 2009 (December 2007: 30 September 2008). MTN Holdings and other MTN Group entities have provided cross guarantees for this loan facility	**1 263**	763

Notes to the Group financial statements *continued*

for the year ended 31 December 2008

	December 2008 Rm	December 2007 Rm
17. BORROWINGS (continued)		
Unsecured (continued)		
MTN Cameroon		
Syndicated loan facility		
A syndicated loan of CFA44,15 billion. The loan is repayable in semi-annual instalments following a six month grace period, with the final repayment due in July 2012. The annual interest rate is fixed at 6,85%	**814**	653
Irancell Telecommunication Company Services		
Local short-term facility		
A local working capital loan of IRR400 billion bearing interest at a fixed interest rate of 16% and repayable on 19 November 2009	**187**	—
These loans, denominated in IRR were repaid during the current financial year. The loans bore interest at 12%	**—**	73
Vendor deferred payment facility		
A vendor deferred payment facility denominated in USD and IRR bearing interest at LIBOR plus 2% and 9%, with effective interest rates of 9,53% and 11,61% (December 2007: 7,4% and 9%) respectively	**64**	17
MTN Nigeria Communications Limited		
A syndicated medium-term facility totalling approximately USD2 billion and incorporating three tranches:		
i) Underwritten local currency medium-term discounted note issuance facility		
The loan is for NGN142 198 million. It is repayable in two equal instalments, in October 2010 and October 2012. The interest, payable quarterly, is based on NIBOR plus 1% with an effective interest rate of 17,35% (December 2007: 14,26%)	**9 433**	3 688
ii) Foreign currency term loan facility		
The loan is for USD400 million. It is repayable in eight semi-annual instalments following an 18 months grace period, with the final repayment due on September 2012. The interest rate is based on six month LIBOR plus 2% with an effective interest rate of 5,08% (December 2007: 7,13%)	**3 139**	1 310
iii) Other loans	**400**	—

	December 2008 Rm	December 2007 Rm
17. BORROWINGS (continued)		
Unsecured (continued)		
MTN Congo		
Long-term loan		
A loan of CFA20 billion bearing interest at a rate of 8,25%. The first loan drawdown was in December 2008. The first loan drawdown was in December 2008. The loan is repayable over five years with a six month grace period upfront and the final instalment due in December 2013	**207**	—
MTN Côte d'Ivoire		
Short-term facilities		
Various XOF short-term facilities with effective interest rates ranging from 7,5% to 8,25% per annum (December 2007: 8% to 8,25% per annum), repayable both monthly and quarterly until between September 2007 and December 2014	**675**	225
MTN Uganda		
Promissory notes		
Promissory notes issued to the value of USD5 million and UGX9,5 billion at effective interest rates of 9% and 13% respectively (December 2007: 11,25%). Repayable monthly in arrears	**93**	38
Short-term bank facilities with various banks of USD10 million and a bridge loan of USD10 million. These loans have been repaid during the current financial year	**—**	137
MTN Zambia Limited		
Syndicated loan facility		
A syndicated bank loan totalling ZMK150 billion bearing interest at the 182 Treasury bill rate plus 1%. The loan is repayable semi-annually with the final instalment in December 2012. The effective interest rate was 13,60%. The loan is guaranteed by MTN International (Mauritius)	**291**	—
Bridge loan		
Bridge loans denominated in ZMK (December 2007: R28 million) and USD (December 2007: R305 million) bearing interest at the Stanbic rate minus 5% and LIBOR plus 2% with effective interest rates of 14% and 7,5% respectively. These loans were repaid during the current financial year	**—**	333

Notes to the Group financial statements *continued*

for the year ended 31 December 2008

		December 2008 Rm	December 2007 Rm
17.	**BORROWINGS (continued)**		
	Unsecured (continued)		
	MTN (Proprietary) Limited		
	Term loans		
	Term loans bearing interest at effective interest rates ranging between 11,46% and 11,58% per annum. The loans were part of a 366 day facility. The timing of the repayment of the loans was at the discretion of the Group. The loans were part of the facility held by the MTN Group, and MTN Holdings and other Group entities had provided cross guarantees for the loan facility	—	400
	MTN Holdings (Proprietary) Limited		
	Domestic medium-term note programme		
	Bond MTN01 bearing interest at 10,01% payable semi-annually in arrears with a final maturity on 13 July 2010	**5 000**	5 000
	Bond MTN02 bearing interest at 10,19% payable semi-annually in arrears with a final maturity on 13 July 2014	**1 300**	1 300
	Syndicated loan facilities		
	Facility A1		
	A five year USD750 million facility. The capital is repayable in 10 equal semi-annual payments starting January 2008. Interest is charged at LIBOR plus 55bps (December 2007: 75 bps). The effective interest rate for 2008 was 3,97%	**5 257**	5 087
	Facility A2		
	A five year R7 000 million facility. The capital is repayable in 10 equal semi-annual payments starting January 2008. Interest is charged at JIBAR plus 70bps (December 2007: 90 bps). The effective interest rate for 2008 was 12,51%	**5 250**	7 000
	Other unsecured loans		
	Trade finance		
	Various unsecured loan facilities with banks	**59**	25
	Bank overdraft facilities	**1 365**	1 322
	Total unsecured	**35 923**	28 217

	December 2008 Rm	December 2007 Rm
17. BORROWINGS (continued)		
Secured		
MTN Sudan Company Limited		
A bank loan, denominated in SDG, repayable semi-annually and bearing interest at 12%. The loan matures in September 2011. The loan is secured by a pledge of buildings (note 8)	**98**	—
MTN Uganda Limited		
Medium-term loan		
A loan agreement with a club of local bank of UGX54,1 billion. The loan is divided into two tranches. Tranche A matures in September 2011 and tranche B matures in July 2012. The interest rate is based on the Ugandan 364 day T-bill plus 2,25% with an effective rate of 15,63% (December 2007: 14,79%). Security provided by debentures over property and endorsement of insurances (note 8)	**262**	266
MTN Ghana		
IFC Loan		
IFC loan denominated in USD bearing interest at LIBOR plus 3,5% with an effective interest rate of 5,76%. The loan was 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	**—**	94
Irancell Telecommunication Company Services		
Vendor facilities		
Loans denominated in EUR, bearing interest at EURIBOR plus 5,25% with effective interest rates between 9,74% and 10% (December 2007: 9,36% to 9,5%). The loans were repayable from 31 March 2009 to 30 November 2009 and are secured by a pledge over certain categories property, plant and equipment (note 8)	**350**	700

Notes to the Group financial statements *continued*

for the year ended 31 December 2008

	December 2008 Rm	December 2007 Rm
17. BORROWINGS (continued)		
Secured (continued)		
MTN Côte d'Ivoire		
Ecobank		
Various bank loans denominated in XOF secured by certain categories of assets including cash deposits, cession of insurance and network assets, at effective rates ranging between 6,5% and 8,25% (December 2007: 7,25% and 9%) repayable monthly, quarterly or semi-annually between 2007 and September 2011 (note 8, 24)	**438**	314
Bank loans of XOF20 billion bearing interest at effective interest rates between 7,25% and 8,3% per annum (December 2007: 7,25% to 8,3%), repayable monthly or quarterly between July 2007 and July 2013. The loans are secured by pledge of deposit accounts (note 24)	**374**	304
MTN Zambia		
A loan of USD90 million bearing interest at three month LIBOR plus 2,255, repayable in quarterly interest payments and semi-annual capital repayments with the final repayment due in June 2013. The effective interest rate was 4,29%. The loan is secured by pledge of network assets (note 8)	**432**	—
MTN Holdings (Proprietary) Limited		
Standard Corporate Merchant Bank (SCMB) term loan		
A bank facility bearing interest at an effective interest rate of 12,55% (December 2007: 11,73%). MTN Holdings and other MTN subsidiary companies have provided cross guarantees for the loan facility	**3 184**	3 187
MTN (Proprietary) Limited		
14th Avenue Finance Lease – Phase 1		
Finance lease obligation capitalised at an effective interest rate of 11,25% (December 2007: 10%) per annum. The lease term is 10 years with five years remaining, and renewal options of 20 years in total, and instalments payable monthly. The book value of the underlying property is R231 million (December 2007: R247 million). This obligation is secured by underlying property. The fair value amounts to R286 million (December 2007: R272 million) (note 8)	**228**	260
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 eight remaining, with renewal options of 10 years in total, and instalments payable monthly. The book value of the underlying property is R298 million (December 2007: R315 million. This obligation is secured by the underlying property. The fair value amounts to R486 million (December 2007: R537 million) (note 8)	**301**	315
Total secured	**5 667**	5 440
Total borrowings	**41 590**	33 657

	December 2008 Rm	December 2007 Rm
17. BORROWINGS (continued)		
The maturity of the above loans and overdrafts is as follows:		
Payable within one year or on demand	**12 490**	10 650
Short-term borrowings	**11 125**	9 328
Bank overdrafts	**1 365**	1 322
More than one year but not exceeding two years	**9 685**	4 024
More than two years but not exceeding five years	**17 964**	17 222
More than five years	**1 451**	1 761
	41 590	33 657
Less: Amounts included within current liabilities	**(12 490)**	(10 650)
Amounts included in non-current liabilities	**29 100**	23 007
The fair values of all borrowings and bank overdrafts approximate their book values.		
The Group has the following undrawn facilities:		
Floating rate	**14 720**	22 220
Fixed rate	**—**	—
	14 720	22 220

The facilities expiring within one year are annual facilities subject to review at various dates during 2009.

Notes to the Group financial statements *continued*

for the year ended 31 December 2008

		December 2008 Rm	December 2007 Rm
17.	**BORROWINGS (continued)**		
	South African rand	**16 628**	18 720
	US dollar	**10 717**	8 260
	Nigerian naira	**9 833**	3 688
	Uganda shilling	**308**	141
	Euro	**920**	1 110
	Congo-Brazzaville Communaute Financiére Africaine franc	**207**	4
	Syrian pounds	**—**	105
	Sudanese dinar	**98**	—
	Iranian rials	**228**	84
	Cameroon Communaute Financiére Africaine franc	**814**	653
	Cote d'Ivoire Communaute Financiére Africaine franc	**1 487**	842
	Zambian kwacha	**291**	28
	Various currencies	**59**	22
		41 590	33 657

Further details of the Group's finance lease commitments are provided in note 31 to the financial statements.

		December 2008 Rm	December 2007 Rm
18.	**OTHER NON-CURRENT LIABILITIES**		
	Obligation in respect of licence agreements	**473**	522
	Other non-current provisions	**198**	236
	Other non-current liabilities	**213**	117
		884	875
19.	**PUT OPTION LIABILITY**		
	Put options in respect of subsidiaries	**3 341**	2 556
	Less: Short-term portion	**(3 341)**	—
		—	2 556

The put option liabilities in respect of subsidiaries arise from arrangements whereby certain of the minority shareholders of MTN Côte d'Ivoire Limited and MTN Nigeria Communications Limited have the right to put their remaining shareholding in the respective companies to MTN International (Mauritius) Limited and MTN Nigeria Communications Limited, respectively.

The put options on the Group's own equity resulted in the recognition of a liability at fair value. Subsequent to initial recognition, the liability is measured at amortised cost using the effective interest method. To the extent that the put options are not exercisable at a fixed strike price, the estimated future cash flows change as the fair market value of the underlying equity changes. As the estimated future cash payments change, the net carrying amount of the financial liability will change accordingly. This change in the carrying amount is recognised in profit or loss (note 5).

In the absence of an active market for the underlying equity, fair value is estimated based upon a comparison of valuations ascribed to the underlying equity by research analysts, publicly observed trading levels of comparable companies, transaction values paid in comparable transactions, and discounting of all future cash flows of the business to derive a fair present value. The valuation techniques include assumptions in respect of future cash flow growth, discount factor and terminal values.

The MTN Côte d'Ivoire put option was cancelled during the year under review resulting in the previously raised financial liability being reclassified to equity.

In addition to the put option outlined above, the IFC has a call option on a minority stake in Areeba Afghanistan. The percentage stake terms and conditions are currently under negotiation.

Furthermore, MTN has a put option and the minority shareholders option for 1% in respect of MTN Cyprus, at a fixed amount. These options are currently not exercisable.

Notes to the Group financial statements *continued*

for the year ended 31 December 2008

	December 2008 Rm	December 2007 Rm
20. TRADE AND OTHER PAYABLES		
Trade payables	**10 157**	6 328
Sundry creditors	**2 927**	1 418
Accrued expenses	**10 112**	7 428
Other payables	**1 557**	1 429
	24 753	16 603

The Group's exposure to currency and liquidity risk related to trade and other payables is disclosed in note 45.

	At beginning of year Rm	Additional provisions Rm	Additions – Business combinations Rm	Unused amounts reversed Rm	Utilised Rm	Exchange differences Rm	At end of year Rm
21. PROVISIONS AND OTHER LIABILITIES AND CHARGES							
Year ended 31 December 2008							
Bonus	**327**	**393**	**2**	**(9)**	**(280)**	**33**	**466**
Decommissioning provision	**132**	**128**	**—**	**(2)**	**(3)**	**34**	**289**
Onerous leases/other	**429**	**503**	**(2)**	**(1)**	**(244)**	**—**	**685**
Licence obligations	**261**	**—**	**—**	**—**	**—**	**—**	**261**
Other provision	**—**	**—**	**1 591**	**—**	**—**	**—**	**1 591**
Total	**1 149**	**1 024**	**1 591**	**(12)**	**(527)**	**67**	**3 292**
Year ended 31 December 2007							
Bonus	224	228	2	(2)	(131)	6	327
Decommissioning provision	80	49	—	—	(2)	5	132
Onerous leases/other	165	476	(2)	(1)	(231)	22	429
Licence obligations	214	47	—	—	—	—	261
Total	683	800	—	(3)	(364)	33	1 149
Less: non-current portion							(224)
Current portion							925

21. **PROVISIONS AND OTHER LIABILITIES AND CHARGES (continued)**

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 predetermined 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 28.

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.

Other provisions

The Group is involved in various regulatory and tax matters specific to the respective jurisdictions in which the Group operates. These matters may not necessarily be resolved in a manner that is favourable to the Group. The Group has therefore recognised provisions in respect of these matters based on estimates and probability of whether an outflow of economic benefits will be due.

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 item and the site on which the item is located to its original condition. 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 respective operations.

Notes to the Group financial statements *continued*

for the year ended 31 December 2008

		December 2008 Rm	December 2007 Rm
22.	**CASH GENERATED FROM OPERATIONS**		
	Profit before tax	**28 490**	19 707
	Adjustments for:		
	Share of results in associates after tax (note 10)	**—**	(8)
	Finance cost (note 5)	**8 644**	4 953
	Finance income (note 4)	**(6 727)**	(1 780)
	Depreciation of property, plant and equipment (note 8)	**9 939**	6 774
	Amortisation of intangible assets (note 9)	**2 820**	2 199
	Loss on disposal of property, plant and equipment (note 3)	**135**	73
	Loss on disposal of non-current asset (note 3)	**2**	—
	Loss on disposal of investments	**6**	—
	Share-based payments	**50**	97
	Increase in provisions	**531**	247
	Amortisation of prepaid expenses	**218**	—
	Write down of inventories (note 13)	**78**	—
	Impairment of investment in MTN Mobile Money Holdings (Proprietary) Limited	**—**	7
	Impairment charge on property, plant and equipment (note 8)	**225**	212
	Other	**(1)**	30
		44 410	32 511
	Changes in working capital	**426**	1 823
	Increase in inventories	**(1 124)**	(146)
	Increase in unearned income	**2 039**	1 437
	Increase in receivables and prepayments	**(1 677)**	(3 756)
	Increase in trade and other payables	**1 188**	4 288
	Cash generated from operations	**44 836**	34 334

		December 2008 Rm	December 2007 Rm
23.	**INCOME TAX PAID**		
	Opening balance	**(3 562)**	(1 356)
	Amounts charged to income statement (note 6)	**(11 355)**	(7 791)
	Deferred tax credit (note 6 and 12)	**3 060**	1 361
	Exchange differences	**(510)**	(29)
	At acquisition taxes	**—**	(41)
	Withholding taxes not paid	**508**	61
	Closing balance	**5 078**	3 562
	– Taxation prepaid	**(642)**	(184)
	– Current income tax liabilities	**5 720**	3 746
	Total tax paid	**(6 781)**	(4 233)
24.	**CASH AND CASH EQUIVALENTS**		
	For purposes of the cash flow statement, cash and cash equivalents comprise the following:		
	Cash at bank and on hand	**26 961**	16 868
	Bank overdraft	**(1 365)**	(1 322)
		25 596	15 546
	Included in cash balances is an amount of R31,5 million (December 2007: R23,7 million) encumbered by borrowings relating to MTN Côte d'Ivoire.		
25.	**RESTRICTED CASH**		
	Restricted cash deposits	**1 778**	739
	Restricted cash consists of monies placed on deposit with banks in Nigeria, Cameroon and other operations to secure Letters of Credit, which at year-end were undrawn and not freely available.		
26.	**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	**310**	143
	– Outwards reinsurance premiums	**(133)**	(14)
	– Change in unearned premiums	**—**	3
	– Other**	**(213)**	(114)
		(36)	18
	Balance sheet effect		
	Share of technical provision:		
	– Outstanding claims	**89**	137
	– Provision for unearned premiums	**10**	8
		99	145
	Receivables	**40**	72
	Payables	**(182)**	(10)

***Included in "other" are claims incurred, net of reinsurance; commissions paid; net operating costs; net investment income and taxation.*

Notes to the Group financial statements *continued*
for the year ended 31 December 2008

	December 2008 Rm	December 2007 Rm
27. CONTINGENT LIABILITIES		
Upgrade incentives*	**504**	957
Ericsson voucher**	**—**	(34)
Ericsson voucher***	**(191)**	—

* *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 2008 was 481 078 (December 2007: 465 432). The estimated contingent liability at 31 December 2008 based on the prevailing business rules on such date amounts to R504 million (December 2007: R957 million).*

The Group has however provided for those upgrades which have been made but not presented for payment.

** *The Group received a voucher which entitled it to a discount of R112 million on certain future 3G equipment purchases. To date, R112 million (December 2007: R78 million) of the voucher has been applied against the purchases of the said equipment.*

****The Group received a voucher which entitles it to a discount of R191 million (USD20 million) on certain future purchases of services relating to 3G equipment.*

28. COMMERCIAL COMMITMENTS

MTN (Proprietary) Limited

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 900Mhz by 31 December 2006.

In January 2005, MTN was granted the right to maintain and use the 1800MHz 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 Services 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.

MTN Zambia Limited

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 Limited be held by the Zambian public. Previously it was reported that the ownership of 10% by the SPV, already formed, and ultimate placement with Zambian public was in progress. The remaining unresolved matters were cleared with the regulator during the year resulting in 2,2% of the shareholding being sold to the public for an amount of R24,6 million subsequent to year-end. The sale of the remaining 7,8% is currently under discussion.

28. COMMERCIAL COMMITMENTS (continued)

Irancell Telecommunication Company Services

The investment in Irancell Telecommunication Company Services is subject to a number of sovereign, regulatory and commercial risks, which could result in the Group 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 Telecommunication Company Services is required to be offered to members of the Iranian public within approximately three years from the date of the licence. Such offering could have a proportional dilutory effect on MTN International (Mauritius) Limited's 49% shareholding, effectively reducing its shareholding by 10,3% to 38,7%. The substantial terms and conditions of this commitment are yet to be finalised.

Eastern African Submarine Cable System (EASSy)

To address the growing demand for international bandwidth in Africa, the Group, together with various other parties, has entered into a construction and maintenance agreement for the Eastern African Submarine Cable System (EASSy). The Group's commitment in respect of the contract amounts to USD40 million of which USD8 million has been paid at 31 December 2008 (2007: USD4,5 million).

	December 2008 Rm	December 2007 Rm
29. 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	**8 906**	6 925
Authorised but not contracted for	**24 743**	21 364
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	**2 504**	1 746
Authorised but not contracted for	**1 514**	546
Total commitments for property, plant and equipment and intangible assets	**37 667**	30 581

Capital expenditure will be funded from operating cash flows, existing borrowing facilities and, where necessary, by raising additional facilities.

Notes to the Group financial statements *continued*

for the year ended 31 December 2008

		December 2008 Rm	December 2007 Rm
30.	**OPERATING LEASE COMMITMENTS**		
	The future aggregate minimum lease payments under non-cancellable operating leases are as follows:		
	Not later than one year	**203**	197
	Later than one year and no later than five years	**395**	296
	Later than five years	**203**	462
		801	955
	The future aggregate minimum lease payments under cancellable operating leases are as follows:		
	Not later than one year	**382**	104
	Later than one year and no later than five years	**857**	302
	Later than five years	**666**	172
		1 905	578
	The Group leases various premises/sites under non-cancellable/cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.		
31.	**FINANCE LEASE COMMITMENTS**		
	At the balance sheet date, the Group had outstanding commitments under non-cancellable finance leases which fall due as follows:		
	Minimum lease payments:		
	Not later than one year	**136**	112
	Later than one year and no later than five years	**529**	520
	Later than five years	**133**	184
		798	816
	Less: Future finance charges on finance leases	**(244)**	(235)
	Present value of finance lease obligations	**554**	581
	Present value of finance lease obligations are as follows:		
	Not later than one year	**69**	53
	Later than one year and no later than five years	**366**	367
	Later than five years	**119**	161
		554	581

	December 2008 Rm	December 2007 Rm
32. OTHER COMMITMENTS		
Soccer sponsorship*	**304**	331
Orders placed to purchase handsets	**237**	42
	541	373

This commitment relates to FIFA 2010 sponsorship.

	%	%
33. INTEREST IN JOINT VENTURES		
The Group had the following effective percentage interests in joint ventures:		
Swazi MTN Limited	**30**	30
Digital Mobile TV Africa (Proprietary) Limited*	**50**	50
MTN Mobile Money Holdings (Proprietary) Limited	**50**	50
Mascom Wireless Botswana Limited	**53**	53
Irancell Telecommunication Company Services	**49**	49

In June 2007, MTN Holdings entered into a joint venture agreement with Multichoice Investment Holdings to provide (DVB-H) mobile broadcast television in sub-Sahara Africa and selected countries in North Africa and the Middle East.

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.		
Current assets	**2 818**	1 392
Non-current assets	**7 726**	3 260
Current liabilities	**(620)**	(2 729)
– Interest-bearing	**(255)**	(790)
– Non-interest-bearing	**(365)**	(1 939)
Non-current liabilities	**(9 594)**	(2 749)
– Interest-bearing	**(5 508)**	(2 672)
– Non-interest-bearing	**(4 086)**	(77)
Revenue	**5 697**	2 030
Expenses	**(4 948)**	(1 920)

	Number of employees	Number of employees
Average number of employees relating to joint ventures:		
– Full time	**910**	773
– Part time	**1 349**	351

There are no significant contingent liabilities relating to the Group's interests in these joint ventures.

Notes to the Group financial statements *continued*
for the year ended 31 December 2008

34. 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.

35. LICENCE AGREEMENTS

MTN Cameroon Limited

The licence authorises MTN Cameroon Limited to set up and run a 900MHz national mobile GSM cellular telephony network within the geographic territory of Cameroon. The licence was granted on 15 February 2000 and is valid for a period of 15 years, renewable for 10 years thereafter. The Group paid an initial licence fee of CFA40,4 billion and pays 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 CFA200 000 per year is payable for microwave usage until a general formula of calculation is adopted with the Regulatory Board.

MTN Nigeria Communications Limited

The licence authorises MTN Nigeria Communications Limited to provide and operate a 900MHz and 1800MHz second generation digital mobile service within the geographic territory of Nigeria. The licence was granted on 9 February 2001 and is valid for a period of 15 years, renewable for five years thereafter. The Group paid an initial licence fee of USD285 million and in addition, pays an annual licence fee based on 2,5% of assessed net revenue as defined in the licence.

A 3G licence was granted to MTN Nigeria Communications Limited during the year. This licence is a spectrum licence that allows use of specified 3G spectrum (receive 1920 – 1930MHz and transmit 2110 – 2120MHz). The licence was granted on 1 May 2007 and is valid for a period of 15 years, renewable on expiration by mutual agreement of Commission and Licence. There is no automatic renewal. The Group paid an initial fee of USD150 million for the licence and there is no annual fees payable on the licence.

MTN Rwandacell S.A.R.L

The licence authorises MTN Rwandacell S.A.R.L to construct, maintain and operate a 900MHz, 1800MHz and 1900MHz (including cellular public pay telephones) GSM telecommunication network within the geographic territory of Rwanda. In 2008 the licence was renewed, an amount of USD500 000 was paid for an extension to the old licence and is valid for 13 years and may be terminated thereafter with a two-year written notice period. The Group paid an initial licence fee of USD200 000 and in addition, pays an annual licence fee based on 3% (December 2007: 3%) of network revenue as defined in the licence. Furthermore, a frequency fee of USD2 000 per 1MHz granted and an annual spectrum fee of USD50 000 are payable.

MTN Uganda Limited

The licence authorises MTN Uganda Limited to construct, maintain and operate a 900MHz and 1800MHz national second generation digital mobile radio telephony service within the geographic territory of Uganda. The licence was granted on 15 April 1998 and is valid for a period of 20 years. The Group paid an initial licence fee of USD5,8 million and an annual spectrum fee of 1% of network revenue is payable as a contribution to the Rural Communications Development Fund.

Irancell Telecommunication Company Services

The licence authorises Irancell Telecommunication Company Services 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 2006 and has a validity period of up to 15 years with two renewable periods of five years each. An initial licence fee of EUR300 million was paid. An annual regulatory fee of 0,25% of revenue of the preceding contractual year, an annual universal service contribution fee of 3% of revenue of the preceding contractual year and other fixed fees, all totalling in aggregate not more than 5% of revenue from the previous contractual year are payable in each contractual year of the licence. In addition, Irancell Telecommunication Company Services is required to pay 28,1% of revenue in each contractual year, with a minimum guaranteed amount 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.

The licence allows Irancell Telecommunication Company Services equipment providing access and communication for rendering services to the subscribers of radio communication networks based on WiMAX technology, including switching centres and base stations and other equipment necessary for its proper functioning (excluding mother backbone and international gateways). The licence was granted on 23 December 2008 and has a validity of up to six years renewable for five years. An initial licence fee of EUR50,7 million was paid.

Scancom Limited (Ghana)

The licence authorises Scancom Limited to construct, maintain and operate a telecommunications network using 900MHz and 1800Mhz 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 USD22,5 million was paid with an annual regulatory fee of USD750 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.

Areeba Limited (Cyprus)

The licence authorises Areeba Limited to construct and operate a 900MHz and 1800MHz GSM and 3G/UMTS network and requires 50% GSM geographic coverage by year two, and 60% 3G/UMTS coverage by year 10. 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.

Spacetel Benin SA

The licence authorises Spacetel Benin to construct and operate a 900MHz and 1800MHz GSM network for a period of 10 years and to have 100% geographic coverage. The effective date of the licence is 19 October 2007 and can be automatically extended for another five years without any additional fees if performance levels are met. The expiration date is 18 October 2017.

Areeba Afghanistan

The licence authorises Areeba Afghanistan to construct and operate a 900MHz and 1800MHz GSM network to have 80% geographic coverage within the first year of the commencement date. A once-off licence fee of USD40 million was paid with an annual fee of 2% of net revenue. The licence agreement is effective from October 2006 and is applicable for 15 years and is renewable thereafter for an additional 10 years. No exclusivity clause exists.

Spacetel Guinea-Bissau SA

The licence authorises Spacetel Guinea-Bissau SA to construct and operate a 900MHz GSM network to cover 100% of the population. A once-off licence fee of EUR2,2 million was paid with an annual fee of XOF2 million per frequency channel. The licence agreement is effective from December 2003 and is applicable for 10 years and renewable thereafter. No exclusivity clause exists.

Areeba Guinea SA

The licence authorises Areeba Guinea SA Republic to construct and operate a 900MHz and 1800MHz 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 commercial launch. The licence agreement is effective from August 2005 and is applicable for 13 years, renewable thereafter for five years. There will be a maximum of four operators in total up to 2010.

Notes to the Group financial statements *continued*

for the year ended 31 December 2008

35. LICENCE AGREEMENTS (continued)

Lonestar Communications Corporation LLC (Liberia)

The licence authorises Lonestar Communications Corporation LLC 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.

MTN Sudan Company Limited

The licence authorises MTN Sudan Company Limited to construct and operate a 900MHz and 1800MHz 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.

MTN Syria SA

This licence permits MTN Syria SA to build, manage, operate and invest in a GSM network in the Syrian region on both 900MHz and 1800MHz 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 USD20 million and USD15 million for 900MHz and 1800MHz respectively were applicable. An annual "Frequency Protection Fee" of USD50 000 or SP2,5 million per 1MHz for transmission and reception within the band range of 900MHz or 1800MHz 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% 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.

MTN Yemen

The licence authorises MTN Yemen to construct and operate a GSM network and requires coverage of the main cities and roads within three years. A once-off licence fee of YER10 billion was paid with an annual regulatory fee of YER1,7 billion. 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.

MTN Zambia Limited

The licence authorises MTN Zambia Limited to set up and run a cellular service within the designated bandwidth of 890MHz – 960MHz band within the geographic 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 USD40 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 MTN Côte d'Ivoire to construct, maintain and operate a 900MHz and 1800MHz GSM telecommunication network within the geographic 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 was payable from 2001 to 2007.

MTN Congo SA

The licence authorises MTN Congo SA to construct, maintain and operate a 900MHz and 1800MHz GSM telecommunication network within the geographic 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 2006, 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 FCFA60 million are payable annually. The payment for renewal is set at FCFA2,2 billion.

Mascom Wireless Botswana Limited

A licence was granted on 17 February 1998 and was valid for a period of 15 years. This licence was replaced with a Public Telecommunication Operator (PTO) licence issued on 13 June 2007 and valid for a period of 15 years. The licence authorises Mascom Wireless Botswana Limited to construct, operate and maintain public telecommunication services within the geographic area of Botswana. 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. During the licence period and any extended period, the licensee shall pay an annual licence fee of BWP1,080 million for the operation of the licensed system; an annual licence fee of BWP0,178 million for provision of the licensed service and a turnover-related fee equal to 3% of annual net turnover, reported in each quarter.

Swazi MTN Limited

The licence authorises Swazi MTN Limited to provide and operate a 900MHz GSM network within the geographic 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 EUR600 000) and a licence fee of 5% of audited net operational income as defined in the licence. The licence was renewed for a further period of 10 years effective November 2008 to November 2018.

Mobile Telephone Networks (Proprietary) Limited

The Company was originally granted a licence to construct, maintain and use a 900MHz GSM national mobile cellular telecommunications service within the South African geographic territory from 1 June 1994 for a period of 15 years, automatically renewable on *mutatis mutandis*, the same terms and conditions, subject to certain provisions. The company paid an initial licence fee of R100 million and pays an annual licence fee based on 5% of net operating income as defined in the licence. This original licence expires during 2009. In January 2005, the company was granted the right to maintain and use the 1800MHz GSM spectrum as well as maintain and operate a UMTS (3G) network under the existing cellular network licence with the proviso that certain additional universal service obligations ("USO") for MTN of R561 million of which R220 million has been recognised as an intangible asset, resulting in a commitment of R341 million which will be incurred over the next eight years.

Post-balance sheet event

Since the promulgation of the Electronic Communications Act, 36 of 2005 ("ECA"), the Company's licence has been converted and renewed as of 15 January 2009 for a period of 15 years for the Individual Electronic Communications Service ("IECS") licence and 20 years for the Individual Electronic Communications Network Service ("IECNS") licence.

The IECNS licence authorises the Company to construct, maintain and operate an electronic communications network as well as to provide electronic communications network services and the IECS licence authorises the Company to provide electronic communications services. All these services are to be provided in the Republic of South Africa.

In terms of the IECNS licence, the Company shall continue to maintain previously implemented universal service obligations until reviewed by the Independent Communications Authority of South Africa ("ICASA") in terms of sections 82, 88, 89 and 90 of the ECA. The Company shall continue to pay the remainder of its fixed licence fee of R100 million in terms of the agreed schedule of payment until it is reviewed by ICASA in terms of Chapter 2 of the ECA. The Company shall also continue to pay the prescribed annual licence fee amounting to 5% of the audited licence fee income, until reviewed by ICASA in terms of Chapter 2 of the ECA.

MTN considers that, this converted and renewed licence was issued on less favourable terms than the original licence granted in 1993 and therefore not in compliance with the provisions of section 93 (1) of the ECA, in particular the conditions of "no less favourable terms", is engaging ICASA around the following:

- The provision relating to the fixed licence fees is no longer applicable to MTN as this condition has been fulfilled
- MTN currently pays an annual licence fee of 5% of net operational income and not 5% of the audited licence fee income
- The definition of Force Majeure is of wide interpretation and does not take into account various situations.
- Certain omissions relating to USOs, access to frequencies and performance specifications.

Notes to the Group financial statements *continued*

for the year ended 31 December 2008

	December 2008	December 2007
36. EXCHANGE RATES TO SOUTH AFRICAN RAND		
Year-end closing rates		
United States dollar (USD)	**0,11**	0,15
Uganda shilling (UGX)	**206,87**	250,41
Rwanda franc (RWF)	**61,14**	81,95
Cameroon Communaute Financiére Africaine franc (XAF)	**49,87**	67,57
Nigerian naira (NGN)	**15,07**	17,46
Iranian riyals (IRR)	**1 047,81**	1 393,05
Botswana pula (BWP)	**0,81**	0,91
Côte d'Ivoire Communaute Financiére Africaine franc (CFA)	**50,55**	65,73
Congo-Brazzaville Communaute Financiére Africaine franc (CFACB)	**49,79**	65,71
Zambian kwacha (ZMK)	**513,16**	567,78
Swaziland emalangeni (E)	**1,00**	1,00
Lebanese pound (LBP)	**150,96**	222,32
Afghanistan afgani (AFN)	**5,57**	7,37
Euro (EUR)	**0,08**	0,10
British pound sterling (GBP)	**0,07**	0,07
Ghana cedi (GHC)	**0,13**	0,14
Benin (XOF)	**49,79**	65,71
Cypriot pounds (CYP)	**0,08**	0,10
Euro Mednet (EURM)	**0,08**	0,10
Guinea Conakry (GNF)	**555,92**	632,30
Sudanese dinars (SDD)	**0,24**	0,30
Syrian pound (SYP)	**4,96**	7,08
Guinea Bissau (XOF)	**46,32**	67,35
Yemen riyals (YER)	**21,40**	29,44

	December 2008	December 2007
36. EXCHANGE RATES TO SOUTH AFRICAN RAND (continued)		
Average rates for the year		
United States dollar (USD)	**0,12**	0,14
Uganda shilling (UGX)	**215,59**	243,56
Rwanda franc (RWF)	**68,69**	79,77
Cameroon Communaute Financiére Africaine franc (XAF)	**56,77**	70,66
Nigerian naira (NGN)	**14,54**	17,89
Iranian riyals (IRR)	**1 151,90**	1 320,38
Botswana pula (BWP)	**0,83**	0,85
Côte d'Ivoire Communaute Financiére Africaine franc (CFA)	**54,77**	68,20
Congo-Brazzaville Communaute Financiére Africaine franc (CFACB)	**54,84**	68,10
Zambian kwacha (ZMK)	**455,28**	556,96
Swaziland emalangeni (E)	**1,00**	1,00
Lebanese pound (LBP)	**188,04**	215,34
Afghanistan afgani (AFN)	**6,07**	7,10
Euro (EUR)	**0,08**	0,10
British pound sterling (GBP)	**0,02**	0,07
Ghana cedi (GHC)	**0,13**	0,13
Benin (XOF)	**53,97**	68,30
Cypriot pounds (CYP)	**—**	0,06
Euro Mednet (EURM)	**0,09**	0,10
Guinea Conakry (GNF)	**1 391,71**	702,43
Sudanese dinars (SDD)	**0,27**	0,29
Syrian pound (SYP)	**5,47**	7,09
Guinea Bissau (XOF)	**55,38**	67,74
Yemen riyals (YER)	**24,93**	28,30

Notes to the Group financial statements *continued*

for the year ended 31 December 2008

		December 2008 Rm	December 2007 Rm
37.	**FOREIGN EXCHANGE EXPOSURE**		
	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	**4 126**	3 124
	– Euro	**284**	2 481
	– British pound sterling	**1**	—
	– Special drawing rights*	**—**	37
	Total assets	**4 411**	5 642
	Liabilities		
	Long-term liabilities		
	– US dollar	**7 695**	10 290
	– Euro	**2 778**	—
		10 473	10 290
	Current liabilities		
	– US dollar	**7 694**	3 617
	– British pound sterling	**7**	6
	– Euro	**1 939**	707
	– Special drawing rights*	**—**	43
	Total current liabilities	**9 640**	4 373
	Total liabilities	**20 113**	14 663
	**Unit of payment for international telecommunication transactions.*		
38.	**DERIVATIVES**		
	Included in the balance sheet are the following derivatives:		
	– Assets	**761**	—
	– Liabilities	**(126)***	(444)
		635	(444)
	Fair value profit/(loss):		
	– taken to income statement	**761**	(444)
	– taken to cash-flow hedge reserves*	**138**	—
	Notional principal amount – USD	**7 029**	974
	**During 2008, the Group entered into a cash flow hedge to hedge foreign exchange risk in respect of the Verizon (South Africa) (Proprietary) Limited acquisition. The hedged cash flows will occur during 2009.*		

		December 2008 Rm	December 2007 Rm
39.	**OTHER INVESTMENTS**		
	Available-for-sale financial assets*	**7**	24
	**Consists of various investments made via Merrill Lynch, Forties and HSBC. No impairments have been made relating to the available-for-sale financial assets.*		
40.	**POST-BALANCE SHEET EVENTS**		
	Subsequent to year-end, the Group acquired 100% of Verizon South Africa (Proprietary) Limited and the remaining 59% in I-Talk (Proprietary) Limited.		
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	**13**	13
	Post-employment benefits	**1**	1
	Share-based payments	*****	3
	Total	**14**	17

**Amounts less than R1 million.*

For details of transactions/balances between the Company and its related parties, refer to note 10 of the Company financial statements.

Subsidiaries and joint ventures
Details of investments in subsidiaries and joint ventures are disclosed in Annexure 1 of the financial statements.

Associates
Details of investments in associates are disclosed in Annexure 2 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 "Directors' emoluments and related payments".

Shareholders
The principal shareholders of the Company are disclosed in the directors' report under the heading "Shareholders' interest".

Notes to the Group financial statements *continued*
for the year ended 31 December 2008

42. BUSINESS COMBINATIONS

42.1 Acquisitions

During the year under review, certain subsidiaries of the Group acquired the following entities:

(a) 100% of Afnet, a local internet service provider, was acquired by MTN Côte d'Ivoire on 8 May 2008 for an initial purchase consideration of EUR10,2 million to be followed by an additional maximum amount of EUR9,6 million. To date only the first part of the purchase consideration has been settled in cash as the remaining portion is deemed to be contingent on certain contractual requirements being met.

(b) 100% of Arobase Telecom SA, a local fixed line operator, was acquired by MTN Côte d'Ivoire on 23 September 2008 for an initial purchase consideration of EUR7,7 million to be followed by an additional amount of EUR3,3 million. To date, only the first part of the purchase consideration has been settled in cash as the remaining portion is deemed to be contingent on certain contractual requirements being met.

(c) 100% of OTEnet and Infotel, was acquired by MTN Cyprus in November 2008 for a total purchase consideration of EUR6,6 million and USD18 million respectively. The carrying amount of the net assets acquired were not yet available at year-end and have therefore not been included in the analysis below.

The Group has elected, under IFRS 3, to finalise asset and liability fair values allocated to each cash-generating unit, and therefore the allocated goodwill, within 12 months subsequent to the acquisition date.

In respect of the acquisitions outlined under (a) to (c) above the Group has elected, under IFRS 3, to finalise asset and liability fair values allocated to each cash-generating unit, and therefore the allocated goodwill, within 12 months subsequent to the acquisition date.

	Rm
The assets and liabilities arising from the acquisitions are as follows:	
Purchase consideration (a and b)	233
Fair value of net assets/(liabilities) acquired	(169)
Goodwill (a and b)	402
Purchase consideration (c)	260
Goodwill (a, b and c)	662
Purchase consideration (a, b and c)	(493)
Cash and cash equivalents acquired	30
Cash outflow on acquisition	(463)

		Fair value on acquisition date	Acquiree's carrying amount on acquisition date
42.	**BUSINESS COMBINATIONS (continued)**		
42.1	**Acquisitions (continued)**		
	The assets and liabilities acquired are as follows:		
	Licences	**148**	**148**
	Property, plant and equipment	**155**	**155**
	Cash and cash equivalents	**30**	**30**
	Trade and other receivables	**4**	**4**
	Other current assets	**4**	**4**
	Long-term borrowings	**7**	**7**
	Trade and other payables	**(267)**	**(267)**
	Unearned revenue	**(216)**	**(216)**
	Current tax liabilities	**(14)**	**(14)**
	Other liabilities	**(20)**	**(20)**
	Net assets/(liabilities) acquired (a and b)	**(169)**	**(169)**

Notes to the Group financial statements *continued*

for the year ended 31 December 2008

42. BUSINESS COMBINATIONS (continued)

42.2 Prior year acquisition of additional shares in MTN Rwandacell S.A.R.L

In November 2007, the shareholding in MTN Rwandacell S.A.R.L, a telecommunications company incorporated in Rwanda, was increased from 40% to 55%, for USD40,5 million, converting the joint venture operation into a fully consolidated subsidiary of the Group.

MTN Rwandacell S.A.R.L contributed revenues of R305 million and net profit of R101 million to the Group. If the step-up had occurred on 1 January 2007, the contribution to Group revenue would have been R583 million and the contribution after tax would have been R583 million and the contribution after tax would have been R197 million.

These amounts have been calculated using the Group's accounting policies.

Goodwill is attributable to the synergies expected to arise after gaining control of MTN Rwandacell S.A.R.L.

		November 2007 Rm
Total purchase consideration		272
Fair value of net assets acquired		(58)
Goodwill		214
	Fair value on acquisition date Rm	**Acquiree's carrying amount on acquisition Rm**
The assets and liabilities arising from the acquisition are as follows:		
Cash and cash equivalents	223	223
Property, plant and equipment	254	254
Intangibles	2	2
Investment in subsidiary	4	4
Inventories and receivables	85	85
Payables	(140)	(140)
Net deferred tax liability	(39)	(39)
Net assets acquired	389	389
Minorities	(175)	
Net assets already owned	(156)	
Fair value of assets acquired	58	
Purchase consideration		(272)
Cash and cash equivalents in subsidiary acquired		134
Cash outflow on acquisition		(138)

	Notes	Fair value on acquisition date Rm	Acquiree's carrying amount on acquisition Rm
		December 2008	December 2007
42. BUSINESS COMBINATIONS (continued)			
42.3 Cash flows relating to acquisitions			
Acquisition of Afnet and Arobase	42.1	**(233)**	—
Acquisition of OTEnet and Infotel	42.1	**(260)**	—
Acquisition of additional shares in MTN Rwandacell S.A.R.L	42.2	**—**	(272)
Other acquisitions*		**(118)**	(40)
		(611)	(312)
Amounts shown in the cash flow statement			
Change in shareholding		**(611)**	(312)
Cash acquired		**30**	143
		(581)	(169)

These consist of an investment in the EASSy Project and EIG Submarine Cable (2007: Disposal of shares in MTN Uganda and MTN Côte d'Ivoire and the acquisition of additional shares in MTN Botswana).

Notes to the Group financial statements *continued*

for the year ended 31 December 2008

43. CHANGES IN SHAREHOLDING

43.1 The acquisition of additional 5% in MTN Côte d'Ivoire

In November 2008, the shareholding in MTN Côte d'Ivoire, a telecommunications company incorporated in Côte d'Ivoire, was increased from 59,67% to 64,67%, for USD38 million.

The assets and liabilities acquired are as follows:

	Carrying value on acquisition date Rm
Cash and cash equivalents	2
Property, plant and equipment	119
Intangibles	27
Investment in associates	11
Non-current prepayments	4
Inventories and receivables	35
Payables	(69)
Long-term borrowings	(44)
Net assets acquired	85
Purchase consideration	384
Net assets acquired	(85)
Difference included in equity on consolidation	299

43. CHANGES IN SHAREHOLDING (continued)

43.2 The disposal of 5,96% of MTN Nigeria

In February 2008, the shareholding in MTN Nigeria, a telecommunications company incorporated in Nigeria, was reduced from 82,04% to 76,08%, for USD594 million. The transaction did not result in loss of control.

The assets and liabilities sold are as follows:

	Carrying value on disposal date Rm
Cash and cash equivalents	282
Property, plant and equipment	1 065
Other non-current assets	188
Net deferred tax asset	8
Non-current prepayments	3
Inventories and receivables	128
Payables	(433)
Borrowings	(332)
Net assets disposed of	909
Consideration received	4 656
Net assets disposed of	(909)
Profit on disposal included in equity on consolidation	3 747

Notes to the Group financial statements *continued*

for the year ended 31 December 2008

43. CHANGES IN SHAREHOLDING (continued)

43.3 The disposal of 49% in MTN Cyprus

In September 2008, the shareholding in MTN Cyprus, a telecommunications company incorporated in Cyprus, was reduced from 99% to 50% for USD32,2 million. The transaction did not result in loss of control.

Due to the shareholders' deficit existing on the date of disposal, no allocation to minority shareholders was accounted for, resulting in the profit on disposal being equal to the net consideration received.

The assets and liabilities sold are as follows:

	Carrying value on disposal date Rm
Cash and cash equivalents	13
Property, plant and equipment	213
Intangibles	110
Inventories and receivables	67
Payables	(423)
Borrowings	(16)
Net assets disposed of	(36)
Consideration received	303
Net assets disposed of	—
Profit on disposal included in equity on consolidation	303

43. CHANGES IN SHAREHOLDING (continued)

43.4 Prior year change in shareholding

The disposal of 8,67% of MTN Côte d'Ivoire

In May 2007, the shareholding in MTN Côte d'Ivoire, a telecommunications company incorporated in Côte d'Ivoire, was reduced from 68,34% to 59,67%, for USD31,2 million. The transaction did not result in a loss of control.

The assets and liabilities disposed of are as follows:

	Carrying value on disposal date Rm
Cash and cash equivalents	31
Property, plant and equipment	88
Intangibles	52
Net deferred tax asset	1
Non-current prepayments	1
Inventories and receivables	35
Payables	(108)
Borrowings	(23)
Net assets disposed of	77
Consideration received	221
Net assets disposed of	(77)
Profit on disposal included in equity on consolidation	144

	Notes	December 2008 Rm	December 2007 Rm
43.5 Reconciliation to the cash flow statement			
Cash flows relating to change in shareholding			
The acquisition of 5% in MTN Côte d'Ivoire	43.1	(384)	—
The disposal of 5,96% of MTN Nigeria	43.2	4 656	—
The disposal of 49% of MTN Cyprus	43.3	303	—
The disposal of 8,67% of MTN Côte d'Ivoire	43.4	—	221
		4 575	221

Notes to the Group financial statements *continued*

for the year ended 31 December 2008

44. GUARANTEES

44.1 The Company has guaranteed the bonds, revolving credit facilities and general banking facilities of MTN Holdings (Pty) Limited.

		December 2008 Rm	December 2007 Rm
	The bond guarantees are as follows:		
	Bond		
	MTN 01	**5 000**	5 000
	MTN 02	**1 300**	1 300
	These bonds are listed on the Bond Exchange of South Africa.		
	Syndicated loan facilities		
	USD revolving credit facility long-term loan of USD562 million	**5 257**	5 086
	ZAR long-term loan	**5 250**	7 000
	USD long-term loan of USD1 250 million (undrawn)	**11 692**	8 476
	General banking facility		
	ZAR long-term loan	**3 200**	—
44.2	The Company has guaranteed the syndicated loan of MTN Zambia of ZMK149 565 million.	**291**	—
44.3	The Group's 100% subsidiary MTN Dubai Limited ("Dubai") (or one of Dubai's 100% subsidiaries) has guaranteed banking and vendor facilities and regulatory authorities for various operating subsidiaries.		
	Bank and vendor loan facilities		
	Euro term loans		
	– Areeba Limited (Cyprus)	**404**	65
	– MTN Sudan Company Limited	**166**	261
	USD loans		
	– MTN Syria	**32**	56

	Notes	Fair value through profit or loss Rm	Loans and receivables Rm	Available-for-sale Rm	Amortised cost Rm	Total carrying amount Rm	Fair value Rm
45. FINANCIAL INSTRUMENTS							
45.1 Accounting classifications and fair values							
31 December 2008							
Non-current							
Loans and other non-current receivables	11	—	3 436	—	—	3 436	3 436
Current							
Loans and other non-current receivables	11	—	3 324	—	—	3 324	3 324
Trade and other receivables	14	—	15 327	—	—	15 327	15 327
Restricted cash	25	—	1 778	—	—	1 778	1 778
Other investments	39	—	—	7	—	7	7
Derivatives	38	761	—	—	—	761	761
Cash and cash equivalents	24	—	26 961	—	—	26 961	26 961
		761	50 826	7	—	51 594	51 594
Non-current							
Borrowings	17	—	—	—	(29 100)	(29 100)	(29 100)
Other non-current liabilities	18	—	—	—	(686)	(686)	(686)
Current							
Borrowings	17	—	—	—	(11 125)	(11 125)	(11 125)
Trade and other payables	20	—	—	—	(23 196)	(23 196)	(23 196)
Put option obligations	19	—	—	—	(3 341)	(3 341)	(3 341)
Derivatives	38	(126)	—	—	—	(126)	(126)
Bank overdraft	24	—	—	—	(1 365)	(1 365)	(1 365)
		(126)	—	—	(68 813)	(68 939)	(68 939)

Notes to the Group financial statements *continued*

for the year ended 31 December 2008

	Notes	Fair value through profit or loss Rm	Loans and receivables Rm	Available-for-sale Rm	Amortised cost Rm	Total carrying amount Rm	Fair value Rm
45. FINANCIAL INSTRUMENTS (continued)							
45.1 Accounting classifications and fair values (continued)							
31 December 2007							
Non-current							
Loans and other non-current receivables	11	—	1 724	—	—	1724	1 724
Current							
Loans and other non-current receivables	11	—	1 933	—	—	1 933	1 933
Trade and other receivables	14	—	9 961	—	—	9 961	9 961
Restricted cash	25	—	739	—	—	739	739
Other investments	39	—	—	24	—	24	24
Derivatives	38	—	—	—	—	—	—
Cash and cash equivalents	24	—	16 868	—	—	16 868	16 868
		—	31 225	24	—	31 249	31 249
Non-current							
Borrowings	17	—	—	—	(23 007)	(23 007)	(23 007)
Other non-current liabilities	18	—	—	—	(639)	(639)	(639)
Put option obligations	19	—	—	—	(2 556)	(2 556)	(2 556)
Current							
Borrowings	17	—	—	—	(9 328)	(9 328)	(9 328)
Trade and other payables	20	—	—	—	(15 174)	(15 174)	(15 174)
Derivatives	38	(444)	—	—	—	(444)	(444)
Bank overdraft	24	—	—	—	(1 322)	(1 322)	(1 322)
		(444)	—	—	(52 026)	(52 470)	(52 470)

45.2 Credit risk

Exposure to credit risk

The Group's maximum exposure to credit risk is represented by the carrying amount of the financial assets that are exposed to credit risk, with the exception of financial guarantees granted by the Group for which the maximum exposure to credit risk is the maximum amount the Group would have to pay if the guarantees are called on.

The Group holds collateral over certain trade and other receivables. The collateral is made up of demand guarantees from financial institutions and Credit Guarantee Insurance Company ("CGIC") policies which can be exercised on overdue invoices.

Ageing and impairment analysis

	December 2008 gross Rm	December 2007 gross Rm
Ageing of the trade receivables:	**11 966**	9 154
– Not past due	**10 093**	7 448
– Past due 0 – 180 days	**1 482**	1 507
– Past due 180 + days	**391**	199
Individually impaired but not written off	**1 502**	953
	13 468	10 107

Analysis of trade receivables that are individually determined to be impaired

	Interconnect receivables Rm	Contract receivables Rm	Other receivables Rm	Total Rm
At 31 December 2008				
South Africa	**—**	**157**	**2**	**159**
Nigeria	**433**	**188**	**47**	**668**
Rest of Africa and Middle East	**198**	**462**	**15**	**675**
	631	**807**	**64**	**1 502**
At 31 December 2007				
South Africa	—	53	—	53
Nigeria	438	161	13	612
Rest of Africa and Middle East	108	178	2	288
	546	392	15	953

Financial instruments that are exposed to concentrations of credit risk consist primarily of trade receivables. Concentrations of credit risk with respect to trade receivables are limited because of the large number of customers and their dispersion across geographic areas. The recoverability of interconnect debtors in certain international operations is uncertain; however, this is actively managed within acceptable limits.

Notes to the Group financial statements *continued*

for the year ended 31 December 2008

45. FINANCIAL INSTRUMENTS (continued)

45.2 Credit risk (continued)

Exposure to credit risk (continued)

Certain of the loans to MTN Irancell that are contractually receivable within the next financial year, have been classified as long term due to management's intention not to call these loans within the next 12 months. These loans earn market-related interest and management believe them to be fully recoverable based on the future prospects of MTN Irancell (note 11).

	At beginning of period Rm	Acquisition-Business combinations Rm	Additions Rm	Unused Rm	Exchange differences Rm	At end of period Rm
Impairment movement						
31 December 2008						
Movement in provision for impairment of trade receivables	**(1 071)**	**(3)**	**(328)**	**—**	**(272)**	**(1 674)**
31 December 2007						
Movement in provision for impairment of trade receivables	(932)	(5)	(98)	7	(43)	(1 071)

Cash and cash equivalents

The Group's exposure and the credit ratings of its counterparties are continually monitored and the aggregate values of transactions concluded is spread amongst approved financial institutions. Credit exposure is controlled by counterparty limits that are reviewed and approved by the credit risk department.

45.3 Liquidity risk

The following liquid resources are available:

	Carrying amount		Fair value	
	December 2008 Rm	December 2007 Rm	**December 2008 Rm**	December 2007 Rm
GROUP				
Cash at bank and on hand; net of overdrafts	**25 597**	15 547	**25 597**	15 547
Restricted cash	**1 778**	739	**1 778**	739
Trade and other receivables	**15 327**	9 961	**15 327**	9 961
	42 702	26 247	**42 702**	26 247

45.3 Liquidity risk (continued)

The following are the contractual maturities of financial liabilities excluding interest payments:

	Carrying amount Rm	Payable within one month or on demand Rm	More than one month but not exceeding three months Rm	More than three months but not exceeding one year Rm
GROUP				
At 31 December 2008				
Current liabilities				
Borrowings*	11 125	—	—	11 125
Trade and other payables				
– Trade payables	10 157	7 428	1 919	810
– Sundry creditors	2 927	1 472	319	1 136
– Accrued expenses	10 112	8 196	556	1 360
Bank overdraft	1 365	1 365	—	—
Derivative financial instruments				
– Inflows	—	—	—	—
– Outflows	126	—	126	—
Other non-current liabilities				
– Put option in respect of subsidiaries	3 341	3 341	—	—
	39 153	21 802	2 920	14 431

	Carrying amount Rm	More than one year but not exceeding two years Rm	More than two years but not exceeding five years Rm	More than five years Rm
Non-current liabilities				
Borrowings*	29 100	9 685	17 964	1 451
Other non-current liabilities				
– Put option in respect of subsidiaries	—	—	—	—
– Obligation in respect of licence agreements	473	181	224	68
– Other non-current liabilities	213	23	98	92
	29 786	9 889	18 286	1 611

**Refer to note 5 for finance cost and note 17 for interest-bearing borrowings.*

Notes to the Group financial statements *continued*

for the year ended 31 December 2008

45. FINANCIAL INSTRUMENTS (continued)

45.3 Liquidity risk (continued)

The following are the contractual maturities of financial liabilities excluding interest payments:

	Carrying amount Rm	Payable within one month or on demand Rm	More than one month but not exceeding three months Rm	More than three months but not exceeding one year Rm
GROUP				
At 31 December 2007				
Current liabilities				
Borrowings*	9 328	1 510	3 188	4 630
Trade and other payables				
– Trade payables	6 328	3 541	1 036	1 751
– Sundry creditors	1 418	1 074	94	250
– Accrued expenses	7 428	5 720	545	1 163
Bank overdraft	1 322	1 322	—	—
Derivative financial instruments				
– Inflows	(4)	—	(4)	—
– Outflows	448	58	112	278
Other non-current liabilities				
– Put option in respect of subsidiaries	474	—	474	—
	26 742	13 225	5 445	8 072

	Carrying amount Rm	More than one year but not exceeding two years Rm	More than two years but not exceeding five years Rm	More than five years Rm
Non-current liabilities				
Borrowings*	23 007	4 024	17 222	1 761
Other non-current liabilities				
– Put option in respect of subsidiaries	2 082	—	2 082	—
– Obligation in respect of licence agreements	522	85	303	134
– Other non-current liabilities	117	90	17	10
	25 728	4 199	19 624	1 905

**Refer to note 5 for finance cost and note 17 for interest-bearing borrowings.*

45.4 Interest rate risk

Profile

At the balance sheet date the interest rate profile of the Group's interest bearing financial instruments was:

	Carrying amount	
	December 2008 Rm	December 2007 Rm
Fixed rate instruments	**4 250**	13 598
Variable rate instruments	**13 095**	7 623
	17 345	21 221

Sensitivity analysis

The Group has used a sensitivity analysis technique that measures the estimated change to the income statement of an instantaneous increase or decrease of 1% (100 basis points) in market interest rates, from the rate applicable at 31 December, for each class of financial instrument with all other variables remaining constant. This analysis is for illustrative purposes only, as in practice market rates rarely change in isolation.

The Group is mainly exposed to fluctuations in the following market interest rates: JIBAR, LIBOR, NIBOR and EURIBOR. Changes in market interest rates affect the interest income or expense of floating rate financial instruments. Changes in market interest rates only affect profit or loss in relation to financial instruments with fixed interest rates if these financial instruments are recognised at their fair value.

A change in the above market interest rates at the reporting date would have increased/(decreased) profit before tax by the amounts shown below.

The analysis has been performed on the basis of the change occurring at the start of the reporting period and assumes that all other variables, in particular foreign currency rates, remains constant. The analysis is performed on the same basis as in 2007.

	Increase/(decrease) in profit before tax		
	Change in interest rate %	**Upward change in interest rate Rm**	**Downward change in interest rate Rm**
GROUP			
At 31 December 2008			
JIBAR	**1**	**(95,7)**	**95,7**
LIBOR	**1**	**(90,4)**	**90,4**
Three-month LIBOR	**1**	**0,0**	**0,0**
NIBOR	**1**	**(66,3)**	**66,3**
EURIBOR	**1**	**33,0**	**(33,0)**
Six-month EURIBOR	**1**	**0,0**	**0,0**
Money market	**1**	**(0,9)**	**0,9**
Prime	**1**	**88,0**	**(88,0)**
Other	**1**	**0,4**	**(0,4)**

Notes to the Group financial statements *continued*

for the year ended 31 December 2008

45. FINANCIAL INSTRUMENTS (continued)

45.4 Interest rate risk (continued)

	Increase/(decrease) in profit before tax		
	Change in interest rate %	Upward change in interest rate Rm	Downward change in interest rate Rm
GROUP			
At 31 December 2007			
JIBAR	1	(15,6)	15,6
LIBOR	1	(48,5)	48,5
Three-month LIBOR	1	(1,8)	1,8
NIBOR	1	(14,4)	14,4
EURIBOR	1	2,2	(2,2)
Six-month EURIBOR	1	(1,5)	1,5
Money market	1	(1,8)	1,8
Prime	1	0,0	0,0
Other	1	7,8	(7,8)

45.5 Currency risk

Exposure

Refer to note 38 for the Group's exposure to foreign currency risk based on notional amounts.

Sensitivity analysis

The Group has used a sensitivity analysis technique that measures the estimated change to the income statement and equity of an instantaneous 10% strengthening or weakening in the rand against all other currencies, from the rate applicable at 31 December, for each class of financial instrument with all other variables remaining constant. This analysis is for illustrative purposes only, as in practice, market rates rarely change in isolation.

The Group is mainly exposed to fluctuations in foreign exchange rates in respect of South African rand, US dollar, Nigerian naira, euro, Syrian pound, Iranian riyals, Ghanaian cedi, Sudanese dinars and Zambian kwacha. This analysis considers the impact of changes in foreign exchange rates on profit, excluding foreign exchange translation differences resulting from translation of Group entities that have functional currencies different from the presentation currency, into the Group's presentation currency (and recognised in the foreign currency translation reserve).

A change in the foreign exchange rates to which the Group is exposed at the reporting date would have increased/(decreased) profit before tax by the amounts shown below.

The analysis has been performed on the basis of the change occurring at the start of the reporting period and assumes that all other variables, in particular interest rates, remains constant. The analysis is performed on the same basis as in 2007.

45.5 Currency risk (continued)

	Change in exchange rate %	Increase/(decrease) in profit before tax: Weakening in functional currency, resulting in an increase/(decrease) on profit before tax Rm	Strengthening in functional currency, resulting in an increase/(decrease) on profit before tax Rm
GROUP			
At 31 December 2008			
Denominated functional currency			
USD: ZAR	10	909,2	(909,2)
USD: SYP	10	(105,4)	105,4
USD: IRR	10	(301,5)	301,5
USD: CEDIS	10	(44,5)	44,5
USD: SDD	10	(154,1)	154,1
USD: ZMK	10	(55,8)	55,8
USD: EUR	10	(10,6)	10,6
EUR: ZAR	10	463,8	(463,8)
EUR: SYP	10	6,2	(6,2)
EUR: IRR	10	(292,9)	292,9
EUR: SDD	10	(69,8)	69,8

Notes to the Group financial statements *continued*

for the year ended 31 December 2008

45. FINANCIAL INSTRUMENTS (continued)

45.5 Currency risk (continued)

	Change in exchange rate %	Weakening in functional currency, resulting in an increase/(decrease) on profit before tax Rm	Strengthening in functional currency, resulting in an increase/(decrease) on profit before tax Rm
GROUP			
At 31 December 2007			
Denominated functional currency			
USD: ZAR	10	48,1	(48,1)
USD: SYP	10	22,0	(22,0)
USD: IRR	10	(17,4)	17,4
USD: CEDIS	10	(6,0)	6,0
USD: SDD	10	(10,2)	10,2
USD: ZMK	10	(3,7)	3,7
USD: EUR	10	2,2	(2,2)
EUR: ZAR	10	18,2	(18,2)
EUR: SYP	10	5,5	(5,5)
EUR: IRR	10	(15,6)	15,6
EUR: SDD	10	(1,9)	1,9

Company income statement

for the year ended 31 December 2008

	Notes	December 2008 Rm	December 2007 Rm
Other operating income/(expenses)		**49**	(1)
Operating profit/(loss)		**49**	(1)
Finance income	2	**2 816**	1 718
Finance costs		**(1)**	(2)
Profit before tax		**2 864**	1 715
Income tax expense	3	**(277)**	(18)
Profit after tax		**2 587**	1 697

Company balance sheet

at 31 December 2008

	Notes	December 2008 Rm	December 2007 Rm
ASSETS			
Non-current assets		**23 700**	23 693
Interest in subsidiaries	4	**23 700**	23 693
Current assets		**408**	358
Trade and other receivables**		**126**	327
Cash and cash equivalents	5	**282**	31
Total assets		**24 108**	24 051
SHAREHOLDERS' EQUITY			
Ordinary shares and share premium	6	**23 905**	23 864
Retained earnings		**74**	23
Reserves		**101**	95
Total equity		**24 080**	23 982
LIABILITIES			
Current liabilities		**28**	69
Current income tax liabilities		**19**	4
Trade and other payables	7	**9**	65
Total liabilities		**28**	69
Total equity and liabilities		**24 108**	24 051

***The entity believes that no impairment allowance is necessary in respect of receivables as no objective evidence existed at year-end to indicate that one or more events may have a negative effect on the estimated future cash flows expected from any individual balance.*

Company statement of changes in equity

for the year ended 31 December 2008

	Share capital Rm	Share premium Rm	Retained earnings Rm	Other reserves Rm	Total Rm
Balance at 1 January 2007	*	23 804	1	77	23 882
Net income recognised directly in equity	—	—	—	77	23 882
Net profit	—	—	1 697	—	1 697
Total recognised income and expenses for the period	—	—	1 697	—	1 697
Dividends paid	—	—	(1 675)	—	(1 675)
Issue of share capital	*	60	—	—	60
Share-based payment reserve	—	—	—	18	18
Balance at 31 December 2007	*	23 864	23	95	23 982
Net profit	**—**	**—**	**2 587**	**—**	**2 587**
Total recognised income and expenses for the period	**—**	**—**	**2 587**	**—**	**2 587**
Dividends paid	**—**	**—**	**(2 536)**	**—**	**(2 536)**
Issue of share capital	*****	**41**	**—**	**—**	**41**
Share-based payment reserve	**—**	**—**	**—**	**6**	**6**
Balance at 31 December 2008	*****	**23 905**	**74**	**101**	**24 080**
Notes	*6*	*6*			

**Amounts less than R1 million.*

Company cash flow statement

for the year ended 31 December 2008

	Notes	December 2008 Rm	December 2007 Rm
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from/(utilised in) operations	8	**192**	(112)
Interest received	2	**26**	3
Income tax paid	9	**(262)**	(16)
Dividends paid		**(2 536)**	(1 675)
Dividends received	2	**2 790**	1 715
Net cash generated/(utilised) in operating activities		**210**	(85)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from the issuance of ordinary shares	6	**41**	60
Net cash generated from financing activities		**41**	60
Net decrease in cash and cash equivalents		**251**	(25)
Cash and cash equivalents at beginning of year		**31**	56
Cash and cash equivalents at end of year	5	**282**	31

Notes to the Company financial statements

for the year ended 31 December 2008

		December 2008 Rm	December 2007 Rm
1.	**OPERATING PROFIT**		
	The following items have been included in arriving at profit before tax:		
	Directors' emoluments:	**(8)**	(11)
	– Directors' fees	**(8)**	(11)
	Fees paid for services:	**(72)**	(87)
	– Administrative	**(3)**	(3)
	– Management (note 10)	**(69)**	(83)
	– Technical	**—**	(1)
	Management fees received (note 10)	**129**	94
2.	**FINANCE INCOME**		
	Interest income	**26**	3
	Dividend income (note 10)	**2 790**	1 715
		2 816	1 718
3.	**INCOME TAX EXPENSE**		
	Current income tax		
	Secondary tax on companies	**(254)**	(18)
	Normal income tax	**(23)**	—
	Current year income tax	**(277)**	(18)
	South African normal taxation is calculated at 28% (December 2007: 29%) 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	**28,0**	29,0
	Exempt income	**(27,0)**	(29,0)
	Effect of STC	**8,8**	1,0
	Utilisation of assessed losses	**—**	(0,3)
	Expenses not deductible for tax purposes	**0,1**	0,3
		9,9	1,0

	December 2008 Rm	December 2007 Rm
4. INTEREST IN SUBSIDIARIES		
525 757 682 (December 2007: 525 757 682) shares (100%) in Mobile Telephone Networks Holdings (Proprietary) Limited at cost	**22 173**	22 173
Loan owing by subsidiary*	**1 473**	1 468
Net interest in subsidiary	**23 646**	23 641
MTN Group Management Services (Proprietary) Limited	*	*
Net interest in subsidiary	**54**	52
Total interest in subsidiary companies	**23 700**	23 693
**This loan account has been subordinated in favour of certain of the Group's lenders. This loan bears no interest and there are no fixed terms of repayment.*		
5. CASH AND CASH EQUIVALENTS		
Cash at bank and on hand	**282**	31
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		
1 868 010 304 (December 2007: 1 864 797 807) ordinary shares of 0,01 cent each	*	*
Share premium		
Balance at beginning of year	**23 864**	23 804
Arising on the issue of shares during the year (net of share issue expenses)	**41**	60
Balance at end of year	**23 905**	23 864

**Amounts less than R1 million.*

Notes to the Company financial statements *continued*

for the year ended 31 December 2008

	December 2008 Rm	December 2007 Rm
7. TRADE AND OTHER PAYABLES		
Sundry creditors	**5**	60
Accrued expenses and other payables	**4**	5
	9	65
8. CASH GENERATED/(UTILISED) IN OPERATIONS		
Profit before tax	**2 864**	1 715
Adjustments for:		
Finance income (note 2)	**(2 816)**	(1 718)
	48	(3)
Changes in working capital	**144**	(109)
Decrease/(increase) in trade and other receivables	**202**	(184)
Decrease/(increase) in trade and other payables	**(58)**	75
	192	(112)
9. INCOME TAX PAID		
Balance at beginning of year	**(4)**	(2)
Amounts charged to income statement	**(277)**	(18)
Balance at end of year	**19**	4
Total tax paid	**(262)**	(16)

	December 2008 Rm	December 2007 Rm
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 (Proprietary) Limited	**2 790**	1 715
Management fees paid:		
– MTN Group Management Services Company (Proprietary) Limited	**69**	83
Management fees received:		
– MTN International (Proprietary) Limited	**129**	94

Associates
Details of investments in associates are disclosed in Annexure 2 of the financial statements.

Subsidiaries and joint ventures
Details of investments in subsidiaries and joint ventures 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 "Directors' emoluments and related payments".

Shareholders
The principal shareholders of the Company are disclosed in the directors' report under the heading "Shareholders' interest".

11. CONTINGENT LIABILITIES AND COMMITMENTS
The Company does not have any contingent liabilities or commitments at year-end.

Notes to the Company financial statements *continued*

for the year ended 31 December 2008

12. FINANCIAL INSTRUMENTS

12.1 Liquidity risk

The following liquid resources are available:

	Carrying amount		Fair value	
	December 2008 Rm	December 2007 Rm	**December 2008 Rm**	December 2007 Rm
COMPANY				
Cash at bank and on hand; net of overdrafts	**282**	31	**282**	31
Trade and other receivables	**126**	327	**126**	327
	408	358	**408**	358

	Carrying amount Rm	Payable within one month or on demand Rm	More than one month but not exceeding three months Rm	More than three months but not exceeding one year Rm
COMPANY				
December 2008				
Current liabilities				
Trade and other payables				
– Sundry creditors	**5**	**5**	**—**	**—**
– Accrued expenses and other payables	**4**	**4**	**—**	**—**
	9	**9**	**—**	**—**
December 2007				
Current liabilities				
Trade and other payables				
– Sundry creditors	60	10	50	—
– Accrued expenses and other payables	5	5	—	—
	65	15	50	—

Annexure 1
as at 31 December 2008

Interest in subsidiary companies and joint ventures

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 2008 Rm	Dec 2007 Rm
MTN Afghanistan Limited	Telecommunications	Afghanistan	**100**	100
Spacetel Benin SA	Telecommunications	Benin	**75**	75
Deci Investments (Proprietary) Limited**	Investment holding company	Botswana	**33**	33
Econet Wireless Citizens Limited	Investment holding company	Botswana	**82,8**	82,8
Mascom Wireless Botswana (Proprietary) Limited**	Network operator	Botswana	**53**	53
Easy Dial International Limited	Holding company	British Virgin Islands	**99**	99
Investcom Telecommunications Afghanistan Limited	Holding company	British Virgin Islands	**100**	100
Investcom Mobile Communications Limited	Holding company	British Virgin Islands	**100**	100
Investcom Telecommunications Guinea (Conakry) Limited	Holding company	British Virgin Islands	**99**	99
Investcom Global Limited	Managing and holding company	British Virgin Islands	**99**	99
Investcom Mobile Benin Limited	Holding company	British Virgin Islands	**99**	99
Investcom Consortium Holding SA	Holding company	British Virgin Islands	**99**	99
Investcom Telecommunications Yemen Limited	Telecommunications	British Virgin Islands	**100**	100
Starcom Global Limited	Holding company	British Virgin Islands	**89**	89
Investcom International Limited	Dormant company	British Virgin Islands	**99**	99
Interserve Overseas Limited	International business	British Virgin Islands	**99**	99
Prime Call Limited	Telecommunications	British Virgin Islands	**100**	100
Spacetel Africa Limited	Telecommunications	British Virgin Islands	**100**	100
Satcorp Communications	Holding company	British Virgin Islands	**100**	100
MTN Yemen	Telecommunications	British Virgin Islands	**82,8**	82,8

***Joint ventures.*

Annexure 1 *continued*
as at 31 December 2008

Interest in subsidiary companies 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 2008 Rm	Dec 2007 Rm
Mobile Telephone Networks Cameroon Limited	Network operator	Cameroon	**70**	70
Afnet	Internet service provider	Côte d'Ivoire	**100**	—
Arobase Telecom SA	Fixed line operator	Côte d'Ivoire	**100**	—
MTN Côte d'Ivoire SA	Network operator	Côte d'Ivoire	**64,7**	59,7
Areeba Limited	Telecommunications	Cyprus	**51**	99
OTEnet Telecommunications Ltd	Telecommunications	Cyprus	**100**	—
Infotel Ltd	Telecommunications and Consumer products	Cyprus	**100**	—
Uniglobe SA	Management company	France	**99,8**	99,8
Scancom Limited	Telecommunications	Ghana	**97,7**	97,7
Areeba Guinea S.A.	Telecommunications	Guinea	**75**	75
Spacetel Guinea-Bissau SA	Telecommunications	Guinea Bissau	**100**	100
Irancell Telecommunications Services Company (Proprietary) Limited**	Network operator	Iran	**49**	49
MTN (Dubai) Limited	Holding company	Lebanon	**100**	100
Servico SAL	Services and transportation of goods	Lebanon	**99,97**	99,97
Inteltec SAL	Maintenance and engineering services	Lebanon	**99,99**	99,99
Inteltec Offshore SAL	Maintenance and engineering services	Lebanon	**99,8**	99,8
Investcom Services SAL	Managing and holding company	Lebanon	**—**	97
Lonestar Communications Corporation LLC	Telecommunications	Liberia	**60**	60

***Joint ventures.*

Interest in subsidiary companies 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 2008 Rm	Dec 2007 Rm
Guardrisk International Limited PCC	Insurance company	Mauritius	**100**	100
Mobile Botswana Limited	Investment holding company	Mauritius	**100**	100
MTN International (Mauritius) Limited	Investment holding company	Mauritius	**100**	100
Inteltec Maroc SA	Maintenance and engineering services	Monaco	**99,83**	99,83
MTN International Carrier Services	Telecommunications	Monaco	**99,84**	99,84
MTN Nigeria Communications Limited	Network operator	Nigeria	**76,1**	84,6
Electronic Funds Transfer Operations Nigeria Limited	Virtual airtime	Nigeria	**50**	50
XS Broadband Limited	Capacity leasing	Nigeria	**100**	100
Vernis Associates SA	Holding company	Panama	**100**	100
Galactic Engineering Projects SA	Holding company	Panama	**78**	78
MTN Congo SA.	Network operator	Republic of Congo	**100**	100
MTN Rwandacell S.A.R.L **	Network operator	Rwanda	**55**	55
Aconcagua 11 (Proprietary) Limited	Property holding	South Africa	**100**	100
Cell Place (Proprietary) Limited	Cellular dealership	South Africa	**51**	51
Digital Mobile Television (Proprietary) Limited	Mobile Television	South Africa	**50**	50
Mobile Telephone Networks (Proprietary) Limited	Network operator	South Africa	**100**	100
Mobile Telephone Networks Holdings (Proprietary) Limited	Investment holding company	South Africa	**100**	100
Mobile Telephone Networks Insurance (Proprietary) Limited	Insurance company	South Africa	**100**	100
M-Tel Insurance (Proprietary) Limited	Insurance company	South Africa	**100**	100

***Joint ventures.*

Annexure 1 *continued*

as at 31 December 2008

Interest in subsidiary companies 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 2008 Rm	Dec 2007 Rm
MTN Group Management Services (Proprietary) Limited	Management services	South Africa	**100**	100
MTN International (Proprietary) Limited	Investment holding company	South Africa	**100**	100
MTN Mobile Money Holdings (Proprietary) Limited **	Wireless banking services	South Africa	**50**	50
MTN Network Solutions (Proprietary) Limited	Internet service provider	South Africa	**100**	100
MTN Network Solutions Limited	Internet service provider	South Africa	**70**	70
MTN Propco (Proprietary) Limited	Property holding	South Africa	**100**	100
MTN Service Provider (Proprietary) Limited	Service provider	South Africa	**100**	100
MTN Sudan Company Limited	Telecommunications	Sudan	**85**	85
MTN Syria (JSC)	Telecommunications	Syria	**75**	75
MTN Publicom Limited	Payphone services	Uganda	**100**	100
MTN Uganda Limited	Network operator	Uganda	**95**	95,4
Spacetel International Limited	Dormant company	UK	**100**	100
Spacetel UK Limited	Telecommunications	UK	**100**	100
Swazi MTN Limited**	Network operator	Swaziland	**30**	30
MTN (Zambia) Limited	Network operator	Zambia	**100**	100
Cotel Holdings Limited	Investment holding company	Zambia	**100**	100

***Joint ventures.*

Annexure 2

as at 31 December 2008

Interests in associated companies

As at 31 December 2008

Name of associate	Principal activity	Place of incorporation	Financial year-end	Effective interest in issued ordinary share capital		Group book value of shares	
				Dec 2008 %	Dec 2007 %	**Dec 2008 Rm**	Dec 2007 Rm
I-Talk Cellular (Proprietary) Limited	Service provider	South Africa	**28 Feb**	**41**	41	**4**	4
Leaf Wireless (Proprietary) Limited	Cellular dealership	South Africa	**31 Mar**	**40**	40	**16**	16
Number Portability (Proprietary) Limited	Porting	RSA	**31 Dec**	**33**	33	**—**	—
Total book value of associated companies						**20**	20

Annexure 2 *continued*
as at 31 December 2008

Group's attributable interest in associated companies
As at 31 December 2008

	Effective interest		Number Portability		I-Talk Cellular		Leaf Wireless	
	Dec 2008 Rm	Dec 2007 Rm	**Dec 2008 Rm**	Dec 2007 Rm	**Dec 2008 Rm**	Dec 2007 Rm	**Dec 2008 Rm**	Dec 2007 Rm
ASSETS AND LIABILITIES								
Property, plant and equipment	**13**	14	**15**	20	**8**	8	**12**	11
Investments and long-term receivables	**2**	4	**—**	—	**2**	2	**4**	7
Intangible assets	**36**	9	**—**	*	**—**	—	**91**	22
Deferred tax asset	**3**	2	**—**	—	**6**	3	**1**	1
Current assets	**134**	112	**13**	8	**133**	143	**188**	128
Total assets	**188**	141	**28**	28	**149**	156	**296**	169
Long-term borrowings	**3**	21	**—**	27	**—**	—	**8**	30
Current liabilities	**84**	57	**1**	1	**78**	78	**130**	62
Total liabilities	**87**	78	**1**	28	**78**	78	**138**	92
Attributable net asset value	**101**	63	**27**	*	**71**	78	**158**	77
Book value	**101**	63	**27**	*	**71**	78	**158**	77
INCOME STATEMENT								
Revenue	**566**	369	**14**	7	**713**	475	**672**	429
Net profit for the year	**—**	16	*****	*	**4**	18	**(4)**	21
Dividends	**—**	(8)	**—**	—	**—**	(20)	**—**	—

**Amounts less than R1 million.*

Glossary

Terms and acronyms

2G	Second generation
3G	Third generation
Afcon	Africa Cup of Nations
ADR	American depository receipt
AI	Africa investor
ARPU*	Average revenue per user per month
ATM	Automatic tele machine
BA	Bankers' acceptance rate
BEE	Black economic empowerment
BOT	Build operate and transfer
Bps	Basis points
BRM	Business risk management
BTS	Base transceiver station
BWP	Botswana pula
Capex	Capital expenditure
CBC	African business awards
CDMA	Code-Division Multiple Access
CFA	Communaute Financiére Africaine franc
CGU	Cash-generating units
CSR	Corporate social responsibility
CST	Communication service tax
CYP	Cypriot pounds
dti	South African Department of Trade and Industry
E	Emalengeni
EASSy	Eastern Africa Submarine Cable System
EBITDA	Earnings before interest, tax, depreciation and amortisation
ECA	Electronic Communications Act of South Africa
ECICSA	Export Credit Insurance Corporation of South Africa
EMF	Electronic magnetic fields
EPS	Earnings per share
eTOM	enhanced telecom operations map
EVD	Electronic voucher distribution
EUR	Euro
EURIBOR	Euro Interbank Offered Rate
EVD	Electronic voucher distribution
EXCO	Executive committee
FEC	Forward Exchange Contract

**ARPU is measured on a monthly basis. The revenue (including interconnect fees but excluding connection fees and visitor roaming revenue) is divided by the weighted average subscriber base over the reported period.*

Glossary *continued*

Terms and acronyms (continued)

FIFA	Federation Internationale de Football Association
FIPPA	Foreign Investment Promotion and Protection Act
FMCG	Fast moving consumable goods
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 immunodeficiency virus/acquired immune deficiency syndrome
HR	Human resources
HSDPA	High speed downlink packet access
IAS	International Accounting Standards
ICASA	Independent Communications Authority of South Africa
ICT	Information and communication technologies
IFC	International Finance Corporation
IFRIC	International Financial Reporting Interpretation Committee
IFRS	International Financial Reporting Standards
IP	Internet protocol
IRR	Iranian riyals
IS	Information Systems
ISO	International Standards Organisation
ISP	Internet service provider
ITIL	Information technology infrastructure library
IVR	Interactive voice response
JSE	JSE Limited – the South African stock exchange
JIBAR	Johannesburg Interbank Agreed Rate
King II	King committee report on corporate governance 2002
King III	King committee report on corporate governance 2009
LCs	Letters of Credit
Loerie	South African Advertising industry's accolades
LIBOR	London Interbank Offered Rate German Interbank Offered Bank
LTE	Long-term evolution
NRHR & CG	Nomination, remuneration, human resources and corporate governance committee

Terms and acronyms (continued)

MCharge	MTN's virtual recharge mechanism
MENA	Middle East and North Africa region includes operations in Iran, Afghanistan, Syria, Yemen and Cyprus
MMS	Multimedia messaging service
MNP	Mobile number portability
MOU	Minutes of use
MPLS	Multiprotocol label switching
NCC	Nigerian Communications Commission
NGN	Next-generation networking/New-generation networking
NGN	Nigerian naira
NIBOR	Norwegian InterBank Offered Rate
NokNok	MTN's instant social messaging chat service, launched in 2007
NTC	National Telecommunications Corporation
off-net	Telephone calls originating and terminating on different networks
OIETAI	Organisation for Investment Economic and Technical Assistance of Iran
on-net	Telephone calls originating and terminating on the same network
PAT	Profit after tax
PAYG	Pay as you go
PIC	Public Investment Corporation
PIN	Personalised identification number
postpaid/contract	Services for which the subscriber has a contract and pays monthly
PTO	Public telecommunications operator
prepaid	Services for which the subscriber has paid in advance
PSTN	Public switched telephone network
PWC	PricewaterhouseCoopers
RICA	Communication-Related Information Act
SAICA	South African Institute of Chartered Accountants
SARS	South African Revenue Services
SARs	Share Appreciation Rights Scheme
SDD	Sudanese dinars
SEA	South and East Africa includes operations in South Africa, Botswana, Swaziland, Uganda, Rwanda and Zambia
SHE	Safety, health and environment
SIM	Subscriber identity module
SME	Small and medium enterprise
SMS	Short message service
SP	Service provider

Glossary *continued*

Terms and acronyms (continued)

SPE	Special purpose entities
STC	Secondary taxation on companies
SPV	Special purpose vehicle
STRATE	Share Transactions Totally Electronic
subscriber **	A customer who has participated in a revenue generating activity within the last 90 days
SYP	Syrian pound
SRI	Social responsible investment index
TCI	Telecommunications Company of Iran
TDM	Time division multiplexing
UCT	University of Cape Town
Unisa	University of South Africa
USD	US dollar
UGX	Uganda shilling
VGC	VGC Communications Limited
VoIP	Voice over internet protocol
VP	Vice president
WECA	West and Central Africa includes operations in Nigeria, Cameroon, Côte d'Ivoire, Ghana, Benin, Liberia, Guinea Republic, Guinea Bissau and Congo-Brazzaville
WiMax	Worldwide interoperability for microwave access/broadband wireless technology
ZAR	South African rand
ZCA	Zambian Communications Authority
ZMK	Zambian kwacha

***South Africa subscribers (and therefore ARPUs) now include community payphones into prepaid and application providers into postpaid. Prior periods have been adjusted for comparative purposes.*

Notice of the fourteenth annual general meeting

for the year ended 31 December 2008

MTN Group Limited
Incorporated in the Republic of South Africa
(Registration number 1994/009584/06)
("the MTN Group" or "the Company")
JSE code: **MTN**
ISIN: **ZAE000042164**

This document is important and requires your immediate attention

If you are in any doubt about what action you should take, consult your broker, Central Securities Depository Participant (CSDP), banker, financial adviser, accountant or other professional adviser immediately.

If you have disposed of all your shares in MTN Group Limited, please forward this document, together with the enclosed form of proxy to the purchaser of such shares or the broker, banker or other agent through whom you disposed of such shares.

Included in this document are:

- The notice of meeting setting out the resolutions to be proposed, together with explanatory notes. There are also guidance notes if you wish to attend the meeting (for which purpose an AGM location map is included) or to vote by proxy.
- A proxy form for completion, signature and submission to the share registrars by shareholders holding MTN Group Limited ordinary shares in certificated form or recorded in sub-registered electronic form in "own name".

Shareholders on the South African register who have dematerialised their MTN Group Limited ordinary shares through STRATE, other than those whose shareholding is recorded in their "own name" in the sub-register maintained by their CSDP, and who wish to attend the meeting in person, will need to request their CSDP or broker to provide them with the necessary authority in terms of the custody agreement entered into between the dematerialised shareholder and the CSDP or broker.

For the purposes hereof "Group" shall bear the meaning assigned to it by the 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 which are its subsidiaries, if any.

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.

Notice

Notice is hereby given that the fourteenth annual general meeting of shareholders of the Company will be held in the Auditorium, Phase II, 216 – 14th Avenue, Fairland, Gauteng on Wednesday, 24 June 2009 at 14:30 (South African time): to consider and, if deemed fit to pass, with or without modification resolutions number 1 to 7 as ordinary resolutions and resolution number 8 as a special resolution:

Notice of the fourteenth annual general meeting *continued*

for the year ended 31 December 2008

Ordinary business

1. Ordinary resolution number 1

To receive, consider and adopt the annual financial statements of the Group and the Company for the year ended 31 December 2008, including the report of the directors and the external auditors.

2. Ordinary resolution number 2

To reappoint as director of the Company

RS Dabengwa

Age: 51

Appointed: 1 October 2001

Educational qualifications: BSc (Eng), MBA

Directorships: Director of various MTN Group subsidiary companies.

He is currently an executive director of MTN Group Limited.

3. Ordinary resolution number 3

To reappoint as director of the Company

AT Mikati

Age: 36

Appointed: 17 July 2006

Educational qualifications: BSc

Directorships: CEO of M1 Group Limited and a director on some of M1 Group subsidiary boards as well as a director of various other MTN Group subsidiary companies.

He is currently a non-executive director of MTN Group Limited.

4. Ordinary resolution number 4

To reappoint as director of the Company

MJN Njeke

Age: 50

Appointed: 13 June 2005

Educational qualifications: BCom, BCompt (Hons); CA(SA)

Directorships: Managing Director of Kagiso Trust Investment Company and various of its subsidiaries as well as a number of other private companies based in South Africa.

He is currently an independent non-executive director of MTN Group Limited and serves on the audit committee and risk management and compliance committee.

5. Ordinary resolution number 5

To reappoint as director of the Company

J van Rooyen

Age: 59

Appointed: 17 July 2006

Educational qualifications: BCom, BCompt (Hons); CA(SA)

Directorships: CEO of Uranus Investment Holdings Limited, various companies in the Uranus Group and other listed companies including Pick 'n Pay Stores Limited.

He is currently an independent non-executive director of MTN Group Limited and serves on the audit committee and risk management and compliance committee.

The reason for the proposed resolutions 2 to 5 is 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 RS Dabengwa, AT Mikati, MJN Njeke and J van Rooyen as directors of the Company who retire by rotation at the annual general meeting and being eligible, offer themselves for re-election.

6. Ordinary resolution number 6

"RESOLVED THAT the revised annual fees payable quarterly in arrears to each non-executive director shall, with retrospective effect to 1 January 2008, be as follows:

	Annual retainer fee		Attendance fee	
	Current	**Proposed**	**Current**	**Proposed**
MTN Group board				
Chairperson	R165 000	R750 000	R55 000	R65 000
Member	R132 000	R150 000	R27 500	R32 500
International member*	€7 000	€7 000	€7 000	€7 000
Local non-executive directors on special assignment or projects per day	N/A	N/A	R3 500	R16 500
International non-executive directors on special assignment or projects per day	N/A	N/A	€3 000	€3 000
Ad hoc work performed by the non-executive directors for special projects	N/A	N/A	N/A	R3 000 per hour

Notice of the fourteenth annual general meeting *continued*

for the year ended 31 December 2008

6. Ordinary resolution number 6 (continued)

	Annual retainer fee		Attendance fee	
	Current	**Proposed**	**Current**	**Proposed**
Audit committee				
Chairperson	R20 000	R80 000	R20 000	R25 000
Member	R12 500	R45 000	R12 500	R17 000
International member*	€3 000	€3 000	€3 000	€3 000
Risk management and compliance committee				
Chairperson	R20 000	R60 000	R20 000	R22 500
Member	R12 500	R35 000	R12 500	R16 500
International member*	€3 000	€3 000	€3 000	€3 000
Nomination, remuneration, human resources and corporate governance committee				
Chairperson	R20 000	R60 000	R20 000	R22 500
Member	R12 500	R35 000	R12 500	R16 500
International member*	€3 000	€3 000	€3 000	€3 000
Tender committee				
Chairperson	N/A	N/A	R15 900	R20 000
MTN Group share incentive schemes (trustees)				
Chairperson	N/A	N/A	R17 500	R20 000
Member	N/A	N/A	R10 000	R11 000

**The remuneration of international directors was deemed to be still appropriate and an adjustment is thus not deemed necessary.*

The reason for proposing ordinary resolution number 6 is to ensure that the remuneration of non-executive directors remains competitive in order to enable the Company to retain and attract persons of the calibre required in order to make meaningful contributions to the Company given its global footprint and growth rate and having regard to the appropriate capabilities, skills and experience required.

Prior to the proposed changes the remuneration had been unchanged since the AGM held in June 2006.

In arriving at the proposal set out in ordinary resolution number 6, the Group president and CEO, in consultation with the Group executive for human resources and Group financial director, conducted a review of the remuneration paid to non-executive directors and other non-executive office bearers, based on data provided by independent remuneration specialists and benchmarked against comparable international South African companies. The results indicated that the current remuneration paid was materially below that of comparable entities. The nominations, remunerations, human resources and corporate governance committee, debated and considered the revised remuneration proposal at length and after reaching consensus, recommended the revised remuneration proposal to the board, which sanctioned the proposal for recommendation to shareholders.

The proposed revised remuneration is considered to be fair and reasonable and in the best interest of the Company.

7. Ordinary resolution number 7

"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 2008 (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, 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 1 to 7.

8. 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. 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.

"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, to repurchase shares issued by the Company 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, each as presently constituted and which may be amended from time to time; and subject further to the restriction that the repurchase 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 provide *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 counterparty (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 be valid only until the Company's next annual general meeting or 15 (fifteen) months from the date of passing of this special resolution, whichever is earlier;

Notice of the fourteenth annual general meeting *continued*

for the year ended 31 December 2008

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 ("the initial number"), and for each 3% in aggregate of that class of shares acquired thereafter, in each case in terms of this resolution an announcement shall be published on SENS and in the press as soon as possible and not later than 08:30 on the second business day following the day on which the relevant threshold is reached or exceeded, and the announcement shall comply with the requirements of the Listings Requirements of the JSE;

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 restrict 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;

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;

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 unless they have in place a repurchase programme where the dates and quantities of securities to be traded during the relevant period are fixed (not subject to any variation) and full details of the programme have been disclosed in an announcement over SENS prior to the commencement of the prohibited period;

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 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 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 than the maximum price in paragraph 9 above;

    (b) the strike price of any call option may be greater than the maximum price in paragraph 9 above 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 the money";

    (c) the strike price of the forward agreement may be greater than the maximum price in paragraph 9 above but limited to the fair value of a forward agreement calculated from a spot price not greater than that maximum price.

This resolution is required to be passed, on a poll, by not less than 75% of the total votes to which the shareholders present in person or by proxy are entitled.

For the purpose of considering the special resolution 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 14 and 15, and pages 18 and 19 of book 1;
- major shareholders – refer to page 28 of this report;

- directors' interests in securities – refer to page 45 of this report;
- share capital of the Company – refer to page 27 of this report;
- the directors, whose names are set out on pages 14 and 15 of book 1, 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 enquiries in this regard;
- there are no legal or arbitration proceedings (including any such proceedings that are pending or threatened of which the Company is aware), which may have or have had a material effect on the Company's and its subsidiaries financial position over the last 12 months; and
- 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 2008.

At the present time the directors have no specific intention with regard to the utilisation of this authority which will be used only if the circumstances are appropriate.

A general repurchase of the Company's shares shall only take place after the JSE has received written confirmation from the Company's sponsor in respect of the directors' working capital statement.

Reason for and effect of special resolution

The reason for and effect of the special resolution 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 earlier of the next annual general meeting of the Company, or its variation or revocation of such general authority by special resolution by any subsequent general meeting of the Company, provided that the general authority shall not be extended beyond 15 (fifteen) months from the date of passing this special resolution.

Voting

The directors of the Company decided in 2006 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. 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 MTN Group Limited is regarded as 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 vote on a poll.

Voting at this year's AGM will again 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 transfer secretaries will identify each member's individual shareholding so that the number of votes 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 vote.

Proxies

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 transfer secretaries at the addresses given below by not later than 14:30 South African time) on Monday, 22 June 2009.

Notice of the fourteenth annual general meeting *continued*

for the year ended 31 December 2008

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 (South African time) on Monday, 22 June 2009.

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 at the registered office of the Company or with the Company's registrars not later than 14:30 (South African time) on Monday, 22 June 2009.

By order of the board

SB Mtshali
Group secretary

31 March 2009

Business address and registered office
216 – 14th Avenue
Fairland, 2195
Private Bag X9955, Cresta, 2118

South African registrars
Computershare Investor Services (Proprietary) 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 (Proprietary) 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 (if phoning from outside South Africa)

Explanatory notes to the resolutions for approval at the fourteenth 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 if you are phoning from outside South Africa.

Receipt, consideration and adoption of the Group and Company annual financial statements for the period ended 31 December 2008 – ordinary resolution number 1

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 this annual report.

Re-election of directors retiring at the annual general meeting – ordinary resolutions 2 to 5

In terms of articles 84 and 85 of the Company's articles of association, one-third of the directors who have been longest in office since their last election are required to retire at each annual general meeting and may offer themselves for re-election. Biographical details of the retiring directors offering themselves for re-election are given on pages 14 and 15 of book 1.

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.

Remuneration of non-executive directors

and

Ordinary resolution number 6

In terms of article 72(b) of the Company's articles of association, the non-executive directors shall be entitled to such remuneration (reviewed annually) as may be determined in a general meeting. The last increase had been approved effective 1 May 2006. Full particulars for all fees and remuneration paid to non-executive directors for the period under review are set out in the directors' report on page 31 and the revised fees effective from 1 January 2008 being tabled for approval are contained in ordinary resolution number 6.

Placing of unissued ordinary shares under the control of the directors but limited to 10% of shares in issue as at 31 December 2008

and

Ordinary resolution number 7

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.

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.

Explanatory notes to the resolutions for approval at the fourteenth annual general meeting *continued*

General authority for the Company and/or a subsidiary to acquire shares in the Company

and

Special resolution

The reason for and effect of the special resolution 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, to repurchase the Company's shares should it be in the interests of the Company to do so at any time while the authority exists.

This general approval shall be valid until the earlier of the next annual general meeting of the Company, or 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 poll, by not less than 75% of the total votes to which the shareholders present in person or by proxy are entitled.

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 for every share held. Duly completed proxy forms or powers of attorney must be lodged at the registered offices of the Company or with the Company's registrars, Computershare Investor Services (Proprietary) Limited, at 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107), 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 (South African time) on Wednesday, 24 June 2009, proxy forms or powers of attorney must be lodged on or before 14:30 (South African time) on Monday, 22 June 2009. The names and addresses of the registrars are given on the back of the proxy form as well as on page 164 of this 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 must 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 must instruct their CSDP or broker as to how they wish to vote in this regard. This must be done in terms of the agreement entered into between such shareholder and its CSDP or broker.

Appendix to the notice of the fourteenth annual general meeting

Important notes about the annual general meeting ("AGM")

Date: Wednesday, 24 June 2009, at 14:30

Venue: The Auditorium, Phase II, 216 – 14th Avenue, Fairland, Gauteng

Time: The AGM will start promptly at 14:30 (South African time)

Please note that registration will close 15 minutes prior to the start of the meeting as it is conducted electronically. Shareholders arriving late will thus not be able to vote.

Shareholders wishing to attend are advised to be in the auditorium by not later than 14:15. The meeting will commence with a short information session, 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 and proxies may be required to provide proof of identity.

Security: Secured parking is provided at the venue at owner's own risk. Mobile telephones should be switched to 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 shareholders attending the meeting to make the necessary arrangements with that party to be able to attend and vote in their personal capacity. The proxy form contains detailed instructions in this regard.

2. **Enquiries**
Any shareholders having difficulties or queries in regard to the AGM or the above are invited to contact the Group secretary, SB Mtshali on +27 (0) 11 912 4067 or the ShareCare Line on 0800 202 360 or +27 11 870 8206 if calling from outside South Africa. Calls will be monitored for quality control purposes and customer safety.

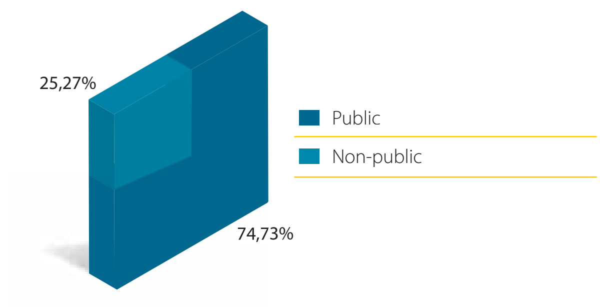
3. **Questions and queries**
In order to facilitate the smooth running of the AGM it is preferred that should shareholders have any questions for directors, management or the auditors, these questions be sent in writing to the chairman of the board by Monday, 22 June 2009.

Shareholders' information

at 31 December 2008

Spread of ordinary shareholders	31 December 2008 Number of shareholders	Number of shares	% of issued share capital	31 December 2007 Number of shares	% of issued share capital
Public	**145 338**	**1 396 012 143**	**74,73**	1 437 498 643	77,09
Non-public	**8**	**471 998 161**	**25,27**	427 299 164	22,91
– Directors of MTN Group Limited and major subsidiaries		**4 023 540**	**0,22**	645 089	0,03
– MTN Uganda Staff Provident Fund		**—**		1 500	-
– Lombard Odier Darier Hentsch & Cie (M1 Limited)		**190 084 630**	**10,18**	183 152 564	9,82
– Newshelf 664 (Proprietary) Limited		**277 889 991**	**14, 87**	243 500 011	13,06
Total issued share capital	**145 346**	**1 868 010 304**	**100,00**	1 864 797 807	100,00

Shareholding (%)



Stock exchange performance

	2008	2007
Closing price (cents per share) as at 31 December	**10 850**	12 806
Highest price (cents per share)	**16 500**	14 250
Lowest price (cents per share)	**7 325**	7 785
Total number of shares traded (million)	**2 109,29**	1 470,04
Total value of shares traded (Rm)	**253 881**	153 298
Number of issued shares (million)	**1 868,0**	1 864,8
Number of shares traded as a percentage of issued shares (%)	**112,22**	78,83
Number of transactions	**798 903**	356 885
Average weighted trading price (cents per share)	**120,36**	10 337
Average telecommunications index	**58 316**	53 675
Average industrial index	**24 888**	28 838
Average mobile index	**191,7**	165,8
Dividend yield (%)	**1,8**	0,70
Earnings yield (%) (headline earnings)	**14,9**	4,75
Price/earnings multiple (adjusted headline earnings) as at 31 December	**12,00**	18,78
Market capitalisation as at 31 December (Rbn)	**202 679**	237 706

Administration

Company registration number
1994/009584/06
ISIN code: ZAE 000042164
Share code: MTN

Board of directors
MC Ramaphosa
PF Nhleko*
DDB Band
RS Dabengwa*
KP Kalyan
AT Mikati†
RD Nisbet*
MJN Njeke
JHN Strydom
AF van Biljon
J van Rooyen
**Executive*
†Lebanese

Group secretary
SB Mtshali
216 – 14th Avenue, Fairland, 2195
Private Bag X9955, 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 transfer secretaries
Computershare Investor Services (Proprietary) Limited
Registration number 2004/003647/07
70 Marshall Street, Marshalltown
Johannesburg, 2001
PO Box 61051, Marshalltown, 2107

Joint auditors
PricewaterhouseCoopers Inc.
2 Eglin Road, Sunninghill, 2157
Private Bag X36, Sunninghill, 2157
SizweNtsaluba VSP Inc.
1 Woodmead Drive, Woodmead Estate
Woodmead, 2157
PO Box 2939, Saxonwold, 2132

Sponsor
Deutsche Securities (SA) (Proprietary) Limited
Non-bank member of the Deutsche Bank Group
3 Exchange Square , 87 Maude Street, Sandton, 2196
Private Bag X9933, Sandton, 2146

Attorneys
Webber Wentzel Bowens
10 Fricker Road
Illovo Boulevard, Sandton, 2196
PO Box 61771, Marshalltown, 2107

Shareholders' diary

Annual general meeting		**24 June 2009**
Reports		
Dividend declaration		11 March 2009
Summarised annual financial results	Published	12 March 2009
Annual financial statements	Posted	23 March 2009
Interim financial statements		September 2009
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 (South African time) on Wednesday, 24 June 2009, in 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 if you are phoning from outside South Africa.

A member entitled to attend and vote at the annual general meeting may appoint one or more proxies to attend, vote and speak in his/her stead at the annual general meeting. A proxy need not be a member of the Company.

I/We..(name in block letters)
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 (South African time) on Wednesday, 24 June 2009, 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.	**Ordinary resolution number 1:** The adoption of the Group annual financial statements for the period ended 31 December 2008			
2.	**Ordinary resolution number 2:** Re-election of RS Dabengwa			
3.	**Ordinary resolution number 3:** Re-election of AT Mikati			
4.	**Ordinary resolution number 4:** Re-election of MJN Njeke			
5.	**Ordinary resolution number 5:** Re-election of J van Rooyen			
6.	**Ordinary resolution number 6:** To authorise the increase in fees payable to non-executive directors			
7.	**Ordinary resolution number 7:** To authorise the directors to allot and issue unissued ordinary shares of 0,01 cent each up to 10% of the issued share capital			
	Special resolution			
8.	To approve an authority for the Company and/or any of its subsidiary companies to repurchase shares in the Company			

Mark with "X" or insert relevant number of votes, whichever is applicable.
Signed at ....on..2009
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 by no later than 14:30 on Monday, 22 June 2009.
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 instructions. 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, 22 June 2009.
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. 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 transfer secretaries 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, 24 June 2009, proxy forms must be lodged on or before 14:30 on Monday, 22 June 2009.
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 signatory.
9. Documentary evidence establishing the authority of a person signing this proxy form in a representative or other legal capacity must be attached to this proxy form unless previously recorded by the Company or the registrars or waived by the chairperson of the annual general meeting.
10. Where there are joint holders of shares:

    10.1 any one holder may sign the proxy form; and

    10.2 the vote of the senior shareholder (for 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.

Office of the South African transfer secretaries
Computershare Investor Services (Proprietary) Limited
Registration number 2004/003647/07
70 Marshall Street, Johannesburg, 2001
PO Box 61051, Marshalltown, 2107
Facsimile: +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.

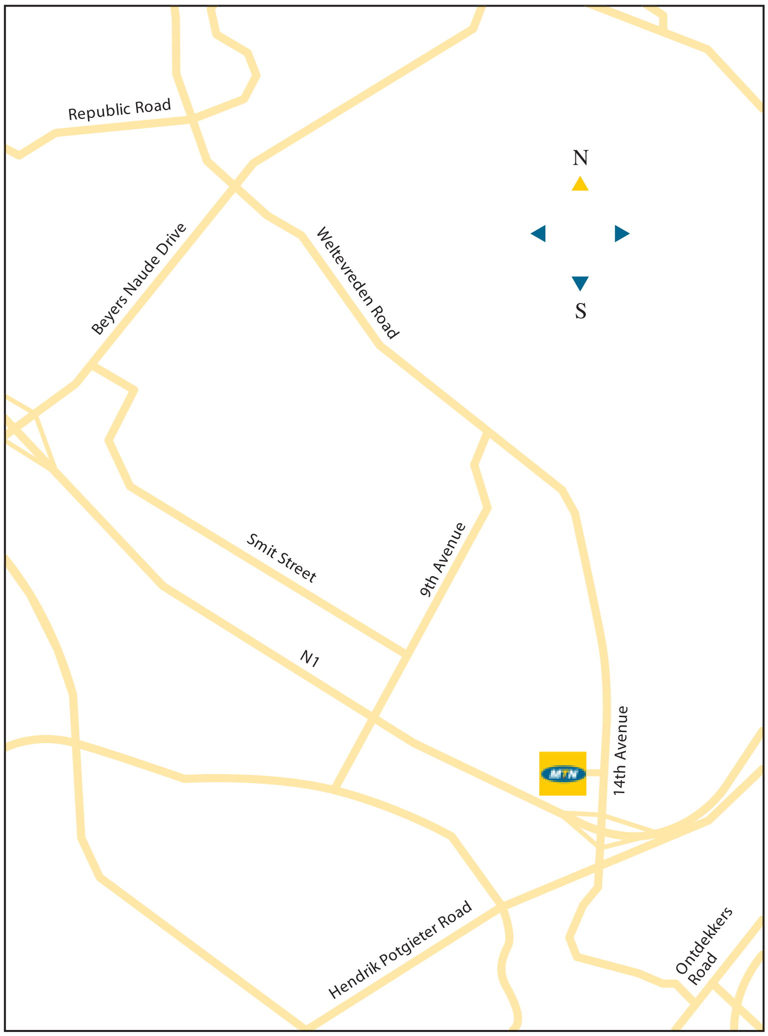
If you have any questions regarding the contents of this report, please call the MTN Group toll-free ShareCare Line on 0800 202 360
(or +27 11 870 8206 if phoning from outside South Africa)

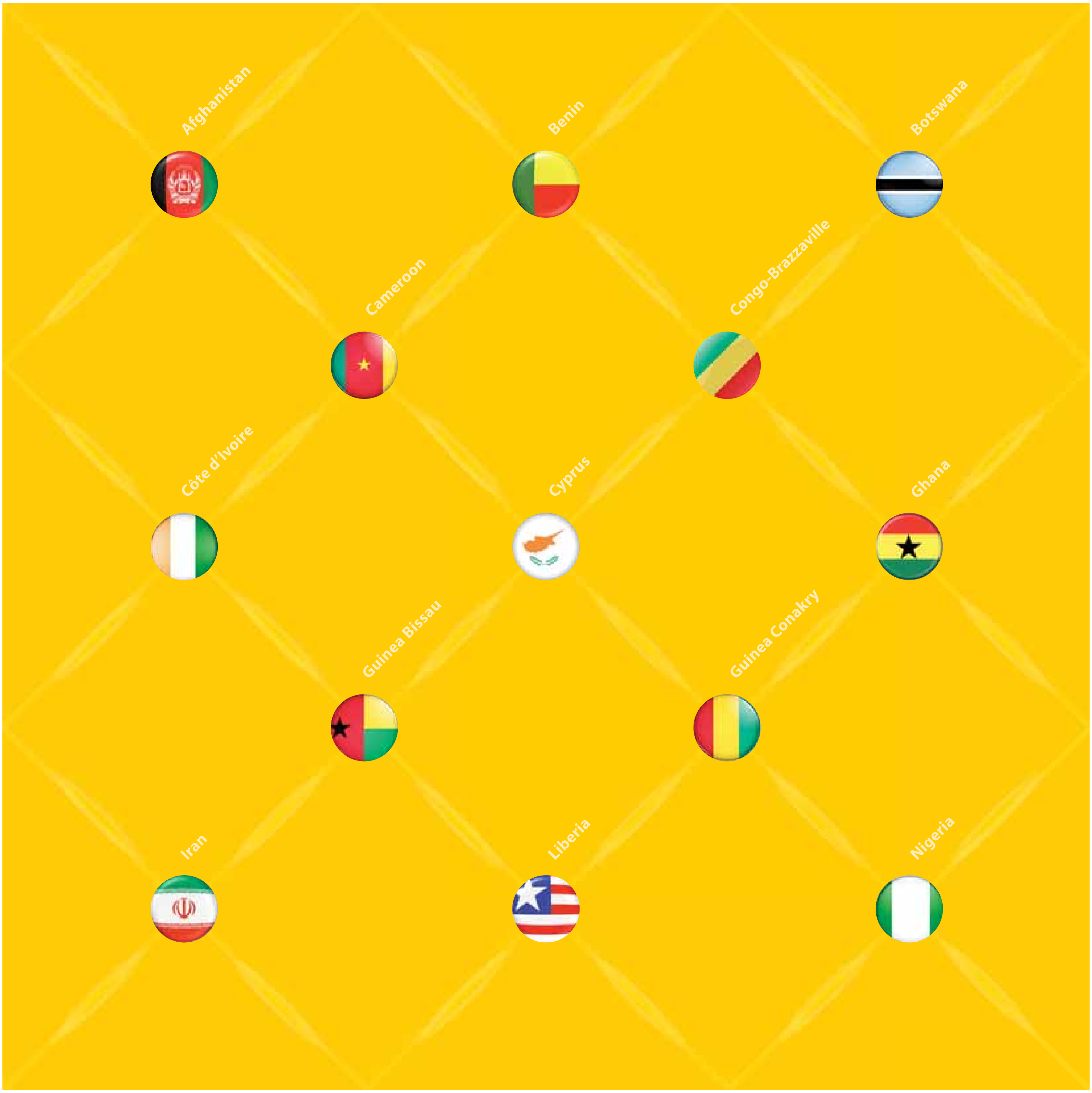
Computershare

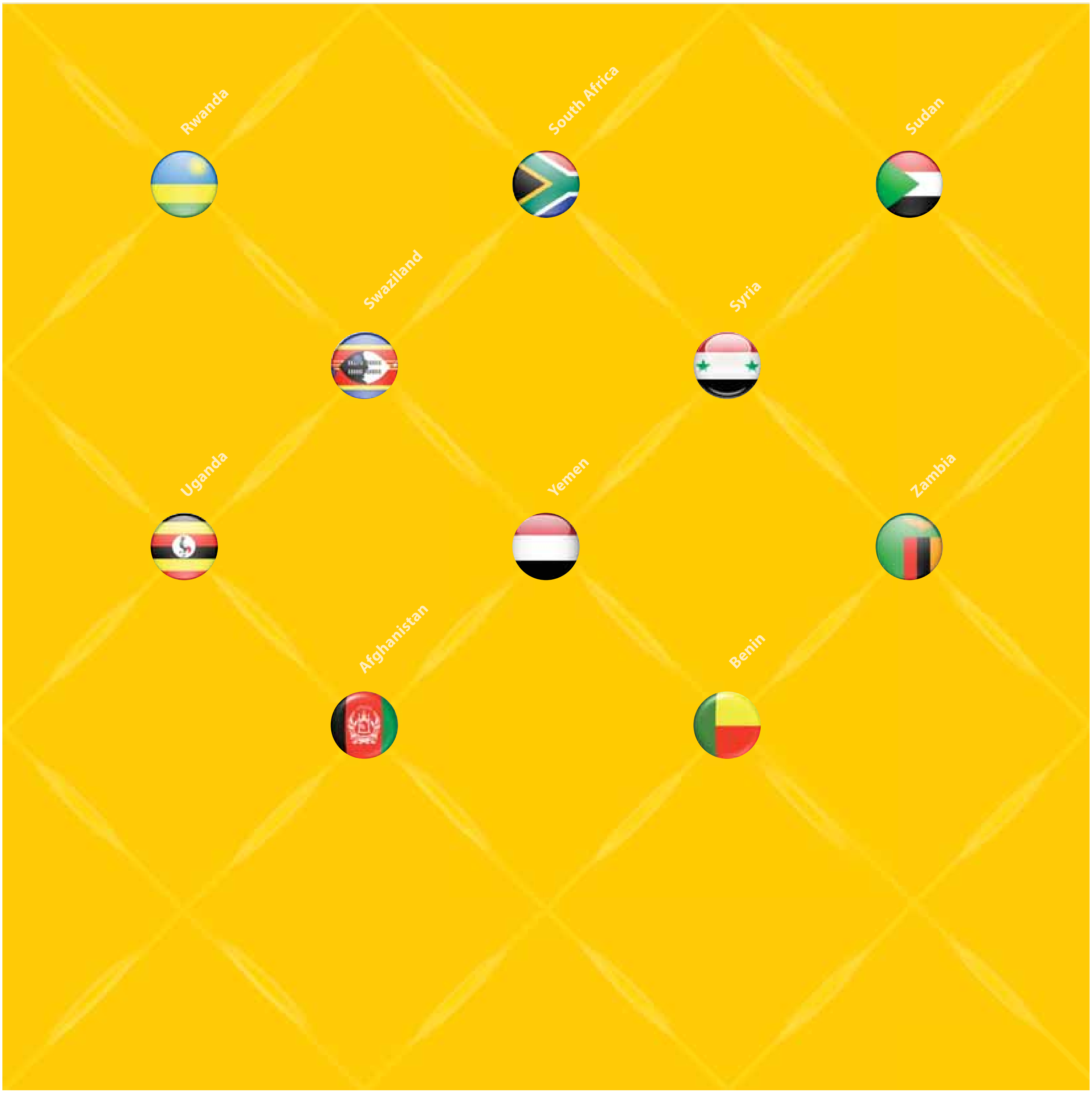
Please note that your call will be recorded for customer safety

Map

MTN Innovation Centre




Afghanistan
Benin
Botswana
Cameroon
Congo-Brazzaville
Côte d'Ivoire
Cyprus
Ghana
Guinea Bissau
Guinea Conakry
Iran
Liberia
Nigeria


Rwanda
South Africa
Sudan
Swaziland
Syria
Uganda
Yemen
Zambia
Afghanistan
Benin

0 and beyond…