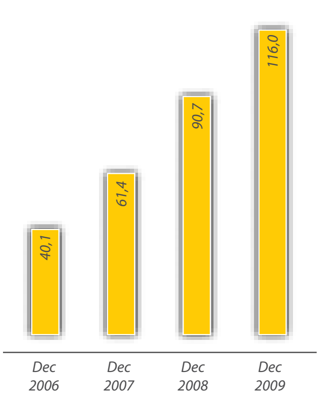
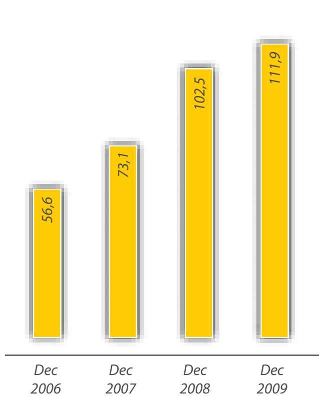
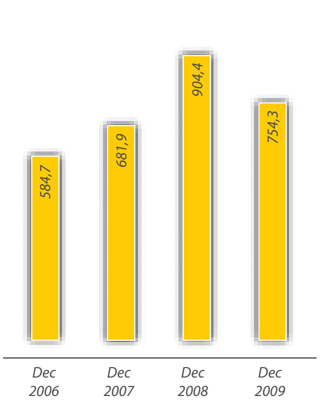
Subscribers



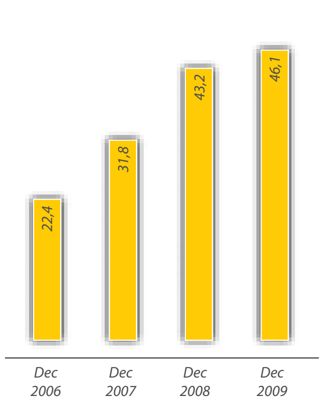
Revenue (Rm)



Adjusted HEPS



EBITDA



Contents

Profile

Launched in 1994, the MTN Group Limited (MTN Group) is a multinational telecommunications group offering cellular network access and business solutions. It has mobile licences across 21 countries in Africa and the Middle East and as at the end of December 2009, recorded more than 116 million subscribers. The MTN Group is listed on the JSE Limited under the share code: "MTN".

MTN Group operates in three regions:

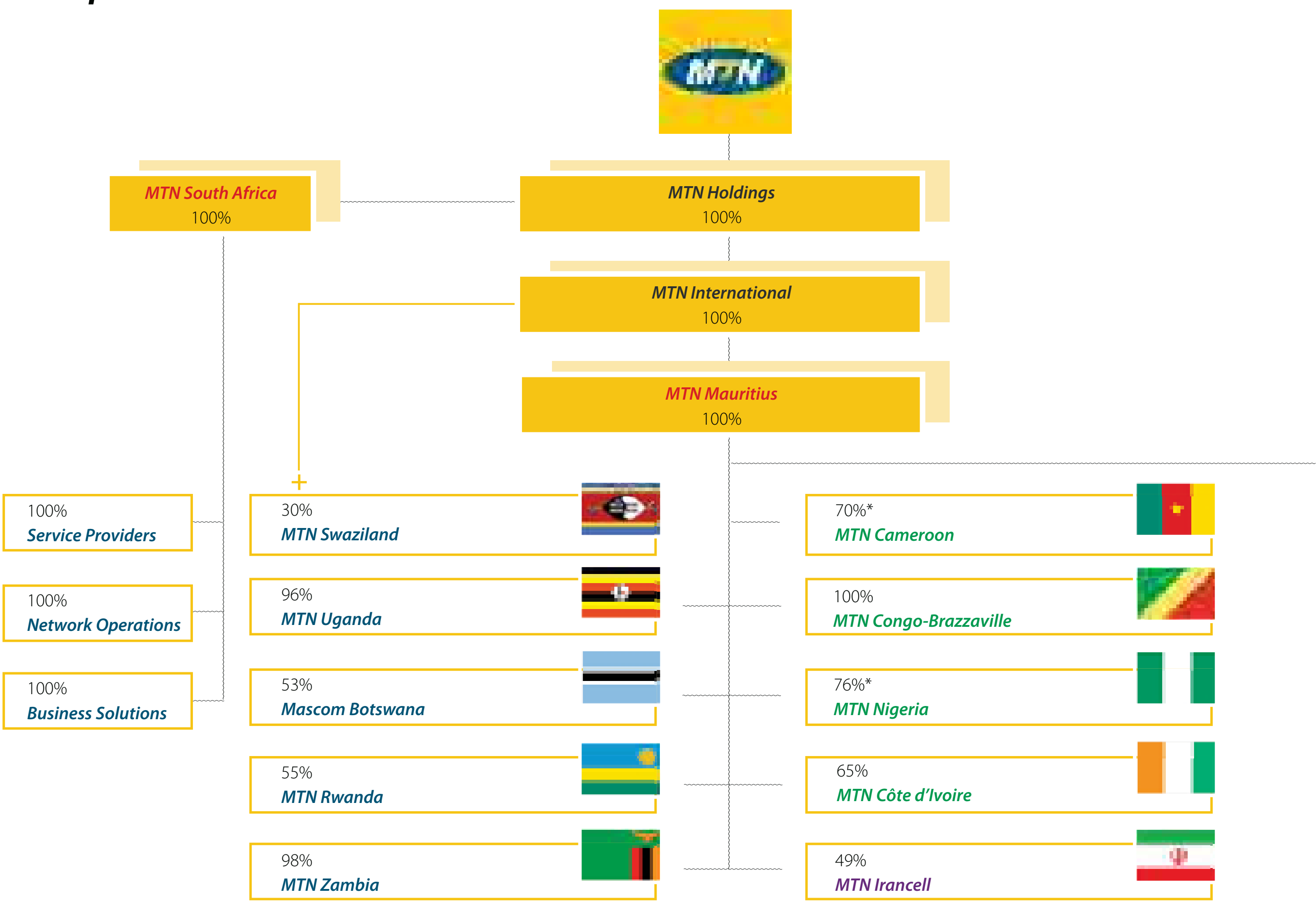
- ***South and East Africa (SEA):*** MTN South Africa, MTN Swaziland, MTN Zambia, MTN Uganda, MTN Rwanda and Mascom Botswana.

- ***West and Central Africa (WECA):*** MTN Nigeria, MTN Cameroon, MTN Congo-Brazzaville, MTN Côte d'Ivoire, MTN Benin, MTN Ghana, MTN Guinea-Bissau, MTN Guinea Conakry and Lonestar Liberia.

- ***Middle East and North Africa (MENA):*** MTN Irancell, MTN Afghanistan, MTN Cyprus, MTN Sudan, MTN Syria and MTN Yemen.

Geographic footprint

Group structure



*Legal ownership

MTN Dubai
100%

- 75% MTN Guinea Conakry
- 98% MTN Ghana
- 60% Lonestar Liberia
- 83% MTN Yemen
- 85% MTN Sudan
- 75% MTN Benin
- 100% MTN Guinea-Bissau
- 75% MTN Syria
- 51% MTN Cyprus
- 100% MTN Afghanistan

20%
Belgacom International Carrier Services

Chairman's statement

The intensive capital investment programme of recent years is designed to stand the Group in good stead in the years to come as competition intensifies.

Cyril ***Ramaphosa***
Chairman

Innovating and delivering

In its 15th year of operation, the MTN Group passed the 100 million subscriber mark with a robust and resilient operational performance in the majority of the countries in which it operates. This was made possible by a firm adherence to our strategy, including investing heavily to extend the quality, coverage and capacity of the communications network across the 21 markets in which we operate.

The intensive capital investment programme of recent years is designed to stand the Group in good stead in the years to come as competition intensifies and the world fully recovers, in the longer term, from the economic malaise of 2008 and 2009.

Across the globe, millions of jobs were lost in 2009 as the world economy contracted by an estimated 1,7%. Credit markets tightened, limiting lending which would otherwise have supported investment and growth.

With its continued commitment to its markets, a strong brand and established value proposition, MTN was able to weather the storm. But, understandably, it is not immune to a challenging economic cycle, or to moves in commodity prices which remain key to the health of many of the countries in which the Group operates.

Hard times encourage innovative thinking and MTN showed this with its novel products and services in the midst of mounting pressure on consumers' disposable incomes, aggressive competition and increased regulatory requirements. The Group's adoption in the year of a segmented approach to the market, offering customers sector-specific products and services, proved successful and was well received by subscribers. Along with MTN Zone dynamic tariffing and MTN MobileMoney, as well as other customised offerings, these assisted the Group in maintaining or growing market share in almost all of its jurisdictions. They also helped MTN Group win the "most innovative brand in the telecoms sector" award in the Ask Afrika Trust Barometer in September 2009.

For an organisation that generates most of its revenue in currencies other than its reporting currency, the strength of the South African rand also proved a considerable hurdle.

As a result, MTN Group reported its first drop in headline earnings per share since inception, to 803,2 cents from 836,5 cents in 2008. But, thanks to continued strong cash generation and the expectation that capital expenditure has now peaked, the Group increased its dividend to shareholders. This effective relaxation of MTN's dividend cover resulted in a payout to shareholders for 2009 of 192 cents a share, from 181 cents for 2008.

Operating sustainability

Sustaining the performance of the MTN network and the mobile market it serves is essential. This requires a reasonable and predictable regulatory regime, to allow cash-generating mobile companies to continue to invest in bridging the digital divide and so stimulating economic growth.

Maintaining transparent and constructive relationships with those it interacts with is an important MTN Group value. During 2009, the Group stepped up its co-operation with regulators across the footprint, as various new regulatory requirements (such as SIM-card registration and managing mobile termination rates) began to gain momentum in many markets. The Group also worked to enhance its engagement with customers, employees and the communities in which it operates.

The expansion of mobile telephony across the Middle East and Africa has already had a significantly positive impact on the lives of our customers, but it has the potential to have an even bigger effect as better, more reliable communication encourages trade and development. Mobile telephony's applications in assisting socioeconomic development are many – from facilitating internet-based education and health, to helping disseminate various essential services and information.

Chairman's statement *continued*

For MTN, sustainability is about ensuring sound practices are part of its core business. In 2009, through the efforts of an improved Group sustainability function, the focus on the environmental, social and ethical issues that could pose an economic risk or opportunity to MTN was heightened. Through ongoing board and executive support and Group-led strategic planning, the Company is in a better position to adapt to global imperatives and enhance stakeholder value.

In 2009, MTN Uganda won the best solution for rural services award at the AfricaCom Awards in Cape Town. This was for its MTN Google SMS offering, developed in partnership with Google and the Grameen Foundation, a non-profit organisation fighting poverty. Among the services MTN Google SMS offers is Farmer's Friend, a searchable database with both agricultural advice and targeted weather forecasts, and Google Trader, which matches buyers and sellers of agricultural produce.

Apart from positive, direct benefits such as this, MTN also assists communities on the ground through its significant corporate social investment programme. It has a clear CSI mandate, which is carried out through the MTN foundations already established in the majority of its markets. Once a year, through the *21 Days of Yello Care* initiative, employees throughout the Group volunteer and roll up their sleeves to help their local communities. The projects range from planting trees, cleaning streets, mosques and facilities for disadvantaged children to building recreational centres and soccer fields and establishing vegetable gardens. For the second year running in 2009, employees of MTN Yemen won the Group's first prize for this initiative. Well done to you all.

In 2009, MTN launched a campaign to reduce deaths in Africa from malaria, which is the number one killer of children under the age of five on the continent. For maximum impact, the Group teamed up with the Malaria Community – a coalition of leading technical and advocacy groups. The aim is to help ensure 100% coverage and use of mosquito bed nets in malaria areas, achievement of which stands to save more than four million lives by 2015. This initiative is being rolled out in countries affected by the mosquito-borne disease, including Ghana, Uganda, Zambia, South Africa, Côte d'Ivoire, Cameroon, Botswana, Swaziland, Congo-Brazzaville, Nigeria, Benin, Liberia, Guinea Conakry, Guinea-Bissau and Rwanda.

Addressing environmental impacts

Recent studies have shown that information communications technologies (ICTs) can have a significant impact in reducing energy consumption and greenhouse gas emissions. A 2008 Global e-Sustainability Initiative report estimated that ICTs could lessen emissions by up to 22% by 2020 through practices such as smart logistics, smart buildings, a smart power grid and reducing travel through videoconferencing and tele-work.

MTN recognises the enabling role it can play in helping the world economy move to a lower-carbon environment. Reaffirming its commitment to reducing the impact of climate change, the Group has signed the Copenhagen Communiqué on climate change ahead of the United Nations climate change summit, adding to the growing chorus calling for environmentally friendly practices.

In 2009 the Group analysed its own carbon intensity, looking at opportunities to reduce the impact of its business on the environment and mitigate climate-change related risks. The results indicate that MTN needs to accelerate its efforts to reduce the carbon intensity and increase the energy efficiency of base stations, data centres, large premises etc. MTN is proud of its early efforts in this regard. The Group has assessed the viability of alternative energy solutions to power base stations, including solar and hydrogen fuel cell trials in Sudan and Swaziland, biogas pilots in South Africa and operating solar-powered sites in Cameroon, Nigeria and Rwanda, among others.

At Kleinaarpen in the Kalahari Desert of South Africa (an area without access to the national power grid), MTN deployed an 80 metre tower on a base station that incorporates multiple energy technologies, including solar, wind, fuel cells and lithium-ion batteries. The site, home to the Group's tallest mast, provides MTN with an opportunity to test "green" technology and provides mobile coverage in a 50km radius to people in an area previously without coverage. As the solar and wind generation capacity is far in excess of the average consumption, MTN intends in future to supply the local community with the surplus.

With a presence in Africa and the Middle East, MTN is acutely aware of how vulnerable these markets are to the adverse impact of climate change and is committed to the concept of people, planet, profit and a positive legacy for generations to come.

Appreciating employees

MTN recognises the vital contribution of its employees (some based in particularly difficult environments) and continues the Group's many endeavours to provide a rewarding work environment. In 2009, MTN achieved a top 10 ranking in the World's Best 40 Global Companies survey by AT Kearney, a leading management consulting firm. Other companies in the top 10 included the likes of Nintendo, Google and Apple. The survey was compiled for *BusinessWeek*, an influential international business publication. Awards such as this encourage us to do better, challenging MTN to sustain and improve on this position.

The safety of MTN people everywhere is paramount. Many countries in which the Group operates face political and social challenges. In 2009, the MTN Group crisis operations centre was opened in Johannesburg to provide support to all employees, 24-hours a day, seven days a week. The centre is an integrated command, control, communications and information-relay facility aimed at boosting the Group's risk management capability; flagging potential crises; providing control and appropriate response measures during events on the ground. Supporting the national emergency response teams in every country, it endeavours to prevent any incident from becoming a crisis.

Chairman's statement *continued*

In 2009, MTN stepped up its fight against fraud, implementing various improved fraud prevention and detection mechanisms, which included the implementation of a Group-wide fraud incident register, conducting fraud risk assessments in most operations and the implementation of improved whistleblowing mechanisms.

Corporate governance

Sound and thorough corporate governance is essential to ensure business sustainability. MTN endeavours to make certain that it complies fully with corporate governance best practice and with the requirements of the King code. In line with the guidelines on the ideal composition of the board of directors, three new independent, non-executive directors were appointed, effective January 2010: Dawn Marole, Peter Mageza and Alan Harper have a broad range of expertise and experience and their positive presence is welcomed.

Their appointments follow that of Nazir Patel, the new Group finance director, to the board with effect from 27 November 2009. Nazir replaced Rob Nisbet, who resigned following 14 distinguished years of service as Group finance director. We thank Rob for his important contribution and wish him well. We welcome Nazir, who brings with him a wealth of knowledge from across the globe.

I would like to thank all members of the board for their active participation and wise counsel in 2009 and look forward to more active debate and considered advice in the year ahead.

I would also like to congratulate management for the Group's robust performance in difficult times. Group president and CEO Phuthuma Nhleko recently announced that he would not be renewing his long-term contract of employment when it ends on 30 June 2010. However, he has agreed to continue in his current role until March 2011, to allow for a seamless handover to his successor, who has yet to be appointed. On behalf of the board, I would like to applaud Phuthuma for his outstanding vision and leadership for the past eight years. Under his tenure, MTN has grown into a leading emerging market success story and expanded to become the number one provider of mobile telecommunications services across Africa and the Middle East.

In 2009, Phuthuma won *The Sunday Times Top 100 Business Leader of the Year* award, voted by his peers who are the CEOs of the top 100 listed companies in South Africa. At the time, he acknowledged that much of his success came from the talented team around him. I believe it is this deep and broad skills set among MTN senior management that will continue to underpin the Group's success. The board is confident in the leadership of MTN and of its consistent strategy to consolidate and diversify its earnings base; leverage its significant footprint as well as strong intellectual capacity; and to capitalise on the trend towards the convergence of various technologies.

In 2002, it was Phuthuma who arranged and implemented the BEE equity ownership programme for more than 3 000 MTN staff in South Africa, in an effort to rectify some of the economic legacies of the country's history. During 2009, the scheme matured and the Group completed the unwinding of Newshelf, the special purpose vehicle set up to facilitate the deal. MTN remains committed to establishing another BEE equity ownership programme in respect of its South African operations when market conditions are conducive. It also continues to pursue other initiatives, such as enterprise development and skills training in South Africa and across its footprint to stimulate local participation in the business. In 2009 MTN Zambia issued a 2,2% stake to a minority shareholder, diluting MTN's stake to 97,8%.

Looking forward to 2010

As I sign off this report, excitement about the first 2010 FIFA World Cup™ in Africa is reaching fever pitch. This will be the first time in the tournament's history that it is being held on African soil, and South Africa wants all Africans to regard it as their own. MTN's global mobile sponsorship of the event is fitting given that it is the pre-eminent African telecoms group and because football is watched by a significant percentage of its more than 100 million subscribers. MTN is proud to operate in five of the six African countries competing in the competition. As the first African sponsor of the world's largest sporting event, MTN is living up to the promise of being a united and uniting force. It also displays the Group's "Can Do" approach and "think big" attitude, further bolstering the brand and demonstrating our leadership.

It's Africa's time. *Ke Nako.*

Cyril Ramaphosa
Chairman
March 2010

Group directorate

Back row: from left to right

*MJN Njeke**
*NP Mageza**
*DDB Band**
*AT Mikati**
*MC Ramaphosa**
*JHN Strydom**

Front row: from left to right

*KP Kalyan**
*NI Patel**

**Profiles appear on pages 14 and 15 of this report.*

Back row: from left to right

*A Harper**
*RS Dabengwa**
*MLD Marole**
*AF van Biljon**
*J van Rooyen**

Front row: from left to right

*PF Nhleko**

Group overview
Business review
Operational review
Sustainability review

Group directorate *continued*

1 MC Ramaphosa (57)
BProc, LLD (HC)
Independent non-executive director and chairman
Board committee membership
Nomination, remuneration, human resources and corporate governance committee.
Other directorships
Founder and executive chairman of Shanduka Group (Pty) Limited, non-executive chairman of The Bidvest Group Limited. Joint executive chairman of Mondi plc and Mondi Limited. Non-executive chairman of SASRIA Limited, non-executive director of SAB Miller plc, Macsteel Global BV, Alexander Forbes Limited and The Standard Bank Group Limited. Cyril is also a director of Kangra Coal (Pty) Limited, Assore Limited and TBWA Hunt Lascaris Holdings (Pty) Limited.
Skills, expertise and experience
Previously chairman of the Constitutional Assembly and the only chairman of the specially formed Black Economic Empowerment Commission. He was also a member of parliament, secretary general of the ANC and secretary of the National Union of Mine Workers. Cyril is currently on the national executive committee of the ANC and has also received several honorary doctorates.

2 PF Nhleko (50)
BSc (Civil Eng), MBA
Executive director: Group president and chief executive officer
Board committee membership
Chairman of Group executive and steering committee. Attends various board committee meetings ex officio.
Other directorships
Director of various companies in the MTN Group. Director of Newshelf 664 (Pty) Limited and Engen Limited, non-executive chairman of Worldwide African Investments Holdings (Pty) Limited, the GSMC association and Trustee of the Alpine Trust.
Skills, expertise and experience
Previously a director of Johnnic Holdings Limited, Nedbank Limited, The Bidvest Group Limited, Tsogo Sun KwaZulu-Natal (Pty) Limited, Alexander Forbes Limited and co-founder of Worldwide African Investments Holdings (Pty) Limited. Prior to joining MTN, he also served at Standard Corporate Merchant Bank.

3 AF van Biljon (62)
BCom, CA(SA), MBA
Independent non-executive director
Board committee membership
Chairman: Audit committee.
Other directorships
Directorships: Director of Hans Merensky Holdings (Pty) Limited, St Augustine College of South Africa, Chairman and trustee of Standard Bank Group Retirement Fund and Liberty Group Pension and Provident Funds.
Skills, expertise and experience
Alan has held the position of the group financial director for Truworths Limited, The Greatermans Checkers Group, Sun International, and The Standard Bank Group from 1975 to 2002. In 2002, he established a specialised financial services company under the name of Van Biljon & Associates. Past non-executive directorships include Alexander Forbes Group, Peermont Global Limited and Sage Group Limited.

4 MJN Njeke (51)
BCom, BCompt (Hons), CA(SA), H Dip Tax Law
Independent non-executive director
Board committee membership
Audit committee and risk management and compliance committee.
Other directorships
Director of various companies at Kagiso Group, Lengau Logistics (Pty) Limited, ArcelorMittal SA, Ivolve Procurement & Rental Partner, Metropolitan Health Group, Metropolitan Holdings Limited, NM Rothschild and Sons (SA) (Pty) Limited, PSU Revenue Management trading as PSU International, RTG Fleet Services (Pty) Limited, Resilient Property Income Fund Limited, Serengeti Properties (Pty) Limited, Salvage Management and Disposal (SMD), Sameh Properties and Silver Unicorn Trading.
Skills, expertise and experience
Johnson is Chairman of Metropolitan Holdings, ArcelorMittal SA and Resilient Property Income Fund. He served as a partner at PricewaterhouseCoopers and is a past chairman of the South African Institute of Chartered Accountants.

5 J van Rooyen (60)
BCom, BCompt (Hons), CA(SA)
Independent non-executive director
Board committee membership
Chairman: Risk management and compliance committee and member of audit committee.
Other directorships
Director of various companies in the Uranus Group, Pick n Pay Stores Limited, Exxaro Resources Limited, and Trustee of the International Accounting Standards Committee Foundation.
Skills, expertise and experience
Jeff is a founder member and CEO of Uranus Investment Holdings (Pty) Limited and previously served as CEO of the Financial Services Board. He is also founder member and former president of the Association for the Advancement of Black Accountants (ABASA) and was chairperson of the Public Accountants and Auditors Board in 1995.

6 AT Mikati (37) (Lebanese)
BSc
Non-executive director
Board committee membership
Nomination, remuneration, human resources and corporate governance.
Other directorships
CEO of M1 Limited (an international investment group with a strong focus on the telecommunications industry). A director on some M1 Group subsidiary boards as well as EZ-Link, B-Pro Limited, B-Jet Limited, Horizon Global Services, IMC, Mint Trading, Unioil and Fanconndale Group.
Skills, expertise and experience
While completing his BSc in the United States, Azmi founded T-One, a telecoms company providing long distance services between the United States and other international destinations. He became CEO of Investcom and, under his leadership, sales grew from USD30 million to USD1 billion, over less than seven years. At 33, he was the youngest CEO of a Middle Eastern publicly traded company.

7 DDB Band (66)
BCom, CA(SA)
Independent non-executive director
Board committee membership
Chairman: Nomination, remuneration, human resources and corporate governance, alternate member of risk management and compliance committee.

Other directorships
Director of Business Against Crime South Africa, Myriad International Holdings BV, The Standard Bank of South Africa Limited, Standard Bank Group Limited and The Bidvest Group Limited.
Skills, expertise and experience
Previously served as managing director of CNA Gallo Limited, CEO of The Argus Holdings Group and chairman and CEO of the Premier Group Limited.

8 KP Kalyan (55)
BCom (Law) (Hons) Economic, University of Durban Westville; Senior Executive Management Programme (London Business School)
Independent non-executive director
Board committee membership
Member of the nomination, remuneration, human resources and corporate governance and member of risk management and compliance committee.
Other directorships
Director of Standard Bank Group, South African Airways, South African Bank Note Company, South African Mint Company, Edgo Merap (London), McDonald Steel, Omega Risk Solutions, and the Tallberg Foundation in Sweden.
Skills, expertise and experience
Koosum is currently chairman of Kgontsi Holdings. Prior to that she was senior business development manager at Shell International Exploration and Production (Pty) Limited in London, general manager, corporate, for Shell Southern Africa, senior economist at the Chamber of Mines and economist at the Electricity Commission of Victoria, Melbourne, Australia.

9 NI Patel (53)
BCom, BCompt (Hons), CA(SA)
Group Finance director
Board committee membership
Attends various board committee meetings ex officio.
Other directorships
Director of various companies in the MTN Group.
Skills, expertise and experience
He is a qualified chartered accountant with wide international experience in Europe and the Middle East. Since Nazir joined the MTN Group, he has been responsible for the Group financial management and accounting function, has participated in several of the Group's mergers and acquisition activities and serves on a number of MTN's subsidiary boards.

10 RS Dabengwa (52)
BSc (Eng), MBA
Executive director: MTN Group chief operating officer
Board committee membership
Group executive and steering committee and tender committee.
Other directorships
Director of various companies in the MTN Group and Newshelf 664 (Pty) Limited.
Skills, expertise and experience
Prior to joining MTN, he was employed by Eskom as an executive director responsible for sales, customer service, electrification and distribution technology. Prior to Eskom he worked as a consulting electrical engineer in the building services industry and in the mining and railways sectors.

11 JHN Strydom (71)
MCom (Acc), CA(SA)
Non-executive director
Board committee membership
Audit committee and member of risk management and compliance committee.
Other directorships
Director of Public Investment Corporation Limited, and Growthpoint Properties Limited.
Skills, expertise and experience
Jan is a registered chartered accountant and a founding partner of Strydoms Incorporated Chartered Accountants (SA), a firm specialising in business valuations, litigation support and forensic investigations. He is also a senior member of the Special Income Tax Court for taxation appeals.

12 MLD Marole (50)
BCom, DTE, MBA
Independent non-executive director
Board committee membership
Risk management and compliance committee.
Other directorships
Director at African Bank, Incwala Resources (Pty) Limited, Eyomhlaba Investment Holdings Limited, Hlumisa Investment Holdings Limited, Richards Bay Titanium (Pty) Limited, Richards Bay Mining (Pty) Limited, JP Morgan SSA and DEMA Incwala Investment.
Skills, expertise and experience
Dawn's career history, primarily in the financial services sector dates back to 1983. She is a member of the policy board for financial services and regulations as an adviser to the Minister of Finance. She is the current chairperson of POWA (People Opposing Women Abuse).

13 A Harper (54) (British)
BA (Hons)
Independent non-executive director
Board committee membership
Nomination, remuneration, human resources and corporate governance.
Other directorships
Director of Eaton Venture LLP, Tovo Europe Limited, Venture Partnership Foundation Limited and Golden Years Holidays plc.
Skills, expertise and experience
Alan previously worked for the Vodafone Group from 1995 and serves as group strategy and new business director for Vodafone plc from 2000 to 2007 and was responsible for corporate and regulatory strategy, business development, R&D and public policy. In this role he led the public and external team, which included all regulatory work, government relations EMF and spectrum policy. Alan was a member of the executive committee of the Vodafone Group from 1997 to 2007, was a board member of the GSM Association, chairman of Vodafone Ventures and chairman of the board of trustees of the Vodafone UK Foundation.

14 NP Mageza (55)
FCCA (Fellow of the Association of Certified Chartered Accountants)
Independent non-executive director
Board committee membership
Audit committee.
Other directorships
Director of The Bidvest Group Limited, Remgro Limited, SAPPI Limited, and Rainbow Chickens Limited.
Skills, expertise and experience
Peter is a Fellow of the Association of Chartered Certified Accountants (ACCA) UK and was until June 2009 Absa executive director and group chief operations officer. Prior to this he had extensive experience in the financial/banking arena. He currently serves on the boards of The Bidvest Group Limited, Remgro Limited and Rainbow Chickens Limited.

Executive committee

Back row: from left to right
*PD Norman***
*T Lowry***
JA Desai**
*C de Faria***

Front row: from left to right
*NI Patel**
*PN January-Bardill***

**Profiles of these executive directors appear on pages 14 and 15 of this report.*
***Profiles of these executive directors appear on pages 18 and 19 of this report.*

Back row: from left to right

*J Ramadan***

*KL Shuenyane***

*S Fakie***

*PF Nhleko**

Front row: from left to right

*SL Botha***

KL Shuenyane**

Executive committee *continued*

1 J Ramadan (53)
MA (Inf Tech)
Regional vice president – MENA region
Committee membership
Group executive and steering committee.
Group technical committee and Group tender committee.
Directorships
Director on the boards of all MENA region operations and MTN Dubai.
Skills, expertise and experience
Jamal was an executive director of Investcom LLC, which he joined in 1996 as operations director. Prior to that he was director of IT at FTML (a subsidiary of France Telecom), operating in Lebanon.

2 TP Lowry (54)
BA (Soc Sci)
Regional vice president – SEA region
Committee membership
Group executive and steering committee and Group tender committee.
Directorships
Director on the boards of all SEA region operations.
Skills, expertise and experience
Tim has over 30 years' experience in the global telecommunications industry. He was the vice president for Western Europe Telecom at France Telecom. Prior to that he held executive positions at Orange, France Telecom and Cable & Wireless in Africa and the Middle East, Australia and Europe.

3 S Fakie (56)
BCom, BCompt (Hons), CA(SA)
Executive: business risk management
Committee membership
Group executive and steering committee.
Directorships
Director of various companies in the MTN Group.
Director of Absa Group Limited.
Skills, expertise and experience
Shauket has over 36 years' experience in accounting, auditing, consulting and advisory work. In 1999, he was appointed as Auditor-General of South Africa for a seven-year term which ended in November 2006.

4 PF Nhleko (50)*

5 NI Patel (53)*

6 RS Dabengwa (52)*

7 C de Faria (54)
Degree in Finance Administration (CA)
Regional vice president – WECA region
Committee membership
Group executive and steering committee and tender committee.
Directorships
Director on the boards of all WECA region operations, MTN Dubai and Uniglobe SA in France.
Skills, expertise and experience
Christian was previously CEO of PT Excelcomindo Pratama, known as XL, the largest mobile operator in Indonesia and before that he was CEO of Telekom Malaysia, responsible for international strategy and involved in the rapid growth of investments in Sri Lanka, Bangladesh and Cambodia.

8 PN January-Bardill (59)
Dip (HR Man), BA (Eng and Phil), MA (Ling), Cert in Edu
Group executive: corporate affairs and MTN spokesperson
Committee membership
Group executive and steering committee.
Directorships
Director of various companies in the MTN Group.
Director of Afrisam (Holcim SA).
Skills, expertise and experience
Nozipho was a deputy director-general in the Department of Foreign Affairs 2005 to 2007. She was South Africa's ambassador to Switzerland from 2001 to 2005. She has served on the boards of, among others, FirstRand Insurance (Momentum) and Southern Life Insurance Companies. She served as a member of the United Nations Committee on the Elimination of Racial Discrimination from 2000 to 2008.

**Profiles of these executives appear on pages 14 and 15 of this report.*

9 KL Shuenyane (39)

BEcon and Internat Stud; CA (England and Wales)

Group executive: mergers and acquisitions

Committee membership

Group executive and steering committee.

Directorships

Director of various companies in the MTN Group.

Skills, expertise and experience

Khumo was head of direct investments and a member of the executive committee of Investec's South African operations. He was previously a member of Investec's corporate finance division.

10 SL Botha (45)

BEcon (Hons)

Group executive: marketing

Committee membership

Group executive and steering committee.

Directorships

Director of various companies in the MTN Group.

Director of Tiger Brands Limited.

Skills, expertise and experience

Santie was an executive director at Absa Bank Limited. She was awarded Marketer of the Year in 2002 by the Marketing Federation of South Africa. She also worked for Unilever (UK) for six years.

11 PD Norman (44)

MA (Psych)

Group executive: human resources

Committee membership

Group executive and steering committee.

Directorships

Director of various companies in the MTN Group.

Trustee of the Chartered Accountants Medical Aid Fund.

Skills, expertise and experience

Paul has been an executive at MTN since 1997. He spent over 13 years in the field of human resources and has worked extensively in the transport and telecommunications industries. He was awarded HR Practitioner of the Year in 2003 by the Institute of People Management.

12 JA Desai (52)

BA (Hons) BCom

Group chief technology and information officer

Directorships

Director of various companies in the MTN Group.

Skills, expertise and experience

Jyoti started her career at The Standard Bank of SA Limited. Moved to Telkom SA in anexecutive position. Joined MTN Nigeria as chief information officer. Moved to Iran in 2005 to start up the Iran operation as COO MTN Irancell.

Group president and CEO's report

MTN's strategic agenda is clear: it aims to be the leader in telecommunications in emerging markets. This strategy is built on three pillars – consolidation and diversification; leveraging MTN's footprint and intellectual capacity; and convergence and operational evolution.

Phuthuma ***Nhleko***

Group president and CEO

Harnessing the benefits of MTN's scale

At no time is a clear strategic vision more necessary than in an environment of uncertainty. The global economic crisis has tested the mettle of organisations the world over and exposed the robustness – or otherwise – of their business models. While the MTN Group did not escape its share of challenges in 2009, including greater competition, more demanding regulatory requirements and slowing economies, it was another year of a strong operational performance across the Middle East and Africa.

The Group performed well for the year under review. MTN Group revenue increased by 9,2% to R111,9 billion and earnings before interest, tax, depreciation and amortisation (EBITDA) by 6,7% to R46,1 billion for the year ended 31 December 2009. With 70% of the Group's earnings sourced outside South Africa the adverse moves in the currencies of MTN's major markets compared to the currency in which it reports its results – the rand – had a substantial negative impact on the Group's financial results.

To illustrate this, had there been no movement in currency rates during the year, reported revenue would have been 11 percentage points higher and EBITDA 12 percentage points above that reported. Higher regulatory fees in Syria and various challenges in South Africa put pressure on the Group's EBITDA margin, resulting in a reading of 41,1% in 2009 from 42,1% in 2008. Adjusted headline earnings per share decreased by 16,6% to 754,3 cents, and excluding the impact of the functional currency losses, increased by 8,5% to 878,9 cents.

In the year, the Group continued to execute on major infrastructure roll out projects, with annual investment in infrastructure and systems peaking at more than R31,2 billion and substantially enhancing the quality of the network. This facilitated growth of 28% in subscriber numbers to more than 116 million people in 21 countries. MTN maintained or grew its market share in all but one of these jurisdictions.

Average revenue per user (ARPU) per month declined across most operations, in line with greater mobile penetration and to a lesser extent by the deterioration in the various economies. This was anticipated. As markets evolve, ARPUs typically drop as more people at the lower end of the income spectrum are able to own a mobile. Notwithstanding the increase in penetration, the absolute level across many of the Group's operations remains low and MTN believes there is still significant growth to be had across its footprint. The demographics of the markets also support this, as MTN is primarily present in countries where population growth rates are still high. Reputable industry research puts the size of the untapped potential mobile subscriber market on the African continent alone at around 500 million people – almost five times MTN's current subscriber base.

While working to reduce capital and operational costs, the Group also continues to find new ways to augment growth in revenues and offer customers more features. Data, money transfers and value-added services are fundamental to this.

Strategic agenda

MTN's strategic agenda is clear: it aims to be the leader in telecommunications in emerging markets. This strategy is built on three pillars – consolidation and diversification; leveraging MTN's footprint and intellectual capacity; and convergence and operational evolution.

Group president and CEO's report *continued*

Consolidation and diversification

MTN believes that consolidation in the sector will continue. Increasingly, in the face of growing competition, achieving better economies of scale and spreading earnings and risks over more markets will determine the success and sustainability of mobile communication operations. In an attempt to achieve this, the Group continued to assess a number of opportunities to expand its operations and diversify its earnings base. In 2009, MTN was in discussions considering an opportunity with an Indian operator, which we were unable to conclude to both parties' satisfaction.

This does not deter MTN from its long-term strategic objective. However, there is no obligation, or pressure from any quarter, to do a deal and MTN will not rush into any transaction without thoroughly evaluating it and ensuring that it is a good fit and is in the interest of shareholders. MTN continues to work to identify transactions that are meaningful either strategically or from a size perspective and we continue to believe the current economic environment presents a number of opportunities in emerging markets that could add value to the Group. MTN is the largest primary listing on the JSE. Its comparatively low level of gearing enables the Group to consider potential acquisitions with confidence regarding its ability to finance such transactions.

Leveraging MTN's footprint and intellectual capacity

In its 15 years of operations, MTN has established a truly global brand, whose leadership is best displayed through the exclusive global mobile sponsorship of the 2010 FIFA World Cup South Africa™. MTN's strategy is to leverage the brand and already widespread presence to achieve sustained growth and more operational efficiencies. In his report on page 26, the chief operating officer details Group initiatives to standardise equipment and processes, and simplify and centralise functions. Among these are successful efforts to leverage the Group's scale to secure more competitive pricing from vendors, the number of which MTN continues to rationalise without sacrificing competition. Another important objective is the standardisation of IT architecture and we are pleased to report encouraging progress in this regard.

The record capital investment made during 2009 to enhance network capabilities has given the Group the headroom it required and a step change in capability, quality and capacity.

MTN expects that 2009 will represent the peak in capex funding, which has built up steadily since the Group's inception in 1994. In the year ahead, MTN intends to continue to pursue opportunities to unlock value from its infrastructure assets, realising liquidity and improving competitiveness through further reducing capital and operational expenditure.

Over the years, MTN has built up a strong core of valuable skills, experience and passion in its team of staff. This intellectual capacity, too, can be leveraged to achieve even greater things. In 2009, a number of new appointments of senior management were made, further deepening the Group's leadership set. Many managers in the field moved from one operation to another, facilitating increased knowledge share and skills transfer across the business and providing staff with attractive and meaningful opportunities for growth within emerging markets. Over time, this should further bolster our ability to attract and retain the best skill and capability across our footprint.

In recent years, the MTN staff complement has begun to reflect the internationalisation of the Company, showing more diversity in culture, language and ways of doing business and bringing the Group significant benefits. At MTN we recognise that our success is attributable to the depth and quality of our employees. Initiatives such as a strategic talent investment board and the MTN Academy are aimed at addressing the leadership capability and capacity needs of the organisation.

Convergence and operational evolution

While demand for voice services has been the driver for MTN's growth to date, increasingly mobile operators will be required to provide seamless internet-based connectivity and services. Anticipating this rapidly approaching new era, MTN has over recent years hastened the groundwork by making numerous investments. These include: investing considerable sums to upgrade the GSM network to one based on internet protocol; securing WiMax licences and starting to establish services using this technology; rolling out the most modern fibre transmission facilities; securing significant bandwidth on high-capacity submarine cables; purchasing 3G licences and ISPs; and establishing its own ISPs.

In South Africa, in 2009, MTN successfully integrated Verizon South Africa into MTN Business, which it will use as a springboard into the rest of the continent and – in time – offer managed solutions. This represents a boost in revenue from fixed data (however this is currently referred to as "other revenue" in MTN accounts). In addition, increased take-up of mobile data offerings in South Africa underpinned data's contribution to overall Group revenues in 2009.

Group president and CEO's report *continued*

To support the convergence of technologies, MTN has also worked to evolve its product offering. It launched MTN Mobile Money, first in Uganda and then in Ghana. This innovative, useful and affordable tool with which to transfer money, offers customers convenience and creates "stickiness", which in turn helps limit customer churn. To date it has also been launched in South Africa, Rwanda, Côte d'Ivoire, Benin and Yemen. Its success in Uganda, where it had more than 500 000 users at the end of December 2009, is a good indicator of the scale of opportunity ahead.

To address the growing demand for content, in October 2009 MTN entered a strategic partnership with India-based software and managed services provider IMImobile. Through this alliance, MTN's markets will gain access to a repository of globally popular content through enhanced delivery platforms. The content will include music, sports, games, entertainment, news and much more. It will also enable MTN to launch new income-generating voice and data services. MTN has already introduced a number of exciting products and services on its portal and on www.mtnfootball.com.

The evolution of the business model is envisaged to take coverage infrastructure from a fully owned network basis to an outsource-based or infrastructure sharing model. While in November 2009, MTN acquired a 20% investment in Belgacom International Carrier Services (BICS) mainly in exchange for the assets of MTN International Carrier Services. This will provide the Group with another important avenue to carry international voice and data traffic and lead to a reduction in costs as well as an improvement in the service quality. MTN continues to invest in the various undersea cable opportunities to further support its strategy.

Prospects

Competition across our footprint is likely to continue to increase, which with regulatory pressures will make 2010 a challenging one. MTN believes it is well positioned for the period ahead.

In line with its strategy, MTN also continues to work to identify transactions that will reduce concentration risk and further improve its ability to leverage economies of scale. These opportunities have historically been difficult to close but this does not make their rationale any less compelling.

After achieving record infrastructure roll out in 2009, MTN expects capital expenditure to slow. There will be continued investment in fibre and cable to service its evolving voice and data requirements and MTN is still pursuing opportunities for infrastructure sharing.

Within a dynamic environment, MTN will continue to optimise efficiencies and improve processes and systems to strive for sustained or improved profitability.

In South Africa, MTN is still committed to the implementation of its BEE transaction.

At the recent Mobile World Congress in Barcelona, signs of the increased momentum towards real convergence were everywhere. Smartphones, including the popular BlackBerry®, together with a range of other products are clearly increasingly important. This exciting new phase in mobile telephony is really about enabling other sectors to function more efficiently and effectively and MTN believes that the industry in Africa is going to take the lead. In pursuit of this the Group recently appointed a dedicated innovation project leader who is investigating a potential project with a number of other mobile communications firms.

MTN has ambitious goals and significant opportunities. With careful planning and wise decision-making, the Group can continue to achieve good growth. In 2010, MTN expects to add 20 million subscribers to its customer base. In the first three months of the year, the Group went some way to achieving this by signing up 7,5 million customers.

Closing and appreciation

To a large extent, this performance, and that of 2009, is thanks to the incredible energy and commitment displayed by MTN employees. I applaud them for the zeal with which they live MTN's shared values of leadership, integrity, innovation, relationships and a "Can Do" attitude. I would also like to thank our customers and the communities in which we operate for constantly demanding the best value proposition in the market from MTN and for the enthusiasm they display in adopting our innovations. A note of thanks is also due to our suppliers, as well as to the regulators with whom we engage. We look forward to working together to facilitate further growth in this dynamic industry in the years ahead.

Phuthuma Nhleko
Group president and CEO
March 2010

Group chief operating officer's report

In more than half of the 21 countries in which MTN operates, mobile penetration remained below 50% of the population in 2009, indicative of the continued opportunity for growth in the years ahead.

Sifiso ***Dabengwa***

Group chief operating officer

Sustaining the success of operations

The success of MTN Group's operations in 2009 was characterised by a reliable network, a compelling brand with attractive value propositions and extensive and efficient distribution. All these factors were underpinned by teams of inspired and motivated people.

Management believes 2009 was the Group's peak capital expenditure year and is pleased to report major successes – from an execution perspective – in its ability to extend the network. As an example, the roll out of an average 100 – 150 base transceiver stations a month was easily attained in the bigger markets.

This strong momentum rapidly improved the capacity of the various networks and ensured that MTN's offering was superior to that of its competitors in most countries. In turn, it enabled more than 25 million new subscribers to join MTN, expanding the Group's overall representation in the market. This encouraging picture was during a period of increased competition, including price-based promotions, and as customer affordability in a more depressed economic environment became increasingly important.

In more than half of the 21 countries in which MTN operates, mobile penetration remained below 50% of the population in 2009, indicative of the continued opportunity for growth in the years ahead.

With mounting competition and heightened demands from regulators, sustaining the success of MTN Group's operations now lies, to a large extent, in achieving greater cost efficiencies and economies of scale. In this pursuit, MTN continues to hone various programmes to achieve excellence in the way operations are run and Group-wide functions are managed. The adoption and development of international best practice in all that MTN does as well as advancing the Group's work to optimise skills are also central to MTN. It is gratifying to note good progress in this regard in 2009.

The Group continued to post gains in its drive to standardise and centralise many functions, making processes streamlined, consistent and well understood across the organisation, and at the same time contributing to cost cutting. These efforts also directly and positively influenced the experience of customers dealing with MTN.

So far, the focus of the operational efficiency drive has been on big impact areas like the procurement and standardisation of network and information technology equipment, consulting services and software development. MTN is pleased to report that thanks to the centralised Group procurement function, the cost of electronic equipment for the network has dropped by close to 50% in the past three years.

This initiative, as well as the standardisation of IT infrastructure, continues. So, too, does the implementation of best practice guidelines throughout the Group. In 2009, such guidelines were applied in relation to functions such as site build, network management, the deployment of radio access networks and electromagnetic field safety toolkits. Pilots of activity-based costing were launched in Nigeria, Iran and Syria in an effort to ensure understanding and management of costs.

Infrastructure sharing remained a priority. In every MTN market there is an element of this, with the extent depending on – for example – the age of the network in a particular country. Not only does the Group reduce its capital and operational costs by owning or using infrastructure and transmission in partnership with competitors (or specialised infrastructure firms), it also reduces its impact on the environment.

Group chief operating officer's report *continued*

Related to infrastructure sharing is the contracting out of the management of certain physical assets. In some countries – Iran is one example – MTN already outsources the ownership and management of infrastructure. The Group considers this desirable, as it allows for a better depth of skills, as well as economies of scale, and fits in with MTN's endeavours to reduce costs and optimise its assets.

Among the so-called green aspects of sharing network facilities are the Group's renewable energy efforts. As mentioned by the chairman in his statement (on page 6), MTN is running a number of pilot stations to test the feasibility of alternative power supplies to provide energy for base stations and other facilities. The new generation network, installed virtually throughout MTN operations, is also already considerably more energy efficient than its predecessor.

The distribution framework continued to evolve in the year, widening the footprint in which MTN products are available and increasingly involving third parties, to whom the Group endeavours to structure the best trade partner proposition. With a strong focus on specific, localised geographic areas, MTN products are easily accessible to existing customers, as well as to potential subscribers.

Given that ultimately the customer experience determines the Group's success, MTN recently undertook an exercise to find out just what makes its customers tick, in a survey that included interviewing 25 000 people across its footprint. This showed that even with the diverse social, religious, racial and cultural groups in the 21 markets, the needs of six broad segments are largely similar. The findings mean that through its customer segmentation model, MTN is now able to market its products and services in a more effective and consistent manner across its operations, greatly assisting business planning and in line with its standardisation initiatives.

Aiming to deliver on the brand promise, MTN launched a number of products to enhance the value proposition to customers in 2009. MTN Zone, the dynamic tariffing tool first introduced in some countries in 2008, was rolled out to many other markets in the year. This helps the Group manage network capacity use by offering discounted rates when network utilisation is low and so support use during these off-peak times. By offering affordable pricing to customers, it encourages more subscribers to sign up for MTN services, keeps them loyal and limits churn.

The Group is also pleased with the initial response in select markets to the launch of MTN MobileMoney – a simple, secure and convenient way to send money, buy airtime and pay bills. The extension of seamless roaming, known as MTN One World, to more markets is also encouraging. This innovation allows customers to make and receive calls across the MTN footprint at local rates and without having to buy a new SIM card.

MTN launched a number of promotions linked to the Group's sponsorship of the 2010 FIFA World Cup South Africa™ in 2009. These were particularly popular in jurisdictions such as Cameroon, Nigeria, Ghana, Côte d'Ivoire and South Africa where the national football team will participate in the event. And although the real revenue benefits will not be realised immediately, MTN believes its exclusive global mobile sponsorship is a real differentiator, bolstering the brand.

Since the acquisition of a number of internet service providers in the past two to three years, MTN has been putting in place the infrastructure – such as WiMax – needed to optimise the functioning of these ISPs. The Group has also continued to invest in fibre roll out in a number of countries, as well as in various new undersea cables, which will provide it with the capacity to offer faster broadband speeds at a lower cost. Among the most important submarine cable investments are those in EASSy (Eastern Africa Submarine Cable System), WACS (West Africa Cable System) and EIG (Europe India Gateway), which are expected to come online from around mid-2010 to 2011. MTN Group also acquired capacity in SAT3/WASC/SAFE and TEAMs (The East Africa Marine System), which are already operational. The investment in the cables will ensure the Group operations are able to provide high quality data and voice into the future. Finally, the roll out of 3G networks, mainly in urban areas and in larger, more mature operations, is providing not only data capability but also much needed voice capacity.

All MTN's endeavours are supported and driven by the expertise, energy and enthusiasm of its people – its key competitive advantage. In its second year of operation, the MTN Academy stepped up the training of MTN employees everywhere, bolstering the Group's skills sets and focusing on developing people locally. This is particularly important given the increased competition for talent across the MTN footprint, and the heightened challenge of finding the right calibre of employees in certain countries. There were numerous management changes in 2009, most of which were the appointment of MTN staff to other operations within the Group. Employee empowerment with regards to standard processes and procedures also fits in with efforts to drive economies of scale Group-wide.

In the pages that follow, the vice presidents of MTN's three operating regions give overviews for each of their regions, as well as detailed reports on the performance of the five largest operations in MTN's universe.

Sifiso Dabengwa
Group chief operating officer
March 2010

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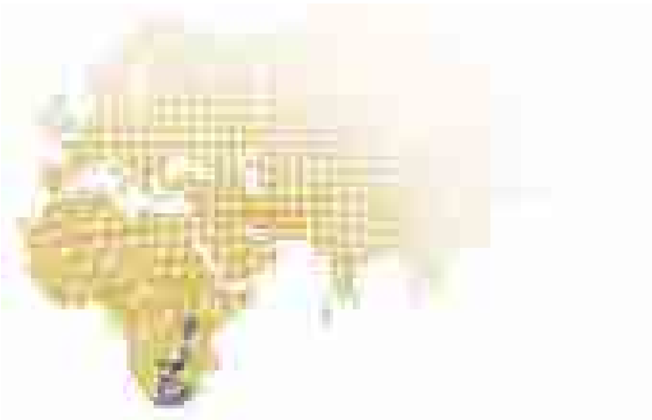


South and East **Africa** region

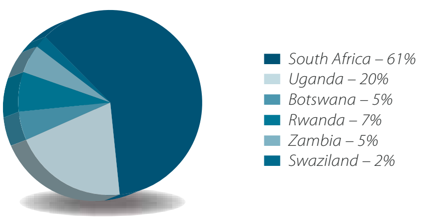
MTN's South and East Africa (SEA) region encompasses six countries: South Africa, Uganda, Botswana, Rwanda, Swaziland and Zambia. The MTN SEA regional office is in Johannesburg, which is also home to the main elements of the MTN Group head office and the place it is listed.

	Population (million)	Subscribers (000)	Revenue (Rm)	EBITDA (Rm)	Capex (Rm)
Total for region	107,8	26 152	39 669	12 701	8 645
Contribution to Group total*	21%	23%	35,4%	27,6%	28%

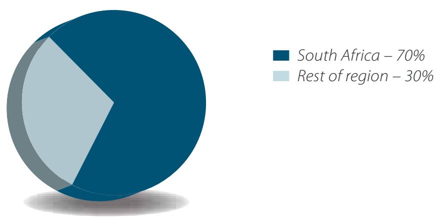
** Difference in head office.*

Country contributions to SEA region total

Subscriber contributions *(%)*



Capex *(%)*



South and East ***Africa*** *region* *continued*

Performance

The launch and enthusiastic take-up of money transfers via MTN Mobile Money in Uganda was one of the key highlights of the region. Strong subscriber growth, infrastructure roll out and improved market positioning, particularly in Uganda also punctuated the performance in the smaller countries. However, the first prolonged contraction in South African economic activity since MTN started operating 15 years ago squeezed consumers, and together with the implementation of a new regulatory requirement to register all customers' identity details (the so-called RICA process) in the second half of the year, put pressure on subscriber numbers in the region's biggest market.

Overall, SEA subscriptions expanded 8,8% to 26,2 million, led by good growth in Zambia, Rwanda, Uganda, Botswana and Swaziland (in order of each country's percentage growth contribution). These were offset by a fall in user numbers in South Africa due to the economic slowdown, the effect of RICA and exacerbated by IT system problems (the details of which appear in a separate country report on page 36).

Average revenue per user per month fell across the region, by between USD1 and USD4,50. This was in line with increased mobile penetration, which ranges between 19% and more than 100% in the six SEA markets, as well as greater competitor activity. Half the MTN markets in South and East Africa have mobile penetration rates still below 50%.

In line with the Group's increased focus on data, MTN South Africa successfully integrated Verizon South Africa (Proprietary) Limited with MTN Network Solutions to launch MTN Business in 2009. With nearly a quarter of the data market in South Africa, the operation is working on opportunities to extend its services throughout the African continent.

In East Africa in 2009, MTN strengthened its position despite widespread deregulation of the industry in recent years, increasing competition and significant declines in tariffs. Continued investment in the network, together with the launch of innovative products and a revamp of MTN's distribution model in Uganda and Rwanda, led to a solid increase in customer numbers.

In the year, MTN invested R8,65 billion of capital in SEA, up from R7,35 billion in 2008. In South Africa, more than 1 000 base transceiver stations came on air in the year – the largest network roll out in this market in eight years, making the South African GSM network now one of the world's most modern. In Rwanda, demand increased significantly as prices declined. The network was able to handle this thanks to the considerable investment made in providing additional coverage and capacity.

In an effort to build market share through network quality improvements, in Uganda MTN rolled out 436 BTS, up from 251 in 2008, leading to substantial increases in network traffic. In March 2009, MTN Uganda launched Mobile Money, and by year-end had signed up 470 000 users, illustrating the scale of opportunity for this offering for the greater Group.

A steep decline in the price of copper depressed economic activity in Zambia and led to a depreciation of the local currency and a drop in ARPU to USD7 from USD11 in 2008. Nevertheless, MTN Zambia's new management team completed the roll out of the network, refined its distribution model and stepped up its promotional activity.

MTN Swaziland recorded good subscriber growth despite a sluggish economy and high levels of unemployment. Swaziland – along with South Africa, Rwanda and Uganda – saw the soft launch of seamless roaming in the year. The service offers MTN prepaid customers the opportunity to enjoy their local rates and purchase airtime while roaming on other MTN networks.

The launch of dynamic tariffing in Botswana in the middle of the year was well received by the market, with 525 000 customers – or some 40% of the subscriber base – taking up the offering. This helped counter the effect of a contraction in the economy related to the depressed demand for diamonds, Botswana's key export. To stimulate adoption by the market of data offerings, Mascom Botswana launched attractive data bundles. This boosted the increasing use of multiple SIM cards, contributing to an expansion in mobile penetration to more than 120%.

Outlook

Extending the provision of value-added products, including MTN Mobile Money and seamless roaming, as well as data services, will remain a focus for the SEA region in the year ahead. In Uganda, the installation of 3G facilities will relieve congestion on the 2G network and facilitate greater data usage. Similarly, the Group's access to various submarine fibre cables, and the recent launch of MTN Business, will boost overall data capabilities in the region.

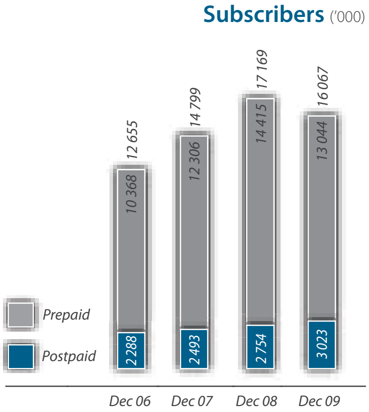
Some R6,1 billion has been earmarked for capital expenditure in the SEA region in 2010. This will be devoted to improving the quality and capacity of MTN's network.

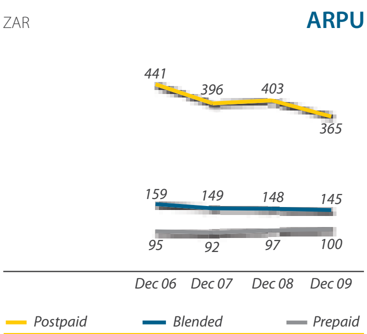
MTN will continue to work to reduce environmental emissions from its sites, by further exploring alternative and renewable power supplies. It will build on recent gains in East Africa, where in 2009 MTN rolled out a centralised fuel management system, making it easier to forecast necessary deliveries and monitor fuel use. The business also established hybrid stations with some reliance on solar power which means that surplus power at night is used to recharge batteries, and less power is then used during the day.

Given the low level of mobile penetration in half of MTN's SEA markets, the Group has increased its estimate for the size of the potential mobile market in five years' time to 102,9 million, from a previous forecast of 96,6 million.

South and East **Africa** region *continued*

MTN South Africa





Average total MOU comprises both incoming and outgoing minutes	124	106	102	100
Outgoing MOU	79	65	64	64

Launched June 1994, market share 32%, population 49,4 million, forecast market size in 2014 – 64,3 million, shareholding 100%.

MTN South Africa revenue and expenses summary

	12 months to December 2009 Rm	12 months to December 2008 Rm	% change
Airtime and subscription revenue	**17 885**	17 881	0
Interconnect revenue	**7 271**	6 951	5
Data and SMS	**4 496**	3 596	25
Connection revenue	**69**	35	94
Cellular telephones and accessories	**2 870**	3 122	(8)
Other	**558**	561	(1)
Total revenue	**33 149**	32 148	3
Direct network operating costs	**2 319**	2 301	1
Costs of handsets, SIMs and vouchers	**4 173**	4 293	(3)
Interconnect and roaming costs	**6 400**	5 140	25
Employee benefits and consulting costs	**1 576**	1 212	30
Selling, distribution and marketing costs	**6 832**	6 374	7
Other expenses (general and administration)	**1 439**	2 243	(36)
Total operating expenses	**22 739**	21 563	5
EBITDA	**10 410**	10 585	(1,7)
EBITDA margin	**31,4%**	32,9%	(1,5) pts

Overview

2009 was a tough year for MTN South Africa, marked by a depressed economy, network and IT support system problems and a drop in subscriber numbers following the implementation of the regulatory requirement to register all users' personal details. Competition continued to be vigorous in this maturing market, where – for the first time – the number of SIM cards in use exceeded the population. This was a result of the growing use of multiple SIM cards by many customers, as well as increasing demand for mobile communications for telemetry.

MTN South Africa's market share decreased to 32% in 2009 from 36%. The subscriber base narrowed for the first time in the Company's 15-year history, reducing by 6% to 16,07 million.

MTN South Africa increased revenue modestly by 3,1%, indicating that the prepaid subscribers lost in the RICA process were not meaningful to revenue. Consequently, prepaid ARPU increased by R3 to R100 at December 2009, despite the disconnections of 1,4 million prepaid subscribers. This was also a result of the launch of several innovative products and services for the prepaid market, coupled with enhanced distribution points, continued upgrades to the network, particularly in the second half of the year. Lower post-paid ARPU, which decreased by R38 to R365, was indicative of the pressure on consumers' disposable income, the Company noted a downward migration among many contract customers to lower monthly spending on mobile communication.

MTN South Africa's EBITDA decreased by 1,7% in the year as the rise in operating expenditure of 5% outpaced growth in revenue of 3%. As a result, the EBITDA margin slipped 1,5% percentage points to 31,4%. This was due mainly to reducing fixed to mobile interconnect traffic, an increase in handset sales as margins reduced and higher distribution costs following the integration of iTalk and Cell Place.

MTN South Africa continued with its aggressive capital investment programme, spending R6,03 billion in the year. The core modernisation of infrastructure was completed and opportunities to share mast sites with competitors were pursued in an effort to reduce the Company's environmental footprint.

After suffering a reverse at mid-year because of network and IT system problems, the MTN brand saw benefits from its sponsorship of the 2010 FIFA World Cup South Africa™ as well as the new "*Ayoba*" campaign. In the 2009 Ask Afrika Trust Barometer, MTN was rated number one in the innovation category and the second most trusted company in South Africa.

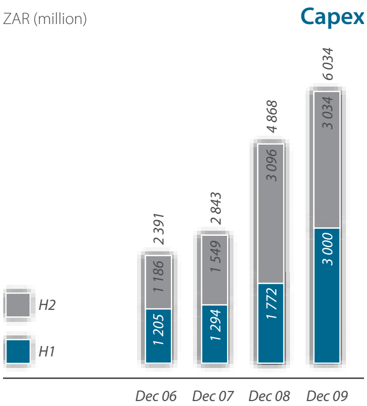
Market environment

Consumers in South Africa were under severe pressure, evidenced by higher levels of bad debt and the downward migration among contract customers to more affordable packages. During the year, the central bank cut its key lending rate as inflation slowed and consumer confidence declined sharply.

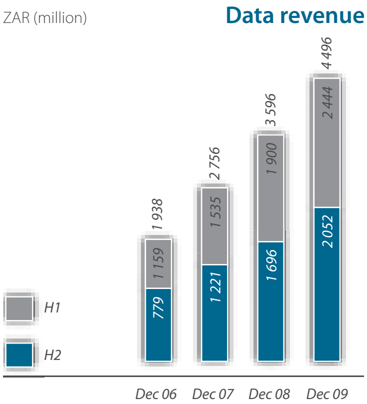
The registration of subscribers' personal details became mandatory in the third quarter as the Regulation of Interception of Communications and Provision of Communications-Related Information Act (RICA) came into effect. This changed the dynamic of the market, impacting all operators' connections. In the fourth quarter, South African mobile operators agreed on an initial cut in mobile termination rates which became effective from 1 March 2010.

South and East **Africa** region *continued*

MTN South Africa *continued*



	Dec 06	Dec 07	Dec 08	Dec 09
Capex as % of revenue	9,7	10,1	15,0	18,2



	Dec 06	Dec 07	Dec 08	Dec 09
As % of SA revenue (excluding handsets)	9,0	11,0	12,4	14,8

Infrastructure

Network

MTN South Africa continued to invest in modernising its core, radio and transmission network to enhance its 3G, 2G and overall data capacity. Thanks to a focused effort from the network team, the Company integrated 1 155 base transceiver stations in 2009, the most it has installed in a single year in South Africa since 2001. This investment, in addition to that made in 2008 and the commissioning of its metropolitan fibre-optic network, enabled the Company to increase its circuit switch (voice) capacity by 26% and packet switch (data) capacity by 50%. The 3G population coverage increased to 48% from 35% in 2008. In early 2009, MTN South Africa agreed with other operators to build a joint 5 000km national fibre-optic network to connect the major centres across South Africa. Work has since begun with the Gauteng north ring expected to be completed by July 2010.

IT systems

After experiencing problems with a number of the Company's IT systems in the year, MTN South Africa embarked on a three-year development plan to upgrade those systems responsible for tracking, reporting and billing of a customers' network use. Working closely with a new team, to whom the Company outsourced its IT in 2008, improvements to the stability of various legacy systems have been made. Tools for better monitoring system performance have been implemented with the aim of ensuring a more versatile systems with better developed customer solutions. A command centre has also been commissioned in November to allow faster tracking and resolution of system issues.

In September the Company swapped out its wholesale billing system, replacing it with a new state-of-the-art solution. The call data network was also modified after delays in reporting data usage. Although many issues have been addressed, some remain unresolved. More work needs to be done to transform the current systems, with preparation being undertaken on numerous developments expected to go live over 2010/2011.

Undersea cables and data solutions

MTN South Africa secured access to more international broadband undersea cable capacity when SEACOM came online in mid-2009. Together with additional capacity and the economies of scale realised due to the merger of Verizon and MTN Network Solutions into MTN Business, the enlarged Company was able to reduce the cost of bandwidth to corporate customers by some 30%.

Products and services

The MTN Group's global sponsorship of the 2010 FIFA World Cup™ was used as a springboard for many MTN exclusive product launches in 2009, positively impacting the MTN brand. Similarly, the "*Ayoba*" summer campaign – through which MTN entrenched in local households the slang word for everything that is good – bolstered brand perception. The "*Ayoba*" advertisements have a strong local feel, stirring up excitement ahead of the soccer spectacle.

Among the various new products and services introduced in the year were the MTN Zone "*100% Mahala*" (free) promotion, and MTN Muziq starter pack and Muziq bundles, which give customers exclusive access to songs from South Africa's biggest hip hop groups. The Company also launched a domestic money transfer pilot in January 2009 using the MTN Mobile Money solution. The launch of BlackBerry® for prepaid TopUp customers and the reinforced focus on postpaid consumer BlackBerry® service offerings led to six-fold growth in the BlackBerry® base. MTN also launched the FIFA visitor starter pack which will enable MTN to capture a significant pool of sports tourists to South Africa in their home countries prior to the 2010 FIFA World Cup™.

There was growth of 75% in data traffic in 2009. This was helped by the successful deployment of various smartphone devices with enhanced web-orientated applications and messaging capabilities. More content became available on MTN Loaded, such as news and sports blips besides the regular content downloads.

Distribution

There was much progress made with regard to distribution channels in the year. These included the integration of retailers Cell Place and iTalk; the rebuilding or upgrading of more than 200 stores; and the closure and relocation of some retail outlets to more appropriate locations to better service customers. In the fourth quarter, MTN South Africa signed new distribution agreements with wholesalers and retailers to take into account the planned changes to mobile termination rates. In December, MTN South Africa set a new in-house record for the distribution of airtime.

People

Faced with the twin challenges of economic recession and fiercer competition, MTN South Africa undertook an aggressive exercise to realign the organisation behind the customer in 2009. In specific areas, it restructured jobs and was forced to make some retrenchments. By March 2010, MTN South Africa had reduced its workforce by some 400 permanent and 1 500 temporary/contract positions. This right-sizing, painful as it was, means the Company is now operating close to what it believes to be optimal headcount in the current circumstances. It is encouraging that in spite of the retrenchments, a recent customer satisfaction survey showed a measurable improvement in this important indicator.

South and East **Africa** region *continued*

MTN South Africa *continued*

Skills development remained a priority in the year, with employees attending various types of training, and 100 graduates participating in the graduate development programme. The Company understands the imperative of making South Africa a more equal society – socially, politically and economically. Accepting that everyone has a responsibility in this regard, MTN South Africa invests in training previously disadvantaged individuals and supports enterprise development through various programmes including preferential procurement. In 2009 it spent R9,07 billion with black-owned businesses, up from R5,3 billion in 2008.

Regulatory environment

The South African ICT regulatory environment underwent a number of changes in 2009. In January, a new licensing regime was established and new licences were issued to more than 350 organisations which are now entitled to provide their own telecoms infrastructure. MTN South Africa continues to engage with various parties, including the industry regulator ICASA and numerous governmental bodies. Key recent regulatory developments include:

- Following the conversion of MTN South Africa's mobile licence to an electronic communications network services licence and an electronic communications service licence in early 2009, new licence fee regulations came into effect in April 2009. The new fee is 1,5% of gross profit, versus the 5% of net operating income paid previously.
- RICA came into effect in July 2009. Since then, MTN South Africa has been registering subscribers' personal details as required by the RICA provisions. Mobile operators have until end-December 2010 to complete the exercise.
- In 2009, MTN South Africa and a smaller competitor settled a dispute over interconnect fees for certain so-called community service telephones. As part of the settlement agreement, the competitor withdrew its complaint from the Competition Commission and the matter has been withdrawn by the Commission.
- Following the release of the draft facilities leasing guidelines by the regulator, MTN South Africa is awaiting the final regulations, expected this year.
- MTN agreed to a reduction in mobile termination rates together with its competitors in late 2009. The cut (to 89 cents from R1,25 during peak hours) took effect in March 2010. The regulator has released draft regulations relating to interconnection in April this year. MTN, together with other operators, has been given the opportunity to comment on regulations and is in constructive engagement with ICASA.

- The regulator has indicated that access to the appropriate spectrum required for LTE (long-term evolution) is destined for smaller players with 30% direct black equity ownership. MTN South Africa continues to engage with ICASA in this regard and is applying for frequency in terms of self-provisioning.

Outlook

The past year was one of the most difficult MTN South Africa has experienced, but the Company believes it has emerged the stronger. Retail sales figures indicate that consumer confidence remains weak, but the 2010 FIFA World Cup™ is expected to boost the economy, with a large inflow of foreign exchange also expected. MTN continues to engage customers around this event.

Further developing the data business will remain a priority, helped by the recent landing of the EASSy undersea fibre cable near Durban. The growth of MTN business is expected to continue, thereby improving MTN's competitive position in the rapidly converging mobile and ISP sectors. The Company's programme to modernise the network is almost complete. However, it will continue to invest in the national long-distance fibre network, the new metropolitan fibre network and the replacement of IT systems. It has earmarked capex for 2010 of R4,25 billion.

MTN South Africa intends to devote considerable energy to enhancing its relationships and communication with all stakeholders – from staff and customers to regulators and the government. Its energy-reduction and renewable energy efforts will remain a key focus, with progress being carefully monitored at the Kleinaarpen site and the tri-generation plant at the Johannesburg campus.

West and Central ***Africa*** *region*

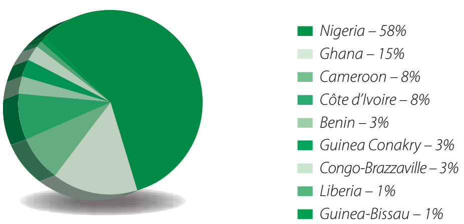
MTN's West and Central Africa region encompasses nine countries; Nigeria, Ghana, Cameroon, Côte d'Ivoire, Benin, Congo-Brazzaville, Guinea-Bissau, Guinea Conakry and Liberia. The WECA regional office is in Accra.

	Population (million)	Subscribers (000)	Revenue (Rm)	EBITDA (Rm)	Capex (Rm)
Total for region	222,0	52 859	50 543	27 029	16 518
Contribution to Group total*	43%	45%	45,2%	58,7%	53%

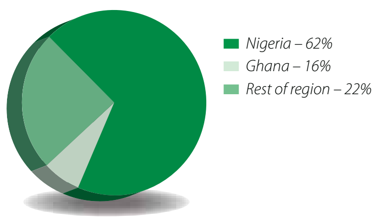
** Difference in head office.*

Country contributions to WECA region total

Subscriber contributions *(%)*



Capex *(%)*



West and Central **Africa** region *continued*

Performance

Most MTN operations in the WECA region consolidated their positions in increasingly competitive markets for mobile communications in 2009. The Group's significant investment in upgrading the networks in West and Central Africa in the past two years paid off, bolstering MTN's value proposition in terms of both coverage and capacity. This, along with a revamp of the regional distribution framework and a proactive approach to competitive pressures, ensured that MTN's operations in WECA were insulated somewhat against the effects of the world economic slowdown. This was particularly true of MTN operations in Nigeria, Ghana and Cameroon.

However, consumer spending did suffer in those smaller markets that are particularly sensitive to changes in demand for their commodity exports, including Congo Republic and Liberia.

In many countries regulatory activity mounted, further pressuring revenue and average revenue per user (ARPU) figures. Among various new regulatory requirements, the registration of subscribers' personal details has or will soon become law in a number of markets. In 2009, MTN embarked on SIM-card registration drives in Côte d'Ivoire and Cameroon, drawing on lessons learnt by the Group in accomplishing this in other markets. Proactive stakeholder engagement remains an MTN hallmark, and the Company continues to work together with regulators to achieve the best results for the industry as a whole.

Total subscriber numbers in WECA rose 31% to 52,9 million, while ARPUs in the region fell between USD1 and USD5 a month. MTN worked hard to counter the slower revenue growth by adopting an aggressive approach to cost management. However, the Company did not cut back on investment in the network, including the upgrade of voice and data capabilities. Among its investments in Nigeria (the details of which appear in a separate country report on page 46), MTN continued to roll out fibre transmission facilities and to further develop the 3G network. In Ghana (the details of which appear in a separate country report on page 52), MTN was the first operator to launch a 3G network in 2009, offering customers high-speed internet access and other multimedia services. In Côte d'Ivoire, MTN integrated ISPs Arobase and Afnet and in Cameroon it continued to invest in WiMax capabilities. All of these investments were in addition to spending on enhancing MTN's voice offerings.

In 2009, the Group rolled out solar energy solutions to power MTN base stations in Guinea-Bissau, Congo Republic, Liberia, Ghana and Nigeria. MTN Group is working closely with national environmental agencies to reduce the businesses' impact on the environment as well as to inform the population in this regard. MTN is now sharing infrastructure and sites with other operators in every WECA market, and in Ghana the Group is piloting a new, more systematic way to share infrastructure.

In 2009, WECA operations applied a new customer segmentation model, enabling it to address more effectively the various segments in terms of products and services, distribution and customer care. MTN launched Mobile Money in Ghana and Côte d'Ivoire and completed the preparations for the launch of this product in all WECA markets, once regulatory approval has been attained. Following the launch of Mobile Money pilots in Ghana, Nigeria, Cameroon and Côte d'Ivoire in late 2008, the Company implemented five additional pilots in February 2009. These were in Benin, Congo Republic, Guinea-Bissau, Guinea Republic and Liberia.

Customers adopted the seamless roaming offering MTN One World with enthusiasm, and MTN continues to promote it. The Group also leveraged its sponsorship of the 2010 FIFA World Cup South Africa™, by offering a number of products and promotions linked to this event. MTN One World allows customers to make and receive calls everywhere they go at local rates, without having to buy a new SIM card. Loyalty programmes, particularly for medium- and high-spend customers, helped ensure MTN maintained its position in the WECA market.

MTN foundations are now established in most WECA countries (Congo Republic, Benin, Ghana, Nigeria, Cameroon, Côte d'Ivoire, and in early 2010, Guinea-Bissau), where they carry out a number of programmes to care for the community and the environment. This has also helped build the brand and promote MTN's values to its customers. These values are a "Can Do" approach, leadership, innovation, relationships and integrity. In Liberia, where the Group successfully negotiated the renewal of its operating licence, MTN co-branded Lonestar Cell with the MTN Liberia tag.

In line with efforts to develop human resources and create meaningful career paths, MTN worked to rotate staff within the region and the wider Group, increasing the sharing of knowledge and experience among colleagues. Internal audits show a very pleasing increase in staff satisfaction in the year, helped by increased engagement as well as training through the MTN Academy, where participation and feedback have been very encouraging.

MTN's WECA management continues to hone its succession plans, helped by the talent management board tasked with identifying staff for development and promotion. In many countries, MTN is considered the employer of choice.

Outlook

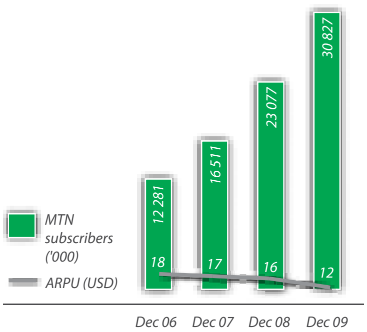
Signs of a rebound in economic activity in the WECA region give cause for cautious optimism in the year ahead, but more demanding regulatory requirements (including new interconnection regimes) and stiffer competition will mean that MTN's work remains challenging. However, with a good quality network and attractive products and services, capitalising on the Group's sponsorship of the 2010 FIFA World Cup™, the WECA regional management believes MTN is well positioned for the year ahead. Having already anticipated certain regulatory requirements such as subscriber registration, management also expects to mitigate the impact of these on WECA operations.

In 2010, MTN aims to roll out the WiMax networks (Congo, Guinea Republic and Liberia have already obtained WiMax licences) and is positioning itself for the bundling of data and voice. Another priority is the laying of fibre linked to the WACS undersea cable, which will be landing in Congo, Cameroon, Nigeria, Ghana and Côte d'Ivoire. MTN has obtained landing station rights in most countries, and continues to work to secure these in others. The 2011 operational start of WACS will allow MTN to position itself as a major internet service provider in every country and help bridge the digital divide. In so doing, MTN expects the market for mobile services in the region to increase to 185,5 million within five years.

*West and Central **Africa** region continued*

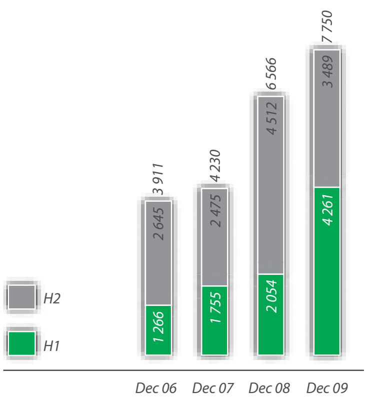
MTN Nigeria

ARPU ($) **Subscribers** ('000)



Outgoing MOU	53	52	55	53

('000) **Net additions**



Launched August 2001, market share 49,6%, population 146,6 million, forecast market size in 2014 – 110,7 million, legal shareholding 76%.

MTN Nigeria revenue and expenses summary

	12 months to December 2009 Rm	12 months to December 2008 Rm	% change
Airtime and subscription revenue	**27 534**	25 557	8
Interconnect revenue	**4 045**	4 291	(6)
Data and SMS	**1 321**	1 110	19
Connection revenue	**116**	236	(51)
Other	**309**	363	(15)
Total revenue	**33 326**	31 558	6
Direct network operating costs	**3 240**	3 418	(5)
Costs of handsets, SIMs and vouchers	**785**	590	33
Interconnect and roaming costs	**2 793**	2 847	(2)
Employee benefits and consulting costs	**1 034**	1 048	(1)
Selling, distribution and marketing costs	**3 250**	2 976	9
Other expenses (general and administration)	**2 477**	2 431	2
Total operating expenses	**13 579**	13 310	2
EBITDA	**19 746**	18 248	8
EBITDA margin	**59,3%**	57,8%	1,4 pts

Overview

MTN Nigeria's continued heavy investment in infrastructure to enhance the quality and capacity of its network, together with a more streamlined sales and distribution channel, helped boost subscriber numbers in Africa's most populous country by a third in 2009, and lift MTN Nigeria's market share to almost half.

The strength of the MTN brand, the broad appeal and innovative nature of its segmented value propositions and effective usage-boosting promotions also assisted in ensuring that MTN Nigeria achieved more than three-quarters of the net additions in the market to end the year with 30,83 million customers and a GSM market share of 49,6%. To accommodate these new subscribers, MTN Nigeria rolled out its new 0813 number range.

Total mobile market penetration grew to 42,4% from just 15% five years ago.

Although local currency revenue increased by 30% for the period, in line with subscriber growth, this translated into a much lower 5,6% growth in rand terms to R33,3 billion, due to the rand strength in the second half of the year compounding naira weakness in the first. In line with increased penetration into lower-usage segments and pressure on consumer spending, average revenue per user declined marginally in local currency, by 9,6% for the year. Weakness in the naira currency exacerbated the fall in dollar terms, with ARPU of USD12 for 2009 down from USD16 in 2008.

MTN Nigeria's EBITDA grew 8% in rand terms and 32% in naira terms. The EBITDA margin improved by 1,4 percentage points to 59,3% mainly due to an increase in revenue and the benefits of scale together with a containment of operating expenses, in particular an 18% decline in the price of fuel.

Nigeria remained the top destination for MTN Group capital expenditure in 2009, accounting for some R10,2 billion. Investments were made to modernise the network and improve its capacity and coverage, with a major emphasis on strengthening the Company's wireless data offering.

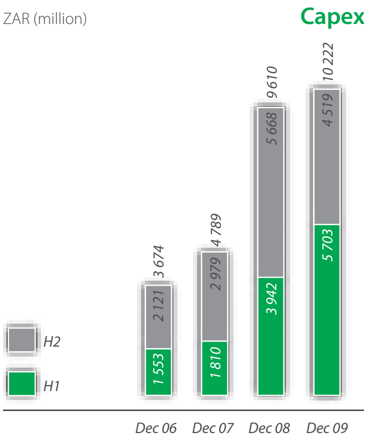
Market environment

In 2009, the Nigerian economy faced numerous challenges, starting the year with a depressed oil price which reduced export earnings. This kept the pressure on the naira, which lost further ground to the dollar following the run on the currency in late 2008. In response to the challenges, changes in the central bank's foreign exchange policy and a reduction in credit lines by foreign counterparties further affected the currency. However, by year-end the naira had stabilised, recovering some of its losses.

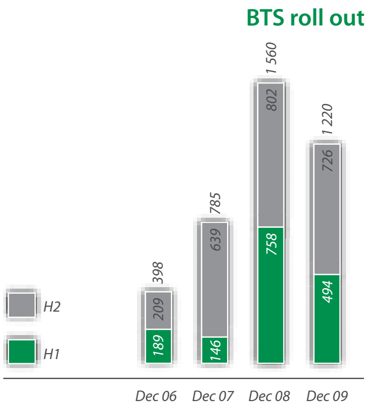
Nigeria did not escape the worldwide credit squeeze, resulting in high local interest rates due to banks' exposure to non-performing loans and a stock market collapse. Liquidity improved after the central bank replaced the executive management of a number of undercapitalised Nigerian banks. Inflation remained high and the supply of electricity – aggravated by political instability in the oil-producing Niger Delta – continued to be inadequate.

West and Central **Africa** region *continued*

MTN Nigeria *continued*



	Dec 06	Dec 07	Dec 08	Dec 09
Capex as % of revenue	24,6	23,6	30,5	30,7



In this difficult economic environment, the Nigerian telecoms sector also faced increasing regulatory requirements. A new interconnect regime was adopted at the end of the year. The number of CDMA operators increased by four to 20. These companies offer low prices in voice and data, but do not meet customers' needs for complete mobility. A new GSM licence holder commenced full commercial operation in 2009, bringing to five the total number of GSM operators and intensifying competition through aggressive promotions and price reductions. In 2009, both CDMA and GSM operators focused on promoting their data offerings, leveraging 3G and 3G-related technologies. MTN Nigeria was able to effectively compete and remains supported by the strength of the network, the MTN brand and the continued attractiveness of its segmented propositions. During the year, it increased its market share by subscribers by over five percentage points, and also lifted its brand preference scores significantly.

Infrastructure

MTN Nigeria maintained its strong momentum in infrastructure development in 2009, rolling out a total of 1 220 base transceiver stations to bring to 7 113 the total number built so far. Roll out maintained momentum despite numerous challenges, including delays in customs clearing of goods and generally slow delivery of network equipment. The coverage of the network was enhanced in the year with the addition of 215 towns and cities, taking to 83,4% the land mass covered by MTN Nigeria, from just over two-thirds in 2008. In an effort to expand transmission facilities, some 1 561km of new backbone and 110km of metro fibre were implemented in the year, however the challenge of fibre cuts resulting from roadworks, as well as vandalism remain.

The roll out of the Nigerian 3G network gained traction, with 561 3G sites going live, completing the second phase of the 3G roll out plan and bringing the total number of live 3G sites to 1 117 in December 2009.

Infrastructure sharing initiatives continued to gain traction, with the sharing of BTS sites and fibre infrastructure pursued as a means of reducing the overall capital cost of the network, as well as its environmental footprint.

MTN Nigeria embarked on testing and commissioning of alternative energy systems with a view to significantly reducing diesel consumption and the associated emission of carbon into the atmosphere. Wind and solar energy options are also currently being investigated for possible adoption in future and environmental awareness initiatives are being encouraged Company-wide.

Products and services

MTN Nigeria's product and service development focuses on initiatives that will enhance MTN's brand equity, as well as facilitate revenue growth, particularly in data and value-added services. In line with this, in 2009 the Company launched MTN Google SMS and MTN Backup, both supported by MTN's extensive messaging and data infrastructure (HSPA, 3G, EDGE, GPRS). These services are particularly suited to the Nigerian market, providing access to information as well as security. Google SMS enables subscribers to use their mobile phones to do searches, get the latest news, sports information etc, while MTN Backup allows users to save a copy of their contacts off their SIM cards and handsets directly on to the MTN network. Both products were the first of their kind in Nigeria.

MTN Nigeria introduced a variety of mobile broadband data bundles, marketing 3G/HSPA data dongles and data SIM cards via various channels. More than 78 000 data modems were sold in the year. Although this is still relatively small, it – as well as the take-up of BlackBerry® handsets – is an indicator of increased momentum among MTN Nigeria's data propositions. By year-end, there were more than 25 300 active BlackBerry® users on the network.

A solid campaign to promote Caller Tunez Re-Loaded (with several enhanced features to allow customers to personalise the service) led to increased user awareness and acceptance. By year-end more than four million subscribers were using this service. There was also good response to MTN Nigeria's 2010 FIFA World Cup South Africa™ promotion, as well as the "*Yello Bounty*" year-end promotion designed to reward customers via the innovative neighbourhood Yello Bounty Train.

Among other service launches in 2009 were MTN Care (which provides Nigerian customers with 24-hour access to medical and emergency services in three major cities) and seamless and 3G roaming.

West and Central ***Africa*** *region* *continued*

MTN Nigeria *continued*

MTN also tapped into the youth market's passion for music and sport through a number of significant sponsorships. These included "*MTN Project Fame West Africa*", a musical talent search show that dominated prime-time television viewership across West Africa for four months. It also recorded the highest SMS and website hit rate for any show of its kind in Nigeria. The Lagos Street Soccer Championship, which aims to develop young football talent by giving youths a platform to display their skills, was an important sponsorship linked to the Group's 2010 FIFA World Cup™ sponsorship.

Distribution

MTN Nigeria continued to benefit in 2009 from the restructuring of the distribution model executed the year before and as more of the unregistered informal distribution points were integrated into the Company database in the year. The focus now is to improve the distribution footprint in areas outside major cities, improving distribution logistics to deepen MTN Nigeria's reach into outlying areas.

People

In an effort to drive a customer-centric culture at MTN Nigeria and ensure a consistent MTN-branded experience for all, 90% of employees participated in a project to go back to the shop floor and spend a day in a customer-facing role. This initiative reinforces the importance of customer care and has also led to a number of recommendations from employees to improve the customer experience. Among the many proposals implemented are the deployment of point-of-sale terminals for electronic transactions, the introduction of queue management systems as well as aesthetic upgrades of MTN shops.

MTN Nigeria is pleased to report a 100% participation rate in the 2009 Group culture audit, from which the Company gauges employee satisfaction. The Company works hard to engage with its employees to ensure a happy, motivated staff. With a focus on career enhancement, many of MTN Nigeria's people travelled in the region in 2009, providing their expertise to other operating units through short-term assignments and secondments.
MTN Nigeria continued to improve its remuneration policies to position the Company competitively to attract and retain top talent.

Regulatory environment

Continued evolution of the telecoms regulatory environment in Nigeria has led to increasing demands on the businesses of all mobile operators. In the year, MTN Nigeria continued to actively engage the regulator, the NCC, on a number of proposed initiatives such as subscriber registration, quality-of-service parameters, mandated customer care centres and mobile number portability.

The Company secured approval from the NCC for MTN's submarine cable landing station and the new 0816 numbering plan range in December 2009. It also aimed to pursue a zero-tolerance strategy to collect interconnect debts due to MTN, and as a result, was able to recover substantial sums. However, interconnect receivables remain a challenge in the industry.

In April 2009 the regulator reviewed the wholesale SMS interconnect rates downward following consultation with operators. Later in the year, the NCC determined new interconnect rates 30% below previous rates, with a glide path to uniform rates for fixed termination and newer mobile operators. The new interconnect regime came into effect on 31 December 2009 with asymmetrical rates skewed in favour of new entrants. These will converge over the next three years. As some four-fifths of MTN Nigeria's traffic is on-network, it expects the impact of the reduction in interconnect fees to be muted.

Outlook

MTN Nigeria will continue to work to improve the quality and availability of its network, and has committed to capital expenditure of some R6,4 billion for 2010, which includes increasing the commercial roll out of wireless internet. The Company will encourage greater use of electronic airtime recharge through e-payment operators and banks and will launch new segment-based value propositions for voice and data, also making the most of the Group's sponsorship of the 2010 FIFA World Cup South Africa™.

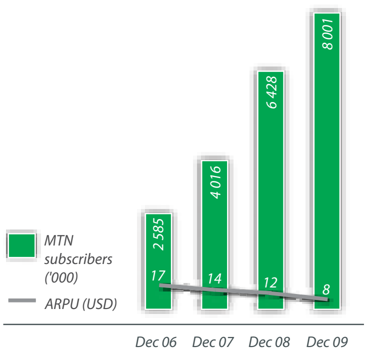
Although competition is expected to intensify, and the economic outlook remains uncertain, MTN Nigeria is cautiously optimistic. MTN Nigeria expects its strong distribution network to assist greatly in the process of registering subscribers, and expects this regulatory requirement – starting in May 2010 – to only dampen subscriber growth for a period when it is implemented.

MTN Nigeria is targeting the addition of approximately six million new subscribers to its network in 2010 and forecasts the size of the mobile market in Nigeria to expand to nearly 110,7 million in 2014, underscoring the considerable opportunity for mobile telephony that still exists in this important economy.

West and Central **Africa** region *continued*

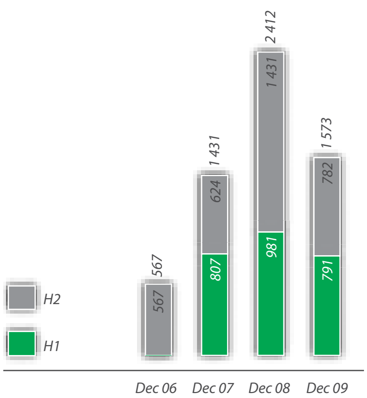
MTN Ghana

ARPU ($) **Subscribers** ('000)



	Dec 06	Dec 07	Dec 08	Dec 09
Outgoing MOU	–	104	119	105

('000) **Net additions**



Launched November 1996, market share 55%, population 24 million, forecast market size in 2014 – 22,5 million, shareholding 98%.

MTN Ghana revenue and expenses summary

	12 months to December 2009 Rm	12 months to December 2008 Rm	% change
Airtime and subscription revenue	**4 077**	4 308	(5)
Interconnect revenue	**1 145**	1 172	(2)
Data and SMS	**351**	473	(26)
Connection revenue	**38**	61	(38)
Other	**57**	33	72
Total revenue	**5 667**	6 047	(6)
Direct network operating costs	**519**	468	11
Costs of handsets, SIMs and vouchers	**194**	143	36
Interconnect and roaming costs	**646**	845	(24)
Employee benefits and consulting costs	**256**	271	(6)
Selling, distribution and marketing costs	**592**	563	5
Other expenses (general and administration)	**894**	971	(8)
Total operating expenses	**3 101**	3 261	(5)
EBITDA	**2 566**	2 786	(8)
EBITDA margin	**45,3%**	46,1%	(0,8) pts

Overview

Ghana is the most competitive market in which MTN operates, with five operators currently offering mobile telephony services, and a sixth due to start up soon. The fact that MTN Ghana was able to maintain market share at 55% in 2009 is testament to the Company's superior product offering, outstanding employee performance and the strong MTN brand. This is backed by continued heavy capital investment to ensure the best network quality and capacity, as well as enhanced value propositions such as MTN Zone and MTN Mobile Money.

MTN Ghana grew its subscriber base by almost a quarter to eight million (four times the base when MTN took over the operation in 2006), helping to push mobile penetration in the important cocoa and gold exporter up to 61% of the population. It is pleasing to report that even with this strong growth in subscriber numbers, there was a significant improvement in measured customer satisfaction in the year.

Although local currency revenue increased by 25,1% for the period, ahead of subscriber growth, this translated into a 6,3% decline in revenue in rand terms to R5,7 billion due to a combination of rand strength in the second half of the year and weakness in the Ghanaian cedi, particularly in the first half of the year. Aggressive price offers from new competitors and deeper market penetration put pressure on average revenue per user (ARPU) in local currency terms. In dollar terms, the fall was exacerbated by the decline in the value of the cedi, resulting in a drop to USD8 a month from USD12 in 2008.

EBITDA margin narrowed only marginally to 45,3% from 46,1% despite numerous challenges. The weakness of the cedi had a major impact on operating expenses as many of the costs are denominated in euros or dollars. Direct network operating costs increased by 11%, mainly as a result of increased rentals from the 28% increase in BTS sites in operation in the year.

Market environment

Following closely contested elections, Ghana experienced a smooth transition of power to a new president in January 2009. The Ghanaian economy had a difficult start to the year, as the worldwide downturn translated into a decline in trade, foreign donor aid and remittances from the substantial number of overseas Ghanaian workers. This put further strain on the cedi currency, which lost nearly a third of its value to the dollar, pushing up inflation and keeping interest rates high. Customers had less disposable income and companies felt the effect of higher costs.

Later in the year, the cedi stabilised somewhat and inflation started to slow from peaks of around 20%. Against this tough economic backdrop, mobile telecoms operators also had to contend with fierce and growing competition as well as increased demands from the industry regulator.

Infrastructure

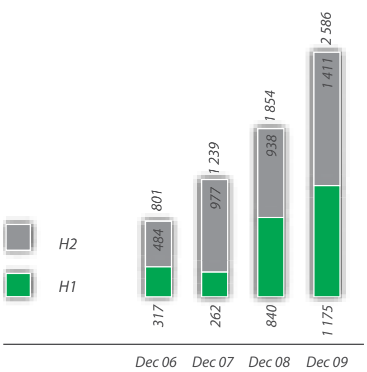
In 2009, Ghana remained an important contributor to MTN Group capital expenditure, with some R2,6 billion invested in enhancing the overall quality, capacity and coverage of the network. The number of base transceiver stations increased by 30% with the roll

West and Central **Africa** region *continued*

MTN Ghana *continued*

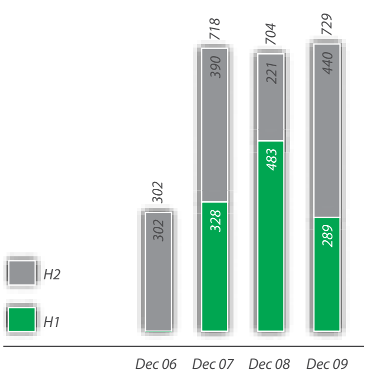
ZAR (million)

Capex



Capex as % of revenue	28,5	32,8	30,7	45,6

BTS roll out



out of 729 stations, bringing to more than 3 000 the total in operation. Positioning the business for increasing take-up of data services, MTN Ghana also brought on air 531 3G stations in the year. These investments meant that the Company added 10 new towns to its coverage and facilitated a sharp increase in data throughput on the network.

Some 660km of new fibre transmission routes were completed in the year: 605km of national routes and the rest in the metropolitan network. These national route cables provide capacity for transmission within Ghana, and also fit into the regional cross-border network connectivity requirement into Côte d'Ivoire and beyond, providing alternative routes to the international gateway for both countries.

To reduce its impact on the environment, as well as manage capital and operational costs, MTN Ghana continues to work toward greater sharing of fibre infrastructure with other mobile operators. It is pleased to report some important successes in this regard in 2009, with more sharing agreements expected to be sealed in 2010.

Products and services

MTN Ghana kept up its reputation for innovative product offerings, launching a number of new services in the year and optimising and building on the success of the 2008 introduction of dynamic tariffing through MTN Zone. This product continues to help differentiate MTN from its increasingly aggressive competitors and encourages on-network calls.

Among various robust product and service launches in 2009 were Voice SMS; Conference Call; Reserve your Number (allowing customers to choose their numbers) and the "*Text Go to 2010*" promotion and the "*Rally Round the Flag*" loyalty programme. The full commercial launch of MTN Mobile Money took place in the year, as well as a number of enhanced data offerings, including 3G mobile broadband and internet SIM launched on a prepaid platform. Ghanaians continued to take advantage of MTN Loaded's many offerings, with music the most popular, resulting in over one million unique subscribers accessing this service.

MTN Ghana recorded an overall increase in data usage in the year, supported by the country-wide roll out of EDGE technology that began in June 2008 that allows customers to make data connections up to three times faster than via GPRS. In May 2009, MTN Ghana launched 3.5G UMTS services, leading to a sudden jump in subscribers using these services.

Distribution

In an effort to get closer to its customers, MTN Ghana increased its distribution footprint in the year. The number of MTN retail points of sale more than doubled to 210 000 from 98 000, with an extra focus on solid distribution in high-end outlets such as pharmacies, handset shops and exclusive dealer shops. The corporate customer base grew by a fifth thanks to key account management selling initiatives, supported by customer experience programmes implemented in conjunction with marketing.

In the second half of the year, the distribution structure was further geared up to support MTN Mobile Money services by acquiring more merchants and registration agents. Service activations were driven through the work of new event sales teams, as well as the nationwide deployment of about 2 000 "foot soldiers" and canvassers. These initiatives helped to secure MTN Ghana's market leadership. So too did the use of performance-indicator-based dealer commissions; investment to increase the visibility of MTN points of sales, as well as MTN Mobile Money's enhanced distribution plan.

MTN Ghana also implemented a new tool for better measuring sales performance at the local level. This also helps the Company design relevant distribution interventions to improve performance and will be leveraged further as a key differentiator in 2010.

People

Ensuring MTN Ghana maintains an engaged employee base that translates into exemplary performance was a key priority in 2009, resulting in a sharp improvement in communication with staff in the year. This was effected through initiatives such as the introduction of a monthly in-house newsletter; the launch of a 24-hour help desk for employee queries; the "*It All Adds Up*" campaign to drive communication on total rewards; more interactive staff sessions, and, finally, the launch of The Innovation Hub project to provide competitive advantage by harnessing employee ideas for sustained business results.

West and Central ***Africa*** *region* *continued*

MTN Ghana *continued*

Flowing from these initiatives, MTN Ghana is pleased to report an improvement in both the level of participation and the results of the recent Group culture audit. Some 96% of all employees participated in this important gauge of staff satisfaction, up 20 percentage points in the year, and the results were equally encouraging.

Recognising the importance of uplifting the community in which we operate, the MTN Ghana Foundation continued to invest primarily in education and health in 2009. Among key initiatives were projects to improve literacy and numeracy in the Northern Region of Ghana, support for the construction of new classrooms in the Western and Eastern Regions, as well as support in Accra for the Princess Marie Louise Children's Hospital – the only specialist children's hospital in the country.

Regulatory environment

During the year there was heightened interest in the telecoms industry from the Ghanaian authorities and the public, with increasing demands and expectations from the authorities on the country's mobile operators. This followed the implementation of a new communications service tax of 6% of revenue in 2008 and the increase in the same year of regulatory fees to 1% of revenue. Mobile operators also pay a rural development levy of 1% of revenue.

MTN Ghana continued to engage proactively with the regulatory authorities on various issues, including such things as the proposed implementation of GVG (global voice group), which will put additional charges on international traffic and is thus expected to lead to lower international mobile traffic volumes from Ghana. MTN Ghana is also gearing up to register subscribers' personal details, as required by the regulator, in line with similar initiatives in other MTN markets.

Outlook

Among MTN Ghana's key priorities in 2010 are to sustain the recent significant improvements in network performance, as well as increase the penetration and usage of MTN Mobile Money. Focus will also be given to concluding more infrastructure-sharing agreements with other operators, thereby reducing the Company's environmental footprint. In an effort to improve MTN Ghana's broadband capacity, the Company will continue to work to secure approval for a landing station in the country for the WACS submarine cable.

On the regulatory front, the registration of customer data is due to commence in July 2010 when all new activations must be registered. The regulatory authorities require that the details of all existing subscribers be collected by the middle of 2011. Increased competition, with the entrance of the sixth mobile operator in Ghana, is likely to put pressure on service providers. However, the health of the economy is expected to improve as inflation and interest rates ease, and commercial oil production begins later in the year. Considering all these factors, MTN Ghana is targeting the addition of some 800 000 new customers to its network in 2010.

Middle East and North ***Africa*** *region*

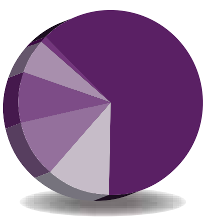
MTN's Middle East and North Africa (MENA) region is made up of Irancell Telecommunication Services (Proprietary) Limited (in which the Group owns 49%), MTN Syria, MTN Sudan, MTN Yemen, MTN Afghanistan and MTN Cyprus. The MTN office in Dubai hosts the Group's network technology and operations process group along with the region's functional units.

	Population (million)	Subscribers (000)	Revenue (Rm)	EBITDA (Rm)	Capex (Rm)
Total for region	190,1	37 014	21 525	5 782	5 785
Contribution to Group total*	36%	32%	19,2%	12,6%	19%

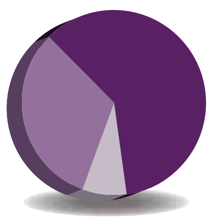
** Difference in head office.*

Country contributions to MENA region total

Subscriber contributions *(%)*



Capex *(%)*



Middle East and North **Africa** region *continued*

Performance

MTN's operations in most MENA countries performed well in the year, largely meeting Group forecasts – a particularly good showing considering the difficult political and security situation in many jurisdictions. MTN Sudan recorded some operational improvements by building the necessary internal infrastructure as well as an improved strategy.

Total subscribers in the region grew 41% to 37 million, led by the Group's newest Middle East operation in Iran, which benefited from significant capital investment to improve the quality and coverage of its network. (For more details, please see the separate country report on page 62.)

In 2009, mobile penetration across the six MTN MENA countries ranged from 25% in Yemen to more than 100% in Cyprus, with four of the countries in this area recording penetration rates below 50%. Average revenue per user across the region declined in 2009, as more lower-usage customers signed up to the network and competition intensified.

MENA capital expenditure in the year was led by Iran, where MTN Irancell spent R6,78 billion to bring on line more than 2 000 base transceiver stations. (Only 49% of this total capex was for the MTN Group's account.) In Syria, where the Company operates under a build, operate and transfer (BOT) contract, MTN spent R748 million in total capex, with 504 BTS added.

MTN's MENA operations adopted a segmented approach to customers, tailoring products and services to meet the needs of specific market segments across the region. Marketing initiatives were focused on managing churn and enhancing customer loyalty.

Seamless roaming was implemented throughout the six operating companies, offering the local recharge, traffic steering and welcome SMS features. Further features and services will be added in the year ahead. Yemen was the first country in the region to offer MTN Mobile Money, with its successful soft launch in December.

MTN continued to hone its distribution model in the year, implementing new commission schemes to ensure the commitment of distributors to MTN's offering, as well as the loyalty of customers. The logistics network was improved, with MTN operating warehouses for its products in all regions, improving the Group's reach and accessibility, particularly in rural areas.

MTN's people across the region are the backbone of the business. In 2009, the Group continued to implement initiatives to manage human resources better by rewarding staff for their tenure and clearly defining career paths for exceptional talent. These initiatives helped to provide consistency and motivation to employees everywhere. However, the uncertain security situation in many MENA countries makes attracting and retaining suitable middle management skills a challenge. MTN's strategy to employ and develop local resources, rather than rely on expatriates, has proved successful in many areas, helped by the recent establishment of the MTN Academy in Dubai. In Yemen and Sudan, MTN reduced the number of expatriates in the year.

After a difficult 2008, marked by the regulator's directive to disconnect 1,1 million subscribers who had not registered their personal details, MTN Sudan devoted considerable energy in 2009 to redefining its business and its operational approach. The new strategy is more aggressive, particularly in the south of the country and in Darfour, as well as the suburbs of big cities, including

Khartoum. MTN also concluded a new approach with its main vendors and obtained board support for a strong rollout plan in 2010. A new distribution model, enhancing overall reach, was adopted.

Furthermore, the key products that differentiated MTN Sudan and at the same time helped manage the network capacity usage were the enhanced version of MTN Zone dynamic tariffing (which offers subscribers discounts of up to 90% on-net and off-net depending on the available capacity of the subscriber location) and Talk For Free (which offers customers free airtime after the fifth minute of each call up to 30 minutes). The benefits of the new strategy are expected to take some time to be felt in a meaningful way.

In Afghanistan, MTN gained the number one market share position thanks to enhancements to its network, distribution and customer service. MTN Afghanistan deployed 236 BTS in the year, a significant number considering the security situation in that country. This led to a significant reduction in congestion, marked improvements in the backbone and a good performance in terms of network resilience and redundancy. The business launched five new customer service points in five major cities and significantly improved its reach by signing up seven new distributors.

MTN Yemen maintained its leadership position, with a share of just under 40% of the market, and reduced churn in the year. It also managed to sustain a healthy blended ARPU. Subscriber numbers grew by 26% as 240 BTS were rolled out. For the second year running, employees of MTN Yemen won the Group's first prize for the successful implementation of the "*21 Days of Yello Care*" community outreach programme.

Leveraging MTN Group's sponsorship of the 2010 FIFA World Cup South Africa™, MTN Cyprus launched many product innovations in the year, including the FIFA Pack and a first-in-market Triple-Play Product offering mobile voice, fixed voice and broadband access.

MTN Cyprus rolled out 66 BTS, worked to expand its HSDPA network and began to install a new intercity and metropolitan fibre network.

Outlook

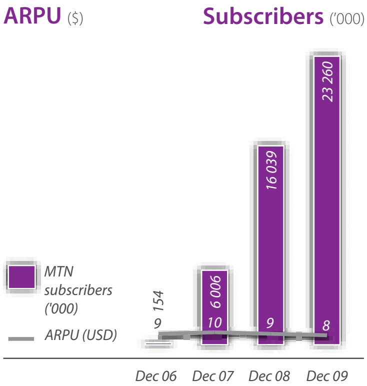
With the entrance of new operators likely in Iran and possibly also in Syria and Yemen, competition in the MENA region is expected to intensify. However, MTN is confident that its operational strategy will enable the region to achieve the ambitious targets set.

Building on the success of MTN Zone in other markets, the MENA operations plan to launch dynamic tariffing in Afghanistan and Yemen in 2010. MTN also plans to introduce Mobile Money in Iran, Sudan and Afghanistan, as well as in Syria, where regulatory approval is still awaited. Iran and Afghanistan have launched their commercial internet service provider, while MTN Syria's ISP is due for commercial launch soon.

MTN is confident that the revised business strategy for Sudan provides a strong foundation for growth in the country of some 40 million people where mobile penetration remains below 40% and the outlook for the economy is encouraging. MTN will continue to explore opportunities in Sudan – and other markets – to outsource certain functions and share sites with competitors. With significant prospects for mobile market growth across MENA, MTN expects this potential market to expand to some 148,6 million people by 2014.

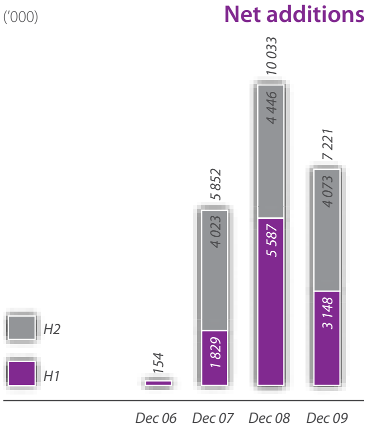
Middle East and North ***Africa*** *region* continued

MTN Irancell



	Dec 06	Dec 07	Dec 08	Dec 09
Outgoing MOU	–	69*	60*	62

*Restated to exclude free minutes



Launched August 2006, market share 40%, population 72,5 million, forecast market size in 2014 – 75,8 million, shareholding 49%.

MTN Irancell revenue and expenses summary (49%)

	12 months to December 2009 Rm	12 months to December 2008 Rm	% change
Airtime and subscription revenue	**4 051**	2 360	72
Interconnect revenue	**2 167**	1 676	29
Data and SMS	**1 210**	689	76
Connection revenue	**150**	206	(27)
Other	**47**	4	–
Total revenue	**7 625**	4 935	55
Direct network operating costs	**722**	604	20
Regulatory fees – revenue share	**2 067**	1 280	61
Costs of handsets, SIMs and vouchers	**179**	162	10
Interconnect and roaming costs	**937**	666	41
Employee benefits and consulting costs	**95**	63	51
Selling, distribution and marketing costs	**614**	469	31
Other expenses (general and administration)	**347**	199	74
Total operating expenses	**4 961**	3 443	44
EBITDA	**2 664**	1 492	79
EBITDA margin	**34,9%**	30,2%	4,7 pts

Overview

Aggressive subscriber acquisition activity and heavy investment in further extending the network ensured that MTN Irancell exceeded its performance targets in 2009. Promotions such as "*Buy One, Get One Free*", "*Magic SMS*" and a cut in the price of prepaid starter packs helped ensure net connections of 7,2 million in the year and increased total subscribers to 23,26 million.

Together with enhanced product and service offerings, improvements in customer care and wider distribution, this helped drive mobile market penetration to 80% at the end of 2009 from 61% a year earlier. MTN Irancell's market share rose to 40% from 37%.

Revenue in local currency increased by 60% for the year, significantly ahead of subscriber growth which translated into a 54,5% increase in rand terms. MTN's 49% share of MTN Irancell's revenue was R7,6 billion. Average revenue per user per month declined by only USD1 to USD8 despite the sharp increase in subscribers.

Aggressive cost control initiatives combined with the benefits of economies of scale resulted in operating expenses growth of 44% lagging revenue growth of 55%, improving the EBITDA margin in by 4,7 percentage points to 34,9%. In particular, tight control of commissions, headcount growth and marketing expenditure, along with the implementation of single vendor maintenance and locally manufactured recharge vouchers, helped keep cost increases in check.

MTN Irancell continues to benefit from a strong brand, helped in part by customised advertising in local dialects in areas where Farsi is not the primary language, as well as the MTN Group's global sponsorship of the 2010 FIFA World Cup South Africa™.

In the year, MTN Irancell received the local tax award for its exemplary compliance with tax regulations.

Market environment

Iran did not escape the effects of the global economic slowdown, which affected the demand for its primary export oil. Social unrest sparked by the presidential election in June also put pressure on economic activity. There has been a delay in issuing the third GSM licence in Iran and the expectation now is that it will be issued during 2010.

Infrastructure

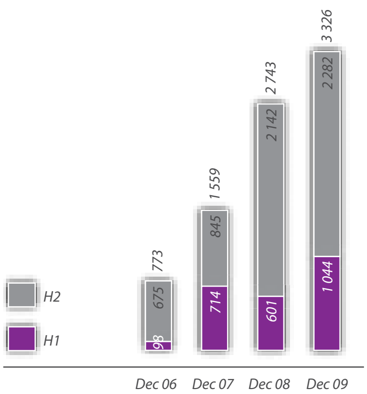
MTN Irancell kept up its strong investment momentum to enhance the quality, coverage and performance of its network in 2009, with MTN Group's 49% share of capital spending for the Company reaching R3,3 billion. By year-end, a total of 1 429 cities and towns had MTN Irancell coverage, representing additions of 62 new towns a month. The Company also expanded its road coverage to 10 928km from 5 932km.

Between the three outsourced network build vendors (Nokia-Siemens, Ericsson and Huawei) MTN Irancell activated 2 043 new base transceiver stations (BTS) in the year, giving an impressive monthly average of 170 and bringing the total to 3 532. A significant number of these were brought on air in Tehran, helping to enhance network quality. The extra sites added in Esfahan assisted MTN Irancell in improving both the quality and coverage and attracted more customers. Further enhancements remain a priority, as do site acquisitions, particularly in the main cities.

*Middle East and North **Africa** region continued*

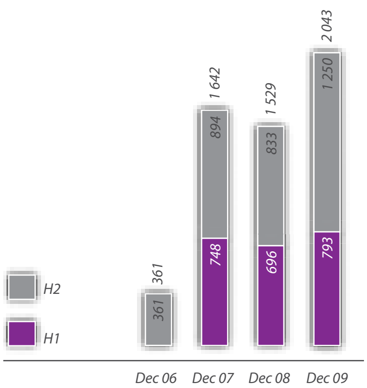
MTN Irancell *continued*

ZAR (million) **Capex** (49%)



	Dec 06	Dec 07	Dec 08	Dec 09
Capex as % of revenue	–	116,3	55,6	43,6

BTS roll out



MTN Irancell became the first operator to launch WiMax technology successfully in December 2009, by providing wireless data transmission services.

Products and services

The Company continued to enhance its value proposition to customers and maintained its reputation for innovation with the launch of numerous new products and services in 2009. Customers responded positively to the "*Buy One, Get One Free*" SIM card promotion, with 2,9 million people taking advantage of the offer. The "*Magic SMS*" promotion was similarly well received, attracting 1,4 million subscribers.

Among other promotions was the "*WOW*" campaign, during which users loaded their recharge cards with special "*WOW*" codes and received additional free airtime. Ring-back tones, the service that allows subscribers to select a tune to play to their callers, was launched with great success in January 2009, reaching two million subscribers within two months and almost doubling that figure by year-end. Initiatives such as these helped in our efforts to reduce churn and improve brand awareness, which also received a fillip from the MTN Group's global sponsorship of the 2010 FIFA World Cup™.

Distribution

MTN Irancell worked to ensure wide distribution and availability of its products in the year, with the addition of eight new distributors, increasing the total from seven to 15. Among the various methods of buying airtime in Iran are via bank cash machines (ATMs), logical points of sales, web kiosks and internet banking. During the year, the number of banks distributing our products increased from four to 15.

Some 5 000 new dealers formed part of the service channel, with the dealer footprint up to 8 000 dealers, each of whom is also a customer registration point. MTN Irancell noted a sharp improvement in the collection of customers' registration documents from dealers in the year, thanks to the installation of the necessary systems at dealerships to make this easier. Dealers have moved away from only selling SIM cards and airtime and now offer an increasing range of services to ensure an enhanced customer experience.

With 580 points of presence, the Post Office was added as another distribution channel for MTN Irancell products in 2009. An additional work shift was introduced at the eight MTN Irancell service centres, extending trading hours and ensuring greater customer convenience.

In an effort to reduce distribution costs whilst ensuring high product availability, MTN Irancell began issuing lower-denomination vouchers that are available only through bank ATMs, the internet and point-of-sale machines. The local production of recharge vouchers and SIM cards lowered costs, enhanced rapid restocking and improved availability.

In the year, efforts to improve the customer experience resulted in MTN Irancell's call centres achieving their highest service level and answer rate since the inception of the business.

People

The Company continued to bolster training through the MTN Academy and put considerable effort behind skills transfer to local employees. A new staff benefit package was also introduced in the year. MTN Irancell converted a number of its temporary employees to permanent staff, thereby assisting its efforts to retain a motivated and competent employee base.

Regulatory environment

MTN Irancell is pleased to report a number of positive developments on the regulatory front in 2009. These include: the signing of a memorandum of understanding with the incumbent operator on interconnection, and agreement of an interconnect rate for the year; the award to MTN Irancell of a WiMax number range following the granting of a WiMax licence to the business; the clearing of spectrum interferences in major cities as well as the granting of the 0938 GSM number range to the Company. The authorities also published draft number portability regulations.

Outlook

While the growth in MTN Irancell since its October 2006 launch is remarkable, the company continues to strive to firmly entrench its position versus a well-established competitor and the entry of a third operator, expected in 2010.

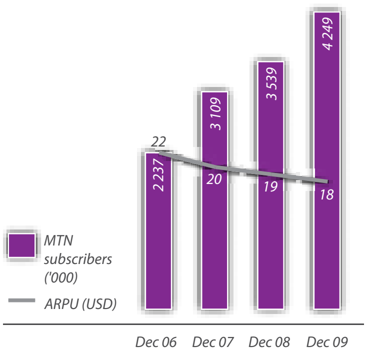
In the year ahead, MTN Irancell will work on further improvements to its network quality and coverage, particularly in the main centres of Tehran and Esfahan. To achieve this, MTN Group has earmarked capital expenditure of R2,67 billion as its share of capex for MTN Irancell in 2010.

The full commercial launch of WiMax in early 2010 is expected to open up the broadband market for MTN Irancell, providing a strong competitive position. Among a number of other planned product launches, the Company expects to introduce dynamic tariffing as well as MTN Mobile Money to its Iranian customers in the year ahead. Along with a renewal of its service centre strategy, these factors are expected to help the business meet its target of adding around five million subscribers in 2010.

*Middle East and North **Africa** region continued*

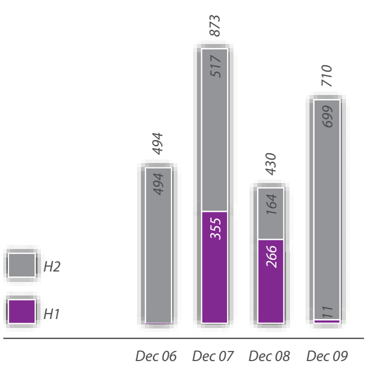
MTN Syria

ARPU ($) **Subscribers** ('000)



Outgoing MOU	134	130	124	120

('000) **Net additions**



Launched June 2002, market share 45%, population 20,5 million, forecast market size in 2014 – 12,7 million, shareholding 75%.

MTN Syria revenue and expenses summary

	12 months to December 2009 Rm	12 months to December 2008 Rm	December 2009 vs 2008 %
Airtime and subscription revenue	**5 451**	5 254	4
Interconnect revenue	**514**	472	9
Data and SMS	**533**	397	34
Connection revenue	**64**	84	(24)
Other	**425**	301	41
Total revenue	**6 987**	6 508	7
Direct network operating costs	**622**	419	48
Regulatory fees – revenue share	**3 269**	2 789	17
Costs of handsets, SIMs and vouchers	**70**	38	85
Interconnect and roaming costs	**424**	460	(8)
Employee benefits and consulting costs	**243**	216	13
Selling, distribution and marketing costs	**342**	250	37
Other expenses (general and administration)	**644**	507	27
Total operating expenses	**5 614**	4 679	20
EBITDA	**1 373**	1 829	(25)
EBITDA margin	**19,6%**	28,1%	(8,5) pts

Overview

The performance of MTN Syria exceeded forecasts in 2009, led by the expansion of its subscriber base by 20% to 4,25 million. The Company's aggressive user acquisition initiatives late in the year, along with network and product enhancements, bolstered net additions to some 710 000 for 2009. This helped drive the Syrian market's mobile penetration to around 46% by year-end, from 38% in 2008.

Local currency revenue increased by 8,2% for the period, slower than subscriber growth, which translated into a 7,4% increase in revenue in rand terms to R7,0 billion. ARPU decreased USD1 to USD18 for the period.

The EBITDA margin decreased by 8,5 percentage points to 19,6%. This was a result of the full year effect of the increase to 50% from 40% in the share of revenue MTN Syria had to pay to the Syrian authorities (effective end-June 2008) .

By the end of 2009, MTN Syria had completed the transformation of its infrastructure to the new IP generation, increased its population coverage and further strengthened the MTN brand. This provides a solid basis for future growth in both subscribers and traffic. MTN Syria recorded good progress throughout the year in complying with the highest standards of corporate governance, and is pleased to report significant constructive interaction between the Company and various regulatory entities in the country.

Market environment

The telecoms market in Syria is a heavily regulated one and MTN Syria is one of two companies licensed to provide mobile telecommunications services in the country of 20 million. A third operator is expected to be licensed by the end of 2010. In 2009, the weaker global economic environment posed a number of challenges to consumers in Syria, particularly those at the lower end of the income pyramid.

Infrastructure

There was a noticeable improvement in the overall quality and performance of the network throughout the year as MTN Syria completed the migration of its core infrastructure from one based on time-division multiplexing to an IP backbone. A new type of HLR (home location register) – NT-HLR – was installed and connected to all nodes and recently came into service. Despite various challenges, MTN Syria rolled out 504 base transceiver stations in the year.

In 2009, MTN enhanced its 3G network, extending the 3G coverage area to more major cities. By implementing 7,2 HSDPA on the network, MTN Syria has also greatly improved the speed with which customers can access the internet.

MTN Syria finalised the outsourcing of the maintenance of its radio sites, which improved network availability, and implemented a new network management system. It upgraded the intelligent network system dedicated to prepaid users, resulting in a more flexible platform designed to improve customer satisfaction. The prepaid calls contact centre was outsourced and various other enhancements were implemented, such as the launch of SMS/MMS filtering and an anti-spam solution.

Products and services

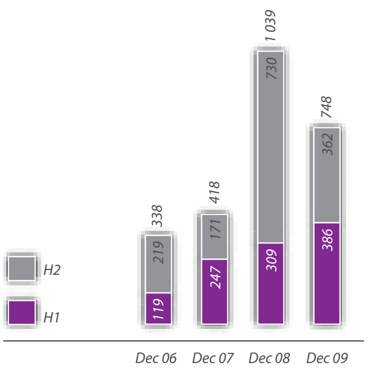
Capitalising on the MTN Group's global sponsorship of the 2010 FIFA World Cup South Africa™, MTN Syria launched several promotions and packages related to the big event. However, the

Middle East and North ***Africa*** *region* *continued*

MTN Syria *continued*

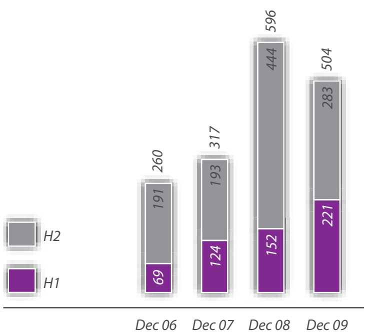
ZAR (million)

Capex



	Dec 06	Dec 07	Dec 08	Dec 09
Capex as % of revenue	9,8	9,0	16,0	10,7

BTS roll out



Company maintained a cost-efficient approach, pending the opportunity to convert the current BOT contract into a freehold licence.

During the year, MTN Syria improved its segmented approach to customers, offering products tailored to meet the needs of specific groups. These included Youth and Mini packages. It also focused on strengthening its position in the corporate segment. This was accompanied by offering so-called top-up promotions to induce usage and an extension of validity periods to increase affordability. Another major development was the introduction during 2009 of per-second billing for prepaid subscribers, corresponding to market demand and aiming to increase customers' satisfaction.

While providing high-quality voice service remained MTN Syria's primary role, a more concerted effort was made in 2009 to support the introduction of data solutions. This came as a result of the regulator's approval to launch limited 3G services. MTN Syria introduced a bouquet of mobile broadband (3G) bundles including a pay-as-you-go bundle as it introduced 3G coverage in major cities across Syria. The Company also successfully implemented seamless roaming, while the launch of MTN Mobile Money is still pending regulatory approval.

Distribution

Recognising the competitive advantage of an efficient and effective distribution network, the Company implemented several initiatives to enhance its market position. Improvements were made to distributors' channels and – with a focus on quality – the number of distributors was reduced to seven from 11. The commission scheme to distributors was further modified to ensure more emphasis on the value and quality of the subscribers.

The validity of some prepaid vouchers was extended to better accommodate customers' needs. To facilitate improved communication with customers, Dealer Link was launched as a web application. This allows for the sending of suggestions, requests, complaints, etc, which are then stored within a database and an appropriate response is generated within 24 hours.

People

Given that the telecoms industry is driven by the rapid change and developments in technology, suitably qualified people are in great demand. Human capital is the most important asset and MTN Syria is continuously investing in developing the right talent and honing strategies to attract, develop and retain talent. Several human resources projects and initiatives were launched in 2009 in co-ordination with the Group function to achieve the Company's strategic objectives. A major focus was on developing employees with multiple skills as well as headcount optimisation in order to achieve optimum efficiency, increase productivity and ensure that all employees are equipped with the knowledge and skills needed to support business growth. An important development initiative is the leadership talent management programme, through which the Company has developed personal development plans for all managers, senior managers and executives.

Regulatory environment

The regulatory environment is evolving and the publication of a new telecoms law and the entrance of a third mobile operator are expected during 2010. MTN Syria continues to engage closely and constructively with the authorities on the possible conversion of its BOT contact (with its stringent conditions, including revenue share) into a standard mobile operator licence. The Company is pleased to report that there has been some progress in this regard, with the Syrian government giving serious consideration to the issue. In 2009, MTN Syria received an ISP licence, and extensive preparations were made to position the Company as a major ISP in Syria in the years ahead.

Outlook

Although mobile penetration increased during 2009, the pace of growth in this key indicator (and the acquisition of lower income customers) is slowing because of the high costs of revenue sharing and the BOT structure, which prevents any meaningful reduction in tariffs by the market's two operators and constrains roll out. However, the issuing of the new telecoms law, the expected entrance of a third operator into the market and the anticipated conversion of MTN Syria's BOT contract should help in the uptake of subscribers and will stimulate usage. MTN expects to add some 400 000 customers to its network in 2010 and spend some R456 million on capital projects.

Among commercial product launches planned for Syria in 2010 is MTN Mobile Money. Although internet access is the main application of 3G technology, other services are expected to follow later in the year.

Abridged sustainability report

MTN is a leading provider of telecommunications services in emerging markets. This provides us with the opportunity to catalyse development that improves quality of life by providing opportunities for social and economic inclusion and growth, connecting people, providing better ways of doing business, and facilitating the trade growth.

The Group is pleased to present an abridged report of the Group's 2009 sustainability results. The detailed report may be accessed on www.mtn.com/sustainability.

Sustainability vision, strategy and principles

MTN is a leading provider of telecommunications services in emerging markets. This provides us with the opportunity to catalyse development that improves quality of life by providing opportunities for social and economic inclusion and growth, connecting people, providing better ways of doing business, and facilitating the trade growth.

MTN's sustainable business practices represent an incremental journey. The Group started this journey in 1994; in 2009 the implementation of the Group sustainability function, board and executive support, Group-led strategic planning, and resource commitment have positioned the Group to better realise its sustainability vision.

Our sustainability vision: In meeting MTN's business objectives, we will continue to enhance stakeholder value, manage risks and opportunities posed by economic, social, human and environmental capitals, within our scope of influence.

To remain resilient, sustainability is not secondary to the business: it is about positioning social, environmental and ethical considerations at the core of MTN.

To accelerate the implementation of MTN's sustainability vision, a strategy and key implementation principles have been defined.

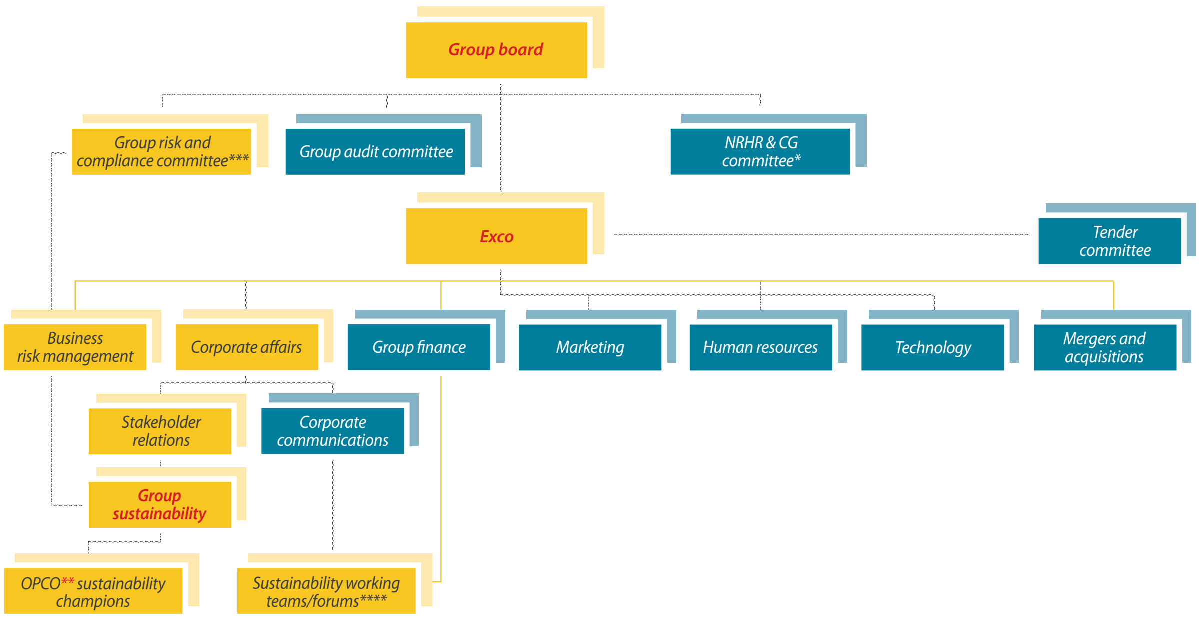
Strategy	Implementation principles
• Focus on environmental, social and governance issues of importance to stakeholders, and that may have a material impact on MTN's economic position	• Set foundations for sustainability: ensure internal awareness and education, implement human and system resources, identify opportunities and risks, and manage and report performance
• Business decisions will be motivated by sustainability opportunities and risks, rather than mere compliance	• Focus on no more than three project initiatives per annum. Projects are to be prioritised based on effort required and potential impact • Use pilots, trials, and a phased implementation approach where suitable • Share successes and use lessons learnt from previous experiences
• Group sets direction and influences imperatives, in collaboration with operations, which maintain closest working relationships with stakeholders	• Balance Group's vision and requirements with local operating conditions, challenges and opportunities

Governance of sustainability

The Group board is accountable for sustainable business practice and as such, has delegated responsibility to the risk management and compliance committee. The executive management of the sustainability function is the responsibility of the Group executive corporate affairs, who reports progress and plans to the Group executive committee (Exco). Signoff of major deliverables is undertaken by the Group president and CEO, where commitments bind the entire Group.

Abridged sustainability report *continued*

The diagram below indicates the governance and management of the sustainability function in MTN.



* *Nominations, remuneration, human resources and corporate governance committee*

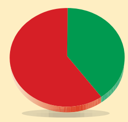
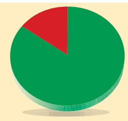
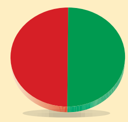
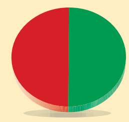
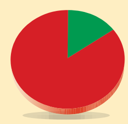
** *Operating company, used within MTN to denote all subsidiaries and associates*

*** *Sustainability is a standing item on committee agenda*

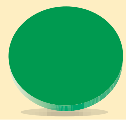
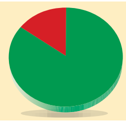
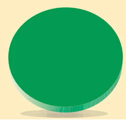
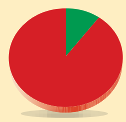
**** *Sustainability working teams and forums will be implemented in regions or operating companies commencing in the latter half of 2010*

† *Exco also includes the chief operating officer's office and company secretary*

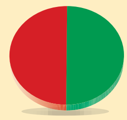
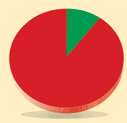
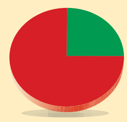
2008 Sustainability commitments' feedback

2009 commitments in 2008	Status	Degree to which objective was achieved
Risk/Governance		
Roll out annual reputation review	• Self-assessment of MTN's reputation by Exco and Opco CEOs via questionnaire completed. Results presented to Exco • In 2011 MTN will undertake external assessment with media, analysts and regulators	
Complete whistleblower roll out; improve staff awareness	• Roll out completed. Operations also received basic fraud awareness training	
Review/improve consistency of government relations engagements	• Stakeholder governance model incorporating identification and management processes defined. Implementation of model planned in 2010 • Appointment of an executive for regulatory affairs at Group level	
Establish Group sustainability governance structure *(corporate affairs, SHE, risk, network and technology, HR, investor relations, Opco representation)*	• Group Sustainability Manager appointed to drive strategy and implementation • In 2010, implementation of local and regional sustainability forums to commence	
Enhance CURA risk management system to track hours of disability due to injuries	• Reviewed decision to only track this indicator. Determined that a more holistic incident management system was required to address stakeholder reputation management, insurance, safety and health, and sustainability-related incidents proposed	

Degree of MTN's achievements
Degree yet to be achieved

2009 commitments in 2008	Status	Degree to which objective was achieved
Social contribution		
Monitor implementation of Group CSR framework and align activities. Review framework effectiveness	• All 21 Opcos now undertake projects that deliver sustainable impact	
Launch foundations in remaining operations	• Underway – see section titled *Foundations*	
Increase MTN South Africa spend on black women-owned/managed companies	• Spending increased to over R520 million (unaudited), a 43% increase from the previous year's spend	
Staff development		
Roll out sustainability education/training programme, including policy, management framework, performance	• Board/executive/senior level awareness and engagement ongoing • Carbon footprint training undertaken	

Degree of MTN's achievements
Degree yet to be achieved

2009 commitments in 2008	Status	Degree to which objective was achieved
Staff development *(continued)*		
Confirm sustainability resources at operational level	• Sustainability champions have been identified in MTN South Africa, Swaziland, Nigeria, Ghana, Uganda, Cameroon, Syria, Cyprus, Rwanda, Zambia, Yemen, Congo-Brazzaville and Benin	
Environment		
Ensure environmental management concerns are included in sustainability management team's work and performance monitor mandate	• Further work to clarify internal roles of different functions will need to be undertaken to ensure roles and tasks are appropriately allocated and executed. Some work on the top environmental priorities and actions has commenced (see section titled *The environment*)	
Ensure electromagnetic fields (EMF) health and safety level site agreement implemented across all Opcos	• See section titled *The environment*	

■ *Degree of MTN's achievements*
■ *Degree yet to be achieved*

Material sustainability opportunities and risks for 2009

The Group's review has determined the environmental, social, and ethical or governance issues that could pose a material opportunity or risk to MTN's business.

The top sustainability-related opportunities, and MTN's response, are described below.

Opportunity	Description	Response
Environmental	Operations were concerned about the business' environmental impact and explored solutions to reduce this	See section titled *Environment*
2010 FIFA World Cup™ sponsorship	MTN's sponsorship provides longer-term opportunities to make a sustained economic and social difference	See section titled *Community*
Community/Foundation	Given the size and scope of our operations, opportunities exist to fulfil our desire to be the pace-setter of community development and upliftment efforts	See section titled *Community*

The top sustainability risks, and MTN's response, are described below.

Risk	Description	Response
Regulatory	MTN's top regulatory risks included an array of challenges including the matter of interconnection charges, quality of service and bureaucratic challenges eg, regulatory changes to telecommunications legislation, and ambiguous legislation	See section titled *Regulatory*
Environmental	MTN's material environmental risks predominantly relate to carbon-based energy consumption, operating base transceiver station (BTS) sites, public concerns about EMF emissions of BTS sites and cellular handsets, and global increase in environmental legislation	See section titled *Environment*
Fraud	External and internal types of fraud include theft of assets and inventory (such as airtime and diesel), distribution fraud and procurement fraud	See section titled *Fraud management*

Material stakeholder matters addressed over 2009

Customers

For purposes of this abridged report, examples of initiatives by operations are illustrated below. These do not necessarily represent the full scope of initiatives, products and services offered by all MTN operations.

Quality of network

The Group's network roll out strategy remained a key feature throughout 2009, enabling MTN to maintain or improve market share and relevance. MTN expanded the number of base stations, increased network capacity, prepared for 3G solutions, extended coverage, and improved infrastructure management. The Group chief operating officer's report (page 26), contains more information in this respect.

Customer relations

As markets develop, customer intimacy and differentiation become key success factors. Improving service is one of the solutions to retention, reducing churn, and mitigating the impact of reduced spend due to global financial crisis. Examples of efforts are set out below.

- To differentiate MTN, operations developed a better understanding of customers. This informed the design and implementation of a customer segmentation model in all operations.
- A customer service charter was introduced, and is being implemented within a number of operations.
- Service quality is assessed through a variety of means eg, MTN Benin conducts a mystery shopper assessment programme.
- Customers are acknowledged through loyalty and retention programmes. MTN Yemen, for instance, launched a retention programme to activate dormant accounts.
- Technology such as an integrated voice recognition (IVR) system is used to enable customer self-service and reduced waiting times. Dedicated help lines for high-value customers have also been introduced eg, by MTN Uganda.

Bridging the communications divide

Reducing financial barriers by addressing handset access and acquisition costs helps reduce the communications divide. MTN Virtual Number was introduced in a number of operations. This solution enables customers without handsets to make and receive calls, send messages and make financial remittances using someone else's handset. To reduce acquisition cost, low-cost handsets are also offered in all MTN operations. For example, MTN Zambia's entry level handset of R107,00 is one of the lowest in the market. MTN Uganda plans to subsidise handset costs in 2010.

Rural network coverage is a feature in all our markets. For example, since 2002, MTN Nigeria's "phone ladies" programme empowers rural entrepreneurs through extended telephony access, while generating a small return for entrepreneurs. In 2009 MTN Uganda partnered with Grameen Foundation USA to implement the VillagePhone solution.

Value-added services help extend access to commercial and social benefits. One such solution, MTN Zone, was introduced across operations to reduce call costs (and help ease network congestion over peak periods). MTN Google SMS, another value-added service, was recently introduced in Uganda. Communities access services such as Farmer's Friend, Health Tips, Clinic Finder and Google Trader through SMS queries, and receive a near-instant reply. More than 1,7 million electronic hits have been recorded since its mid-2009 launch.

Innovation

- MTN's Can Do spirit focuses on staying in touch with the needs of markets. Recent innovations include MTN MobileMoney, enabling subscribers to remit money or pay bills using a secure, easy and fast service, was made available in Yemen, Ghana, Uganda, Côte d'Ivoire, Benin, South Africa, Rwanda, Liberia, Congo-Brazzaville, Nigeria, and Cameroon. With significant emerging market demand for such services, further roll out across other operations is also underway.

MTN Play is an interactive mobile access channel enabling customers to enjoy digital 2010 FIFA World Cup™, and boost mobile penetration rates.

Improving systems

After experiencing problems with a number of the Company's IT systems in the year, MTN South Africa embarked on a three-year development plan to upgrade those systems responsible for tracking, reporting and billing of a customers' network use. Working closely with a new team, to whom the Company outsourced its IT in 2008, improvements to the stability of various legacy systems have been made. Tools for better monitoring system performance have been implemented with the aim of ensuring a more versatile system with better developed customer solutions. A command centre has also been commissioned in November to allow faster tracking and resolution of system issues.

Governance and regulation

Local participation

MTN is committed to partnering with local shareholders in all countries in which it operates. MTN regards this practice as essential in all of its operations to ensure that the benefits of its investments are shared with local investors and in turn to ensure that it benefits from the input of local knowledge at shareholder and board level. MTN South Africa's broad-based black economic empowerment performance is available in the detailed 2009 sustainability report on www.mtn.com/sustainability

King III Code of Corporate Governance and Sustainability

MTN has taken cognisance of the new requirements of King III and has initiated a project to assess gaps between MTN's sustainability practices and the requirements of King III. Current practices and systems will be adapted where necessary.

Business continuity planning

A business continuity management (BCM) strategy was developed, comprising critical aspects of emergency response, crisis management, business recovery and resumption. A holistic management process to adequately address these risks, and a framework to build operational resilience using a phased approach were implemented. Disaster recovery plans were also developed. A crisis management plan was defined, and investment in network infrastructure and redundancy has continued, with operating companies adopting network architecture design principles coupled with major investments to improve network redundancy. This has significantly enhanced MTN's capability to effectively respond in order to safeguard the interests of key stakeholders.

Interconnection

There has been an increased focus by national regulatory authorities (NRA) on the effective regulation of interconnect charges, also known as MTR. MTN has noted all the requirements and the rationale that each NRA has proposed and continues to engage NRAs on this matter. It is necessary for operators and regulators to fully understand the detailed costs of providing interconnect services based on an approved cost model, to ensure that MTN and all network operators realise a fair return on facilities provided.

In South Africa, draft regulation regarding interconnection rates was published in April 2010. MTN is currently in constructive engagement with ICASA (the regulatory authority) to establish a rate going forward.

In Nigeria, interconnection rates were reduced effective 1 January 2010.

In Uganda, the regulator proposed a MTR tariff which was less than the cost of network operations. MTN Uganda and the regulator reached settlement on this matter, and are set to engage on interconnection discussions.

Following the promulgation of the Information and Communication Technologies Act, Act No 15 of 2009 in Zambia, MTN Zambia's licence will be migrated into the new licensing regime which is technology-neutral.

Increasing competitive activity through the issue of new licences is also a focus of regulators. MTN Cyprus upgraded the network to improve 3G service coverage and quality, and moved the data traffic management backbone to a fibre optic network, which is more reliable and stable compared to the old radio transmission network to strengthen prospects for entering into a commercial agreement to access future mobile virtual network operator (MVNO) licences.

SIM registration

For global authorities to combat crime, industries such as the financial and telecommunication services are required to register the details of their customers. SIM card registration has been introduced by NRAs in a number of markets.

Key developments in 2009:

- The Regulation of Interception of Communication Act (RICA) came into effect in South Africa. The Act stipulates that the phone numbers of active SIM cards not registered by phase 1, ending 31 December 2010, must be removed from the network.
- In Nigeria, GSM operators requested the Nigerian Communications Commission (NCC) to extend the start date of the registration process, given the short notice period, lack of consensus on the identity form required, and the volume of registrations that needs to be undertaken. The NCC extended the start date to allow operators time to implement the necessary facilities to identify customers.

Fraud management

In 2009, fraud risk was addressed through the following actions:

- The heads of business risk management (BRM) were tasked with operational fraud risk management. Additionally MTN Nigeria, South Africa, Conakry and Benin appointed a dedicated forensics resource. Congo-Brazzaville will appoint a dedicated forensics staff member by April 2010
- In some operations, the revenue assurance function was segregated to ensure a dedicated focus on fraud identification (particularly airtime fraud)
- A revenue assurance tool was procured, and implemented
- The Whistleblower line **Tip-offs Anonymous** was launched for staff to report internal and external instances of unethical behaviour.

Basic training in fraud awareness has now been undertaken in 85% of operations. Training for the remaining operations will be undertaken when local BRM functions are established.

Abridged sustainability report *continued*

Our people

Training and development

Our 34 243 people (including temporary staff and contractors) are our ambassadors, custodian of our values, innovators, and managers of our stakeholders. Offering opportunities for career training and staff development enables leadership development, succession planning, and talent retention and attraction, and is a competitive differentiator. In 2009 the MTN Academy created a standardised approach to learning and development initiatives, and established regional learning centres in South Africa, Ghana and Dubai. Learning solutions, leadership talent management, coaching and performance support, and services such as organisational development, standards, best practice and benchmark research now enable a holistic, Group-wide response to the need to develop talent.

MTN Yemen, Uganda and South Africa introduced the leadership talent management (LTM) programme, a new approach to learning and skills development based on self-development, to mitigate inadequate depth of managerial skills and lack of time to register for training by busy managers. MTN South Africa offers learning through experience programmes to newly qualified graduates. In 2009, 76 graduates were placed in engineering, legal, sales and marketing areas for a period of 24 months. Six trainee chartered accountants were also placed, while 16 university students have benefited from full-time bursary awards. Bursaries to the value of R5 000 are available to full-time MTN employees.

Rotation of staff across MTN regions enables knowledge sharing and the alignment of new acquisitions to the MTN culture, promoting a standardised customer experience across the Group.

Recognition

The MTN Y'ello Stars campaign was launched to boost staff morale and create a sense of belonging by recognising outstanding employees. It is in its fourth year of existence.

The environment

Electromagnetic fields (EMF) and safe communications

Stakeholders may express concern about possible health effects that could result from exposure to spectrum or electromagnetic waves upon which voice and data communications are based.

MTN supports open, independent, quality, scientific research. The results of international studies, and positions undertaken by authorities including the International Commission on Non-Ionising Radiation Protection (ICNIRP), World Health Organisation (WHO), European Committee for Electro Technical Standardisation, the UK National Radiological Protection Board, the American National Standards Institute and Standards Australia indicate there is no substantiated scientific evidence that radio signals from base stations, operating in accordance with recognised safety standards, pose a health risk.

MTN continually reviews the results of radio frequency research performed throughout the world. To ensure operations are consistent with the most current health and safety standards information, EMF guidelines were updated in 2009. These prescribe that in countries where there is existing legislation and regulations around EMF, these national limits should be taken into consideration, and the stricter of legislation applied. Commencing 2010, those operations which do not currently maintain a basic compliance programme will be required to implement this, using guidelines issued by WHO, the EU, and Institute of Electrical and Electronics Engineers (IEEE) RF Safety Programme.

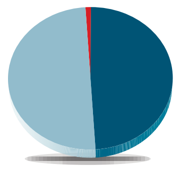
Electromagnetic field levels in areas surrounding MTN base station sites in residential areas are well below the ICNIRP guidelines. This is achieved through adoption of best practice, including not raising signal strengths beyond that which is necessary to achieve service objectives. Examples of activities by operations include:

- In MTN Cyprus, EMF emissions are measured twice a year to ensure emissions remain significantly lower than minimum EU standards. Together with organisational support from the Union of Municipalities, MTN Cyprus and the incumbent service provider are the official sponsors of information seminars on "*EMF and Mobile Telephony in our Lives*".
- MTN Yemen has started working with the Ministry of Telecommunications on health safety regulations and creating awareness about EMF in communities.
- MTN South Africa surveyed 408 BTS sites located near hospitals and schools. In total, 261 assessments were completed, and all were found to be compliant in terms of the INCIRP guidelines. The remaining 147 site assessments still have to be undertaken.

Carbon footprint

In 2009, the Group undertook its first detailed and wide-scale carbon (CO_2) footprinting exercise, representing 62,2% of the business by subscriber numbers.

Figure 1: MTN Group 2009 CO_2 footprint



The Group's footprint for the period 1 January 2009 – 31 December 2009 of 565 860 tonnes CO_2e, is predominantly caused by diesel use or electricity purchased for base station sites. This presents the greatest opportunity for reduction, efficiency, and investment in alternative technologies, which will help the Group mitigate the impact of rising global energy prices, energy insecurity, and possible future carbon taxes. This will also contribute to cost management and business continuity objectives.

Examples of MTN's consideration of alternative energy solutions include:

- Hybrid and solar-powered base station trials in Sudan, and operating stations in Cameroon.
- Implementation of an off-grid BTS in Kleinaarpen in South Africa, powered by solar and wind, with hydrogen fuel cell secondary power. Also in South Africa, the Smalvisch project currently underway will implement a BTS powered by a hybrid solar/wind solution. Biogas and fuel cell technology projects are also under development.

- The use of a hydrogen fuel cell for GSM and 3G base station backup (as an alternative to diesel) in Swaziland is currently being trialled. Hybrid solutions are also being tested in Guinea Conakry, Rwanda, Liberia, Nigeria, and Uganda.

The implementation of engineered solutions is also undertaken to manage base station power. Operations in Côte d'Ivoire and South Africa have saved fuel, maintenance fees and CO_2 output through engineered solutions such as battery management.

"ICT's largest influence will be by enabling energy efficiencies in other sectors, an opportunity that could deliver carbon savings five times larger than the total emissions from the entire ICT sector in 2020 " *The Climate Group and Global e-Sustainability Initiative.*

As an ICT company, MTN's role in reducing the impact of other sectors through de-materialisation (substituting high carbon or physical products with electronic solutions eg, e-commerce, video conferencing and teleworking) will help the global economy reduce emissions by helping other sectors optimise how they operate, and improving how society works and lives. MTN needs to explore these opportunities further.

MTN's 2009 Carbon Disclosure Project report will be published on www.cdproject.net towards the end of 2010.

Infrastructure sharing

Network operators who share base station infrastructure benefit both in terms of reduced operating and capital costs, and a lower environmental and social impact.

The Group is actively pursuing several opportunities to share infrastructure assets across its footprint in Africa and the Middle East. MTN is, among others, engaging with other mobile operators to explore site sharing, leasing space on towers to others operators, and jointly rolling out fibre networks. The East Africa Submarine Cable System (EASSy), an undersea fibre-optic cable that will link the countries of Southern, Eastern and Northern Africa to the rest of the world, Europe India Gateway (EIG), SAT-3, Main-1 and the West Africa Cable System (WACS) form part of the Group's strategy to ensure further operational cost reductions and increased quality delivery by all our operations.

E-waste

Electronic waste is any form of technology that has been discarded or is no longer required. Environmental groups indicate that e-waste is predominantly dumped in developing countries, and the problem is growing. E-waste contains valuable components such as copper and gold, and communities often attempt to salvage this. Electronic devices also contain lead, cadmium, mercury, and other heavy metals, and other toxic and chemical components harmful to both humans and the environment.

MTN's direct and indirect generation of e-waste predominantly stems from obsolete computers and associated information technology, and the provision of handsets and recharge vouchers. Operations have responded to this issue as follows:

- In Yemen, MTN is helping the Ministry of Environment implement its strategy to deal with mobile waste.

- To reduce the blight of plastic vouchers on the landscape or to landfill sites, MTN Congo-Brazzaville and Yemen accelerated the use and distribution of electronic voucher distribution process. This is also available from MTN Cameroon and MTN South Africa.
- MTN Cyprus is a member of Green Dot, the European Packaging and Waste Directive (94/62/EC), AFIS (recycling protocol for batteries), and Waste Electrical and Electronic Equipment European Union Directive (recycling protocol for used electronic batteries).

As a Group, MTN acknowledges the need to develop a better understanding of e-waste generation, and a strategy customised for local operating conditions, on how to address this issue.

The community

MTN foundations

In 2006, the board stipulated that all operations were to reinvest up to 1% of profit after tax in corporate social responsibility activities. Countries in which MTN foundations have been established by the end of 2009 (including both non-profit organisations and internal division foundations) include South Africa, Uganda, Swaziland, Nigeria, Cameroon, Côte d'Ivoire, Guinea-Bissau, Ghana, Benin, Congo-Brazzaville, Yemen and Afghanistan. Community investment focuses on supporting multi-year, sustainable projects in the areas of health, education and culture, and nationally aligned priorities such as environmental management and economic empowerment.

Examples of projects include:

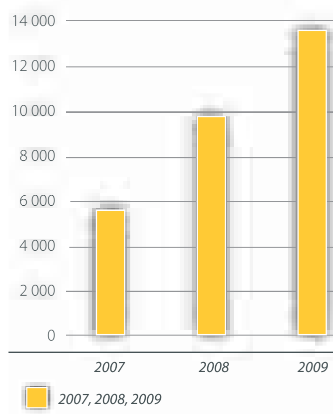
- Health: malaria, HIV/Aids, cancer, sickle-cell disease, mother and child mortality, cholera, and road safety programmes which vary in implementation from clinic investment to education and access to medical services.
- Education: ICT connectivity at schools, universities and community centres, classroom and facilities' construction, and adult skills' training centres.
- Culture: promotion of rural-based tourism, music, arts and culture education sponsorship and educator training.

Volunteering: *21 Days of Y'ello Care*

The *21 Days of Y'ello Care* programme is conducted in each operation over 21 days in each year. From humble beginnings in 2007, the programme has grown substantially, and in 2009 approximately 40% of staff volunteered in their communities.

In 2009, 40% of MTN staff volunteered their services.

Figure 2: Increase in staff volunteers between 2007 and 2009



Group overview
Business review
Operational review
Sustainability review

Abridged sustainability report *continued*

Motivation and support is provided through awarding the Group President and CEO *Y'ello Care* Award to the operation with the highest percentage of staff volunteers, and greatest community impact. Efforts range from raising community awareness and products to address health and environmental issues, environmental cleanup and restoration, sport facility provision, refurbishment and support at facilities for children and the elderly.

Legacy projects

MTN's sponsorship of the FIFA 2010 World Cup™ is being leveraged to make a measurable contribution to social development using Africa's love for football to create a lasting legacy. To address persistent challenges and accelerate achievement of the Millennium Development Goals, the Group focused on two projects in the health and education fields:

- In partnership with United Against Malaria (UAM), awareness is being raised globally, worldwide commitment to ending malaria renewed, and focus on increasing use of prevention tools and malaria treatment in Africa undertaken.
- With more than 75 million children around the world being denied an opportunity to go to school, MTN and other participating mobile operators support the *1Goal: Education for All* initiative.

Our suppliers

Reducing costs

To reduce and contain cost, procurement adopted strategic sourcing principles coupled with the formulation of strategic partnerships with key vendors. Group frame agreements, including Group price books, supported by individual country contracts are in place for these vendors. Regular industry price benchmarking takes place. Electronic reverse auctions have been successfully piloted and are currently being implemented.

Standardisation

The Group tender committee is appointed by the board to consider all Group procurement tenders and ensure that the procurement of goods and services is commercially and legally sound and conducted in a fair, honest, transparent and equitable manner. Its terms of reference have been based on the requirements of good corporate governance.

To achieve economies of scale, the Group standardised product, service and process specifications across multiple business areas and reduced the number of suppliers in these areas. Procurement toolkits defining the centralised procurement function and tender committee structures were implemented in 80% of MTN's operations. Approval levels were also specified. Implementation was complemented by toolkit training, and other learning programmes. Key performance indicators (KPIs) have been set to measure the effectiveness of procurement functions, and a supplier performance management framework for key suppliers was developed.

Enterprise development

The development of small enterprises can be better sustained through the provision of mentorship, support and advice to developing businesses locally. Examples across the footprint include:

- MTN South Africa commenced training of business enterprises, encouraged development in rural communities and supported enterprises that produce goods that were previously not available in South Africa, or that enhance job creation.
- MTN Nigeria's Bizlift initiative provides business ideas, increased access to finance and sales support material to more than 53 000 MTN retailers. It also implemented a project to train and develop enterprises among disabled and disadvantaged youth.
- MTN Uganda partnered with Enterprise Uganda's business linkage programme in a pilot initiative between 2005 and 2007 to enhance the productive capacity, efficiency, competitiveness and sustainability of the 12 local small to medium enterprises. In 2009, MTN Uganda nominated more of its SME suppliers to improve their entrepreneurial skills and management approaches through this programme.

The transfer of knowledge and skills to local management helps in the reduction of expatriate staff, another means with which to enhance local development.

Future sustainability commitments

The forward-looking sustainability commitments detailed in this report are informed by the Group's objective to continue implementing and extending its sustainability imperative, and communicating with stakeholders.

The Group advises that the commercial and sustainability maturity positions of operations, which varies across its footprint, will impact the extent and timing of implementation of the commitments set out below. Although the MTN Group is based in South Africa, the business is truly multinational across the African continent and the Middle East. Operating conditions vary across countries, and the macro conditions often makes for a difficult trading environment, Nevertheless, the Group is actively driving operations to integrated sustainability imperatives into their activities, from strategy and governance through to infrastructure and community engagement. While this may add further internal pressures, operations acknowledge the importance of sustainability and have welcomed the imperative.

Abridged sustainability report *continued*

Reporting period/s	Commitment	Target
Group sustainability		
2010	Develop and commence implementation of internal education and training plan	By quarter 3, 2010
2010	Complete identification of sustainability champions in remaining operations	By December 2010
2010 – medium term	Close gaps in current risk identification, reporting and management processes, and possible sustainability risks not identified/reported/managed	Commence by quarter 3, 2010
2010 – medium term	Improve sustainability data collection, reporting, management and assurance systems	Commence by quarter 3, 2010
2011	Identify and report sustainability performance (objectives, material opportunities and risks and management data) at least twice a year internally	Commence by quarter 3, 2011
Customer		
2010 and medium term	Continue network infrastructure investment across MTN's footprint	—
2010 and medium term	Continue rolling out MTN MobileMoney	—
2010	Reduce cost of handset ownership through subsidy provision	—
2010	Focus on innovation, customer-centricity and loyalty to reduce customer churn and increase stickiness	—
2010	Increase use of e-billing in MTN Uganda	Additional 4% of customer base

Abridged sustainability report *continued*

Reporting period/s	Commitment	Target
Customer (continued)		
2010 and medium term	Improve MTN South Africa customer experience by integrating customer management and retail billing systems, and rolling out customer contract strategy at segment and channel level	—
2010	Increase operational efficiency, visibility into spend by customers, and provide single bill for multiple services	By December 2010
Regulatory		
2010	Review strategic relationship with possible new MVNO entrants (MTN Cyprus)	By December 2010
Governance		
2010	Continue emphasising zero tolerance policy	—
2010	Complete King III Code of Good Conduct review and determine required compliance actions	Quarter 3, 2010

Abridged sustainability report *continued*

Reporting period/s	Commitment	Target
People		
2010	Improve staff health and safety in MTN Cyprus	—
2010	Complete integration processes: MTN in Cyprus	—
2010	Continue investment in staff: Determine effectiveness of LTM programme in MTN Yemen and continue driving staff development and growth in MTN Uganda	—
2010	Improve staff engagement levels in MTN Cameroon	—
Environment		
2010	Carbon footprinting data, process and education improvement. Commence Phase 2 footprinting	• Implement process to ensure monthly reporting by quarter 4, 2010, for Phase 1 operations • Extend organisational scope to more operations
2010	Provide additional capacity building and support for carbon footprinting and associated environmental issues: New and refresher training for CO_2 footprinting champions	By quarter 3, 2010

Reporting period/s	Commitment	Target
Environment (continued)		
2010 – medium term	Review and determine actions to address e-waste	Commence by quarter 4, 2010
2010 – medium term	Focus on energy-reduction initiatives	—
2010 – medium term	Continue exploring opportunities to switch to lower-emission or alternative renewable power sources for BTS power	—
2010	Roll out EMF framework across operations	—
2010	Improve understanding of EMF in MTN Cyprus and Yemen communities	—
Medium – long term	Develop and implement a carbon/energy management strategy	—
Communities		
2010	Launch MTN Rwanda foundation	February 2010
2010	Include focus on malaria in *21 Days of Y'ello Care*	May 2010

Abridged sustainability report *continued*

Reporting period/s	Commitment	Target
Suppliers		
2010	Increase supplier participation in *21 Days of Y'ello Care*: MTN Congo-Brazzaville	May 2010
2010	Reduce late payment complaints: Ensure all purchase orders and approvals are captured electronically (MTN Cameroon)	Meet 30-day payment terms where applicable eg, SMEs
2010	Improve procurement toolkit: Improve purchasing/procurement controls (MTN Yemen)	—
2010	• Help improve sustainability of MTN Uganda SME suppliers • Roll out national training on enterprise development in South Africa	• 10 MTN Uganda SME suppliers • Training in all nine South African provinces
2010	Improve procurement processes, working with suppliers as strategic partners (MTN South Africa)	Complete procurement process automation
2010	Develop multi-sourcing strategy	—

Corporate governance report

The board of directors and senior management are committed to good corporate governance and understand their roles and responsibilities as custodians of the Company which has over 116 million customers and 145 000 shareholders.

Introduction

The MTN Group Limited subscribes to high ethical standards and principles of corporate governance. This has been an important feature of the business since the Company's foundation. The Company's corporate governance system is the cornerstone of its primary objective of creating value for its stakeholders in a sustainable way, in the context of the triple bottom line.

Regulatory compliance

The MTN Group Limited is a company incorporated in South Africa under the provisions of the Companies Act, 1973, as amended (Act No 61 of 1973). The Group encompasses operations in 21 countries in Africa and the Middle East, holding companies in at least three other jurisdictions and is listed on the JSE Limited (JSE). In keeping with its vision and strategy, the Group subscribes, and applies the principles contained in the Code of Corporate Practices and Conduct recommended by the King Report on Corporate Governance in South Africa 2002 (King II).

While the board is satisfied that the Group does comply with the JSE Listings Requirements, the Companies Act and the requirements of King II, the board has already started addressing the challenges posed by the recommendations of the updated and revised King Report on Governance for South Africa 2009 (King III) and the much awaited new Companies Act (Act No 71 of 2008).

In other jurisdictions where the Company operates, governance developments are monitored on an ongoing basis to ensure that local regulatory requirements are complied with. The board monitors compliance by means of committee reports, which include information on any significant interaction with key stakeholders, including regulators, and through the activities of locally based audit and risk committees and internal auditors.

The board of directors endeavours to ensure that all operations comply with these corporate governance principles and the requirements of global best practices. Likewise, the board places strong emphasis on implementing high standards of reporting, financial and risk management.

Corporate governance report *continued*

The MTN Group financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as required by the JSE Listings Requirements, Corporate Laws Amendment Act and other legislative requirements or corporate governance frameworks. The Company's corporate governance systems are designed to exceed minimum compliance levels and continue to evolve to meet the expectations of all stakeholders.

During the year under review:

- The board received presentations on King III as well as the implications of the newly promulgated Companies Act, focused on the board, committees and individual directors;
- The board undertook a comprehensive review of the existing composition and skills available on the board and defined the key attributes that would be required for future appointments. It also reviewed the composition of the audit committee, nominations, remuneration, human resources and corporate governance committee (NRHR & CG committee) and the risk management and compliance committee as well as the composition of the board itself and, based on the findings, decided to reconstitute the membership of committees and the board. The effective date of such appointments was 1 January 2010.
- The board received presentations from the sponsor on the implications of changes to the JSE Listings Requirements.

Looking forward to 2010 and ahead

In keeping with King III, Companies Act, No 71 of 2008, JSE Listings Requirements and other governance and legislative developments, the focus in 2010 and ahead will be on the following initiatives:

- Implementation and assessment of the Company's compliance with King III, including a gap analysis exercise to identify specific areas of improvements;
- Continue to review regulatory and legislative developments to ensure that the Group is able to respond appropriately;
- Prepare to implement the new corporate law regime, together with new or amended legislation relating to competition, privacy of information and consumer protection;
- Review and update the board charter, articles of associations and committees' terms of reference to incorporate the requirements of the new Companies Act, the JSE Listings Requirements and King III; and
- Review all shareholder agreements to align them with new regulatory and corporate governance developments.

Board of directors and composition

The MTN Group has a unitary board structure comprising three executive directors, two non-executive directors and nine independent non-executive directors.

The non-executive directors and independent non-executive directors play a critical role as board representatives on the various board committees and ensure that the Company's interests are served by impartial, objective and independent views that are separate from those of management and shareholders. Determination of independence is guided by the King Code, the Companies Act and corporate best practice.

The MTN Group board retains full and effective control over the Group and is responsible, *inter alia*, for the adoption of strategic plans, the monitoring of operational performance and management, and the development of appropriate and effective risk management policies and processes. The full extent of the board's responsibilities is contained in an approved board charter. The directors are of the opinion that they have adhered to the terms of reference as detailed in the board charter for the financial year under review.

The board and its committees' composition and the record of attendance are set out on page 98. The profiles of the individual directors, including appointment dates, are set out on pages 14 and 15 and page 98.

Articles of association and board charter

The general powers of the directors are set out in the Company's articles of association. They have further unspecified powers and authorities in respect of matters which may be exercised and dealt with by the Company, which are not expressly reserved to the members of the Company in general meeting.

The board charter regulates how the board and individual members of the board discharge their responsibilities according to the principles of good governance. The charter aims to ensure that all board members understand their duties and responsibilities as well as the laws, regulations and best practices governing their conduct.

The board charter details the following key matters:

- Division of responsibilities between the board and management
- Size and composition of the board
- Balance of powers
- Role of the board
- Matters reserved for the board
- The role of the chairman, the chief executive and the company secretary
- Board and committees governance
- Evaluation and performance of the board and its committees; and
- Relationship with all stakeholders.

Chairman

The board is chaired by Mr MC Ramaphosa. No individual board member has unfettered powers of decision making. Responsibility for managing the board and executive responsibility for the conduct of the business are differentiated. Accordingly, the roles of the chairman of the board and the chief executive officer are separate. The chairman is responsible for leadership of the board, ensuring its effectiveness in all aspects of its activities and setting its agenda. The chairman is also responsible for ensuring that the directors receive accurate, timely and clear information. The chairman also ensures effective communication with shareholders and facilitates the effective contribution of non-executive directors in particular and ensures constructive relationships between executive and non-executive directors. The board, on the advice and recommendation of the executive and steering committee (Exco), is responsible for setting the strategic direction of the Company. Annually, the board considers, debates and adopts with or without amendments, a strategic plan presented by Exco.

Group president and chief executive officer (GP & CEO)

Mr PF Nhleko is the GP & CEO and is responsible for the day-to-day management of the Group, supported by Exco, which he chairs. The GP & CEO provides leadership to the executive team in running the business, co-ordinates proposals developed by the executive committee for consideration by the board, and also develops the Company's strategy for consideration and approval by the board.

Appointment and resignation

To ensure a rigorous and transparent procedure, any appointment of a director is considered by the board as a whole, on the recommendation of the NRHR & CG committee. Where necessary, MTN Group uses external service providers to source the skills required by the board. The selection process involves consideration of the existing balance of skills and experience on the board and a continual process of assessing the needs of the Company. Non-executive directors are required to devote sufficient time to the Company's affairs.

There is no formal limitation on the number of board appointments that non-executive directors can hold but all directors are required to carefully consider the number of appointments they take so as to ensure that they have the time and capacity to properly and comprehensively carry out their duties as a director. Non-executive directors are required to advise the chairman of the board or the chairman of the NRHR & CG committee before accepting membership on other external boards. In line with the directorships policy, executive directors are permitted to accept one external non-executive board appointment subject to approval by the board. All fees received relating to the holding of a directorship on the board of an external company by an executive director are ceded to the MTN Group.

Non-executive directors are required to advise the board of any subsequent changes to or additional commitments from time to time as provided for the Companies Act, 1973.

Three non-executive directors namely; Messrs NP Mageza and A Harper and Ms MLD Marole were appointed to the board, effective from 1 January 2010. All board appointments met the requirements of the Companies Act, King II and the JSE Listings Requirements. During the year under review, Mr RD Nisbet resigned from the board as Group finance director and was replaced by Mr NI Patel effective from 27 November 2009. The appointments will be confirmed at the annual general meeting to be held on 15 July 2010. The board is confident that the current board, consisting of 14 members, is sufficiently well resourced and experienced.

Retirement of directors by rotation

The Company's articles of association provide that one-third of the directors who have been longest in office since the last election, are required to retire at each annual general meeting (AGM) and may offer themselves for re-election. During the year under review, Messrs RS Dabengwa, AT Mikati, MJN Njeke and J van Rooyen retired from the board and were re-elected at the annual general meeting on 24 June 2009.

The board, on the recommendation of the NRHR & CG committee, reviewed the independence of Messrs MC Ramaphosa, DDB Band and AF van Biljon, who are due to retire from the board by rotation at the forthcoming AGM. Details of retiring directors are set out on page 171 of book 2.

The board concluded that despite Messrs MC Ramaphosa and DDB Band having served as directors since October 2001, and Mr AF van Biljon since November 2002, their independence of character and judgement are not in any way affected or impaired by their length of service, and the board is therefore of the opinion and has declared the three directors to be independent. The determination of independence is guided by the King Code, the Companies Act and international best practice.

Independence of directors

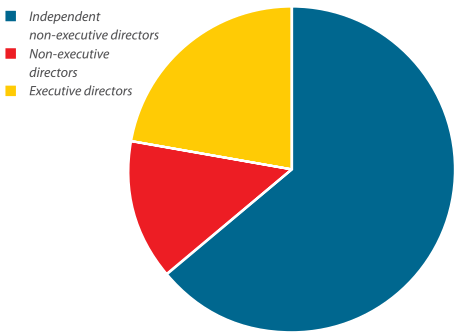
The MTN board comprises a majority of independent non-executive directors. The board considers nine out of the 11 non-executive directors to be independent in terms of the King II definition and the guidelines outlined in the JSE Listings Requirements. One of the non-executive directors has interests in the MTN Group as outlined on page 40 in book 2. The board is mindful of this and the potential conflict of interests that might arise as a result, however remote. A rigorous policy of disclosure of interests and recusal from discussions in which a director has an interest is followed to mitigate any such conflicts and thus preserve their independence.

The graph below shows extent of independence of directors

	Number*	Percentage
Independent non-executive directors	9	64
Non-executive directors	2	14
Executive directors	3	22

** as at 1 January 2010*

MTN directors



Induction and development

MTN recognises that the induction of new directors, as well as the ongoing development of all directors, is critical in ensuring that they are able to effectively discharge their responsibilities within the Company's governance structure as well as the legislative framework under which it operates. During the year under review, the directors received briefings and presentations on the new requirements of the Companies Act, No 71 of 2008, King III and the JSE Listings Requirements.

Whenever there are new legislative/corporate governance changes, directors are informed accordingly. In addition, all directors have access to the services of independent professional advisers at the expense of the Company in order to act in the best interests of the Company, although no such advice was sought during 2009. Furthermore, all directors have access to management, and to the advice of the company secretary.

Board and directors evaluation

Consistent with previous years, a collective evaluation of the board was conducted aimed at *inter alia*, determining how the board's effectiveness can be improved. The evaluation was carried out by the Institute of Directors (IoD). Executive directors were also included in the evaluation process.

Director performance is assessed against these criterias: time availability, commitment to performing the functions of a director, knowledge of the business, providing strategic direction, contribution to investment decisions, consideration of significant financial matters, views on critical and key issues, the constant challenges that face the Company, the director's views on his/her own performance as a board member, and attendance over the past year.

Corporate governance report *continued*

The process included:

- An evaluation of board effectiveness;
- An assessment of the performance of board members; and
- An assessment of the performance of board subcommittees and an evaluation of their terms of reference.

The GP & CEO's performance is also evaluated according to his performance scorecard, which is approved annually by the NRHR & CG committee. The outcomes of the board evaluation were as follows:

- The board has more significant areas of strength than weaknesses;
- the board is firmly focused on strategy;
- the effectiveness of the audit committee is seen as one of the biggest strengths of the board;
- board meetings appear to be well run and managed;
- the company secretary is seen to provide excellent support to the chairman and the board;
- the monitoring role played by the board in ensuring delivery on its mandate and oversight of systems controls and risks is seen as particularly good;
- the board charter was seen as providing a good roadmap to the board in so far as duties and responsibilities were concerned;
- the agenda-setting process is seen as being strong. The NRHR & CG committee was seen as adding significant value;
- the role, composition and terms of reference of the subcommittees and the considerable value that they add to overall board effectiveness are also viewed as a major strength of the board;
- The Group's annual report and sustainability reporting are taken seriously by the board and are regarded as an effective stakeholder communication.

Delegation of authority and risk management

The ultimate responsibility for the Group's operations rests with the board. The board retains effective control through a well-developed governance structure of board committees that specialise in specific areas of the business. Necessary authorities have been delegated to the GP & CEO to manage the day-to-day business affairs of the Company. The Group executive and steering committee assists the GP & CEO in discharging his duties and the duties of the board when it is not in session. However, in terms of statute and the Company's constitution, certain matters are reserved for board and/or shareholder approval.

The delegation of authority is reviewed periodically to ensure it remains aligned and relevant in relation to the rapid growth of the Company. Future amendments will also include the integration of a risk appetite framework, which has recently been adopted by the Group, with a view to identifying, classifying, escalating and mitigating risks. Further details of the risk management philosophy appear on page 108 of the risk management report.

Board remuneration and shareholding

Details of remuneration paid to directors are set out on page 26 in book 2. Non-executive directors receive fees for their membership and attendance at meetings of the board and committees on which they serve. In addition, where non-executive directors perform *ad hoc* work, they are paid in accordance with an approved schedule of fees. Proposals on non-executive directors' remuneration are made through the NRHR & CG committee for review by the board. The remuneration of non-executive directors is submitted to shareholders for sanctioning at the annual general meeting prior to implementation. Details of directors shareholding are set out on page 40 in book 2.

Dealings by directors in company securities

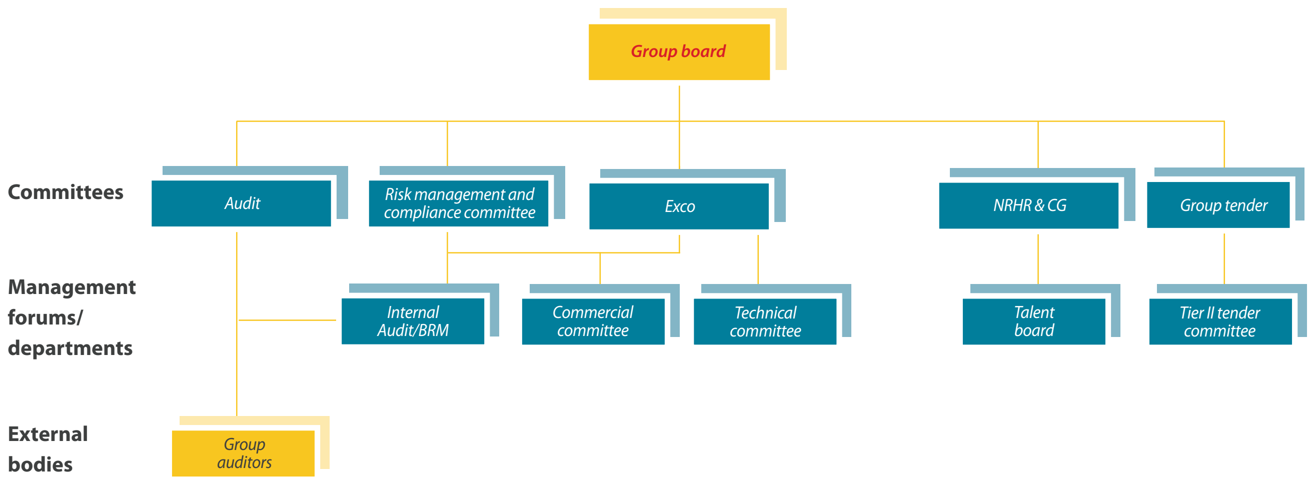
Directors' dealings are disclosed on page 41 in book 2. The Company has a policy in place that regulates dealings by directors. In compliance with the JSE Listings Requirements, all directors are required prior to trading, to obtain clearance to trade from the chairperson or the designated director. All the directors complied with the JSE Listings Requirements during the period under review.

Group governance structure

This section provides an overview of the Company's formal governance structure and related mechanisms.

This structure is largely replicated in significant MTN subsidiaries. In all subsidiary operations, the audit committee assumes the additional responsibilities of risk management and compliance.

The board has a diversity of talent, expertise and experience. This is put to good use through various carefully structured board committees and is partly reflected by the number of board and committee meetings held during the year under review. These are presented in the tables to follow:



Directors	Age	Director since	Scheduled board meetings attended	Special board meetings attended#
Independent non-executives				
MC Ramaphosa	57	Oct-01	4/4	10/10
DDB Band	66	Oct-01	4/4	10/10
KP Kalyan	55	Jun-06	4/4	9/10
MJN Njeke	51	Jun-06	4/4	9/10
AF van Biljon	62	Nov-02	4/4	10/10
J van Rooyen	60	Jul-06	4/4	9/10
Non-executives				
AT Mikati	37	Jul-06	4/4	10/10
JHN Strydom	71	Mar-04	4/4	10/10
Executives				
PF Nhleko	50	Jul-01	4/4	10/10
RS Dabengwa	52	Oct-01	4/4	10/10
RD Nisbet (Resigned as Group finance director on 30 September 2009)	54	Oct-01	3/4	10/10
NI Patel (Appointed as Group finance director on 27 November 2009)	53	Nov-09	1/4	n/a

 # Special board meetings (meetings scheduled outside predetermined meeting dates on special business) are convened at short notice and therefore directors are not always available to attend.

Audit	Meetings attended	Risk manage-ment and compliance committee	Meetings attended	NRHR & CG	Meetings attended	Group tender	Meetings attended
				Member	5/5		
		Alternate	n/a	Chairman	5/5		
		Member	4/4	Member	5/5		
Member	5/6	Member	2/4				
Chairman	6/6	Invitee	3/4				
Member	6/6	Chairman	4/4				
Member	5/6	Member	4/4				
Invitee	6/6	Invitee	4/4	Invitee	5/5		
Invitee	6/6	Invitee	4/4	Invitee	5/5	Member	1/2
Invitee	5/6	Invitee	4/4	Invitee	2/5	Member	2/2
Invitee	1/6	Invitee	n/a	n/a	n/a	Member	1/2

Corporate governance report *continued*

Additional Group tender committee members (Including independent non-executive chairman)

	Age	Committee member since	Scheduled meetings attended
MLD Marole (Chairman)	50	05/2004	2/2
C de Faria	54	06/2007	2/2
T Lowry	54	06/2007	1/2
J Ramadan	53	06/2007	2/2
C Wheeler	46	05/2004	2/2

In camera meetings

During the period under review most of the board meetings were preceded by in camera meetings of non-executive directors.

Special *ad hoc* board committees

In certain instances, the board constituted special board committees which are granted the necessary authority to deal with the salient matters under special projects and to allow for a more detailed consideration of issues.

Special committees may consist of different directors depending on the expertise required to resolve any special matters under review by the committee.

Executive and steering committee (Exco)

This committee facilitates the effective control of the Group's operational activities in terms of its delegated authority approved by the board. It is responsible for recommendations to the board on the Group's policies and strategies and for monitoring their implementation in line with the board's mandate. The committee is assisted by three regional vice presidents (VPs) who communicate and co-ordinate the policies and strategies of the committee to the various subsidiary operations. The committee meets at least monthly and additionally as required. The committee is chaired by the GP & CEO.

The committee constituted the following subcommittees with a view to further enhancing its ability to manage and oversee operational matters:

- The technical committee
- The commercial committee.

Both committees are chaired by the Group chief operating officer with two additional Exco members, including the VPs. Various other senior management representatives of large subsidiaries attend as permanent invitees to ensure broad representation. The profile of the executive committee is set out on pages 18 and 19.

Board committees

The MTN Group board recognises that it is ultimately accountable and responsible for the performance and affairs of the Group and that the issue of delegated authorities to board committees and management in no way absolves the board and its directors from the obligation to carry out their duties and responsibilities.

All board committees operate under written terms of reference approved by the board.

All committee chairpersons also provide the board with a report on recent committee activities. Board committees are permitted to take independent outside professional advice as and when deemed necessary. The office of the Group secretary provides support and secretarial services to each of the board committees.

Membership of board committees comprises independent and non-executive directors only, with the exception of the executive and steering committee and the Tier II tender committee, which are primarily committees of an operational nature and so comprised of senior management. There is full disclosure and transparency from these committees to the board. The membership and principal responsibilities of the committees are set out on page 98. Each committee's authority and the discharge of its responsibilities is directed by a charter.

The committees are as follows:

- Audit (Audit)
- Risk management and compliance (Risk)
- Nominations, remuneration, human resources and corporate governance (NRHR & CG)
- Group tender (Tender)
- Executive and steering (Exco)

The board is satisfied that the board committees set out in detail below have effectively discharged their responsibilities as contained in their respective terms of reference during the year under review.

Corporate governance report *continued*

The committees' profiles are detailed as follows:

Group audit committee

The audit committee is a statutory committee and also has duties delegated to it by the board. The audit committee is appointed annually by the board as required by the Companies Act, No 61 of 1973. The audit committee assists the board in discharging its duties relating to the safeguarding of assets, the operation of adequate financial systems and control processes, and the preparation of financial statements and related financial reporting in compliance with all applicable legal requirements and accounting standards.

The audit committee activities report as required by the Companies Act is contained on page 17 in book 2. Membership of the committee and attendance at meetings is reflected on page 98. The audit committee has a majority of independent non-executive directors who are financially literate as recommended by King II.

The committee's chairman attended the annual general meeting during the year under review.

The executive directors, as well as internal and external audit representatives (the Company auditors), attended all committee meetings as permanent attendees. The committee chairman also attends Group risk management and compliance committee meetings.

The head of business risk management/internal audit (BRM) and external auditors have unrestricted access to the committee and its chairman. The committee chairman also meets regularly with the head of business risk management. BRM reports to the GP&CEO and to the chairman of the Group audit committee as well as to the risk management and compliance committee. BRM's performance is reviewed annually by the committee.

Audit committees exist in each Group operation and significant risk and audit matters relating to operations are regularly reported to the Group audit committee. The non-executive chairpersons of subsidiary audit committees do meet formally with the Group audit committee annually or more often as required. Members of the Group audit committee do periodically visit selected subsidiary operations so as to enhance their understanding of the Group's overall financial control environment. Audit workshops are held annually to consider and agree on audit plans for all operations for the year ahead and to review the effectiveness of the overall internal audit function.

The audit committee operates in line with a charter as approved by the board and fulfils its corporate governance and statutory duties as applicable.

In-camera meetings

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

- Management
- Internal audit
- External audit.

External audit

The joint external auditors provide an independent assessment of key accounting and information systems and controls in the Group. The auditors are appointed by the board on the recommendation of the Group audit committee and ratified by shareholders. The external auditors' performance and independence is regularly monitored by the Group audit committee and formally assessed annually. Non-audit work performed is authorised in advance by the chairman of the audit committee to ensure that there is no conflict of interest and that the work is within the scope of that permitted. The audit partners are rotated every five years.

Financial directors who served over the period under review

During the period under review, Mr RD Nisbet served as Group financial director until 30 September 2009. On his resignation, he was replaced by Mr NI Patel who was formally appointed with effect from 27 November 2009. The audit committee had, for the period under review, formally considered and satisfied itself of the appropriateness, expertise and experience of the financial directors.

Reporting and accountability

The chairman of the committee accounts to the board for its activities and makes recommendations to the board regarding the adoption of the annual and interim financial statements and any other matters arising from the above responsibilities.

The chairman of the committee is required to attend the annual general meeting to answer questions concerning matters falling within the ambit of the committee.

Meetings

The committee meets not less than four times per year and the quorum is three members present.

Group risk management and compliance committee

The risk management and compliance committee was established to improve the efficiency of the board and assist it in discharging its duties with regard to identifying, considering and monitoring risks impacting the Company and ensure compliance with prevailing legislation and other statutory requirements including voluntary corporate governance frameworks. The committee is also responsible for the sustainability framework and sustainability reporting for the MTN Group.

A close working relationship exists between the risk management and compliance committee and the audit committee. Three non-executive directors serving on the audit committee also serve on the risk management and compliance committee. This ensures that overlapping responsibilities are dealt with in an efficient manner.

The committee is responsible for performing the following functions:

Compliance

- To periodically review issues relevant to the board's oversight responsibilities, including compliance with the relevant laws and governance standards;
- Review compliance with all local and foreign legislation and regulatory body requirements applicable to the Company including but not limited to the following:
  - Companies Act
  - JSE Listings Requirements
  - Governance frameworks
  - Safety and health legislation
  - Employment equity
  - Security Services Act
  - Taxation legislation.

During the year under review, the committee assessed the Company's compliance with all statutory and other voluntary governance codes and was satisfied that it had complied with requirements. The committee is constituted of independent and non-executive directors only and details of attendance and membership of the committee are set out on page 98.

Group nominations, remuneration, human resources and corporate governance committee (NRHR & CG)

The NRHR & CG committee has been constituted to assist the board in discharging its duties relating to the nomination of board members and senior management. It also oversees the formulation of a remuneration philosophy and human resources strategy to ensure that the Company employs and retains the best human capital possible relevant to its business needs; maximises the potential of its employees; and ensures the Group's adherence to sound corporate governance principles.

Some committee meetings were preceded or followed by an in-camera session (meeting of non-executive directors only).

The committee's mandate, which is reviewed annually by the board, defines its key responsibilities as follows:

- Reviews the size, structure and composition of the board.
- Conducts an annual assessment of the board's performance.
- Conducts an annual assessment of the chairman's as well as the GP & CEO's performance.
- Sets criteria for the nomination of directors and committee members.
- Identifies, evaluates and nominates candidates for appointment to the board to fill vacancies as they arise.
- Reviews and determines the remuneration of executive directors.
- Reviews and approves the Group's policy on executive remuneration.
- Reviews and approves Group policies on corporate governance.
- Monitors the Group's compliance with King II and other relevant legislation.
- Makes recommendations to the board on annual salary increases and performance-related bonus awards.
- Reviews and approves performance-related incentive schemes, performance criteria and measurements, including share scheme allocations to executive directors and senior staff.

- Reviews and approves new remuneration methodologies for the management team including, but not limited to, incentive schemes, benefit funds and benefits related to salary-sacrifice options.
- Reviews the Group's philosophy regarding fees payable to non-executive directors, based on recommendations from the executive directors (as a separate process from executive remuneration reviews). This must be confirmed by the board and ratified by shareholders.
- Monitors and reviews compliance with employment equity practices.

In terms of King II and the JSE Listings Requirements, the chairman of the nominations committee should be the chairman of the board, and membership of the committee must consist of only non-executive directors. MTN has combined the nominations committee, human resources and remunerations committees as well as the corporate governance committee under one committee. As such MTN is not strictly compliant with the King II recommendation. The chairman of the board is, however, a member of the NRHR & CG committee and thus able to influence the nomination processes sufficiently.

The committee is only constituted of independent non-executive directors and thus exceeds the King II and JSE Listings Requirements of non-executive directors only. Details of the committee's attendance and membership are set out on page 98.

The committees' chairman attended the annual general meeting during the year under review. Further details regarding directors' remuneration and the Group remuneration philosophy are set out on page 98.

Group tender committee

The Group tender committee's primary objective is to promote a sustainable and fair tender culture and to ensure that tender policies are applied consistently, always bearing in mind best business practices to develop all markets and promote economic development. The committee is chaired by an independent non-executive director. The committee's charter, which is approved by the board and reviewed periodically, aims to promote an effective, transparent and independent procurement and tender evaluation process. The committee, however, only reviews high-level tenders as the need arises. Various lower-level tender committees are in place group-wide to ensure that all other tenders are reviewed with the same level of efficiency. The chairman of the tender committee will be replaced by another independent chairman due to the appointment of the current chairman to the board.

Details of attendance and membership are set out on page 98.

Code of conduct

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

Corporate governance report *continued*

Group company secretary

Ms SB Mtshali is the Group company secretary. The company secretary is a central source of information and advice to the board and within the Company on matters of ethics and good governance. Together with the investor relations department, the company secretary provides a direct communication link with investors and liaises with the Company's share registrars on all issues affecting shareholders. The company secretary assists the board in its deliberations, drawing the attention of members to their legal duties and ensuring, together with the executive directors and senior management, that decisions of the board are properly implemented.

This office also communicates and monitors compliance, among others, with the Group trade embargo policy, ensuring that no employee, executive director or non-executive director is allowed to deal in the Company's securities during prohibited periods.

The company secretary provides the board as a whole and directors individually with guidance on the discharge of their responsibilities. Appointment and removal of the company secretary are matters for the board as a whole. The company secretary ensures that in accordance with pertinent legislation, the proceedings and affairs of the board and its members, the Company itself and, where appropriate, the owners of securities in the Company, are properly administered. The company secretary ensures compliance with the rules and Listings Requirements of the JSE Limited. The company secretary also assists in developing the annual board plan, administers the long-term incentive schemes and ensures compliance with the statutory requirements of the Company and its subsidiaries.

Compliance office

A compliance function has been established within the company secretary office, responsible for advising and assisting the board of directors and management in implementing the awareness and assessment of compliance with the regulatory environment. MTN understand that compliance with laws, regulations and all governance frameworks promotes and sustains the reputation and standing of a company.

Group executive: regulatory affairs

MTN Group has 21 operations in Africa and the Middle East. There are many regulatory issues that are applicable in these operations. During the year under review, a Group Executive: regulatory affairs was appointed to advise the Group of related legal developments in various operations.

Stakeholder communication

MTN strives to have transparent, open and clear communication with all of its relevant stakeholders. It is the policy of the Company, where practical, to ensure that financial and non-financial information is timeously and accurately disseminated to relevant stakeholders. To communicate Group strategy and performance, regular presentations are made by executive directors and senior management to institutional investors, analysts and the media.

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

The MTN Group encourages shareholders to attend the annual general meeting, which provides an opportunity for shareholders to raise pertinent questions and to interact with directors. A summary of the proceedings of all general meetings and the outcome of voting on items of business are posted on the website immediately following the AGM.

Political donation policy

MTN supports multi-party democracy in South Africa and good governance and healthy competition of ideas in the country's policy-making environment through its political funding policy. Parties that receive funding are chosen using verified provisions from the Independent Electoral Commission. To qualify for funding, political parties must be registered in terms of section 15 of the Electoral Commission Act, No 57 of 1996, and must have parliamentary representation. During the year under review, the Company distributed funding in support of the democratic elections held in South Africa.

Integrated sustainability reporting

In accordance with King II, MTN understands that the principle of transparency in reporting sustainability information is a critical element of effective reporting. The key consideration is whether the information provided has allowed stakeholders to understand the key issues affecting the Company as well as the effect the Company's operation has had on the economic, social and environmental wellbeing of the community, both positive and negative.

To ensure that the Company has focus on sustainability issues a Group sustainability manager has been appointed. A full sustainability review appears on page 70 to page 90 of this report.

Sponsor

MTN fully understands the role and responsibilities of the sponsor as described in the JSE Listings Requirements. On February 2009, Deutsche Securities (Pty) Limited was appointed the Company's sponsor replacing Merrill Lynch South Africa (Pty) Limited. MTN has a sound relationship with its sponsor and considers that they have discharged their responsibilities with due care and skill.

Risk management and internal control

The Group has adopted a risk philosophy that is aimed at maximising business success and shareholder value by effectively balancing risk and reward.

Overview

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

MTN's objective has always been to embed risk management and internal control into the day-to-day running of the business in a practical manner. This involves continual proactive identification and understanding of risk factors and events that may impact business objectives, development of appropriate response strategies and internal control mechanisms, continual monitoring and reporting and independent assurance. This is achieved through the implementation of various risk management and governance mechanisms. These include:

- Monitoring the effective implementation by the various operations' chief executives and other management of corporate governance measures.
- Embedding risk management procedures into day-to-day activities such as business planning, operational reviews, projects etc.
- Business risk management functions in most operations to facilitate, co-ordinate and monitor the effective implementation of risk management mechanisms.
- Assurance from internal audit and external audit on the internal control environment.
- Audit and risk committees in all operations.
- Group oversight.

MTN has taken cognisance of the new requirements of King III and has initiated a project to assess gaps between MTN's current risk management practices and the requirements of King III. The gaps will be assessed and current practices and systems will be adapted where necessary.

Roles and responsibilities

Board of directors

The Group board of directors is ultimately responsible for oversight of proper risk management and internal control mechanisms and is supported by two subcommittees, namely the Group audit committee and the Group risk management and compliance committee. The Group audit committee is the oversight body for the implementation of adequate and effective internal control mechanisms in the Group. The Group risk management and compliance committee is the oversight body for risk management in the Group. It sets and approves the risk management framework, and reviews the overall effectiveness of risk management structures and response strategies. At a lower level, each operating company has its own audit and risk committee which is a subcommittee of the board of directors of that operating company. These committees are chaired by independent non-executive directors and essentially mirror on a lower level the role of the Group audit committee and Group risk management and compliance committee. These committees report to the Group committees on a regular basis to ensure oversight from a Group perspective.

Management

Management of the Group is responsible for the implementation of adequate and effective internal control mechanisms at an operational level. Management is represented at a Group level by the Group executive committee, headed by the Group president and chief executive officer, and at an operating company level by the chief executive officer of each operating company.

Independent business risk management function

Business risk management is an independent function responsible for the disciplines of enterprise risk management, internal audit and fraud risk management. It has more than 160 risk, internal audit, fraud risk and forensic specialists across the 21 operating countries of which more than two-thirds are internal audit specialists. The internal audit discipline within business risk management is independent from the risk management discipline and does not get involved in risk management activities. Business risk management is headed by a Group executive who reports directly to the Group president and chief executive officer and has direct access to, and regular meetings with, the chairpersons of the Group audit committee and Group risk management and compliance committee. MTN now has business risk management functions in all of its operations with oversight from the Group business risk management function. The activities of the business risk management function are guided by a set of policies, frameworks and methodologies which have been approved by the Group audit committee and Group risk management and compliance committee.

Risk management and internal control mechanisms

Risk appetite

MTN's risk appetite is determined by type of risk. This allows for a more controlled way of managing risk levels. A formal risk escalation structure was implemented at the end of 2009 based on MTN's risk-bearing capacity and a set of risk thresholds at various levels in the Group. Aggregation of total risk is done qualitatively and the Group risk management and compliance committee assesses the acceptability of MTN's consolidated risk profile.

Risk management and internal control *continued*

Enterprise risk management

As far as enterprise risk management is concerned, the business risk management function is responsible for ensuring the existence of an effective framework for risk management and driving the implementation of this framework throughout the Group. This is done by assisting and advising management on the topic and by ensuring effective reporting and escalation of risks.

The process of risk management in the Group is guided by a risk framework which is based on best practice risk management procedures. The Group business risk management function, together with management, has the mandate and responsibility of ensuring that adequate risk management processes are implemented in all areas of the business in line with the risk framework. During the year under review, significant progress was made with the migration of decentralised risk databases to a consolidated risk database. This will allow for better analysis, monitoring and reporting.

Insurance and risk transfer

MTN has a comprehensive insurance programme in place which covers perils such as material damage/business interruption, political risk, public liability, directors' and officers' liability, crime and professional indemnity. The limits of indemnity for these covers have been structured to optimise the balance between maximum potential loss and containing premiums. MTN also believes that risk retention and self-insurance are necessary to keep premiums at reasonable levels and show commitment towards risk management. MTN's risk retention levels differ from policy to policy.

Fraud risk management

The fraud risk management function is responsible for assessing fraud risk across the Group and driving the implementation of fraud prevention activities, which include whistleblowing processes. Fraud risk management is also responsible for detecting and investigating fraud. The implementation of fraud prevention mechanisms in the Group remains a priority. There was an increase in the number of fraud and theft cases reported in 2009. We believe that this was not because of an increase in fraud and theft activities, but mainly the result of the implementation of improved fraud prevention and detection mechanisms. These included the implementation of a Group-wide fraud incident register, conducting fraud risk assessments in most operations and the use of improved whistleblowing mechanisms. The overall value of fraud and theft incidents uncovered to date is not material.

In 2010, MTN will focus on the following inherent fraud risk categories from both a fraud risk and internal audit point of view:

- Procurement – conflict of interest and collusion with suppliers
- Asset and inventory theft
- Site acquisition and construction
- Manipulation of billing data
- Bribery and corruption

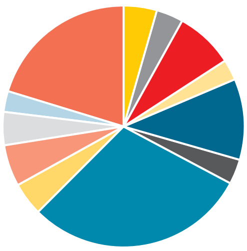
Internal audit

MTN has a substantial internal audit discipline function which is responsible for providing independent internal audit assurance to the Group. The independence of the internal audit discipline is maintained by ensuring that internal audit employees are not involved in risk management activities and by virtue of the fact that internal audit work is ultimately governed by the Group audit committee. The internal audit charter, which has been approved by the Group and the operating companies' audit committees, also provides for the independence of the internal audit function.

Internal audit activity in the Group has been increasing for the past few years with total internal audit hours in 2009 rising to 110 000 from 98 000 in 2008. Internal audit assurance is guided by extensive risk evaluation. Projected internal audit hours for 2010 are in excess of 130 000 hours. The Group is now reaching the point where internal audit coverage extends to most operations and most high-risk processes. The distribution of these hours in the various core business areas can be illustrated as follows:

% audit hours

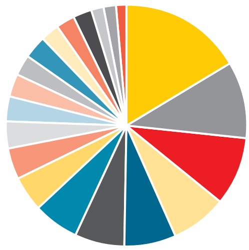
- *Procurement*
- *Asset management*
- *Customer relations*
- *Facilities*
- *Finance*
- *Human resources*
- *IT/IS/network*
- *Marketing*
- *Revenue assurance*
- *Sales and distribution*
- *Warehouse and stock management*
- *Other (legal, company secretary, follow-up)*



The split of audit hours planned for 2010 between the various country operations is illustrated as follows:

Total audit hours

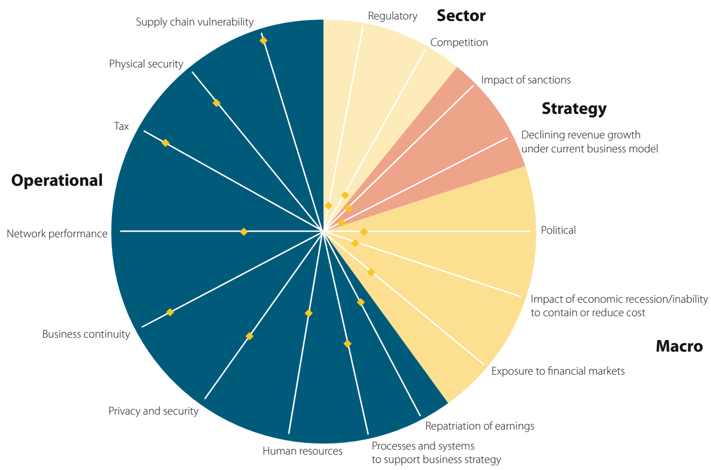
- *Nigeria*
- *SA*
- *Ghana*
- *Cameroon*
- *Uganda*
- *Côte d'Ivoire*
- *Iran*
- *Liberia*
- *Rwanda*
- *Yemen*
- *Zambia*
- *Congo*
- *Guinea Conakry*
- *Benin*
- *Syria*
- *Swaziland*
- *Sudan*
- *Guinea Bissau*
- *Afghanistan*
- *Cyprus*



There has been major focus on the improvement of the quality and maturity of internal audit coverage over the past year and these efforts will continue into 2010 with an eventual external quality assessment planned for 2011. Outsourcing arrangements on some internal audits add to the objectivity and independence of the internal audit work undertaken.

Principal risks

The board believes that management has identified the core risks in relation to the Group. These, as displayed in the graphic alongside, are categorised into operational, telecoms sector, strategy and macro-economic risks. MTN's principal risks fall mainly into the macro-economic, telecoms sector and strategic categories.



The year under review

Strategy

The steep growth experienced by the telecommunications industry in the past is starting to slow. This is because of a number of factors ranging from strong competition, regulatory pressures as well as converging technologies. A challenge for MTN and most mobile operators is to adapt its business model and technologies from the traditional voice offerings to a converged offering including voice, data and content. MTN has made good progress in this regard with various offerings including MTN MobileMoney, MTNPlay as well as a number of business solutions through MTN Business. MTN MobileMoney has been launched in a number of countries with good uptake. MTN has committed in excess of USD191 million of investment in various submarine broadband cables to ensure high-speed connectivity and improved quality and capacity of voice and data offerings.

In addition to building new revenue growth models, MTN is continuing to focus on improving operational efficiencies in order to keep operational expenditure under control and maintain competitive EBITDA levels.

International sanctions against some countries in which MTN operates, pose a threat to the MTN Group with regards funding arrangements, supply chain management, investor relations etc. The Group is actively aware of these situations and has taken appropriate mitigating action wherever possible.

Sector

The regulatory environments in the MTN operating countries define special conditions under which MTN operates. These conditions are very dynamic, changing from time-to-time and are becoming more complex. During the period under review, MTN has seen a number of regulatory instruments introduced in many markets. These include the registration of SIM cards, changes to mobile termination rates, site sharing and the promulgation or repeal of telecommunication legislation and regulations. These are deemed to have been made under legislative and licensing regimes that gave rise to the first wave of licences to MTN. Regulatory pressure will continue to impact the Group. The Group continues to monitor and engage with policy makers and regulators in order to align its investment with the various regulatory and policy road maps.

MTN will likely face increased competition as the telecoms industry continues to consolidate.

Macro

The political situation in some of the countries in which MTN operates continues to be challenging. The year under review has been characterised by security, political and social unrest challenges.

These challenges are often beyond MTN's ability to control and may negatively impact on the Group. MTN is confident that its risk management strategies in response to these risks have mitigated the risk to the Group. These strategies include strict compliance with regulations, physical security measures, the establishment of a Group crisis operations centre, risk transfer and insurance strategies and good corporate citizenship.

Exposure to financial markets remains a risk to the Group. This risk has many facets including exposure to currency fluctuations, interest rate changes, liquidity and counterparty risk. These risks are managed through a centralised treasury function with the implementation of various mechanisms and procedures including a Group treasury policy.

Operational

In the past few years, MTN has made significant progress in reducing the risks associated with network performance in certain countries. This is a result of considerable capital expenditure which peaked at more than R32 billion in 2009.

The repatriation of earnings from most of the Group's operations has continued as planned in 2009, and good progress was made in overcoming the existing barriers to repatriation in certain countries.

MTN has stepped up its efforts to standardise processes across the Group with specific attention given to capital project management, network site build, activity-based costing and human resources. However, ongoing focus is still required.

The business continuity management project has made good progress in the past year with a number of countries now having formal business continuity projects in progress or, in certain cases, completed.

Increased requirements from King III on the governance of information technology are being assessed and any potential shortcomings will be addressed.

A comprehensive tax risk management strategy has been implemented to improve the management of tax risk.

The availability and depth of technical and leadership skills in certain MTN operating countries remains a challenge to the Group. However, the MTN Academy is now well established and its focus on leadership development and e-learning on technical aspects, together with other leadership development initiatives, will assist in the years ahead.

Glossary

Terms and acronyms

2G	Second generation
3G	Third generation
ADR	American depository receipt
AI	Africa Investor
ARPU*	Average revenue per user per month
ATM	Automatic teller 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 unit
CSR	Corporate social responsibility
CST	Communication service tax
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	Electromagnetic field
EPS	Earnings per share
eTOM	enhanced telecom operations map
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.*

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 rials
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
JIBOR	Johannesburg Interbank Offered 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
LTE	Long-term evolution
NRHR & CG	Nomination, remuneration, human resources and corporate governance committee

Glossary *continued*

Terms and acronyms (continued)

MCharge	MTN's virtual recharge mechanism
MENA	Middle East and North Africa region includes operations in Iran, Afghanistan, Syria, Yemen, Cyprus and Sudan
MMS	Multimedia messaging service
MNP	Mobile number portability
MOU	Minutes of use
MPLS	Multiprotocol label switching
NCC	Nigerian Communications Commission
NGN	Next-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 pays 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
SDG	Sudanese pounds
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

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

Group highlights

***Group subscribers** up 28,0% to*

116,0 million

***Revenue** up 9,2% to*

R111,9 billion

***EBITDA** up 6,7% to*

R46,1 billion

*Adjusted **HEPS** down 16,6% to*

754,3 cents

*Adjusted **HEPS,** excluding the impact of functional currency losses up 8,5% to*

878,9 cents

***Dividend** per share of*

192 cents

Contents

Group finance director's report

Revenue increased by 9,2% on subscriber growth of 28% to 116 million users . . . Had there been no change in currency rates during the year, revenue growth would have been 11 percentage points higher.

Nazir ***Patel***

Group finance director

Introduction

As described by the Group president and CEO in his review, MTN Group operations performed well in 2009 in the face of challenging market conditions. These market conditions were a function of difficult economic circumstances, increased competition and increased regulatory intervention. Notwithstanding this, the majority of the 21 operations in MTN's footprint reported strong subscriber growth and, other than South Africa, all operations maintained or improved their market share.

Revenue increased by 9,2% on subscriber growth of 28% to 116 million users, while earnings before interest, taxation, depreciation and amortisation (EBITDA) rose by 6,7%.

This resulted in an erosion of the EBITDA margin. The muted growth in revenue and EBITDA relative to the strong increase in subscribers clearly reflects the dampening effect of movements in exchange rates in the full year, compounded by the strength of the South African rand (rand) against the US dollar (USD), in the second half of the year. Reported financial results were negatively impacted as almost 70% of MTN Group earnings were generated outside South Africa but translated to rand for reporting purposes. The EBITDA margin reduced by 1 percentage point to end the year at 41,1%. This was mainly a result of the weaker performance in the South African operation and an increase in the revenue share to the authorities in Syria.

Finally, the Group's extensive capital expenditure (capex) roll out programme, initiated in 2008, was sustained throughout the year supporting the strong subscriber growth. R31,2 billion was spent in 2009 which is expected to be the peak amount for the Group.

Changes in ownership

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

- In January 2009, MTN increased its shareholding in **iTalk Cellular (Proprietary) Limited** from 41% (equity accounted) to 100% (consolidated) at a cost of R355 million.
- In January 2009, **MTN Zambia** issued a 2,2% shareholding to a minority shareholder as part of a private placement arrangement, diluting MTN's shareholding from 100% to 97,8%.
- In January 2009, MTN disposed of its 50% joint venture investment in **Digital Mobile TV Africa (Proprietary) Limited** (DMTV) for a consideration of R58 million.
- In February 2009, MTN acquired 100% of **Verizon South Africa (Proprietary) Limited** at a cost of R1,8 billion.
- In October 2009, MTN increased its shareholding in **MTN Uganda** from 95% to 96% at a cost of USD6,5 million.
- In November 2009, MTN acquired a 20% investment in **Belgacom International Carrier Services SA** (BICS). The purchase consideration was in exchange for MTN International Carrier Services and Uniglobe assets and a contract for 70% of the international traffic from selected operations over a period of five years to 2014.

Group finance director's report *continued*

Foreign exchange

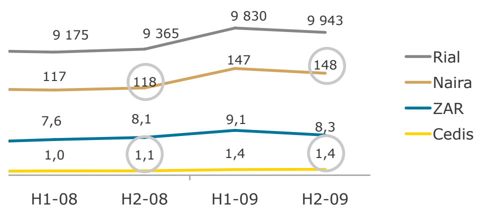
Currency volatility had a substantial bearing on numerous items in the Group's income statement and balance sheet. Had there been no change in currency rates during the year, revenue growth at year-end would have been 11 percentage points higher, and EBITDA growth would have been 12 percentage points above that reported. A more detailed analysis of the foreign exchange rate (FX) impact on revenue and EBITDA is detailed below under the respective headings. Functional currency losses of R3,2 billion were recorded, compared with gains in the previous year of R2,4 billion. This reduced adjusted headline EPS by 124,6 cents from a gain of 94,2 cents the previous year. Adjusted headline EPS, excluding the impact of the functional currency losses, increased by 8,5% to 878,9 cents for the year.

The strong rand, however, had a positive impact on capex, reducing the effective spend of the Group by R3,5 billion.

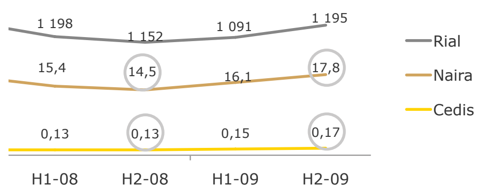
It is appropriate to consider the performance in the first half of the year against the second half largely in light of the movements of foreign currencies both in South Africa, as well as our key markets such as Nigeria and Ghana. In H1, revenue was up 24% and EBITDA was 24,8% higher. In H2, revenue was down 3% and the EBITDA margin declined by 8,8%. Both of these are directly related to the weakening of the Nigerian naira (NGN) on a cross-rate basis against the rand of approximately 30% and the Ghanaian cedi of approximately 22%.

Income statement analysis (the complete income statement appears on page 46).

USD: Local currency



ZAR: Local currency



MTN Group revenue

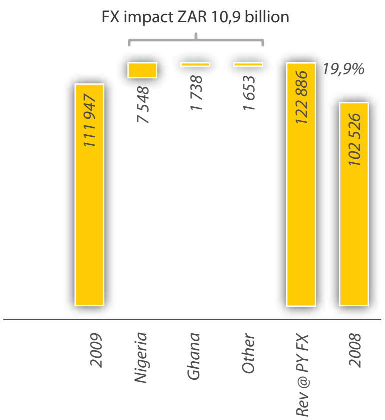
	December 2009 Rm	December 2008 Rm	% change	Local currency % change
Revenue by region				
Iran	**7 625**	4 935	54,5	60,0
Syria	**6 987**	6 508	7,4	8,2
Other operations	**6 913**	5 771	19,8	
Middle East and North Africa	**21 525**	17 215	25,0	
Nigeria	**33 326**	31 558	5,6	30,0
Ghana	**5 667**	6 047	(6,3)	25,1
Other operations	**11 550**	10 078	14,6	
West and Central Africa	**50 543**	47 682	6,0	
South Africa	**33 149**	32 148	3,1	3,1
Other operations	**6 520**	5 335	22,2	
South and East Africa	**39 669**	37 483	5,8	
Head office companies	**210**	146	43,8	
Total	**111 947**	102 526	9,2	

MTN Group revenue increased by 9,2% to R111,9 billion (2008: R102,5 billion), driven largely by the strong growth in the subscriber base. When prior year FX rates are used, 2009 revenue was negatively impacted by R10,9 billion due to foreign exchange currency movements.

When local currency growth in the various markets is analysed, it is evident that growth remained robust, indicating a sound operational performance despite the weak rand reported numbers. MTN's major markets, with the exception of South Africa and Syria, enjoyed growth above 20% with Iran showing an increase of 60%. Due to the very high level of competition, it was especially pleasing that Ugandan growth was still strong at 26,4%.

The slower growth in revenue in Syria was due to subscriber acquisitions lagging in the first half of the year resulting in limited revenue contribution from the substantial increase in subscribers in the second half of the year.

FX impact on revenue



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Revenue analysis

	December 2009	December 2008	% change
Airtime and subscription	**76 814**	70 963	8,2
	68,6%	*69,2%*	
Data	**3 329**	2 690	23,8
	3,0%	*2,6%*	
SMS	**5 437**	4 394	23,7
	4,9%	*4,3%*	
Interconnect	**19 516**	18 364	6,3
	17,4%	*17,9%*	
Cellular phones and accessories	**3 279**	3 551	(7,7)
	2,9%	*3,5%*	
Other	**3 572**	2 564	39,3
	3,2%	*2,5%*	
Revenue	**111 947**	102 526	9,2

South Africa's contribution to airtime and subscription revenues remained flat year-on-year, despite the 1,1 million reduction in subscribers over the period indicating that the disconnected subscribers were not significant revenue generating customers. Airtime revenue was the major contributor to revenue in the remaining operations which increased in line with overall organic revenue growth. Data and SMS revenue showed a strong increase due to solid mobile data growth in South Africa and to a lesser extent Nigeria and Iran. During the year, investments made in 3G infrastructure, fibre capability and data solutions, which together with improved products (including those in support of our sponsorship of the FIFA World Cup), allowed us to grow this particular revenue stream as part of our data strategy.

The contribution of interconnect to total revenue dropped as a result of a 6% fall in Nigerian interconnect revenue, where nearly 80% of all traffic is now on-net. In South Africa, however, interconnect revenue growth was ahead of airtime revenue growth.

Revenue generated on cellular phones and accessories dropped due to a considerable reduction in the selling prices, not withstanding an increase in handset volumes from approximately 4,1 million to 5,1 million units. Handsets are mainly purchased for distribution in South Africa.

Other revenues of R3,6 billion were generated which mostly related to the acquisition of Verizon SA in February 2009.

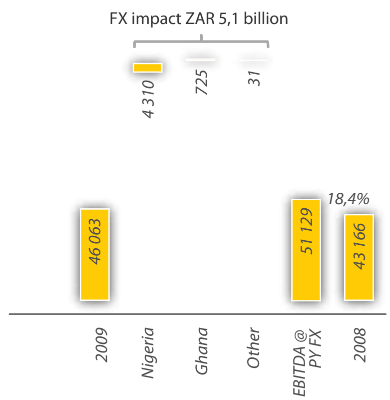
MTN Group EBITDA

	December 2009 Rm	December 2008 Rm	% change	Local currency % change
EBITDA by region				
Iran	**2 664**	1 492	78,6	85,3
Syria	**1 373**	1 829	(24,9)	(23,5)
Other operations	**1 745**	1 334	30,8	
Middle East and North Africa	**5 782**	4 654	24,2	
Nigeria	**19 746**	18 248	8,2	32,4
Ghana	**2 566**	2 743	(6,5)	25,1
Other operations	**4 717**	4 327	9,0	
West and Central Africa	**27 029**	25 318	6,8	
South Africa	**10 410**	10 586	(1,7)	(1,7)
Other operations	**2 291**	2 292	—	
South and East Africa	**12 701**	12 878	(1,4)	
Head office companies	**551**	316	74,4	
Total	**46 063**	43 166	6,7	

MTN Group EBITDA increased by 6,7% to R46,1 billion (December 2008: R43,2 billion), with foreign exchange currency movements negatively impacting this figure by R5,1 billion.

Again as indicated in the revenue section, growth remains more robust in local currency. Iran and Nigeria increased its EBITDA in local currency by 85,3% and 32,4%, respectively. This is more reflective of the organic growth in the various markets.

FX impact on EBITDA



Group finance director's report *continued*

The Group's EBITDA margin dropped by one percentage point to 41,1%. The drop in the EBITDA margin was mainly attributable to the weaker performance of the South African operation and the increased share of revenue paid to the authorities in Syria, in line with the conditions of the BOT contract in that country. The Nigerian operation continued to contribute positively to the Group's EBITDA margin. The Nigerian EBITDA margin improved 1,4 percentage points to 59,3% mainly due to an increase in revenue together with a containment of operating expenses, in particular an 18% decline in the price of fuel. This was marginally weaker than the 61% EBITDA margin reported in H1 of 2009, due to exceptional charges taken on impairment provisions, FIFA-related promotional activity and an increase in the cost of site leasing for the increased number of BTS's rolled out during the year.

Iran raised its EBITDA margin by 4,7 percentage points to 34,9% due to an increase in economies of scale benefits, cost optimisation from single vendor maintenance and locally manufactured vouchers.

South Africa's EBITDA margin declined 1,5 percentage points to 31,4% due to reduced fixed to mobile interconnect traffic; reduced number of subscribers, especially in the postpaid segment; migration to lower-value packages; an increase in handset sales as margins reduced and higher distribution costs following the integration of iTalk and Cell Place.

EBITDA restated at constant prior year FX rates would have been approximately 12 percentage points higher than the 6,7% growth reported.

EBITDA reconciliation

EBITDA margin 2008	42,1
Nigeria	0,7
Syria	(0,6)
South Africa	(0,5)
Other operations	(0,6)
EBITDA margin 2009	**41,1**

EBITDA analysis

	December 2009	December 2008	% change
Revenue	**111 947**	102 526	9,2
Direct network operating costs	**15 925** 14,2%	14 140 *13,8%*	12,6
Cost of handsets and other accessories	**6 297** 5,6%	5 985 *5,8%*	5,2
Interconnect and roaming	**15 166** 13,5%	13 217 *12,9%*	14,7
Employee benefits	**5 843** 5,2%	4 776 *4,7%*	22,3
Selling, distribution and marketing expenses	**14 649** 13,1%	13 274 *12,9%*	10,4
Other expenses	**8 004** 7,1%	7 968 *7,8%*	0,5
EBITDA	**46 063**	43 166	6,7
EBITDA margin %	***41,1%***	*42,1%*	

Direct network operating costs due to network roll out together with the Syrian revenue share charge had a substantial impact on total costs. Interconnect and roaming costs increased in South Africa mainly due to higher prices charged by the fixed line operator on outgoing international traffic to neighbouring operations. Following the integration of Verizon, iTalk and Cell Place in the South African operation, employee-related and distribution costs also increased. Moving forward, we would expect to reduce these costs through the headcount restructuring exercise announced late last year. The closure of poorly positioned or under-performing distribution points will also assist in reducing costs. Included in other expenses is the positive impact of a claim settlement by a smaller competitor of R354 million.

Group finance director's report *continued*

Depreciation and amortisation

MTN Group's depreciation charge increased by 18,8% or R1,9 billion to R11,8 billion as a result of a continued investment in network infrastructure by the Group's operations, particularly in the past two years. Nigeria, Iran and South Africa were the main contributors to depreciation in their respective regions, indicative of the heavy infrastructure roll out in these countries. The Group's amortisation charge decreased by R0,2 billion to R2,7 billion. This is largely due to the unwinding of the intangible assets recognised on the Investcom acquisition in 2006.

Net finance costs

Net finance costs increased by 203% or R3,9 billion to R5,8 billion. The strengthening of the rand relative to the dollar, which resulted in the recognition of a functional currency loss of R3,2 billion (December 2008: R2,4 billion functional currency gain) is the main driver for this movement. Much of the loss was attributable to foreign currency denominated loans, receivables and cash balances in Mauritius (a functional currency rand entity). A net gain of R0,7 billion for the Nigerian put option was recognised in the 2009 year, compared to a net charge of R1,3 billion in 2008 mainly as a result of the weakening of the NGN on a cross-rate basis against the rand. Net interest paid increased due to a 4% increase in the interest rates in Nigeria lending combined with further draw-down on the Nigerian local facilities.

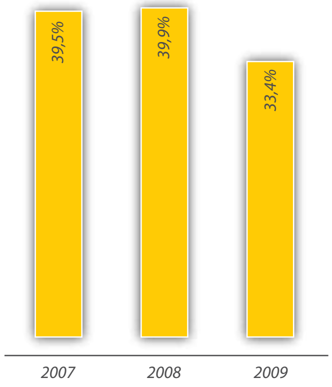
Taxation

The Group's taxation charge decreased by 24,2% or R2,7 billion to R8,6 billion, resulting in a decline in the effective tax rate from 39,9% in 2008 to 33,4% in 2009. The expiration, in March 2008, of the one-year commencement period in Nigeria and the positive effect of the Nigerian put option on profit before tax strongly impacted the decline in the effective tax rate. The one-year commencement period began in March 2007, marking the beginning of the reversal of the deferred tax asset that had been created during the five-year tax holiday granted in Nigeria.

Non-controlling interests

Non-controlling interests increased to R2,5 billion from R1,8 billion in the prior reported period. The higher profit after tax in Nigeria and the increase in the non-controlling share in that particular operation were largely responsible for this increase.

Effective tax rate



Headline earnings per share

Adjusted headline earnings per share (HEPS) decreased by 16,6% to 754,3 cents compared with 904,4 cents in 2008. The core contributor to this decrease was the functional currency loss of R3,2 billion in 2009, compared to a functional currency gain of R2,4 billion in 2008. Adjusted HEPS, excluding the functional currency impact, increased by 8,5% to 878,9 cents compared to 2008.

IFRS requires the Group to account for a written put option held by a non-controlling shareholder of one of the Group subsidiaries, which provides the non-controlling shareholder with the right to require the subsidiary to acquire its shareholdings at fair value. Prior to the implementation of IFRS the shareholding was treated as a non-controlling shareholder in the subsidiary as all risks and rewards associated with these shares, including dividends, accrue to the non-controlling 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 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;

(c) the non-controlling shareholder holding the put option no longer be regarded as a non-controlling 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;

(b) the shares considered to be subject to the contracts are issued and fully paid up, have the same rights as any other issued and fully paid up shares and should be treated as such;

(c) the written put option meets the definition of a derivative and should therefore be accounted for as a derivative in which case the liability and the related fair value adjustments recorded through the income statement would not be required.

Group finance director's report *continued*

The full balance sheet and cash flow statement appear on pages 48 and 50, respectively.

Balance sheet and cash flow statement

Capex

MTN's extensive network expansion and investment strategy resulted in capex for the year of R31,2 billion, a 10,6% increase on 2008. This was lower than the R42 billion approved capex budget for the year due to a R7,2 billion expenditure rollover into 2010 and a R3,5 billion saving due to rand strength. We expect 2009 to have been our peak year for capital expenditure. The approved budget for 2010 is R23,6 billion (including rollover capex), 44% lower than the 2009 budgeted amount.

Assets and liabilities

Assets and liabilities were also impacted by foreign currency translation adjustments. Property, plant and equipment was adversely affected by foreign currency translation adjustments approximately R13 billion. Goodwill and other intangible assets decreased by 21% or R9,7 billion to R36,1 billion, mainly due to foreign currency translation adjustments and the unwinding of the intangible assets recognised on the Investcom acquisition in 2006.

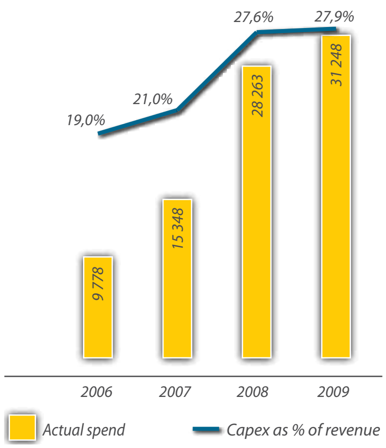
Other non-current liabilities include a deferred gain of R1,3 billion recognised on the sale or swap of the specific MTN International Carrier Services, Uniglobe and MTN Dubai assets to BICS. This will be released over a five-year period until 2014.

Net debt

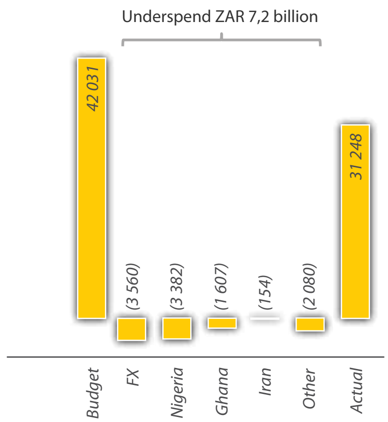
The net debt to EBITDA of 0,26 times has allowed the board to relax the dividend policy of the Company, and a dividend of 192 cents has accordingly been paid. MTN has continued financing its underlying subsidiary companies on a non-recourse basis. During the year, approximately USD462 million was raised in the various operations, including Côte d'Ivoire, Uganda, Rwanda, Benin, Liberia and Afghanistan. Most of this, other than Afghanistan, had been drawndown at year end. MTN's South African holding company raised a R6 billion term loan facility in December 2009 as part of refinancing maturing debt and creating headroom facilities.

The repayment profile shows significant debt repayments in 2010. These are made up of a R5 billion repayment on the MTN01 bond, approximately R6 billion due in Nigeria in October 2010 as well as approximately R3 billion on the continued amortisation of MTN's jumbo syndication facility. MTN is well advanced in refinancing these liabilities which will result in an improved profile not only for the 2010 debt but also the significant debt due in 2012, principally for MTN Nigeria.

Capex spend



Capex spend to budget in 2009



MTN eliminated the last R600 million of unproductive interest from the Investcom transaction shortly after year-end. Intercompany loans (excluding holding companies and South Africa) totalling R7,6 billion were mainly to Iran, Sudan and Afghanistan.

Cash generated from operating activities increased to R36,3 billion from R34,2 billion, reflecting a strong operational performance. Cash outflows from investing activities increased by R6,0 billion to R33,2 billion. Investing activities include the cash spent on the acquisitions of Verizon SA, iTalk and Cell Place in the current period.

Looking forward

Capex of R23,6 billion has been approved for 2010, although approximately R20 billion is actually expected to be spent in the year ahead. The capex budget is based on the current average exchange rate assumption of R8,07 to the USD.

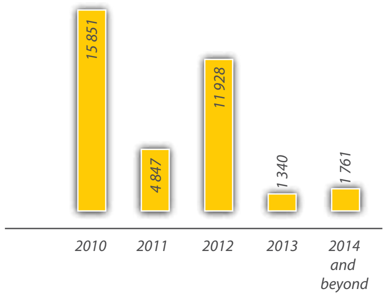
Capital expenditure

South Africa	4 245
Nigeria	6 424
Ghana	1 551
Iran	2 666
Syria	456
Other operations	8 257
Total	**23 599**

Net addition subscriber guidance for 2010:

South Africa	800
Nigeria	6 000
Ghana	800
Iran	5 000
Syria	400
Other operations	7 000
Total	**20 000**

Debt repayment profile



Nazir Patel
Group finance director
10 March 2010

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Five-year review

Financial information	December 2009 Rm	December 2008 Rm	December 2007 Rm	December 2006 Rm	December 2005**# Rm
Income statement – extracts					
Revenue	**111 947**	102 526	73 145	51 595	27 212
EBITDA	**46 063**	43 166	31 845	22 413	11 231
Operating profit	**31 588**	30 407	22 872	16 094	8 478
Net finance costs	**(5 810)**	(1 917)	(3 173)	(1 427)	(373)
Income tax expense	**(8 612)**	(11 355)	(7 791)	(2 591)	(1 411)
Attributable to:					
Non-controlling interest	**(2 511)**	(1 820)	(1 308)	(1 489)	(838)
Equity holders of the company	**14 650**	15 315	10 608	10 610	5 866
Basic headline earnings	**14 869**	15 603	10 886	10 628	5 984
Balance sheet – extracts					
Property, plant and equipment	**67 541**	64 193	39 463	30 647	20 676
Goodwill	**24 756**	31 914	25 744	27 017	2 650
Other intangible assets	**11 308**	13 872	13 053	13 088	4 057
Investment in associates, loans and other non-current receivables	**5 291**	4 683	2 493	2 925	2 367
Deferred tax assets	**1 317**	657	1 332	2 605	1 386
Cash and cash equivalents including restricted cash	**24 741**	28 738	17 607	10 091	7 560
Other current assets	**21 283**	26 049	15 894	10 544	6 116
Total assets	**156 237**	170 106	115 586	96 917	44 812
Total equity attributable to equity holders of the company	**70 011**	76 386	47 315	38 696	19 716
Non-controlling interest	**2 855**	4 156	4 187	4 033	3 380
Interest-bearing liabilities	**36 917**	41 590	33 657	32 979	8 605
Non-interest-bearing liabilities	**40 788**	42 985	27 751	18 431	12 258
Deferred tax liabilities	**5 666**	4 989	2 676	2 778	853
Total liabilities	**83 371**	89 564	64 084	54 188	21 716
Total equity and liabilities	**156 237**	170 106	115 586	96 917	44 812
Cash flow statement – extracts					
Cash generated from operations	**49 632**	44 836	34 334	22 934	11 367
Net cash generated from operating activities	**36 282**	34 236	25 850	17 622	9 159
Net cash used in investing activities	**(33 192)**	(27 177)	(17 152)	(35 711)	(12 920)
Net cash (used in)/generated from financing activities	**(926)**	292	(2 135)	18 993	5 357
Cash and cash equivalents	**22 646**	25 596	15 546	9 008	7 164
Dividend paid	**(3 381)**	(2 536)	(1 675)	(1 083)	(1 081)
Acquisition of property, plant and equipment	**(27 720)**	(26 896)	(15 348)	(9 796)	(6 732)

Financial information (continued)	**December 2009**	December 2008	December 2007	December 2006	December 2005**#
Performance per ordinary share					
Basic headline earnings (cents)	**803,2**	836,5	584,8	606,5	359,8
Adjusted headline earnings (cents)	**754,3**	904,4	681,9	584,7	338,2
Attributable earnings (cents)	**791,4**	821,0	569,9	605,4	352,7
Dividend (cents)	**181,0**	136,0	90,0	65,0	65,0
Net asset value – book value (rand)[(1)]	**38,2**	41,0	25,4	20,8	11,8
Returns and profitability ratios					
Return on assets (%)[(2)]	**19,4**	21,3	21,5	22,7	30,3
Return on average shareholders' funds (%)[(3)]	**20,3**	25,2	25,3	36,4	44,6
EBITDA margin (%)	**41,1**	42,1	43,5	43,4	41,3
Enterprise value/EBITDA multiple (times)[(4)]	**5,3**	5,1	8,1	8,3	7,2
Effective taxation rate (%)	**33,4**	39,9	39,5	17,6	17,4
Solvency and liquidity ratios					
Gearing (%)[(5)]	**16,7**	16,0	31,2	53,6	4,5
Interest cover (times)[(6)]	**2,6**	3,5	4,6	4,9	10,7
Dividend cover (times)[(7)]	**4,2**	4,6	4,3	6,3	5,2
Net debt to EBITDA[(8)]	**0,3**	0,3	0,5	1,0	0,1
Operating cash flow/revenue (%)	**44,3**	43,7	46,9	44,5	41,8
Share performance					
Number of ordinary shares in issue (million)					
– at year-end	**1 841**	1 868	1 865	1 860	1 665
– weighted average during the year	**1 851**	1 865	1 862	1 752	1 663
Closing price (cents per share)	**11 790**	10 850	12 806	8 530	6 215
Market capitalisation (Rm)	**216 999**	202 385	238 806	158 684	103 498

Definitions

(1) *Ordinary shareholders' interest divided 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*
*** Restated to comply with IFRS*
 # Nine months to 31 December 2005

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Five-year review *continued*

Operational information	**December 2009**	December 2008	December 2007	December 2006	December 2005
South Africa					
Mobile penetration (%)	**103**	97	86	74	62
Market share (%)	**32**	36	36	36	35
Subscribers (million)	**16**	17	15	12	10
ARPU (ZAR)	**126**	164	149	159	169
EBITDA margin (%)	**31**	33	35	34	32
Capex/sales (%)	**18**	15	10	10	15
Nigeria					
Mobile penetration (%)	**42**	36	28	19	13
Market share (%)	**50**	44	43	46	47
Subscribers (million)	**31**	23	17	12	8
ARPU (USD)	**12**	16	17	18	22
EBITDA margin (%)	**59**	58	57	57	52
Capex/sales (%)	**31**	30	24	25	43
Ghana**					
Mobile penetration (%)	**61**	50	33	22	
Market share (%)	**55**	55	52	52	
Subscribers (million)	**8**	6	4	3	
ARPU (USD)	**8**	12	15	17	
EBITDA margin (%)	**45**	46	51	42	
Capex/sales (%)	**46**	31	31	28	
Sudan**					
Mobile penetration (%)	**34**	23	21	12	
Market share (%)	**28**	28	28	25	
Subscribers (million)	**4**	3	2	1	
ARPU (USD)	**5**	7	12	16	
EBITDA margin (%)	**21**	15	36	17	
Capex/sales (%)	**34**	57	60	74	
Iran**					
Mobile penetration (%)	**80**	61	37	20	
Market share (%)	**40**	37	23	1	
Subscribers (million)	**23**	16	6	*	
ARPU (USD)	**8**	9	10	9	
EBITDA margin (%)	**35**	30	(13)	(75)	
Capex/sales (%)	**44**	56	116	1 003	

** Amounts less than R1 million*
*** Included from date of acquisition*

Report of the audit committee

Report in terms of section 270A(1)(f) of the Companies Act, No 61 of 1973, as amended

The MTN Group audit committee (the committee) has adopted comprehensive terms of reference and an outline of such is detailed in the corporate governance report. The committee has conducted its work over the year and discharged all of its responsibilities in accordance with these terms of reference. The committee is pleased to present below its report in terms of section 270A(1)(f) of the Companies Act, No 61 of 1973, as amended, for the financial year ended 31 December 2009.

The committee was formally reappointed by the board during the year. The composition and biographical details of committee members are set out on page 98 of book 1. The members' fees are included in the table of directors' emoluments and related payments on page 26.

Execution of functions of the audit committee

The committee has executed its duties and responsibilities in accordance with its terms of reference as they relate to the MTN Group's accounting, internal auditing, internal control and financial reporting practices.

The committee performed the following activities during the year under review:

- Considered the effectiveness of the internal audit function and monitored adherence to the annual internal audit plan;
- Received and reviewed reports from both internal and external auditors concerning the effectiveness of the internal control environment, systems and processes;
- Reviewed the reports of both internal and external auditors detailing their concerns arising out of their audits and requested appropriate responses from management;
- Reviewed the processes in place for the reporting of concerns and complaints relating to accounting practices, internal audit, contents of the Company's financial statements, internal controls and any related matters. The committee can confirm that there were no such complaints of substance during the year under review;
- Reviewed the report prepared by internal audit regarding the risk management processes in the Company and the extent to which such have been embedded within each operating division;
- Reviewed and approved the MTN policy for non-audit services that can be provided by the external auditors. This policy sets out those services that may not be provided by the external auditors and the required authorisation process for those services that the external auditors may provide. The policy further sets out limitations and approvals required for the employment of current and former employees of the external auditors;
- Approved the external auditors' fees for 2009 and the budgeted fees for the 2010 financial year;
- Considered the independence and objectivity of the external auditors and ensured that the scope of additional services provided did not impair their independence;
- 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.

In addition, in order to execute his responsibilities, the chairman of the Group audit committee:

- met separately over the course of the year with management, and with both internal and external auditors;
- attended the Group risk management and compliance committee meetings held during the year under review.

After assessing the requirements set out in section 270A(5)(a-d) of the Companies Act, the committee is satisfied with the independence and objectivity of the external auditors, and recommends the reappointment of the joint external auditors at the next annual general meeting.

The audit committee has evaluated the financial statements of MTN Group Limited for the year ended 31 December 2009 and, based on the information provided to the audit committee, considers that the Group complies with the Companies Act, as amended, International Financial Reporting Standards (IFRS) and the Listings Requirements of the JSE.

In compliance with the JSE Listings Requirement 3.84(h), the committee reviewed the performance, appropriateness and expertise of the Group finance director, Mr RD Nisbet, who resigned on 30 September 2009, and was satisfied with his expertise and experience.

Mr NI Patel was appointed to the board in the capacity of Group finance director on 27 November 2009, succeeding Mr Nisbet. The committee has satisfied itself that Mr Patel has the appropriate expertise and experience to fulfil this role and has performed appropriately over the period of his appointment.

AF van Biljon
Audit committee chairman
10 March 2010

Statement of directors' responsibilities

for the year ended 31 December 2009

The directors are responsible for the preparation, integrity and fair presentation of the financial statements of MTN Group Limited and its subsidiaries in accordance with International Financial Reporting Standards (IFRS) and the Companies Act, No 61 of 1973 as amended, (the Companies Act). The annual financial statements and Group annual financial statements presented on pages 21 to 165 have been prepared in accordance with the requirements of IFRS and the Companies Act and include amounts based on judgements and estimates made by management.

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

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

MTN Group operates in an established controlled environment, which is documented and regularly reviewed. This incorporates risk management and internal control procedures, which are designed to provide reasonable, but not absolute, assurance that assets are safeguarded and the risks facing the business are controlled. Any new acquisitions which do not apply the same standards and procedures will be integrated into the Group and, during such integration, uniformity of standards will be achieved. Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

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

The Group's external auditors, PricewaterhouseCoopers Incorporated and SizweNtsaluba VSP, jointly audited the financial statements and their unqualified audit report is presented on page 20.

The annual financial statements and Group annual financial statements which appear on pages 21 to 165 were approved for issue by the board of directors on 10 March 2010 and are signed on its behalf by:

MC Ramaphosa
Chairman

PF Nhleko
Group president and chief executive officer

Fairland
10 March 2010

Certificate by the company secretary

for the year ended 31 December 2009

In terms of section 268(d) of the Companies Act, No 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 2009, all such returns as are required of a public company in terms of the Companies Act and that such returns are true, correct and up to date.

SB Mtshali
Group secretary

Fairland
10 March 2010

Report of the independent auditors

for the year ended 31 December 2009

We have audited the Group annual financial statements and annual financial statements of MTN Group Limited, which comprise the consolidated and separate balance sheet as at 31 December 2009, and the consolidated and separate statements of income, comprehensive income, changes in equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes and the directors' report, as set out on pages 21 to 165.

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 consolidated and separate financial position of the MTN Group Limited as at 31 December 2009 and its consolidated and separate financial performance and its consolidated and separate 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.
Director: S. Sooklal
Registered Auditor

Sunninghill
10 March 2010

SizweNtsaluba VSP
Director: A. Mashifane
Registered Auditor

Woodmead
10 March 2010

Directors' report

for the year ended 31 December 2009

The directors have pleasure in submitting their report on the annual financial statements of the Group for the year ended 31 December 2009.

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.

International Financial Reporting Standards (IFRS)

The Company's financial statements were prepared in accordance with International Financial Reporting Standards.

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.

	December 2009 Rm	December 2008 Rm
Aggregate net profits in:		
Subsidiaries	**14 507**	15 626
Joint ventures	**1 013**	511
Associates	**13**	4
	15 533	16 141
Aggregate net losses in:		
Subsidiaries	**(852)**	(822)
Joint ventures	**(13)**	—
Associates	**(18)**	(4)
	(883)	(826)

Subsidiary companies

Details of entities in which MTN Group has a direct or indirect interest are set out in Annexure 1 of the financial statements on page 162.

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

Distribution to shareholders

A dividend of 192 cents per share (December 2008: 181 cents per share) amounting to R3,534 million (December 2008: R3,381 million) in respect of the financial year ended 31 December 2009 was declared on Wednesday, 10 March 2010, payable to shareholders registered on Friday, 9 April 2010. The payment 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 received payment of their dividends electronically, as provided for by STRATE. For those shareholders who have not yet dematerialised their shareholding in the Company in certificated form, the Company operates an electronic funds transmission service, whereby dividends may be electronically transferred to shareholders' bank accounts. These shareholders are encouraged to mandate this method of payment for all future dividends, by approaching our share registrar, Computershare Investor Services (Proprietary) Limited, whose contact details are reflected on page 180 of the notice of the annual general meeting.

Share capital

Authorised share capital

There was no change in the authorised share capital of the Company during the year under review. The authorised ordinary share capital of MTN Group is 2,5 billion shares of 0,01 cent each. The movements in the issued ordinary share capital during the period under review were as follows:

Issued share capital

There was a net decrease in the issued share capital due to the acquisition and subsequent cancellation of shares relating to the Newshelf transaction (refer below). The allotment of shares for the year were as follows:

Options exercised and allotted

Share	Strike price
840 215	R9,31
119 820	R12,88
243 880	R13,53
550 000	R16,81
181 000	R27,00
211 785	R40,50

Other shares issued

Share	Strike price
12 600	R13,53

Shares issued to the Public Investment Corporation (PIC)

Share	Strike price
111 469 352	R91,67
102 397 546	R93,53

Shares repurchased and cancelled in terms of the Newshelf transaction

Share	Strike price
243 500 011	R119,00

Accordingly, at 31 December 2009, the issued share capital of the Company was R184 053 (December 2008: R186 801) comprising 1 840 536 491 (December 2008: 1 868 010 304) 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 15 July 2010, members will be asked at that meeting to consider an ordinary resolution placing the said unissued ordinary shares, up to a maximum of 10% of the Company's issued share capital, under the control of the directors until the next annual general meeting.

Further details of the authorised and issued shares as well as the share premium for the year ended 31 December 2009 appears in note 17 to the MTN Group annual financial statements.

Acquisition of the Company's own shares

Shareholders are referred to the circular to MTN shareholders issued on 6 April 2009, the purpose of which was to provide shareholders with the relevant information relating to the acquisition of Newshelf 664 (Proprietary) Limited (Newshelf).

At the beginning of the 2009 financial year, Newshelf owned 243 500 011 MTN ordinary shares. Newshelf acquired 37 589 980 MTN ordinary shares on loan account from the PIC to enable Newshelf to declare and pay a special dividend to its ordinary shareholder, the Alpine Trust (34 389 980 MTN ordinary shares with 300 000 MTN ordinary shares to be retained by the Alpine Trust to cover contingencies and the balance distributed to the Alpine Trust beneficiaries in February 2009) and to settle the related taxes (3 200 000 MTN ordinary shares).

Following the approvals of the South African competition authorities on 11 March 2009 and MTN shareholders on 5 May 2009, respectively, as well as the fulfilment of other conditions precedent, MTN repurchased and cancelled 234 500 011 of its own shares from Newshelf. The repurchase of these shares resulted in the immediate reduction of approximately 1,6% in the total number of MTN shares in issue.

At the last annual general meeting held on 24 June 2009, shareholders gave the Company or any of its subsidiaries a general approval in terms of section 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 15 July 2010, members will asked at that meeting to consider a special resolution to renew this general approval until the next annual general meeting, subject to a maximum extension of 15 months.

Shareholders' interest

Major shareholders

The following information was extracted from the Company's share register at 31 December 2009:

Nominees holding shares in excess of 5% of the issued ordinary share capital of the Company:	December 2009 Number of shares	December 2009 % of issued share capital	December 2008 Number of shares	December 2008 % of issued share capital
Nedbank Nominees Limited	**707 311 323**	**38,43**	756 664 535	40,51
Standard Bank Nominees (Tvl) (Proprietary) Limited	**619 607 675**	**33,66**	632 349 026	33,85
First National Nominees (Proprietary) Limited	**312 383 573**	**16,97**	304 791 742	16,32
Absa Nominees (Proprietary) Limited	**122 630 962**	**6,66**	—	—
Spread of ordinary shareholders				
Public	**1 184 393 703**	**64,35**	1 396 012 143	74,73
Non-public	**656 142 788**	**35,65**	471 998 161	25,27
– Directors of MTN Group Limited and major subsidiaries	**9 006 155**	**0,49**	4 023 540	0,22
– Empowerment entities*	**10 412 747**	**0,57**	—	—
– Lombard Odier Darier Hentsch & Cie (M1 Limited)	**190 084 630**	**10,33**	190 084 630	10,18
– Newshelf 664 (Proprietary) Limited	**—**	**—**	277 889 991	14,87
– Strategic Holdings**	**446 639 256**	**24,26**	—	—
Total issued share capital	**1 840 536 491**	**100,00**	1 868 010 304	100,00

* *National Empowerment Fund and StratEquity Empowerment Investments.*

***Government Employee Pension Fund managed through various asset, investment and fund managers.*

Disclosure 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:

Beneficial shareholders holding 5% or more	December 2009 Number of shares	December 2009 % of issued share capital	December 2008 Number of shares	December 2008 % of issued share capital
Public Investment Corporation	**446 639 256**	**24,27**	219 002 091	11,72
Newshelf 664 (Proprietary) Limited	**—**	**—**	277 889 991	14,87
Lombard Odier Darier Hentsch & Cie (M1 Limited)	**190 084 630**	**10,33**	190 084 630	10,18
Old Mutual Investment Group (SA) (Proprietary) Limited	**116 613 767**	**6,34**	—	—

Certain of these shareholdings are partially or wholly included in the nominee companies mentioned on page 23. 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 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 multinational 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 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 the remuneration policy to the nomination, 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 the 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. In addition, 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 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.

Performance bonuses for executive directors are linked to the 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 director's fees or committee fees in respect of meetings attended.

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

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 board is proposing an increase of fees by 10% for local non-executive directors, 6% for committee members and 3,5% for international board members. 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 finance director conducted a review of the remuneration paid to non-executive directors, based on data provided by independent remuneration specialists and benchmarked against 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 15 July 2010. The proposed new fee structure is outlined in the notice of the 15th annual general meeting on page 174 and will be applicable with effect from 1 January 2010.

The fees received by executive and non-executive directors during 2009 are reflected in the following table:

Directors' emoluments and related payments

For the year ended 31 December 2009

	Date appointed	Directors' fees R000	Salaries R000	Retirement benefits R000	Other benefits R000	Bonuses R000	Total R000
Executive directors ******							
PF Nhleko	01/06/01		6 727	749	218	8 000	15 694
RD Nisbet (resigned during 2009)	01/10/01		3 615	333	310	—	4 258
NI Patel	25/11/09		311	40	6	2 000	2 357
RS Dabengwa	01/10/01		4 113	527	558	3 093	8 291
Total			14 766	1 649	1 092	13 093	30 600

		2009 fees		2008 fees paid in 2009*					
	Date appointed	Retainer## R000	Attendance## R000	Retainer# R000	Attendance## R000	Special board R000	Special projects R000	Ad hoc work R000	Total R000
Non-executive directors*									
MC Ramaphosa	01/10/01	633	329	177	728	460	—	—	2 327
DDB Band	01/10/01	196	223	152	19	238	136	369	1 333
K Kalyan**#	13/06/06	556	420	—	—	372	103	—	1 451
AT Mikati **‡	17/07/06	799	320	—	—	634	277	—	2 030
MJN Njeke	13/06/06	212	234	157	28	238	33	—	902
JHN Strydom	11/03/04	212	296	157	25	238	162	—	1 090
AF van Biljon	01/11/02	210	326	152	74	238	136	24	1 160
J van Rooyen	17/07/06	232	318	165	62	238	136	24	1 175
Total		3 050	2 466	960	936	2 656	983	417	11 468

* *At the annual general meeting held 24 June 2009, the shareholders approved an increase in fees for non-executive directors with retrospective effect from 1 January 2008. The payment of the increased fees to non-executive directors was made at the end of the second quarter of 2009 and was in respect of scheduled board and committee meetings as well as numerous special board and committee meetings and for ad hoc work and special projects during the course of the year.*

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

**** *Share options/SARS details are not reflected in the remuneration schedule but are disclosed on page 41.*

‡ *Fees are paid to M1 Limited.*

Fees for quarter 1 and 2 paid in euros, quarter 3 and 4 paid in rand.

Retainer and attendance fees include fees for board and committees.

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	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	11 057
Sub-total			13 359	1 278	869	25 000	40 506
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	48 696

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

*** *The fees paid to non-executive directors include fees for services as authorised by shareholders, and fees in respect of the numerous special board committee meetings and other ad hoc meetings during the course of the year. Refer to page 98 of book 1 for details of number of special meetings and attendance.*

**** *Share options/SARS details are not reflected in the remuneration schedule but are disclosed on page 41.*

‡ *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 continued 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 92 026 825 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 allocated and reserved at year-end are as follows:

	December 2009 Number of shares	December 2008 Number of shares
Options allocated and reserved at beginning of year	**3 575 079**	6 946 726
Adjustment to prior year closing balance	**930**	5 680
	3 576 009	6 952 406
Less: Options no longer reserved due to participants leaving the employ of the Group and the lapsing of offers	**(54 945)**	(165 240)
Less: Options exercised and allotted during the year	**(2 146 700)**	(3 212 087)
Options allocated at year-end	**1 374 364**	3 575 079

The market weighted average share price on the dates that share options were exercised during the year was R111,40.

The options outstanding at the end of the period under review have a weighted average remaining contractual life of three years (December 2008: four years). During the year ended 31 December 2009, no options were granted. The fair values were calculated using the stochastic model. The inputs into the model are reflected below:

	December 2009	December 2008
Weighted average share price for the year	**R114,05**	R120,36
Weighted average exercise price	**R111,40**	R100,72
Expected life	**1 year**	3 – 5 years
Risk-free rate	**7,16%**	6,77% – 7,60%
Expected dividend yield	**1,29%**	0,97%
Expected volatility	**30,46%**	40,39% – 46,52%

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:

	December 2009 R000	December 2008 R000
Ordinary share capital – at par	*****	*
Share premium	**35 546**	41 021
Proceeds	**35 546**	41 021
Fair value, at exercise date, of shares issued	**232 309**	339 947

**Amount less than R1 million.*

The MTN Group share options, share appreciation rights and share rights schemes (continued)
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 2008	Forfeited during 2009	Exercised during 2009	Adjustment during 2009	Number outstanding at 31 December 2009	Remaining contractual life (years)
28 September 2001	13,53	483 884	**(4 100)**	**(243 880)**	**—**	**235 904**	**1,74**
2 September 2002	9,31	1 377 255	**(30 310)**	**(840 215)**	**—**	**506 730**	**2,67**
2 January 2003	12,88	119 820	**—**	**(119 820)**	**—**	**—**	**3,00**
7 July 2003	16,81	550 000	**—**	**(550 000)**	**—**	**—**	**3,51**
1 December 2003	27,00	480 476	**(6 040)**	**(181 000)**	**930**	**294 366**	**3,91**
1 December 2004	40,50	563 644	**(14 495)**	**(211 785)**	**—**	**337 364**	**4,92**
Total		3 575 079	**(54 945)**	**(2 146 700)**	**930**	**1 374 364**	

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. 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 directors' allocations in issue, are reflected below:

Offer date	Strike price R	Number outstanding at 31 December 2008	Forfeited during 2009	Exercised during 2009	Adjusted during 2009	Number outstanding at 31 December 2009	Remaining contractual life (years)
31 May 2006	56,83	339 160	**—**	**(53 000)**	**—**	**286 160**	**6,41**
31 May 2006#	56,83	1 675 640	**(12 210)**	**(495 860)**	**40 100**	**1 207 670**	**5,90**
21 November 2006	71,00	2 978 820	**(240 220)**	**(556 820)**	**143 200**	**2 324 980**	**6,89**
1 January 2007	85,30	104 600	**—**	**—**	**—**	**104 600**	**7,00**
2 April 2007	98,50	23 700	**—**	**—**	**—**	**23 700**	**7,25**
22 June 2007	96,00	727 800	**(31 040)**	**(35 080)**	**7 800**	**669 480**	**7,47**
19 March 2008	126,99	549 500	**(30 100)**	**—**	**—**	**519 400**	**8,21**
1 September 2008	118,64	2 444 400	**(159 200)**	**(14 400)**	**(28 600)**	**2 242 200**	**8,67**
Total		8 843 620	**(472 770)**	**(1 155 160)**	**162 500**	**7 378 190**	

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 share appreciation rights and the expense to be recognised during the year.

The inputs into stochastic model were as follows:

	December 2009	December 2008
Share price at balance sheet date	**R117,90**	R108,50
Expected life	**1 – 5 years**	1 – 6 years
Risk-free rate	**7,16% – 8,39%**	6,77% – 7, 60%
Expected volatility	**30,46% – 39,23%**	40,39% – 46,52%
Dividend yield	**1,29%**	0,97%

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.

The NRHR & CG committee periodically assesses the effectiveness of the Company's long-term incentive scheme, to ensure alignment with shareholder requirements and international best practice.

To that effect the Company has developed the Share Appreciation Rights Scheme 2010 (SAR) and a Performance Share Plan 2010 (PSP), details of which are set out in the notice of annual general meeting to be held on 15 July 2010.

Equity compensation benefits for executive directors, the company secretary and directors of major subsidiaries

Participation in the MTN Group Limited share schemes for the year ended 31 December 2009.

Offer date	**Strike price R**	**Vesting date**	**Offered**	Number outstanding at 31 December 2008	**Exercised 2009**	**Exercise date**	**Exercise price R**	**Number outstanding at 31 December 2009**
PF Nhleko								
21 November 2006	71,00	21/11/2008	172 133	68 853	**—**	—	—	**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	413 120	**—**			**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			540 100	436 820	**—**			**436 820**

**As approved at the AGM of 13 June 2007, all unvested shares will vest on 30 June 2010.*

Directors' report *continued*

for the year ended 31 December 2009

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

Offer date	Strike price R	Vesting date	Offered	Number outstanding at 31 December 2008	Exercised 2009	Exercise date	Exercise price R	Number outstanding at 31 December 2009
RD Nisbet (as at 30 September 2009)								
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**	07/04/2009	105,60	—
2 September 2002	9,31	02/09/2007	280 740	280 740	**280 740**	07/04/2009	105,60	—
			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**	07/04/2009	105,60	—
1 December 2003	27,00	01/12/2007	19 350	19 350	**19 350**	07/04/2009	105,60	—
1 December 2003	27,00	01/12/2008	19 350	19 350	**19 350**	07/04/2009	105,60	—
			64 500	51 600	**51 600**			—
21 November 2006	71,00	21/11/2008	39 480	39 480	**39 480**	01/04/2009	106,42	—
21 November 2006	71,00	21/11/2009	39 480	39 480	—	—	—	*
21 November 2006	71,00	21/11/2010	59 220	59 220	—	—	—	*
21 November 2006	71,00	21/11/2011	59 220	59 220	—	—	—	*
			197 400	197 400	**39 480**			—
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	833 080	**652 560**			—

**Forfeited on resignation.*

Offer date	Strike price R	Vesting date	Offered	Number outstanding at 31 December 2008	Exercised 2009	Exercise date	Exercise price R	Number outstanding at 31 December 2009
NI Patel: (appointed effective from 29 November 2009)								
31 May 2006	56,83	31/05/2008	19 060	—	—	—	—	—
31 May 2006	56,83	31/05/2009	19 060	19 060	—	—	—	**19 060**
31 May 2006	56,83	31/05/2010	28 590	28 590	—	—	—	**28 590**
31 May 2006	56,83	31/05/2011	28 590	28 590	—	—	—	**28 590**
Total			95 300	76 240	—			**76 240**

Offer date	Strike price R	Vesting date	Offered	Number outstanding at 31 December 2008	Exercised 2009	Exercise date	Exercise price R	Number outstanding at 31 December 2009
RS Dabengwa								
1 December 2003	27,00	01/12/2005	58 220	—	—	—	—	—
1 December 2003	27,00	01/12/2006	58 220	—	—	—	—	—
1 December 2003	27,00	01/12/2007	87 330	43 770	—	—	—	**43 770**
1 December 2003	27,00	01/12/2008	87 330	87 330	—	—	—	**87 330**
			291 100	131 100	—			**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	—	—	—	**14 440**
19 March 2008	126,99	19/03/2011	14 440	14 440	—	—	—	**14 440**
19 March 2008	126,99	19/03/2012	21 660	21 660	—	—	—	**21 660**
19 March 2008	126,99	19/03/2013	21 660	21 660	—	—	—	**21 660**
			72 200	72 200	—			**72 200**
Total			541 500	381 500	—			**381 500**

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

Offer date	Strike price R	Vesting date	Offered	Number outstanding at 31 December 2008	Exercised 2009	Exercise date	Exercise price R	Number outstanding at 31 December 2009
C de Faria								
21 November 2006	71,00	21/11/2008	69 720	69 720	**69 720**	08/05/2009	112,05	**—**
21 November 2006	71,00	21/11/2009	69 720	69 720	**69 720**	24/11/2009	118,50	**—**
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	**139 440**			**209 160**
J Ramadan								
21 November 2006	71,00	21/11/2008	69 720	69 720	**69 720**	01/10/2009	128,50	**—**
21 November 2006	71,00	21/11/2009	69 720	69 720	**69 720**	24/11/2009	118,60	**—**
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	**139 440**			**209 160**
SL Botha								
7 July 2003	16,81	07/07/2005	191 908	—	**—**	—	—	**—**
7 July 2003	16,81	07/07/2006	191 908	—	**—**	—	—	**—**
7 July 2003	16,81	07/07/2007	287 862	262 138	**262 138**	—	—	**—**
					100 000	25/03/2009	107,21	**—**
					162 138	13/10/2009	124,01	**—**
7 July 2003	16,81	07/07/2008	287 862	287 862	**287 862**	—	—	**—**
					250 000	15/04/2009	107,57	**—**
					37 862	13/10/2009	124,01	**—**
			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	**550 000**			**155 900**

Offer date	Strike price R	Vesting date	Offered	Number outstanding at 31 December 2008	Exercised 2009	Exercise date	Exercise price R	Number outstanding at 31 December 2009
KW Pienaar								
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**	13/10/2009	124,01	**—**
1 December 2004	40,50	01/12/2009	9 330	9 330	**—**	—	—	**9 330**
			31 100	18 660	**9 330**			**9 330**
21 November 2006	71,00	21/11/2008	20 760	20 760	**20 760**	08/10/2009	129,05	**—**
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	**20 760**			**83 040**
Total			134 900	122 460	**30 090**			**92 370**

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

Offer date	Strike price R	Vesting date	Offered	Number outstanding at 31 December 2008	Exercised 2009	Exercise date	Exercise price R	Number outstanding at 31 December 2009
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	35 030	—	—	—	35 030
2 September 2002	9,31	02/09/2007	165 030	115 030	50 000	01/04/2009	105,07	65 030
			550 100	150 080	50 000			100 080
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	301 780	50 000			251 780

Offer date	Strike price R	Vesting date	Offered	Number outstanding at 31 December 2008	Exercised 2009	Exercise date	Exercise price R	Number outstanding at 31 December 2009
SB Mtshali								
31 May 2006	56,83	31/05/2008	10 600	10 600	**10 600**	02/04/2009	111, 60	**—**
31 May 2006	56,83	31/05/2009	10 600	10 600	**10 600**	01/10/2009	128,50	**—**
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	**21 200**			**31 800**
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**
J Desai								
21 November 2006	71,00	21/11/2008	20 500	20 500	**—**	—	—	**20 500**
21 November 2006	71,00	21/11/2009	20 500	20 500	**—**	—	—	**20 500**
21 November 2006	71,00	21/11/2010	30 750	30 750	**—**	—	—	**30 750**
21 November 2006	71,00	21/11/2011	30 750	30 750	**—**	—	—	**30 750**
Total			102 500	102 500	**—**			**102 500**

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

Offer date	Strike price R	Vesting date	Offered	Number outstanding at 31 December 2008	Exercised 2009	Exercise date	Exercise price R	Number outstanding at 31 December 2009
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	12/05/2009	108,63	—
28 September 2001	13,53	28/09/2005	22 770	22 770	22 770	12/05/2009	108,63	—
28 September 2001	13,53	28/09/2006	22 770	22 770	22 770	12/05/2009	108,63	—
			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	—	—	—	4 920
19 March 2008	126,99	19/03/2011	4 920	4 920	—	—	—	4 920
19 March 2008	126,99	19/03/2012	7 380	7 380	—	—	—	7 380
19 March 2008	126,99	19/03/2013	7 380	7 380	—	—	—	7 380
			24 600	24 600				24 600
Total			282 200	267 020	60 720			206 300

Offer date	Strike price R	Vesting date	Offered	Number out-standing at 31 December 2008	Exercised 2009	Exercise date	Exercise price R	Number out-standing at 31 December 2009
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**

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 AGM held on 13 June 2007 until 30 June 2010.

The Group president and CEO will not be renewing his long-term contract of employment which ends on 30 June 2010. However, he agreed with the board to continue in his current role until March 2011.

Directors' shareholdings and dealings

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

	December 2009	December 2008
Director		
DDB Band (beneficial)	**14 023**	14 023
PF Nhleko (beneficial)	**3 349 896**	3 304 451
RS Dabengwa	**1 414 818**	—
SB Mtshali‡	**7 031**	—
J Ramadan* (indirect beneficial)	**—**	20 000
J Ramadan* (beneficial)	**—**	9 000
RD Nisbet (beneficial)	**2 659 618**	656 066
NI Patel	**7 587**	—
KW Pienaar†	**609 796**	—
Z Bulbulia† (beneficial)	**40 000**	10 000
SL Botha†	**404 996**	—
AR Bing†	**100 273**	—
PD Norman† (non-beneficial)	**314 996**	10 000
J Desai	**83 121**	—
Total	**9 006 155**	4 023 540

† Major subsidiary director
** VP for the MENA region*
‡ Company secretary

Directors, major subsidiary directors, VP for MENA region and the company secretary, concluded the following transactions during the financial year under review:

Shareholders are referred to the integrated business report for the year ended 31 December 2008 in which it was also disclosed that Mr PF Nhleko entered into the following trades in 2008 which matured in the current year:

- On 30 October 2008 a call spread was concluded with a commercial bank for 3 500 000 contracts buying a call at a strike price of R122 and selling a call at a 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 at a price of R135 and selling a call at a price of R195 for 17 September 2009.

During the year under review, Mr PF Nhleko entered into the following trades which mature in future years:

- On 6 April 2009 a call spread was concluded with a commercial bank for 1 209 026 contracts buying a call at a strike price of R135 and selling a call strike at a strike price of R160 for 18 March 2010.
- On 6 November 2009 a zero cost collar was concluded with a commercial bank for 3 231 047 contracts buying a put at a strike price of R115,18 and selling a call at a strike price of R137,33 for 5 May 2011.

Transaction date	Description	Number of shares	Sale price R
Phuthuma Nhleko			
06/04/2009	Transactions on MTN ordinary shares	186 272	107,37
Total		186 272	
Robert Nisbet			
01/04/2009	Shares exercised under the Share Appreciation Rights Scheme	39 480	106,42
07/04/2009	Shares exercised under the Share Options Scheme	561 480	105,60
07/04/2009	Shares exercised under the Share Options Scheme	51 600	105,60
Total		652 560	

Transaction date	Description	Number of shares	Sale price R
Sifiso Dabengwa			
07/04/2009	Transactions on MTN ordinary shares	235 000	105,69
07/10/2009	Transactions on MTN ordinary shares	295 000	129,35
Total		530 000	
Santie Botha			
25/03/2009	Shares exercised under the Share Options Scheme	100 000	107,21
15/04/2009	Shares exercised under the Share Options Scheme	250 000	107,57
13/10/2009	Shares exercised under the Share Options Scheme	200 000	124,01
Total		550 000	
Paul Norman			
01/04/2009	Shares exercised under the Share Options Scheme	50 000	105,07
01/04/2009	Transactions on MTN ordinary shares	100 000	105,92
Total		150 000	
Karel Pienaar			
13/10/2009	Shares exercised under the Share Options Scheme	9 330	124,01
08/10/2009	Shares exercised under the Share Appreciation Rights Scheme	20 760	129,05
Total		30 090	

Transaction date	Description	Number of shares	Sale price R
Zunaid Bulbulia			
12/05/2009	Shares exercised under the Share Options Scheme	60 720	108,63
24/04/2009	Transactions on MTN ordinary shares	20 000	110,17
22/12/2009	Transactions on MTN ordinary shares	19 300	114,50
Total		100 020	
Bongi Mtshali			
02/04/2009	Shares exercised under the Share Appreciation Rights Scheme	10 600	111,60
01/10/2009	Shares exercised under the Share Appreciation Rights Scheme	10 600	128,50
Total		21 200	
Christian de Faria			
08/05/2009	Shares exercised under the Share Appreciation Rights Scheme	69 720	112,05
24/11/2009	Shares exercised under the Share Appreciation Rights Scheme	69 720	118,50
Total		139 440	
Jamal Ramadan			
01/10/2009	Shares exercised under the Share Appreciation Rights Scheme	69 720	128,50
24/11/2009	Shares exercised under the Share Appreciation Rights Scheme	69 720	118,50
Total		139 440	

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

The following persons, being directors of MTN Group Limited and its major subsidiaries and the MTN Group secretary, received the following number of MTN shares from the Alpine Trust, pursuant to the winding-up of the Alpine Trust:

Beneficiary	Shares
PF Nhleko	2 759 401
RD Nisbet	1 944 818
NI Patel	7 587
RS Dabengwa	1 944 818
SL Botha	404 996
PD Norman	404 996
KW Pienaar	404 996
Z Bulbulia	69 300
AR Bing	23 787
SB Mtshali	7 031
J Desai	83 121
Total	8 054 851

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/were appointed to the board:

Director	Resignation date
RD Nisbet	30 September 2009

Director	Appointment date
NI Patel	27 November 2009
NP Mageza	1 January 2010
MLD Marole	1 January 2010
A Harper	1 January 2010

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 directors 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 and who are available for re-election are Messrs MC Ramaphosa, DDB Band and AF van Biljon. The profiles of the directors retiring by rotation can be viewed on pages 171 and 172 of the notice of the annual general meeting.

In accordance with the articles of association of the Company, directors who have been appointed to fill a casual vacancy or being added to the existing board shall be required to hold office only until the next annual general meeting (AGM) and shall then be eligible for re-election.

The following directors who were added to the existing board to fill casual vacancies will be re-elected at the forthcoming annual general meeting are Messrs NI Patel, NP Mageza, Ms MLD Marole and Mr A Harper.

The profiles of the directors seeking re-election are contained on pages 172 and 173 of the notice of the annual general meeting.

Material resolutions

During the year under review MTN Group, through its subsidiary MTN Holdings (Proprietary) Limited, acquired 100% of Verizon South Africa (Proprietary) Limited. This business was subsequently renamed MTN Business Solutions (Proprietary) Limited, which also acquired the business of MTN Network Solutions (Proprietary) Limited.

Mergers and acquisitions

Details of the MTN Group's acquisitions and disposals are presented on page 3 of the Group finance director's report and on pages 129 to 134 of the annual financial statements.

Post-balance sheet events

No other material events have occurred between the date of the financial statements and the date of approval, the knowledge of which would affect the users of these statements to make proper evaluations and decisions.

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 facility has been established. This ADR facility is sponsored by the Bank of New York and details of the administrators are reflected under the administration page 187.

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 19 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 2010. 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 operation 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 period under review and declared itself satisfied that the auditors were independent of the Company.

Group income statement

for the year ended 31 December 2009

	Note	December 2009 Rm	December 2008 Rm
Revenue	4	**111 947**	102 526
Direct network operating costs		**(15 925)**	(14 140)
Costs of handsets and other accessories		**(6 297)**	(5 985)
Interconnect and roaming costs		**(15 166)**	(13 217)
Employee benefits	5	**(5 843)**	(4 776)
Selling, distribution and marketing expenses		**(14 649)**	(13 274)
Other operating expenses		**(7 837)**	(7 743)
Impairment of property, plant and equipment	10	**(167)**	(225)
Depreciation of property, plant and equipment	10	**(11 807)**	(9 939)
Amortisation of intangible assets	11	**(2 668)**	(2 820)
Operating profit	5	**31 588**	30 407
Finance income	6	**6 420**	6 727
Finance costs	6	**(12 230)**	(8 644)
Share of results of associates after tax	12	**(5)**	—
Profit before tax		**25 773**	28 490
Income tax expense	7	**(8 612)**	(11 355)
Profit after tax		**17 161**	17 135
Attributable to:			
Equity holders of the Company		**14 650**	15 315
Non-controlling interest		**2 511**	1 820
		17 161	17 135
Basic earnings per ordinary share (cents)	8	**791,4**	821,0
Basic diluted earnings per ordinary share (cents)	8	**781,5**	806,1
Dividend per share (cents)	9	**181,0**	136,0

The notes on pages 52 to 151 are an integral part of these consolidated financial statements.

Group statement of comprehensive income

for the year ended 31 December 2009

	December 2009 Rm	December 2008 Rm
Profit after tax	**17 161**	17 135
Other comprehensive (loss)/income:		
Exchange differences on translating foreign operations	**(17 700)**	13 191
– Equity holders of the Company	**(16 967)**	11 888
– Non-controlling interest	**(733)**	1 303
Cash flow hedging reserve	**(191)**	138
Total comprehensive (loss)/income for the period	**(730)**	30 464
Attributable to:		
Equity holders of the Company	**(2 508)**	27 341
Non-controlling interest	**1 778**	3 123
	(730)	30 464

The notes on pages 52 to 151 are an integral part of these consolidated financial statements.

Group balance sheet

at 31 December 2009

	Note	December 2009 Rm	December 2008 Rm
ASSETS			
Non-current assets		**110 213**	115 319
Property, plant and equipment	10	**67 541**	64 193
Intangible assets	11	**36 064**	45 786
Investment in associates	12	**1 462**	60
Loans and other non-current receivables	13	**3 829**	4 623
Deferred tax assets	14	**1 317**	657
Current assets		**46 024**	54 787
Inventories	15	**1 522**	2 372
Trade and other receivables	16	**16 373**	18 942
Taxation prepaid	25	**113**	642
Current portion of loans and other non-current receivables	13	**3 269**	3 324
Other investments	40	**6**	7
Derivatives	39	**—**	761
Restricted cash	27	**742**	1 778
Cash and cash equivalents	26	**23 999**	26 961
Total assets		**156 237**	170 106
EQUITY			
Ordinary shares and share premium	17	**44 297**	23 905
Retained earnings		**40 990**	50 712
Reserves	18	**(15 276)**	1 769
Total equity attributable to equity holders of the Company		**70 011**	76 386
Non-controlling interest		**2 855**	4 156
Total equity		**72 866**	80 542
LIABILITIES			
Non-current liabilities		**28 426**	34 973
Borrowings	19	**21 066**	29 100
Deferred tax liabilities	14	**5 666**	4 989
Other non-current liabilities	20	**1 694**	884
Current liabilities		**54 945**	54 591
Trade and other payables	22	**24 740**	24 753
Unearned income		**4 708**	4 869
Provisions	23	**2 748**	3 292
Taxation liabilities	25	**3 675**	5 720
Borrowings	19	**14 498**	11 125
Derivatives	39	**585**	126
Put option liability	21	**2 638**	3 341
Bank overdrafts	26	**1 353**	1 365
Total liabilities		**83 371**	89 564
Total equity and liabilities		**156 237**	170 106

The notes on pages 52 to 151 are an integral part of these consolidated financial statements.

Group statement of changes in equity

for the year ended 31 December 2009

	Share capital Rm	Share premium Rm	Retained earnings Rm	Reserves Rm	Total Rm	Non-controlling interest Rm	Total equity Rm
Balance at 1 January 2008	*	23 864	38 020	(14 569)	47 315	4 187	51 502
Transfers between reserves	—	—	(87)	87	—	—	—
Shares issued during the year	—	41	—	—	41	—	41
Disposal of non-controlling interest	—	—	—	4 020	4 020	909	4 929
Purchase of non-controlling interest	—	—	—	—	—	(85)	(85)
Revaluation of shareholders' loans	—	—	—	44	44	—	44
Cancellation of Côte d'Ivoire Put option	—	—	—	54	54	—	54
Share-based payments reserve	—	—	—	75	75	—	75
Comprehensive income	—	—	15 315	12 026	27 341	3 123	30 464
Dividends paid	—	—	(2 536)	—	(2 536)	(3 978)	(6 514)
Other movements	—	—	—	32	32	—	32
Balance at 31 December 2008	*	23 905	50 712	1 769	76 386	4 156	80 542
Balance at 1 January 2009	*****	**23 905**	**50 712**	**1 769**	**76 386**	**4 156**	**80 542**
Transfers between reserves	**—**	**—**	**(188)**	**188**	**—**	**—**	**—**
Shares issued during the year	**—**	**20 392**	**—**	**—**	**20 392**	**—**	**20 392**
Newshelf share buy-back	**—**	**—**	**(21 226)**	**—**	**(21 226)**	**—**	**(21 226)**
Purchase of non-controlling interest	**—**	**—**	**—**	**(43)**	**(43)**	**—**	**(43)**
Share-based payments reserve	**—**	**—**	**—**	**84**	**84**	**—**	**84**
Comprehensive income/(loss)	**—**	**—**	**14 650**	**(17 158)**	**(2 508)**	**1 778**	**(730)**
Dividends paid	**—**	**—**	**(3 382)**	**—**	**(3 382)**	**(2 740)**	**(6 122)**
Other movements	**—**	**—**	**424**	**(116)**	**308**	**(339)**	**(31)**
Balance at 31 December 2009	*****	**44 297**	**40 990**	**(15 276)**	**70 011**	**2 855**	**72 866**

The notes on pages 52 to 151 are an integral part of these consolidated financial statements.

**Amounts less than R1 million.*

Group cash flow statement

for the year ended 31 December 2009

	Note	December 2009 Rm	December 2008 Rm
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	24	**49 632**	44 836
Interest received		**1 835**	1 744
Interest paid		**(4 961)**	(3 027)
Dividend paid	9	**(3 381)**	(2 536)
Income tax paid	25	**(6 843)**	(6 781)
Net cash generated from operating activities		**36 282**	34 236
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment		**(27 720)**	(26 896)
– to maintain operations		**(3 526)**	(4 172)
– to expand operations		**(24 194)**	(22 724)
Proceeds from disposal of property, plant and equipment and intangible assets		**115**	147
Acquisition of intangible assets		**(1 982)**	(1 477)
Loans granted		**—**	(2 277)
Cash outflows from acquisitions net of cash acquired	45	**(2 205)**	(581)
Cash(out)/inflows from changes in shareholding	45	**(26)**	4 575
Increase in prepayments		**(1 374)**	(668)
Net cash used in investing activities		**(33 192)**	(27 177)

	Note	December 2009 Rm	December 2008 Rm
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid to non-controlling shareholders		**(2 701)**	(3 979)
Proceeds from the issuance of ordinary shares	17	**36**	41
Cash outflow on share buy-back		**(463)**	—
Borrowings raised		**11 945**	3 987
Borrowings repaid		**(10 647)**	928
Decrease/(increase) in restricted cash		**992**	(1 038)
Other cash (out)/inflows		**(88)**	353
Net cash (used in)/generated from financing activities		**(926)**	292
Net increase in cash and cash equivalents		**2 164**	7 351
Cash and cash equivalents at beginning of year		**25 596**	15 546
Exchange (losses)/gains on cash and cash equivalents		**(5 114)**	2 699
Cash and cash equivalents at end of year	26	**22 646**	25 596

The notes on pages 52 to 151 are an integral part of these consolidated financial statements.

****The cash flows shown above are presented net of VAT.*

Notes to the Group financial statements

for the year ended 31 December 2009

1. REPORTING ENTITY

MTN Group Limited is the holding company of the MTN Group (the Group) and is domiciled in the Republic of South Africa. The address of the Company's registered office is 216 14th Avenue, Fairland, Gauteng.

The consolidated financial statements of the Company for the reporting date 31 December 2009 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interests in associates and jointly controlled entities.

The Group is a leading provider of telecommunications services, offering cellular network access and business solutions. The Group is listed in South Africa on the JSE under the Industrial - telecommunications sector.

2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES

2.1 Basis of preparation

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below and 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 2.27.

Amounts are rounded to the nearest million with the exception of earnings per share and the weighted average number of shares (note 8).

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 accounting estimates and assumptions 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 2.28 and 2.29.

2.2 Changes in accounting policies

Starting as at 1 January 2009, the Group has changed its accounting policies in the following areas:

- Accounting for borrowing costs

  This change in accounting policy was due to the adoption of IAS 23 *Borrowing Costs* (2007) in accordance with the transitional provisions of such standard; comparative figures have not been remeasured as the standard is prospectively applied. The change in accounting policy had no material impact on earnings per share.

2.3 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 reporting date 31 December 2009 on the basis outlined below:

2.3.1 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.

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 following indicators are considered:

- in substance, the activities of the SPE are being conducted on behalf of the entity according to its specific business needs so that the entity obtains benefits from the SPE's operation;
- in substance, the entity has the decision-making powers to obtain the majority of the benefits of the activities of the SPE or, by setting up an "autopilot" mechanism, the entity has delegated these decision-making powers;
- in substance, the entity has rights to obtain the majority of the benefits of the SPE and therefore may be exposed to risks incidental to the activities of the SPE; or
- in substance, the entity retains the majority of the residual or ownership risks related to the SPE or its assets in order to obtain benefits from its activities.

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.

The acquisition 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 non-controlling 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 profit or loss.

Non-controlling shareholders are treated as equity participants and, therefore, all acquisitions of non-controlling interests or disposals by the Group of its non-controlling interests in subsidiary companies where control is maintained subsequent to the disposals are accounted for as equity transactions with non-controlling shareholders. Consequently, the difference between the purchase price and the book value of a non-controlling interest purchased is recorded in equity. All profits and losses arising as a result of the disposal of interests in subsidiaries to non-controlling shareholders, 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.

2.3.2 Associates

Associates are all entities over which the Group has significant influence, but not control, nor joint 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.

2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (continued)

2.3 Consolidation (continued)

2.3.2 Associates (continued)

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 net of any accumulated impairment losses. 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 profit or loss. The Group's share of post-acquisition movements in reserves is recognised in 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 investment 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 and losses are eliminated to the extent of the Group's investment 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.

Dilution gains and losses arising in investments in associates are recognised in profit or loss.

2.3.3 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 is 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 and losses are eliminated to the extent of the Group's interest in the joint venture, except where unrealised losses provide evidence of an impairment of the asset transferred.

Accounting policies of joint ventures have been changed where necessary to align them with the policies adopted by the Group.

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

2.3.4 Common control transactions

For transactions in which combining entities are controlled by the same party or parties before and after the transaction and where that control is not transitory are referred to as common control transactions. The Group's accounting policy is for the acquiring entity would be to account for such transactions at book values as reflected in the consolidated financial statements of the selling entity.

The excess of the cost of the transaction over the acquirer's proportionate share of the net assets value acquired in common control transactions, will be allocated to the common control reserve in equity.

2.4 Segment reporting

The Group has three reportable segments, as described below, that are used by the Group executive committee to make key operating decisions, allocate resources and assess performance. The reportable segments are geographically differentiated regions, namely South and East Africa (SEA), West and Central Africa (WECA) and the Middle East and North Africa (MENA).

Operating results are reported and reviewed regularly by the Group executive committee and include items directly attributable to a segment as well as those that can be attributed on a reasonable basis, whether from external transactions or from transactions with other Group segments.

Intersegment transfer pricing is based on cost plus an appropriate margin. Unallocated items mainly comprise corporate expenses which do not directly relate to the operating activities of the segments or which cannot be re-allocated on a reasonable basis. Segment results are determined before any adjustment for non-controlling 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.

2.5 Foreign currency translation

2.5.1 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 and the presentation currency of the Group.

2.5.2 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 and losses resulting from the settlement of such transactions and from the translation at reporting date exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss 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.

2.5.3 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 reporting date;
- Specific transactions in equity are 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.

2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (continued)

2.5 Foreign currency translation (continued)

2.5.3 Group companies (continued)

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in profit or loss as part of the gain or loss on sale. An entity may have a monetary item that is receivable from or payable to a foreign operation. An item for which settlement is neither planned nor likely to occur in the foreseeable future is, in substance, a part of the entity's net investment in that foreign operation.

Such exchange differences are recognised in a separate component of other comprehensive income and recognised in the profit or loss on the disposal of the net investment.

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 reporting date.

2.6 Property, plant and equipment

Property, plant and equipment are measured 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 accumulated impairment losses.

Historical 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.

In respect of borrowing costs relating to qualifying assets for which the commencement date for capitalisation is on or after 1 January 2009, the Group capitalises borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. In respect of borrowing costs relating to qualifying assets for which the commencement date for capitalisation is before 1 January 2009, the Group recognises the borrowing costs in profit or loss. The Group considers a period more than 12 months to be a considerable time to construct a qualifying asset.

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.

Property, plant and equipment under construction is measured at initial cost and depreciated from the date the asset is available for use in the manner intended by management 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 recognised 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	3 – 60 years
• Buildings leased	3 – 20 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 depreciation method and the assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting 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 profit or loss during the financial period in which they are incurred.

An asset's carrying amount is impaired immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount as disclosed in note 2.10.

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 profit or loss.

2.7 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 liabilities. 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 profit or loss 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 profit or loss 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.

2.8 Intangible assets

2.8.1 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 programmes 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 when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (continued)

2.8 Intangible assets (continued)

2.8.1 Computer software (continued)

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 programmes 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).

2.8.2 Licences

Licences are initially shown at historical cost. Licences have a finite useful life and are subsequently carried at costs less accumulated amortisation and accumulated 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 shown in note 11, and are determined primarily with reference to the unexpired licence period.

2.8.3 Goodwill

Goodwill arising on the acquisition of subsidiaries, joint ventures and associates is included in intangible assets. 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 and liabilities of the acquiree at the date of acquisition. When the excess is negative (negative goodwill), it is recognised immediately in profit or loss.

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. 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.

Goodwill is allocated to cash-generating units (CGU) with the purpose of the impairment testing. The allocation is made to those CGUs or groups of CGUs that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segment.

Gains and losses on the disposal of an entity include the carrying amount of goodwill allocated to the entity sold.

2.8.4 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 accumulated impairment losses. Amortisation is calculated using the straight-line method to allocate the value of the customer relationships over their estimated useful lives. Prepaid customer relationships are amortised over two to five years and postpaid customer relationships are amortised over five years.

2.8.5 Other intangible assets

Other intangible assets that are acquired by the Group, which have finite useful lives, are measured at cost less accumulated amortisation and accumulated 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 accumulated impairment losses. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date they are available for use.

2.8.6 Impairment of non-financial assets

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.9 Financial instruments

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

2.9.1 Offsetting financial instruments

Offsetting of financial assets and liabilities arises when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. The net amount is reported in the balance sheet.

2.9.2 Non-derivative financial instruments

The Group classifies its financial assets 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.

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.

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.

(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, ie, acquired principally for the purpose of selling the item in the short term. Upon initial recognition attributable transaction costs are recognised in profit or loss when incurred, assets in this category are classified as current assets. Financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

(b) Loans and other receivables

Loans and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. Loans and other receivables comprise loans, trade and other receivables (excluding prepayments), restricted cash, and cash and cash equivalents. Loans and other receivables are measured at amortised cost using the effective interest method, less any accumulated impairment losses.

2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (continued)

2.9 Financial instruments (continued)

2.9.2 Non-derivative financial instruments (continued)

(c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated in this category or not classified in any of the other category. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. 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 reporting 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.

2.9.3 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 profit or loss when incurred. 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 assets or liabilities or a firm commitment (fair value hedge);
(b) hedges of a particular risk associated with a recognised asset or 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 39. Movements on the hedging reserve in shareholder's equity are shown in note 18. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as current assets or liabilities.

2.9.4 Derivative financial instruments and hedging activities

(a) Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in profit or loss, 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 other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Amounts accumulated in equity are recycled to profit or loss 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 profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to profit or loss.

(c) Net investment hedge

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges.

Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

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

(d) Derivatives at fair value through profit or loss

Certain derivative instruments do not qualify for hedge accounting and are accounted for at fair value through profit or loss. Changes in the fair value of these derivative instruments that do not qualify for hedge accounting are recognised immediately in profit or loss.

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.

2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (continued)

2.10 Impairment

2.10.1 Financial assets

A financial asset is assessed at each reporting 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 occurring after the initial recognition of the asset 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 profit or loss. Any cumulative loss in respect of an available-for-sale financial asset recognised previously in equity is transferred to profit or loss.

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 profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognised directly in equity.

Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or services rendered in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets, if not they are classified as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

An impairment of trade and other 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 carrying amount of the trade receivable is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss. 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 profit or loss.

2.10.2 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 reporting 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 profit or loss. 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 reporting 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 accumulated depreciation or accumulated amortisation, if no impairment loss had been recognised.

2.11 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 profit or loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

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 profit or loss. All borrowing costs are recognised in profit or loss using the effective interest method, unless the borrowing costs are directly attributable to the acquisition, construction or production of qualifying assets, in which case the directly attributable borrowing costs are capitalised.

2.12 Inventories

Inventories mainly comprise items held for sale or rental and consumable items.

Inventories are measured 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.

2.13 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 from the proceeds.

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.

2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (continued)

2.14 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.15 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred.

Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Preference shares, which are mandatorily redeemable on a specific date, are classified as liabilities. The dividends on these preference shares are recognised in profit or loss as an interest expense.

2.16 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

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 reporting date in the countries where the Group's subsidiaries, joint ventures and associates 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 balance sheet 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 reporting 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, where there is an intention to settle these balances on a net basis.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, associates and joint ventures but are not recognised if the parent company is in a position to control the timing of the reversal and if the reversal is unlikely to take place in the foreseeable future.

A deferred income tax asset is recognised for unused tax losses or deductible temporary differences only 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 reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

2.17 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. A liability is recognised for accumulated leave and for non-vested short-term benefits when there is no realistic alternative other than to settle the liability, and at least one of the following conditions is met:

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

Share-based payment transactions

The Group operates two staff share incentive schemes, the MTN Group Limited Share Option Scheme and the MTN Group Share Appreciation Rights Scheme.

Equity settled

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 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 participant's 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.

2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (continued)

2.17 Employee benefits (continued)

Defined contribution plans

Group companies operate various defined contribution schemes.

A defined contribution plan is a post-employment benefit plan 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 or whenever an employee accepts voluntary redundancy in exchange for these benefits. Termination benefits are charged against income when the Group is demonstrably committed to any such plan without the possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary redundancy 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 reporting date are discounted to their present value.

2.18 Basis of accounting of underwriting activities

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

- Premiums written relate to business incepted during the period and exclude value added tax.
- Unearned premiums represent the portion of premiums written during the period that relate to unexpired terms of policies in force at the reporting 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 reporting date, including provision for claims incurred but not yet reported, less any amounts paid in respect of those claims. Claims outstanding are reduced by anticipated salvage and other recoveries.

2.19 Provisions

A provision is recognised when there is a present legal or constructive obligation as a result of a past event for which it is more likely than not that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Where there is 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 a finance cost.

Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with the contract.

Decommissioning provision

In accordance with the Group's policy and applicable legal requirements, a provision for the costs of decommissioning base stations, and the related expense, is recognised when a base station is constructed on a site.

2.20 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown, net of indirect taxes, estimated returns and trade discounts and after eliminating sales within the Group.

Revenue from the sale of goods and the rendering of services is recognised when it is probable that the economic benefits associated with a transaction will flow to the Group and the amount of revenue, and associated costs incurred or to be incurred, can be measured reliably. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved.

Postpaid 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 contracts 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 as follows:

2.20.1 Postpaid/(contract) products

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

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.

2.20.2 Prepaid products

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

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

2.20.3 Dividend income

Dividend income is recognised when the right to receive payment is established.

2.20.4 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.

2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (continued)

2.21 Connection incentives

Intermediaries are given cash incentives by the Group to connect new customers and upgrade existing customers. Connection incentives are expensed in the period in which they are incurred.

2.22 Dividends payable

Dividends payable are recognised as a reduction from equity in the period in which they are approved by the Company's shareholders.

2.23 Earnings per ordinary share

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

2.24 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 3/2009 issued by the South African Institute of Chartered Accountants (SAICA).

2.25 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 exceed 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.

2.26 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 2009:

IFRS 2 (Amendment) *Share-based Payment (effective 1 January 2009)*

The amendments apply to equity-settled share-based payment transactions and clarify the terms vesting and non-vesting conditions.

Vesting conditions are limited to service conditions and performance conditions.

Non-vesting conditions are conditions that do not determine whether the entity receives the services that entitle the counterparty to a share-based payment. Non-vesting conditions are taken into account in measuring the grant date fair value and thereafter there is no adjustment for differences between expected and actual outcomes. All cancellations, whether by the entity or by other parties, should receive the same accounting treatment.

IFRS 7 (Amendment) *Financial Instruments: Disclosure (Amendment) (effective 1 January 2009)*

The amendments require additional disclosure on fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. The change only resulted in additional disclosure without any earnings impact.

IFRS 8 *Operating Segments (effective 1 January 2009)*

The standard requires that segment reporting be based on the information that management uses internally for evaluating segment performance and when deciding how to allocate resources to operating segments. Such information may be different from what is used to prepare the statement of comprehensive income and balance sheet.

The operating segments of the Group are the same as the business segments previously reported in terms of IAS 14 *Segment Reporting* (AC 115).

IAS 1 (Revised) *Presentation of Financial Statements (effective 1 January 2009)*

The revised standard prohibits the presentation of items of income and expenses (that is "non-owner changes in equity") in the statement of changes in equity, requiring "non-owner changes in equity" to be presented separately from owner changes in equity. All non-owner changes in equity will be required to be shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income).

Where entities restate or reclassify comparative information, they will be required to present a restated balance sheet as at the beginning of the comparative period in addition to the current requirement to present balance sheets at the end of the current period and comparative period. Although not mandatory, the revisions include changes in the titles of some of the financial statements to reflect their function more clearly. The Company elected to present two performance statements and changed the titles of the primary statements as allowed by the standard.

IAS 1 (Amendment) *Presentation of Financial Statements (effective 1 January 2009)*

The amendment is 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 1 January 2009)*

The amendment requires the Group to capitalise borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets that commence on or after 1 January 2009. The Group previously recognised these borrowing costs in profit or loss when incurred. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

No borrowing costs have been capitalised by the Group during the year under review as management concluded that there are no qualifying assets as defined, for which the acquisition, construction or production commenced on or after the effective date.

IAS 27 (Amendment) *Consolidated and Separate Financial Statements* and IFRS 1 (Amendment) *First-time Adoption of International Financial Reporting Standards (effective 1 January 2009)*

The amendments require the Group to recognise dividends received from subsidiaries, jointly controlled entities or associates as dividend income in the separate financial statements of the parent or investor, regardless of whether the dividends were declared from accumulated profits arising before or after acquisition of the subsidiary, associate or joint venture.

This amendment will not have an impact on the consolidated financial statements of the Group.

2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (continued)

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

(a) The following accounting standards, amendments and interpretations, none of which had a material impact on the operations of the Group, became effective in 2009: *(continued)*

IAS 38 (Amendment) *Intangible Assets (effective 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 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 a 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. The amendment removes this requirement so that IAS 39 is consistent with IFRS 8, *Operating Segments*, which requires disclosure for segments to be based on information reported to the chief operating decision maker. 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.

IFRIC 13 *Customer Loyalty Programmes (effective 1 July 2008)*

IFRIC 13 addresses accounting by entities that grant loyalty award credits to customers who buy goods or services. Specifically, it explains that these arrangements are multiple revenue arrangements and the consideration received from the customer is allocated between the components of the arrangement using fair values.

(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 2010 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.

IFRS 3 (Revised) *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 profit or loss.

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.

IAS 27 (Revised) *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.

IFRS 5 (Amendment) *Non-current Assets Held for Sale and Discontinued Operations (effective 1 July 2009)*
The amendment specifies that if an entity is committed to a sale plan involving the loss of control of a subsidiary, then it should classify all of that subsidiary's assets and liabilities as held for sale when the criteria of IFRS 5 are met; regardless of whether the entity retains a non-controlling interest in its former subsidiary after the sale.

Furthermore, disclosures for discontinued operations are required by the parent when such a subsidiary meets the definition of a discontinued operation.

IFRIC 17 *Distributions of Non-cash Assets to Owners (effective 1 July 2009)*
This interpretation addresses the accounting treatment for non-cash distributions made to owners.

Under IFRIC 17 a liability will be recognised at the fair value of the asset to be distributed when the distribution is authorised. The asset to be distributed will be reclassified as held for distribution and measured in accordance with IFRS 5. Remeasurement of the liability at fair value of the asset to be distributed will be recognised in equity. When the distribution is made, the liability and the asset will be derecognised, with any difference taken to profit or loss. This does not apply to non-cash assets that are ultimately controlled by the same party before and after the distribution ie, excluding transactions under common control.

IFRS 2 (Amendment) *Group Cash-settled Share-based Payment (effective 1 January 2010)*
The amendments expand the scope of IFRS 2 to include Group cash-settled share-based payments. Arrangements that are settled in cash or other assets based on the price or value of the entity or another Group entity's equity instruments should be accounted for as share-based payments.

An entity that receives the goods or services will be required to account for the share-based payment in its separate financial statements, even if it has no obligation to settle the transaction. This entity will classify the share-based payments as equity-settled if it has an obligation to transfer its own equity instruments or if it does not have an obligation to settle the transaction. Any other share-based payment will be classified as cash-settled.

(c) The following standards, amendments and interpretations are not yet effective, and/or are not relevant for the Group's operations:
IAS 32 (Amendment) *Financial Instruments: Presentation* and IAS 1 (Amendment) *Presentation of Financial Statements (effective 1 January 2009)*

IAS 39 (Amendment) *Financial Instruments: Recognition and Measurement* and IFRIC 9 (Amendment) *Reassessment of Embedded Derivatives (effective 30 June 2009)*

IFRIC 14 *Prepayments of a Minimum Funding Requirement (effective 1 January 2011)*

IFRIC 16 *Hedges of a Net Investment in Foreign Operations (effective 1 October 2008)*

IFRIC 17 *Distribution of Non-cash Assets to Owners (effective 1 July 2009)*

IFRIC 18 *Transfer of Assets from Customers (effective 1 July 2009)*

IFRIC 19 *Extinguishing Financial Liabilities with Equity Instruments (effective 1 July 2010)*

2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (continued)

2.27 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 available-for-sale financial assets is determined by reference to their quoted closing bid price at the reporting 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) Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

(e) Derivatives

The fair value of forward foreign exchange contracts is based on their listed market price.

(f) 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 reporting date. For finance leases the market rate of interest is determined by reference to similar lease agreements.

(g) 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.

(h) Long-term receivables

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

2.28 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 goodwill for impairment on an annual basis, in accordance with the accounting policy mentioned in note 2.10. 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 11. 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 reporting date.

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 the framework under IFRS, the Group has resolved not to capitalise these fees due to the portion of incentives utilised to acquire/retain subscribers on behalf of the Group by the respective independent service providers not being reliably measurable.

In accordance with the recognition criteria in terms of IAS 38 *Intangible Assets*, the Group has also resolved not to capitalise commissions paid to dealers, utilised to acquire new subscribers, as intangible assets (subscriber acquisition cost), due to the portion utilised to acquire subscribers on behalf of the Group not being reliably measurable.

Interconnect revenue recognition

Due to the receipt of interconnect revenue in certain operations not being certain at transaction date, the Group has resolved only to recognise interconnect revenue relating to these operations as the cash is received.

2.29 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 tax provisions in the period in which such determination is made.

3. OPERATING SEGMENTS

The Group's principal activities include the provision of network IT services; local, national and international telecommunications services; broadband and internet products and services; and converged fixed/mobile products and services.

The Group is organised into three regions which are regularly reported to the chief operating decision maker ie the Group executive committee.

December 2009	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	39 669	50 543	21 525	210	111 947
Total revenue	39 669	50 543	21 525	210	111 947
EBITDA	12 701	27 029	5 782	551	46 063
Depreciation of property, plant and equipment	(2 744)	(6 692)	(2 362)	(9)	(11 807)
Amortisation of intangible assets	(508)	(1 375)	(762)	(23)	(2 668)
Finance costs	(333)	(3 188)	(431)	(8 278)	(12 230)
Finance income	265	1 490	345	4 320	6 420
Share results of associate after tax	(18)	—	13	—	(5)
Profit before tax	9 363	17 264	2 585	(3 439)	25 773
Income tax expense	(2 488)	(5 238)	(486)	(400)	(8 612)
Profit after tax	6 875	12 026	2 099	(3 839)	17 161
Segment assets					
Non-current assets	22 178	36 293	15 164	36 578	110 213
Current assets	11 977	11 338	10 168	12 541	46 024
Total assets	34 155	47 631	25 332	49 119	156 237
Segment liabilities					
Non-current liabilities	5 741	14 487	7 960	238	28 426
Current liabilities	19 310	20 074	14 899	662	54 945
Total liabilities	25 051	34 561	22 859	900	83 371
Capital expenditure* **	8 645	16 518	5 785	300	31 248
Average number of employees	6 547	6 109	4 642	211	17 509

****Capital expenditure comprises additions to property, plant and equipment and additions to software.*

3. OPERATING SEGMENTS (continued)

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
EBITDA	12 878	25 318	4 654	316	43 166
Depreciation of property, plant and equipment	(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
Profit before tax	10 112	16 057	1 783	538	28 490
Income tax expense	(2 790)	(6 114)	(234)	(2 217)	(11 355)
Profit after tax	7 322	9 943	1 549	(1 679)	17 135
Segment assets**					
Non-current assets	17 816	39 837	15 295	42 371	115 319
Current assets	12 676	15 467	10 428	16 216	54 787
Total assets	30 492	55 304	25 723	58 587	170 106
Segment liabilities**					
Non-current liabilities	3 561	17 135	5 753	8 524	34 973
Current liabilities	19 833	21 720	16 645	(3 607)	54 591
Total liabilities	23 394	38 855	22 398	4 917	89 564
Capital expenditure***	7 350	15 024	5 772	117	28 263
Average number of employees	5 361	5 795	5 075	221	16 452

**Including taxation prepaid and taxation liabilities.

***Capital expenditure comprises additions to property, plant and equipment and additions to software.

Notes to the Group financial statements *continued*

for the year ended 31 December 2009

		December 2009 Rm	December 2008 Rm
4.	**REVENUE**		
	Airtime and subscription	**76 814**	70 963
	Data	**3 329**	2 690
	SMS	**5 437**	4 394
	Interconnect	**19 516**	18 364
	Cellular telephones and accessories	**3 279**	3 551
	Other	**3 572**	2 564
		111 947	102 526
5.	**OPERATING PROFIT**		
	The following items have been included in arriving at operating profit:		
	Auditors' remuneration:	**(99)**	(67)
	– Audit fees	**(60)**	(55)
	– Fees for other services	**(27)**	(11)
	– Expenses	**(12)**	(1)
	Directors' emoluments:	**(42)**	(49)
	– Services as director	**(31)**	(41)
	– Directors' fees	**(11)**	(8)
	Operating lease rentals:	**(668)**	(351)
	– Property	**(465)**	(305)
	– Equipment and vehicles	**(203)**	(46)
	Claim settlement	**354**	—
	Loss on disposal of property, plant and equipment (note 24)	**(132)**	(135)
	Loss on disposal of intangible assets (note 24)	*****	(2)
	Impairment charge on property, plant and equipment (note 10)	**(167)**	(225)
	Impairment charge on other intangible assets (note 11)	**(14)**	—
	Write down of inventories (note 15)	**(67)**	(87)
	Impairment on trade receivables (note 16)	**(283)**	(328)

**Amounts less than R1 million.*

		December 2009 Rm	December 2008 Rm
5.	**OPERATING PROFIT** (continued)		
	Employee benefits:	**(5 843)**	(4 776)
	– Wages and salaries	**(4 793)**	(3 947)
	– Pension costs – defined contribution plans	**(218)**	(183)
	– Share options granted to directors and employees	**(83)**	(76)
	– Training	**(232)**	(232)
	– Other	**(517)**	(338)
	Fees paid for professional and consulting services	**(3 077)**	(2 524)
	Average number of employees	**17 509**	16 452
6.	**FINANCE INCOME AND FINANCE COSTS**		
	Recognised in profit or loss		
	Interest income on loans and receivables	**855**	579
	Interest income on bank deposits	**1 488**	1 744
	Functional currency gains	**283**	2 779
	Put option (note 8)	**1 239**	—
	Foreign exchange gains	**2 555**	1 625
	Finance income	**6 420**	6 727
	Interest expense on financial liabilities measured at amortised cost	**(4 542)**	(4 173)
	Foreign exchange losses	**(3 641)**	(2 875)
	Functional currency losses	**(3 487)**	(337)
	Put option (note 8)	**(538)**	(1 259)
	Other	—	(1 344)
	Finance costs	**(12 230)**	(8 644)
	Net finance costs recognised in profit or loss	**(5 810)**	(1 917)

		December 2009 Rm	December 2008 Rm
7.	**INCOME TAX EXPENSE**		
	Analysis of tax expense for the year		
	Normal tax:	**(6 425)**	(7 337)
	– Current period	**(6 480)**	(7 338)
	– Adjustment to prior period	**55**	1
	Deferred tax (note 14):	**(992)**	(3 060)
	– Current period	**(974)**	(3 060)
	– Prior period over provision	**(18)**	100
	– Change in tax rate	**—**	(100)
	Secondary tax on companies	**(339)**	(277)
	Foreign income and withholding taxes**	**(856)**	(681)
		(8 612)	(11 355)
	Secondary tax on companies		
	STC relating to dividend to be proposed at the AGM.	**(353)**	(338)

***Taxation for foreign jurisdictions is calculated at the rates that have been enacted or substantively enacted in the respective jurisdictions.*

7. INCOME TAX EXPENSE (continued)

Tax rate reconciliation

The table below explains the differences between the expected tax expense on continuing operations, at the South African statutory rate of 28%, and the Group's total tax expense for each year.

The income tax charge for the year is reconciled to the effective rate of taxation in South Africa as follows:

	December 2009 %	December 2008 %
Tax at standard rate	**28,0**	28,0
Expenses not allowed	**1,8**	2,6
Effect of different tax rates in other countries	**0,1**	(1,1)
Nigeria investment allowance relief	**(1,1)**	(0,8)
Income not subject to tax	**(0,2)**	(0,1)
Effect of Nigerian commencement provisions	**—**	4,3
Nigeria put revaluation	**(0,8)**	1,2
Withholding taxes	**3,1**	2,4
Effect of STC	**1,3**	1,0
Other	**1,2**	2,4
	33,4	39,9

The Group holds investments in Afghanistan, Belgium, Benin, Botswana, Cameroon, Congo-Brazzaville, Côte d'Ivoire, Cyprus, Ghana, Guinea-Bissau, Guinea Conakry, Kenya, Iran, Liberia, Monaco, Namibia, Nigeria, Rwanda, Sudan, Swaziland, Syria, Uganda, Yemen and Zambia. Taxation for foreign jurisdictions is calculated at the rates that have been enacted or substantively enacted 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.

8. EARNINGS PER ORDINARY SHARE

The calculation of basic earnings per ordinary share is based on net profit for the year of R14 650 million (December 2008: R15 315 million), and the weighted average number of 1 851 260 334 (December 2008: 1 865 298 632) 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 R14 869 million (December 2008: R15 603 million) and adjusted headline earnings of R13 963 million (December 2008: R16 870 million) respectively, and the weighted average number of 1 851 260 334 (December 2008: 1 865 298 632) 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 1 860 307 308 (December 2008: 1 875 156 825) 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 2009 Rm Gross	December 2009 Rm Net**	December 2008 Rm Gross	December 2008 Rm Net**
8. EARNINGS PER ORDINARY SHARE (continued)				
Reconciliation between net profit attributable to the equity holders of the Company and headline earnings				
Net profit attributable to Company's equity holders		**14 650**		15 315
Adjusted for:				
Loss on disposal of property, plant and equipment (note 24)	**132**	**124**	135	109
Loss on disposal of intangible assets (note 24)	*****	*****	2	2
Impairment charge on property, plant and equipment (note 10)	**167**	**134**	225	177
Profit on disposal of investments	**(53)**	**(53)**	—	—
Impairment charge on intangible assets (note 11)	**14**	**14**	—	—
Basic headline earnings		**14 869**		15 603
Adjusted for:				
Reversal of the subsequent utilisation of deferred tax asset	**—**	**—**	562	441
Reversal of put option in respect of subsidiary				
– Fair value adjustment	**(537)**	**(537)**	94	74
– Finance costs	**537**	**537**	439	344
– Forex (gain)/loss	**(701)**	**(701)**	726	570
– Non-controlling shareholders share of profits	**(205)**	**(205)**	(162)	(162)
Adjusted headline earnings		**13 963**		16 870
Earnings per ordinary share (cents)				
– Basic		**791,4**		821,0
– Basic headline		**803,2**		836,5
– Adjusted headline		**754,3**		904,4
Diluted earnings per ordinary share (cents)				
– Basic		**781,5**		806,1
– Basic headline		**793,2**		821,5
– Adjusted headline		**744,6**		888,9

* *Amounts less than R1 million.*

** *Amounts are measured after taking into account non-controlling interests.*

	December 2009 000	December 2008 000
8. EARNINGS PER ORDINARY SHARE (continued)		
Weighted average number of shares	**1 851 260**	1 865 299
Adjusted for:		
– Share options	**1 389**	3 575
– Share appreciation rights	**7 658**	6 282
Weighted average number of shares for diluted earnings per share calculation	**1 860 307**	1 875 156

Explanation of adjusted headline earnings

Impact of put options

IFRS requires the Group to account for a written put option held by a non-controlling 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 non-controlling shareholder in the subsidiary as all risks and rewards associated with these shares, including dividends, accrued to the non-controlling 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 profit or loss and (c) the non-controlling shareholder holding the put option no longer be regarded as a non-controlling 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, (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.

9. DIVIDEND PER SHARE

The dividends paid during the December 2009 and 2008 financial years amounted to R3 381 million and R2 536 million respectively. A dividend in respect of the period ended 31 December 2009 of R1,92 per share, is to be proposed at the annual general meeting on 10 March 2010. These financial statements do not reflect this proposed dividend.

	December 2009		December 2008	
	Cents per share	Rm	Cents per share	Rm
Final dividend paid in respect of the prior year	**181**	**3 381**	136	2 536
Proposed after the reporting date and not recognised as a liability	**192**	**3 534**	181	3 381

	Land and buildings* Rm	Leasehold improve-ments Rm	Network infra-structure Rm	Infor-mation systems, furniture and office equipment Rm	Capital work-in-progress/ other Rm	Vehicles** Rm	Total Rm
10. PROPERTY, PLANT AND EQUIPMENT							
Cost							
Balance at 1 January 2008	2 632	588	53 564	3 854	2 965	516	64 139
Acquisitions through business combinations	36	10	155	146	6	17	370
Additions	1 019	207	14 689	1 509	9 027	446	26 897
Other movements	39	11	6 543	45	(6 240)	(1)	397
Disposals	—	(8)	(1 198)	(32)	(14)	(159)	(1 411)
Effect of movements in exchange rates	321	89	9 685	627	1 143	125	11 990
Balance at 31 December 2008	4 067	897	83 438	6 149	6 887	944	102 382
Balance at 1 January 2009	**4 067**	**897**	**83 438**	**6 149**	**6 887**	**944**	**102 382**
Acquisitions through business combinations	**—**	**7**	**157**	**106**	**—**	**4**	**274**
Additions	**686**	**245**	**16 309**	**1 797**	**10 847**	**236**	**30 120**
Other movements	**5**	**(7)**	**5 922**	**(3)**	**(6 223)**	**2**	**(304)**
Reallocations	**(2)**	**115**	**1 204**	**152**	**(1 722)**	**1**	**(252)**
Disposals	**(144)**	**(8)**	**(5 518)**	**(1 131)**	**(169)**	**(64)**	**(7 034)**
Effect of movements in exchange rates	**(696)**	**(135)**	**(17 688)**	**(1 085)**	**(1 815)**	**(236)**	**(21 655)**
Balance at 31 December 2009	**3 916**	**1 114**	**83 824**	**5 985**	**7 805**	**887**	**103 531**

* *Included in land and buildings are leased assets with a carrying amount of R264 million (December 2008: R501 million).*

** *Included in vehicles are leased assets with a carrying amount of R81 million (December 2008: R78 million).*

10. PROPERTY, PLANT AND EQUIPMENT (continued)

	Land and buildings* Rm	Leasehold improve-ments Rm	Network infra-structure Rm	Infor-mation systems, furniture and office equipment Rm	Capital work-in-progress/ other Rm	Vehicles** Rm	Total Rm
Accumulated depreciation and impairment losses							
Balance at 1 January 2008	(342)	(313)	(21 154)	(2 516)	(73)	(275)	(24 676)
Depreciation for the year	(147)	(125)	(8 817)	(696)	(15)	(139)	(9 939)
Impairment loss	—	—	(225)	—	—	—	(225)
Acquisitions through business combinations	(6)	(8)	(107)	(84)	7	(17)	(215)
Other movements	—	—	4	20	—	(2)	22
Disposals	—	8	949	27	—	143	1 127
Effect of movements in exchange rates	(53)	(56)	(3 715)	(382)	(8)	(69)	(4 283)
Balance at 31 December 2008	(551)	(494)	(33 065)	(3 631)	(89)	(359)	(38 189)
Balance at 1 January 2009	**(551)**	**(494)**	**(33 065)**	**(3 631)**	**(89)**	**(359)**	**(38 189)**
Depreciation for the year	**(179)**	**(180)**	**(10 229)**	**(1 015)**	**(20)**	**(184)**	**(11 807)**
Impairment loss	**—**	**—**	**(165)**	**(2)**	**—**	**—**	**(167)**
Acquisitions through business combinations	**(2)**	**(1)**	**(30)**	**(131)**	**—**	**(4)**	**(168)**
Other movements	**7**	**(19)**	**54**	**15**	**5**	**(2)**	**60**
Disposals	**142**	**4**	**4 874**	**1 008**	**—**	**50**	**6 078**
Effect of movements in exchange rates	**151**	**86**	**7 178**	**668**	**24**	**96**	**8 203**
Balance at 31 December 2009	**(432)**	**(604)**	**(31 383)**	**(3 088)**	**(80)**	**(403)**	**(35 990)**
Carrying amounts							
At 1 January 2008	2 307	275	32 410	1 338	2 892	241	39 463
At 31 December 2008	3 516	403	50 373	2 518	6 798	585	64 193
At 1 January 2009	**3 516**	**403**	**50 373**	**2 518**	**6 798**	**585**	**64 193**
At 31 December 2009	**3 484**	**510**	**52 441**	**2 897**	**7 725**	**484**	**67 541**

Notes to the Group financial statements *continued*

for the year ended 31 December 2009

10. PROPERTY, PLANT AND EQUIPMENT (continued)

10.1 Register of land and buildings

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

10.2 Impairment loss

MTN Nigeria contributed significantly to the overall impairment of property, plant and equipment. MTN Nigeria impaired its network infrastructure by R125 million, MTN Yemen R35 million the remaining balance is made up by various operations.

10.3 Leased property, plant and equipment

The Group leases various premises and sites which have varying terms, escalation clauses and renewal rights.

10.4 Capital work-in-progress

There are various capital work-in-progress projects underway within the Group. MTN Ghana R2 billion, MTN South Africa R2 billion, MTN Nigeria R737 million, Irancell R656 million and MTN Côte d'Ivoire R606 million.

10.5 Changes in estimates

There were no significant changes in the depreciation method, useful life or residual values of any items of property, plant and equipment during the period.

10.6 Encumbrances

10.6.1 December 2009

MTN Côte d' Ivoire SA

Borrowings by MTN Côte d' Ivoire are secured by certain categories of property, plant and equipment with a carrying amount of R1 432 million (December 2008: R111 million).

MTN Uganda Limited

In terms of the Inter-creditor Security Package, MTN Uganda has provided a first ranking floating charge over all its present and future assets, except its licence. The property, plant and equipment has a carrying amount of R3 220 million (December 2008: R2 458 million). This serves as security for a syndicated loan made to MTN Uganda by various banks and financial institutions.

MTN (Proprietary) Limited

The loan from Absa is secured by a mortgage bond over Phase 2, the carrying amount of the secured assets is R264 million (December 2008: R298 million).

MTN Sudan Company Limited

Borrowings by MTN Sudan are secured by buildings with a carrying amount of R92 million (December 2008: R200 million).

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10. PROPERTY, PLANT AND EQUIPMENT (continued)

10.6 Encumbrances (continued)

10.6.1 December 2009 (continued)

MTN Zambia Limited

Borrowings by MTN Zambia were secured by certain categories of property, plant and equipment with a carrying amount of R973 million (2008: R432 million).

10.6.2 December 2008

MTN (Proprietary) Limited

The loan from Rand Merchant Bank was secured by a mortgage bond over leasehold buildings (Phase 1) with a net carrying amount of R231 million in 2008, the mortgage bond was repaid in the current year.

Irancell Telecommunication Company Services

Borrowings by Irancell were secured by certain categories of property, plant and equipment with a carrying amount of R285 million.

11. INTANGIBLE ASSETS

	Goodwill Rm	Customer relationships Rm	Licences Rm	Software Rm	Other intangible assets Rm	Total Rm
Cost						
Balance at 1 January 2008	25 744	4 420	11 268	2 059	202	43 693
Additions	—	—	129	1 366	29	1 524
Arising from business combinations	662	—	148	—	—	810
Effect of movements in exchange rates	5 508	205	2 216	397	(5)	8 321
Balance at 31 December 2008	31 914	4 625	13 761	3 822	226	54 348
Balance at 1 January 2009	**31 914**	**4 625**	**13 761**	**3 822**	**226**	**54 348**
Additions	**—**	**—**	**697**	**1 444**	**87**	**2 228**
Arising from business combinations	**1 750**	**284**	**—**	**—**	**—**	**2 034**
Reallocations	**—**	**—**	**—**	**192**	**60**	**252**
Effect of movements in exchange rates	**(8 908)**	**(192)**	**(2 823)**	**(634)**	**53**	**(12 504)**
Balance at 31 December 2009	**24 756**	**4 717**	**11 635**	**4 824**	**426**	**46 358**

11. INTANGIBLE ASSETS (continued)

	Goodwill Rm	Customer relation-ships Rm	Licences Rm	Software Rm	Other intangible assets Rm	Total Rm
Accumulated amortisation and impairment losses						
Balance at 1 January 2008	—	(1 698)	(2 176)	(922)	(100)	(4 896)
Amortisation for the year	—	(1 288)	(1 019)	(469)	(44)	(2 820)
Additions	—	—	(47)	—	—	(47)
Effect of movements in exchange rates	—	(93)	(522)	(179)	(5)	(799)
Balance at 31 December 2008	—	(3 079)	(3 764)	(1 570)	(149)	(8 562)
Balance at 1 January 2009	**—**	**(3 079)**	**(3 764)**	**(1 570)**	**(149)**	**(8 562)**
Amortisation for the year	**—**	**(1 070)**	**(903)**	**(569)**	**(126)**	**(2 668)**
Additions	**—**	**—**	**3**	**131**	**(62)**	**72**
Impairment loss	**—**	**—**	**—**	**—**	**(14)**	**(14)**
Effect of movements in exchange rates	**—**	**255**	**386**	**194**	**43**	**878**
Balance at 31 December 2009	**—**	**(3 894)**	**(4 278)**	**(1 814)**	**(308)**	**(10 294)**
Carrying amounts						
At 1 January 2008	25 744	2 722	9 092	1 137	102	38 797
At 31 December 2008	31 914	1 546	9 997	2 252	77	45 786
At 1 January 2009	**31 914**	**1 546**	**9 997**	**2 252**	**77**	**45 786**
At 31 December 2009	**24 756**	**823**	**7 357**	**3 010**	**118**	**36 064**

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11. INTANGIBLE ASSETS (continued)

Impairment testing of cash-generating units containing goodwill

Goodwill is allocated to the Group's cash generating units (CGUs) identified according to country of operation.

A summary of the goodwill allocation is presented below:

	December 2009 Rm	December 2008 Rm
MTN Côte d'Ivoire SA	**2 023**	1 975
Scancom Limited (Ghana)	**8 693**	13 479
MTN Sudan Company Limited	**3 527**	4 913
MTN Yemen	**1 949**	2 654
MTN Afghanistan Limited	**1 113**	1 364
MTN Uganda Limited	**631**	781
MTN Congo SA	**653**	810
MTN Syria (JSC)	**355**	461
MTN Cyprus Limited	**786**	722
Spacetel Benin SA	**888**	1 146
Areeba Guinea SA (Conakry)	**669**	925
Others	**3 469**	2 684
Total	**24 756**	31 914

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 11-year period. Cash flows beyond the above period were extrapolated using the estimated growth rates measured 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 7,3% to 17,9%. Discount rates used reflect specific risks relating to the relevant CGU.

Notes to the Group financial statements *continued*

for the year ended 31 December 2009

Licence agreements	Type	Granted/ Renewed	Term	Renewable term	Fee currency
11. INTANGIBLE ASSETS (continued)					
South and East Africa region					
Mobile Telephone Networks (Proprietary) Limited	900MHz	01/06/1994	15 years	15 years	ZAR
	1 800MHz	01/01/2005	8 years	8 years	
	3G	01/01/2005	5 years	5 years	
MTN Uganda Limited	900MHz	15/04/1998	20 years	5 years	USD
	1 800MHz				
MTN Rwandacell S.A.R.L.	900MHz	17/03/2000	13 years	5 years	USD
	1 800MHz				
	1 900MHz				
	Fixed line	30/06/2006	5 years	5 years	
Mascom Wireless Botswana (Proprietary) Limited	900MHz 1 800MHz	13/06/2007	15 years	Determined in renewal process	BWP
	2 100MHz				
MTN Zambia Limited	1 800MHz	23/09/1995	15 years	5 years	ZMK
Swazi MTN Limited	900MHz	28/11/2008	10 years	10 years	E
	1 800MHz				
West and Central Africa region					
MTN Nigeria Communications Limited	900MHz	09/02/2001	15 years	5 years	USD
	1 800MHz				
	3G	01/05/2007	15 years	Dependent on the Nigerian Communications Commission	
	International gateway	01/09/2006	10 years	5 years	NGN
	Fixed using 3,5GHz spectrum band	01/07/2007	5 years	Dependent on the Nigerian Communications Commission	

Initial licence fee	Annual fees	Further fees/obligations where applicable
100 million	Fixed spectrum of 6,1 million	2,5 million SIM-card packages over 5 years
	Radio frequency spectrum of 5 million	125 000 mobile phones over 5 years
	Fixed spectrum of 1,2 million	Internet access and terminal equipment to 140 institutions (10 per institution) for people with disabilities over 3 years
	Radio frequency spectrum of 5 million	Internet access to 5 000 public schools over an 8 year period
	Fixed spectrum of 1,2 million	
5,8 million	Spectrum fee of 1% of network revenue	Not applicable
200 000	3% of network revenue as defined in the licence	RWF1,2 million per MHz annually
	Spectrum fee of 50 000	Renewal fee of 500 000
350 000		
—	Licence operation of 1,1 million	3% of annual net turnover
	Licence system of 0,2 million	
100 million	1,2 billion based on 208 channels	5% of net airtime revenue
3,6 million	Spectrum fee of 20 000 per channel used with a minimum of 600 000	Universal services obligation of 0,5% of net operating income
	Licence fee of 5% of net operating income with a minimum of 6 million	
285 million	2,5% of gross revenue	Annual cost of NGN381,6 million
150 million	2,5% of gross revenue	
114,6 million	2,5% of gross revenue	Annual cost of NGN6,7 million
13,9 million	2,5% of gross revenue	

Licence agreements	Type	Granted/ Renewed	Term	Renewable term	Fee currency
11. INTANGIBLE ASSETS (continued)					
West and Central Africa region (continued)					
Scancom Limited (Ghana)	900MHz	02/12/2004	15 years	10 years	USD
	1 800MHz				
	3G	23/01/2009	15 years	Provisional licence	
MTN Cameroon Limited	900MHz	15/02/2000	15 years	10 years	CFA
MTN Cote d'Ivoire SA	900MHz	02/04/1996	20 years	Determined in renewal process	CFA
	1 800MHz				
	WiMax	31/07/2002	20 years		
Spacetel Benin SA	900MHz	19/10/2007	10 years	5 years	CFA
	1 800MHz				
Areeba Guinea SA	900MHz	31/08/2005	18 years	Determined in renewal process	EUR
	1 800MHz				
	WiMax	04/06/2009	5 years		GNF
MTN Congo SA	900MHz	15/10/1999	15 years	15 years	FCFA
	1 800MHz	21/08/2002	15 years	15 years	
	International gateway	05/02/2002	15 years	15 years	
Lonestar Communications Corporation LLC (Liberia)	900MHz	24/03/2009	15 years	Determined in renewal process	USD
	1 800MHz				
	WiMax	24/03/2009	15 years		
Spacetel Guinea-Bissau SA	900MHz	01/03/2004	10 years	Determined in renewal process	EUR
	1 800MHz				

Initial licence fee	Annual fees	Further fees/obligations where applicable
22,5 million	Annual fee of 1% of revenue	Not applicable
28 million	Annual fee of 1% of revenue	
44 billion	Regulatory management fee of 1,06% of network revenue	Spectrum fee – 200 000 accrued annually based on a temporary agreement with the regulator
	Telecoms development fund of 2% of network revenue	
40 billion	No annual fees specified in the licence agreement	Not applicable
10 million		
30 billion	15 per minute for each international interconnect call terminated in Benin	Regulations Authority operations fee of 1% of revenue
		Universal access fee of 1% of revenue
		Regional development fee of 0,5% of revenue
		Training and research fee of 0,5% of revenue
30 million	GNF25 billion	Additional fee of EUR3 million
3 billion	1 billion	
365 million	3% of local outgoing traffic	Frequency management fee of 100 million
150 million	3% of local outgoing traffic	Frequency usage fee of 162,2 million
		Number licence fee of 60 million
100 million	6% international outgoing traffic	
15 million	0,7 million	Not applicable
5 million	0,6 million	
2,2 million	XOF160 million per base station	Annual microwave links fee of XOF45 million
	XOF0,2 million per base station	

Licence agreements	Type	Granted/ Renewed	Term	Renewable term	Fee currency
11. INTANGIBLE ASSETS (continued)					
Middle East and North Africa region					
Irancell Telecommunication Services Company (Proprietary) Limited	900MHz	27/11/2006	15 years	Two periods of five years each	EUR
	1 800MHz				
	WiMax	23/12/2008	6 years	5 years	
MTN Syria (JSC)	900MHz	29/06/2002	15 years	3 years at discretion of Syrian licensing authority	USD
	1 800MHz	22/03/2007	10,25 years		
	3G	29/04/2009	8,16 years		SYP
	ISP	31/05/2009	3 years		SYP
MTN Sudan Company Limited	900MHz	25/10/2003	20 years	Determined in renewal process	EUR
	1 800MHz				
	3G				
MTN Afghanistan Limited	900MHz	15/10/2005	15 years	10 years	USD
	1 800MHz				
MTN Yemen	900MHz	31/07/2000	15 years	Determined in renewal process	USD
	1 800MHz	17/02/2008			
MTN Cyprus Limited	900MHz	01/12/2003	20 years	Determined in renewal process	EUR
	1 800MHz				
	3G				

Initial licence fee	Annual fees	Further fees/obligations where applicable
300 million	Regulatory fee of 0,25% of revenue of preceding contractual year	Annual fee in total not exceeding 5% of revenue of the previous contractual year
	Universal service contribution fee of 3% of preceding contractual year and other fixed fees	Revenue share cost of 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.
50,7 million	Numbering fee	
	Dedicated frequency fee	
20 million	Frequency protection fee of 50 000 or SYP2,5 million per 1MHz for transmission and reception	Revenue share costs of 30% of revenue for the first three years, 40% for next three years and 50% thereafter. A 60% revenue share applicable if the licence term is renewed.
15 million		
250 million		
1,5 million		
150 million	2% of revenue	Not applicable
40 million	4,5% of revenue	AF200 000 per duplex 200KHz
10 million	0,5 million	Not applicable
1 million	1,2 million	
21,8 million	No annual fees specified in the licence agreement	Not applicable

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12. INVESTMENT IN ASSOCIATES

The Group had the following effective percentage interests in associates:

Associate	Principal activity	Country of incorporation	Effective % interest in issued ordinary share capital December 2009	December 2008
Number Portability (Proprietary) Limited	Porting	South Africa	**33**	33
Leaf Wireless (Proprietary) Limited	Cellular dealership	South Africa	**40**	40
iTalk Cellular (Proprietary) Limited	Service provider	South Africa	**	41
Belgacom International Carrier Services SA	Telecommunications	Belgium	**20**	***

	December 2009 Rm	December 2008 Rm
Balance at beginning of year	**60**	60
Additions***	**1 508**	—
Movements	**(38)**	—
Share of results of associates after tax	**(5)**	—
Effect of movements in exchange rates	**(63)**	—
Balance at end of year	**1 462**	60

Unless otherwise stated, the Group's associates' country of incorporation is also their principal place of operation.

12. INVESTMENT IN ASSOCIATES (continued)

Summary financial information

	Effective interest Rm	iTalk Cellular (Proprietary) Limited Rm	Number Portability (Proprietary) Limited Rm	Leaf Wireless (Proprietary) Limited Rm	Belgacom International Carrier Services SA Rm
December 2009					
Revenue	**399**	**	**14**	**404**	**1 170**
Share of results after tax	**(5)**	**	*	**(45)**	**65**
Total assets	**1 706**	**	**28**	**93**	**8 297**
Total liabilities	**(1 233)**	**	**(1)**	**(94)**	**(5 979)**
Attributable net asset value	**472**	**	**27**	**(1)**	**2 318**
December 2008					
Revenue	566	713	14	672	***
Share of results after tax	—	4	*	(4)	***
Total assets	188	149	28	296	***
Total liabilities	(87)	(71)	(1)	(138)	***
Attributable net asset value	101	78	27	158	***

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

* *Amounts less than R1 million.*

** *The investment in iTalk Cellular (Proprietary) Limited was increased from 41% to a 100% holding, therefore the investment is a 100% held subsidiary within the Group and no longer an associate.*

*** *During the year the Group acquired a 20% investment in Belgacom International Carrier Services, a wholesale carrier, and a subsidiary of the Belgacom Group. The acquisition was facilitated through the swap of various assets from MTN International Carrier Services, Uniglobe SA and MTN Dubai in exchange for the equity investment. A deferred gain arose on the contribution, please refer to note 20.*

In respect of the acquisition above, the Group has elected, under IFRS 3, to finalise asset and liability fair values, and therefore the allocated goodwill, within 12 months subsequent to the acquisition date.

	December 2009 Rm	December 2008 Rm
13. LOANS AND OTHER NON-CURRENT RECEIVABLES		
Loans to Broadband Limited**	**—**	20
Loans to Iran Electronic Development Company***	**461**	471
Loans to Irancell Telecommunication Services Company (Proprietary) Limited****	**4 343**	5 090
Non-current advances	**2 278**	1 179
Non-current prepayments	**16**	1 187
	7 098	7 947
Less: Current portion	**(3 269)**	(3 324)
Loan to Broadband Limited**	**—**	(10)
Non-current advances	**—**	(106)
Loan to Iran Electronic Development Company***	**(461)**	(471)
Loan to Irancell Telecommunication Services Company (Proprietary) Limited****	**(2 808)**	(2 737)
	3 829	4 623

20% tranche

The USD denominated loan amounting to USD2,2 million attracted interest at LIBOR + 6% per annum (effective rate of 7,00% per annum) which was capitalised bi-annually. This loan was repaid during the year.

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 unsold 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 current financial year, dividends relating to the 10% tranche, (which was accounted for as interest) amounted to R44 million (2008: R6 million).

Due to the Group retaining the beneficial interest subsequent to the disposal of this tranche, the sale was not derecognised from an accounting perspective as risks and rewards were not considered to have transferred.

The non-controlling shareholders in MTN Cameroon Limited have provided their shares in the Company as security for the above loans.

The Group has, however, not enforced the contractual repayment terms as it is anticipated that the repayment terms will be renegotiated. The negotiation process has, however, not been finalised at year-end.

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

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

*** *USD62,4 million (December 2008: USD58,8 million) attracted interest at LIBOR + 4% per annum (effective rate 8,48%) (December 2008: effective rate of 7,78%) which was capitalised against the loan. The loan and capitalised interest were repayable by August 2009.*

13. **LOANS AND OTHER NON-CURRENT RECEIVABLES** (continued)

**** This amount consists of four loans:

Loan 1: USD62 million (December 2008: USD115,3 million) attracted interest at LIBOR + 4% per annum (effective rate of 8,5%) (December 2008: effective rate of 7,8%) which is capitalised against the loan. The loan and capitalised interest are repayable by August 2009.

Loan 2: USD248 million (December 2008: USD458,4 million) attracted interest at LIBOR + 4% per annum (effective rate of 8,4%) (December 2008: effective rate of 7,5%) which is capitalised against the loan. The loan and capitalised interest are repayable by November 2009.

Loan 3: EUR103 million (December 2008: EUR196,5 million) attracted interest at EURIBOR + 4% per annum (effective rate of 9,0%) (December 2008: effective rate of 8,6%) which is capitalised against the loan. The loan and capitalised interest are repayable by 31 May 2008.

Loan 4: EUR82 million (December 2008: EUR156,4 million) attracted interest at EURIBOR + 4% per annum (effective rate 8,4%) (December 2008: effective rate of 8,3%) which is capitalised against the loan. There are no fixed terms of repayment.

Loan 1, 2 and 3 were not called upon in the current financial year as it is anticipated that the contractual repayment terms will be renegotiated. The negotiation process had, however, not been finalised at year-end. In addition only R3 269 million of these loans have been reflected as current from a classification perspective; due to management's intention to only call on the remainder reflected as non-current after 31 December 2010.

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

The loans to Irancell have been subordinated in accordance with the Deferred Payment Facility Agreement obtained by 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 2008 Rm	Recognised in profit or loss Rm	Exchange differences Rm	31 December 2008 Rm	Acquisitions through business combinations Rm	Recognised in profit or loss Rm	Exchange differences Rm	31 December 2009 Rm
14. DEFERRED INCOME TAXES								
Deferred tax assets								
Provisions and other temporary differences	502	(188)	75	389	—	**262**	**199**	**850**
Excess allowances over depreciation	79	(23)	—	56	—	**(6)**	**255**	**305**
Accelerated depreciation	—	79	16	95	—	—	**(95)**	—
Tax loss carried forward	197	(150)	52	99	—	**82**	**(13)**	**168**
Arising due to fair value adjustments on business combinations	101	(43)	(33)	25	—	**(44)**	**13**	**(6)**
MTN Nigeria Communications Limited	453	(453)	—	—	—	—	—	—
Working capital allowance	—	(7)	—	(7)	—	—	**7**	—
	1 332	(785)	110	657	—	**294**	**366**	**1 317**
Deferred tax liabilities								
Assessed losses	5	—	—	5	—	**(18)**	**(34)**	**(47)**
Tax allowances over book depreciation	(1 501)	(1 990)	22	(3 469)	—	**(1 942)**	**483**	**(4 928)**
Other temporary differences	(150)	(515)	(23)	(688)	**(80)**	**383**	**(487)**	**(872)**
Revaluations	(1 236)	55	(37)	(1 218)	—	**39**	**779**	**(400)**
Working capital allowances	206	175	—	381	—	**252**	**(52)**	**581**
	(2 676)	(2 275)	(38)	(4 989)	**(80)**	**(1 286)**	**689**	**(5 666)**
Net deferred income tax asset/(liability)	(1 344)	(3 060)	72	(4 332)	**(80)**	**(992)**	**1 055**	**(4 349)**

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 tax asset at the end of pioneer status amounted to R2,5 billion (31 March 2007) which primarily comprised 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 2008.

	December 2009 Rm	December 2008 Rm
15. INVENTORIES		
Finished goods (handsets, SIM-cards and accessories) – at cost	**1 650**	2 475
Consumable stores and maintenance spares – at cost	**68**	59
Less: Write-down to net realisable value	**(196)**	(162)
	1 522	2 372

MTN Côte d'Ivoire, MTN Uganda and MTN Zambia have secured facilities through the pledge of their inventories, please refer to note 19.

	At beginning of period Rm	Additions Rm	Utilised Rm	Unused Rm	Exchange differences Rm	At end of period Rm
December 2009						
Movement in write-down	**(162)**	**(67)**	**22**	**—**	**11**	**(196)**
December 2008						
Movement in write-down	(72)	(95)	1	8	(4)	(162)

	December 2009 Rm	December 2008 Rm
16. TRADE AND OTHER RECEIVABLES		
Trade receivables	**10 990**	13 468
Less: Allowance for impairment of trade receivables	**(1 549)**	(1 674)
Trade receivables – net	**9 441**	11 794
Prepayments and other receivables*	**3 888**	3 615
Sundry debtors and advances**	**2 921**	3 062
Trade receivables due from related parties	**123**	471
	16 373	18 942

An impairment loss of R283 million (December 2008: R328 million) was incurred in the current year, and this amount is included in other operating expenses in profit or loss (refer to note 5).

MTN Côte d'Ivoire, MTN Uganda and MTN Zambia have secured facilities through the pledge of their trade and other receivables, please refer to note 19.

The Group's exposure to credit and currency risk and impairment losses related to trade and other receivables are disclosed in note 48.

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.*

	Number of shares	
	December 2009	December 2008
17. ORDINARY SHARES AND SHARE PREMIUM		
Ordinary share capital of 0,01 cent each		
Authorised	**2 500 000 000**	2 500 000 000
Issued	**1 840 536 491**	1 868 010 304
On issue at 1 January	**1 868 010 304**	1 864 797 807
Newshelf share buy-back	**(243 500 011)**	—
Shares issued – PIC	**213 866 898**	—
Options exercised and other	**2 159 300**	3 212 497
On issue at 31 December	**1 840 536 491**	1 868 010 304

	December 2009 Rm	December 2008 Rm
Share capital		
Balance at beginning of year	*****	*
Additions	*****	*
Balance at end of year	*****	*
Share premium		
Balance at beginning of year	**23 905**	23 864
Newshelf share buy-back	**20 356**	—
Options exercised	**36**	41
Balance at end of year	**44 297**	23 905

MTN Group share option scheme and share appreciation rights scheme

The exercise of options and resulting share trades can be viewed under directors' shareholdings and dealings on page 40 of the directors' report. All disclosure as required has been included in the directors' report.

**Amounts less than R1 million.*

	December 2009 Rm	December 2008 Rm
18. RESERVES		
Non-distributable reserves		
Balance at beginning of period	**1 769**	(14 569)
(Purchase)/disposal of non-controlling interests	**(43)**	4 020
Transfer from distributable reserves	**188**	87
Share-based payment reserve	**84**	75
Cash flow hedging reserve	**(191)**	138
Cancellation of Côte d'Ivoire put option	**—**	54
Shareholders' loan revaluation reserve	**—**	44
Other reserves	**(116)**	32
Foreign currency translation differences of foreign subsidiaries and joint ventures	**(16 967)**	11 888
Balance at end of period	**(15 276)**	1 769
Consisting of:		
Contingency reserve (as required by insurance regulations)*	**29**	18
Statutory reserve (as required by Rwanda and Congo-Brazzaville legislation) **	**168**	(9)
Purchase/sale of non-controlling interests	**(10 750)**	(10 707)
Shareholders' loan revaluation reserve	**(244)**	(244)
Cash flow hedging reserve	**(77)**	114
Share-based payment reserve	**328**	244
Other reserves	**(31)**	85
Foreign currency translation differences of foreign subsidiaries and joint ventures	**(4 699)**	12 268
	(15 276)	1 769

** 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.*

*** A statutory reserve has been created in terms of local legislation. Transfers to the statutory 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 the shareholders' funds. On dissolution of the special purpose entities to which these reserves relate, they will become available for distribution.*

	December 2009 Rm	December 2008 Rm	Denominated currency
19. BORROWINGS			
Unsecured			
South and East Africa region	**863**	384	
MTN Mobile Money Holdings (Proprietary) Limited	**268**	—	
	268	—	ZAR
MTN Uganda Limited	**—**	93	
	—	93	USD/UGX
MTN (Zambia) Limited	**215**	291	
	215	291	ZMK
MTN Rwandacell S.A.R.L.	**346**	—	
	217	—	USD
	129	—	RWF
Swazi MTN Limited	**34**	—	
	9	—	E
	15	—	E
	10	—	E

*Nominal interest rates are the interest rates on the loans (whether nacm, nacq, nacs, naca) as at 31/12/2009.
**Effective interest rates are calculated as follows:
interest paid in 2009/weighted average capital balance x number of days/365.

Description of borrowing	Type of interest charged	Nominal* interest rate %	Effective** interest rate %	Repayment details
Loan from JV partner	No interest	—	—	No set repayment terms
Promissory note			Between 9 – 13	Loan repaid during the year
Syndicated term loan facility	Variable interest rate	16,92	16,92	Semi-annual. Seven instalments with final repayment – December 2012
Bilateral term loan facility – export credit guarantee backed	Variable and fixed interest rate	2,76	4,80	Semi-annual. Interest in June and December, capital March and September. Final repayment – September 2014
Syndicated revolving credit and term loan facility	Variable interest rate	15,00	25,00	Interest and capital payable quarterly. Final repayment – September 2014
Bilateral term loan facility	Variable interest rate	8,35	12,70	Interest – monthly, capital – bullet. Final repayment – September 2010
Bilateral term loan facility	Variable interest rate	8,50	12,90	Interest – monthly, capital – bullet. Final repayment – June 2013
Bilateral term loan facility	Variable interest rate	8,50	12,20	Interest and capital repayable monthly. Final repayment – October 2014

	December 2009 Rm	December 2008 Rm	Denominated currency
19. BORROWINGS (continued)			
Unsecured (continued)			
West and Central Africa region	**13 753**	14 668	
MTN Côte d'Ivoire SA	**286**	675	
	21	675	XOF
	4		XOF
	81	—	XOF
	16	—	XOF
	164		XOF
MTN Nigeria Communications Limited	**12 008**	12 972	
	3 157	9 433	NGN
	3 717	400	NGN
	1 531	—	NGN
	1 406	—	NGN
	2 197	3 139	USD
MTN Congo SA	**293**	207	
	293	207	XAF
MTN Cameroon Limited	**605**	814	
	492	814	XAF
	48	—	XAF
	65	—	XAF
Spacetel Benin SA	**443**	—	
	443	—	XOF

Description of borrowing	Type of interest charged	Nominal interest rate %	Effective interest rate %	Repayment details
Bilateral short-term loan facility	Fixed interest rate	8,25	12,72	Linked to syndicated loan drawdown
Bilateral short-term loan facility	Fixed interest rate	8,30	11,84	Linked to syndicated loan drawdown
Bilateral short-term loan facility	Fixed interest rate	7,00	7,00	Interest and capital quarterly
Bilateral spot credit bridge facility	Fixed interest rate	8,00	9,59	Interest and capital quarterly
Various Loans-Arobase	Fixed interest rate	8,09	8,25	Monthly. Final repayment – December 2014
Syndicated term loan facility	Variable interest rate	19,13	18,90	Interest quarterly. Capital in October 2010 and October 2012
Syndicated term loan facility	Variable interest rate	19,18	18,30	Interest quarterly. Capital in September 2010 and October 2012
Syndicated revolving credit facility	Variable interest rate	15,75	17,20	Final repayment – October 2012
Syndicated revolving credit facility	Variable interest rate	18,04	25,90	Final repayment – October 2012
Syndicated medium-term loan facility	Variable interest rate	3,93	5,60	Semi-annual. Final repayment – September 2012
Syndicated term loan facility	Fixed interest rate	8,25	8,25	Interest and capital monthly. Final repayment – December 2013
Syndicated term loan facility	Fixed interest rate	6,85	6,95	Interest and capital semi-annually. Final repayment – July 2012
Bilateral term loan facility	Fixed interest rate	4,00	3,97	Repayment – March 2010
Bilateral term loan facility	Fixed interest rate	4,50	4,61	Repayment – March 2010
Syndicated term loan facility	Fixed interest rate	8,25	8,10	Interest and capital semi-annually. Final repayment – 31 August 2014

	December 2009 Rm	December 2008 Rm	Denominated currency
19. BORROWINGS (continued)			
Unsecured (continued)			
West and Central Africa region (continued)			
Lonestar Communications Corporation LLC (Liberia)	**118**	—	
	74	—	USD
	44	—	USD
Middle East and North Africa region	**740**	861	
Irancell Telecommunication Services Company (Proprietary) Limited	**313**	251	
	151	187	IRR
	26	64	IRR
	9	—	USD
	127		EUR
MTN Sudan Company Limited	**107**	166	
	107	166	EUR
MTN Cyprus Limited	**320**	404	
	47	58	EUR
	3	—	EUR
	1	—	EUR
	269	346	EUR

Description of borrowing	Type of interest charged	Nominal interest rate %	Effective interest rate %	Repayment details
Bilateral term loan facility	Fixed interest rate	11,00	11,00	Interest quarterly. Capital in eight equal instalments every four months
Bilateral term loan facility	Variable interest rate	11,00	11,00	Interest monthly. Capital quarterly in 16 equal instalments. Final repayment date not later than August 2014
Bilateral short-term loan facility	Fixed interest rate	21,00	21,00	Interest and capital repayable 19 May 2010
Vendor finance facility	Fixed interest rate	9,00	10,05	Loan repaid during the year. Outstanding interest to be settled in 2010
Vendor finance facility	Variable interest rate	7,39	9,14	Loan repaid during the year. Outstanding interest to be settled in 2010
Vendor finance facility	Variable interest rate	5,13	4,88	Repayable in five tranches starting Jan 2011. Final repayment – December 2012
Bilateral term loan facility	Variable interest rate	5,30	5,30	Interest and capital quarterly. Final repayment – June 2011
Syndicated term loan facility	Variable interest rate	3,25	6,70	Interest semi-annually and capital quarterly. Final repayment – December 2010
Bilateral term loan facility	Variable interest rate	6,25	6,90	Final repayment – December 2011
Bilateral term loan facility	Variable interest rate	3,25	3,70	Final repayment – December 2012
Bilateral term loan facility	Variable interest rate	3,00	5,20	Interest and capital semi-annually. Final repayment – December 2020

	December 2009 Rm	December 2008 Rm	Denominated currency
19. BORROWINGS (continued)			
Unsecured (continued)			
Middle East and North Africa region (continued)			
MTN Syria (JSC)	—	40	
	—	33	USD
	—	7	USD
Head office companies	**17 478**	21 642	
MTN Holdings (Proprietary) Limited	**16 480**	19 991	
	2 763	5 257	USD
	3 500	5 250	ZAR
	3 917	**3 184	ZAR
	5 000	5 000	ZAR
	1 300	1 300	ZAR
MTN International (Mauritius) Limited	**998**	1 263	
	998	1 263	USD
MTN (Dubai) Limited	—	329	
	—	329	USD
Various unsecured loan facilities with bank	—	59	
	—	59	
Total unsecured borrowings	**32 834**	37 555	

***Amount classified as secured in 2008.*

Description of borrowing	Type of interest charged	Nominal interest rate %	Effective interest rate %	Repayment details
Bilateral term loan facility		7,61		Loan repaid during the year
Bilateral term loan facility		4,47		Loan repaid during the year
Syndicated term loan facility	Variable interest rate		1,49	Interest variable. Capital semi-annually. Final repayment – July 2011
Syndicated term loan facility	Variable interest rate		9,67	Interest variable. Capital semi-annually. Final repayment – July 2011
2009 – Syndicated term loan facility 2008 – Syndicated term loan facility	Variable interest rate		9,29	Interest variable. Final repayment 2012
MTN 01 Bond	Fixed interest rate	10,01	10,01	Coupon semi-annually. Maturity – July 2010
MTN 02 Bond	Fixed interest rate	10,19	10,19	Coupon semi-annually. Maturity – July 2014
Bilateral short-term loan facility	Variable interest rate	2,00	2,00	Final repayment – March 2010
Bilateral term loan facility	Variable interest rate		5,88	Loan repaid during the year

		December 2009 Rm	December 2008 Rm	Denominated currency	Description of borrowing
19.	**BORROWINGS** (continued)				
	Secured				
	South and East Africa region	**1 270**	1 223		
	MTN (Proprietary) Limited	**—**	529		
		—	228	ZAR	14th Avenue finance lease – Phase 1
		******	301	ZAR	14th Avenue finance lease – Phase 2
	MTN Uganda Limited	**749**	262		
		447	—	UGX	Syndicated term loan facility
		148	—	USD	Syndicated term loan facility
		154	—	UGX	Syndicated revolving credit facility
		—	262	UGX	Local club facility
	MTN (Zambia) Limited	**521**	432		
		521	432	USD	Vendor finance facility

***The finance lease is disclosed within other non-current liabilities in the current year.*

Type of interest charged	Nominal interest rate %	Effective interest rate %	Repayment details	Security
Variable interest rate		11,25	Loan repaid – 2009	14th Avenue – Phase 1
Variable interest rate	14,52	14,52	Monthly	Underlying property. The lease expires in 2016 with a 10-year renewal option
Variable interest rate	13,00	14,80	Interest quarterly in arrears. Capital repayable in 16 quarterly instalments. Final repayment – October 2014	Floating charge over current and future assets
Variable interest rate	4,00	5,50	Interest quarterly in arrears. Capital repayable in 16 quarterly instalments. Final repayment October 2014	Floating charge over current and future assets
Variable interest rate	13,00	13,90	Final repayment 2014	Floating charge over assets
Variable interest rate			Loan repaid during the year	Debentures over property and endorsement of insurances
Variable interest rate	2,53	2,56	Interest quarterly and capital semi-annually. Final repayment – June 2013	Pledge of specific network assets under a supply contract

		December 2009 Rm	December 2008 Rm	Denominated currency	Description of borrowing
19.	**BORROWINGS** (continued)				
	Secured (continued)				
	West and Central Africa region	**1 323**	812		
	MTN Côte d'Ivoire SA	**1 323**	812		
		1 131	—	XOF	Syndicated term loan facility
		192	—	XOF	Bilateral term loan facility
		—	438	XOF	Syndicated term loan facility
		—	374	XOF	Syndicated term loan facility
	Middle East and North Africa region	**63**	448		
	Irancell Telecommunication Services Company (Proprietary) Limited	**—**	350		
		—	350	EUR	Vendor finance facility
	MTN Sudan Company Limited	**63**	98		
		63	98	SDG	Bilateral term loan facility
	Head office companies	**74**	187		
	MTN (Dubai) Limited	**74**	187		
		74	**187	USD	Bilateral term loan facility
	Total secured borrowings	**2 730**	2 670		
	Total unsecured borrowings	**32 834**	37 555		
	Bank overdraft	**1 353**	1 365		
	Total borrowings	**36 917**	41 590		

**Amount classified as unsecured in 2008.*

Type of interest charged	Nominal interest rate %	Effective interest rate %	Repayment details	Security
Fixed interest rate	8,00	8,00	Interest quarterly. Capital semi-annually. Final repayment – March 2014	Pledge of all assets
Fixed interest rate	8,00	8,55	Interest and capital quarterly. Final repayment – 2014	Pledge of all assets
Fixed interest rate		8,25	Loan repaid during the year	Pledge of assets
Fixed interest rate		8,30	Loan repaid during the year	Pledge of deposit accounts
Variable interest rate	—	Between 9,74% and 10%	Loan repaid during the year	Pledge of property, plant and equipment
Fixed interest rate	12,00	13,70	Semi-annual. Final repayment – September 2011	Building
Variable interest rate	2,50	2,78	Interest and capital quarterly. Final repayment – December 2010	Cash collateral

Notes to the Group financial statements *continued*

for the year ended 31 December 2009

		December 2009 Rm	December 2008 Rm
19.	**BORROWINGS** (continued)		
	The maturity of the above loans and overdrafts is as follows:		
	Payable within one year or on demand	**15 851**	12 490
	Current borrowings	**14 498**	11 125
	Bank overdrafts	**1 353**	1 365
	More than one year but not exceeding two years	**4 847**	9 685
	More than two years but not exceeding five years	**14 999**	17 964
	More than five years	**1 220**	1 451
		36 917	41 590
	Less: Amounts included within current liabilities	**(15 851)**	(12 490)
	Amounts included in non-current liabilities	**21 066**	29 100
	The fair values of all borrowings and bank overdrafts approximate their book values.		
	The carrying amounts of the Group's borrowings are denominated in the following currencies:		
	South African rand	**13 985**	15 263
	US dollar	**7 045**	10 647
	Nigerian naira	**9 811**	9 833
	Uganda shilling	**601**	355
	Euro	**554**	920
	Congo-Brazzaville Communaute Financière Africaine franc	**293**	207
	Sudanese pound	**63**	98
	Iranian rials	**177**	251
	Benin Communaute Financière Africaine franc	**443**	—
	Cameroon Communaute Financière Africaine franc	**605**	814
	Côte d'Ivoire Communaute Financière Africaine franc	**1 609**	1 487
	Rwanda franc	**129**	—
	Zambian kwacha	**215**	291
	Swazi lilangeni	**34**	—
	Various currencies	**1 353**	1 424
		36 917	41 590
	Further details of the Group's finance lease commitments are provided in note 33 to the financial statements.		
	The Group has the following undrawn facilities:		
	Floating rate	**5 119**	14 720
	Fixed rate	**583**	—
		5 702	14 720

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

	December 2009 Rm	December 2008 Rm
20. OTHER NON-CURRENT LIABILITIES		
Obligation in respect of licence agreements	**255**	473
Other non-current provisions	**357**	198
Deferred gain on asset swap for investment in BICS*	**1 341**	—
Other	**14**	213
	1 967	884
Less: Current portion of deferred gain	**(273)**	—
	1 694	884

**The deferred gain arose on the contribution of various assets from MTN Dubai, MTN International Carrier Services and Uniglobe in exchange for the investment in associate in Belgacom International Carrier Services (BICS), this gain is deferred and amortised over a five-year period, which is the period of the commitment to use the international gateway of Belgacom SA.*

	December 2009 Rm	December 2008 Rm
21. PUT OPTION LIABILITY		
Put options in respect of subsidiaries	**2 638**	3 341

The put option in respect of a subsidiary arises from an arrangement whereby certain of the non-controlling shareholders of MTN Nigeria Communications Limited have the right to put their remaining shareholding in the Company to MTN Nigeria Communications Limited.

The put option 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 option is 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.

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 factors and terminal values.

In 2008 the MTN Côte d'Ivoire put option was cancelled 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 non-controlling stake (9,1%) in MTN Afghanistan. The put option will only take effect once the IFC has subscribed for and paid for the non-controlling stake. The put option was not yet effective at the reporting date.

Furthermore, MTN has a put option and the non-controlling shareholders option for 1% of the issued share capital of MTN Cyprus, at a fixed amount. These options are currently not exercisable.

		December 2009 Rm	December 2008 Rm
22.	**TRADE AND OTHER PAYABLES**		
	Trade payables	**6 275**	10 157
	Sundry creditors	**4 768**	2 927
	Accrued expenses	**11 146**	10 112
	Current portion of deferred gain (note 20)	**273**	—
	Other payables	**2 278**	1 557
		24 740	24 753

The Group's exposure to currency and liquidity risk related to trade and other payables is disclosed in note 48.

		At beginning of year Rm	Additional provisions Rm	Additions – Business com-binations Rm	Unused amounts reversed Rm	Utilised Rm	Exchange differences Rm	At end of year Rm
23.	**PROVISIONS**							
	December 2009							
	Bonus provision	**466**	**429**	**—**	**(30)**	**(344)**	**(44)**	**477**
	Decommissioning provision	**289**	**53**	**—**	**(19)**	**(74)**	**(55)**	**194**
	Onerous leases	**685**	**209**	**—**	**(50)**	**(212)**	**(100)**	**532**
	Licence obligations	**261**	**—**	**—**	**—**	**(184)**	**—**	**77**
	Other provisions	**1 591**	**147**	**—**	**—**	**(80)**	**(190)**	**1 468**
		3 292	**838**	**—**	**(99)**	**(894)**	**(389)**	**2 748**
	December 2008							
	Bonus provision	327	393	2	(9)	(280)	33	466
	Decommissioning provision	132	128	—	(2)	(3)	34	289
	Onerous leases	429	503	(2)	(1)	(244)	—	685
	Licence obligations	261	—	—	—	—	—	261
	Other provisions	—	—	1 591	—	—	—	1 591
		1 149	1 024	1 591	(12)	(527)	67	3 292

23. PROVISIONS (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 pre-determined key performance measures. Bonuses are payable annually after the Group annual results have been approved.

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.

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.

Licence obligations

The licence obligation provision represents the estimated costs to be incurred in fulfilling the Universal Services obligation. Refer note 30.

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 the probability of whether an outflow of economic benefits will be due.

Notes to the Group financial statements *continued*

for the year ended 31 December 2009

		December 2009 Rm	December 2008 Rm
24.	**CASH GENERATED FROM OPERATIONS**		
	Profit before tax	**25 773**	28 490
	Adjustments for:		
	Finance cost	**11 942**	8 644
	Finance income	**(6 132)**	(6 727)
	Depreciation of property, plant and equipment (note 10)	**11 807**	9 939
	Amortisation of intangible assets (note 11)	**2 668**	2 820
	Loss on disposal of property, plant and equipment (note 5)	**132**	135
	Loss on disposal of intangible assets (note 5)	*****	2
	Profit on disposal of investment	**(53)**	—
	Increase in provisions	**218**	531
	Amortisation of prepaid expenses	**207**	218
	Impairment change on intangible assets (note 11)	**14**	—
	Impairment change on property, plant and equipment (note 10)	**167**	225
	Impairment on trade receivables (note 16)	**283**	328
	Share of results of associates after tax (note 12)	**5**	—
	Other	**(304)**	(195)
		46 727	44 410
	Changes in working capital	**2 905**	426
	Increase/(decrease) in inventories	**240**	(1 124)
	Increase in unearned income	**1 046**	2 039
	Increase/(decrease) in receivables and prepayments	**2 539**	(1 677)
	(Decrease)/increase in trade and other payables	**(920)**	1 188
	Cash generated from operations	**49 632**	44 836

* *Amounts less than R1 million.*

		December 2009 Rm	December 2008 Rm
25.	**INCOME TAX PAID**		
	Opening balance	**(5 078)**	(3 562)
	Amounts recognised in profit or loss (note 7)	**(8 612)**	(11 355)
	Deferred tax credit (notes 7 and 14)	**992**	3 060
	Effect of movements in exchange rates	**1 339**	(510)
	Reversal of tax provision	**195**	—
	Withholding taxes not paid	**759**	508
	Closing balance	**3 562**	5 078
	– Taxation prepaid	**(113)**	(642)
	– Taxation liabilities	**3 675**	5 720
	Total tax paid	**(6 843)**	(6 781)
26.	**CASH AND CASH EQUIVALENTS**		
	For purposes of the cash flow statement, cash and cash equivalents comprise the following:		
	Cash at bank and on hand	**23 999**	26 961
	Bank overdrafts	**(1 353)**	(1 365)
		22 646	25 596

MTN (Dubai) Limited, MTN Côte d'Ivoire, MTN Uganda and MTN Zambia have secured facilities through the pledge of their cash and cash equivalents. Please refer to note 19.

Included in the restricted cash and cash equivalents balance are amounts relating to the Syrian operations. The Syrian markets have only recently started liberalising foreign exchange legislation to allow for the purchase of foreign currency which is therefore still limited, hence the Group's difficulty in obtaining foreign currency in this market. This is a situation acknowledged by the Syrian authorities with whom we continue to engage.

The Group's exposure to interest rate risk, credit risk and a sensitivity analysis for financial assets and finance liabilities is disclosed in note 48.

		December 2009 Rm	December 2008 Rm
27.	**RESTRICTED CASH**		
	Restricted cash deposits	**742**	1 778

Restricted cash consists of monies placed on deposit with banks mainly in Nigeria and Cameroon to secure Letters of Credit, which at reporting date were undrawn and not freely available.

		December 2009 Rm	December 2008 Rm
28.	**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	**395**	310
	– Outwards reinsurance premiums	**(153)**	(133)
	– Other**	**(209)**	(213)
		33	(36)
	Balance sheet effect		
	Share of technical provision:		
	– Outstanding claims	**48**	89
	– Provision for unearned premiums	**9**	10
		57	99
	Receivables	**170**	40
	Payables	**(245)**	(182)

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

		December 2009 Rm	December 2008 Rm
29.	**CONTINGENT LIABILITIES/(ASSETS)**		
	Contingent liabilities*	**1 209**	504
	Contingent assets**	**—**	(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 2009 was 782 753 (December 2008: 481 078). The estimated contingent liability at 31 December 2009 based on the prevailing business rules on such date amounts to R1 209 million (December 2008: R 504 million).*

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

** *2008 – The Company received a voucher which entitled it to a discount of USD20 million on certain future purchases of services relating to 3G equipment. This was fully utilised during the current financial year.*

30. 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 1 800MHz 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.

The implementation plans are yet to be approved by ICASA before the Company can commence discharging its obligations. The obligation has been estimated as set out in notes 20 and 23.

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. The approval given by the ZCA for the company's purchase of 100% of the share equity was on the basis that 10% should be housed in a special purpose vehicle (SPV) for the beneficial ownership of the Zambian public.

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

Irancell Telecommunication Services Company (Proprietary) Limited

The investment in Irancell 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 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)

The Group, together with various other parties, has entered into a construction and maintenance agreement for the Eastern Africa Submarine Cable System (EASSy) to address the growing demand for international bandwidth in Africa. The Group's commitment in respect of the contract amounts to USD40 million of which USD30,9 million has been paid at 31 December 2009 (2008: USD8 million).

Europe-India Gateway (EIG) and West Africa Cable System (WACS)

The Group has entered into an agreement with several other parties to construct a high capacity fibre-optic submarine cable system. The Groups' share of these assets is 7,09% in Europe India Gateway Submarine Cable System (R202 million) and 11,78% in West Africa Cable System (R67 million).

		December 2009 Rm	December 2008 Rm
31.	**CAPITAL COMMITMENTS**		
	Commitments for the acquisition of property, plant and equipment and intangible assets		
	Capital expenditure contracted at the reporting date but not yet incurred is as follows:		
	Contracted but not provided for	**6 344**	8 906
	Authorised but not contracted for	**16 809**	24 743
	Group's share of capital commitments of joint ventures:		
	Contracted but not provided for	**436**	2 504
	Authorised but not contracted for	**10**	1 514
	Total commitments for property, plant and equipment and software	**23 599**	37 667
	Capital expenditure will be funded from operating cash flows, existing borrowing facilities and where necessary by raising additional facilities.		
32.	**OPERATING LEASE COMMITMENTS**		
	The future aggregate minimum lease payments under non-cancellable operating leases are as follows:		
	Not later than one year	**203**	203
	Later than one year and no later than five years	**428**	395
	Later than five years	**201**	203
		832	801
	The future aggregate minimum lease payments under cancellable operating leases are as follows:		
	Not later than one year	**397**	382
	Later than one year and no later than five years	**1 105**	857
	Later than five years	**480**	666
		1 982	1 905

The Group leases various premises/sites under non-cancellable/cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights. Penalties are chargeable on certain leases should they be cancelled before the end of the agreement.

	December 2009 Rm	December 2008 Rm
33. FINANCE LEASE COMMITMENTS		
At the reporting date, the Group had outstanding commitments under non-cancellable finance leases which fall due as follows:		
Minimum lease payments:		
Not later than one year	**86**	136
Later than one year and no later than five years	**359**	529
Later than five years	**46**	133
	491	798
Less: Future finance charges on finance leases	**(143)**	(244)
Present value of finance lease obligations	**348**	554
Present value of finance lease obligations are as follows:		
Not later than one year	**46**	69
Later than one year and no later than five years	**258**	366
Later than five years	**44**	119
	348	554
34. OTHER COMMITMENTS		
Soccer sponsorship*	**173**	304
Orders placed to purchase handsets	**577**	237
	750	541

This commitment relates to FIFA 2010 sponsorship.

35. INTERESTS IN JOINT VENTURES

The Group had the following effective percentage interests in joint ventures:

Unless otherwise mentioned, the Group's joint ventures' country of incorporation is also their principal place of operation.

Joint venture	Principal activity	Country of incorporation	Effective % interest in issued ordinary share capital December 2009	December 2008
Swazi MTN Limited	Network operator	Swaziland	**30**	30
Digital Mobile TV Africa (Proprietary) Limited	Mobile television	South Africa	*****	50
MTN Mobile Money Holdings (Proprietary) Limited	Wireless banking service	South Africa	**50**	50
Mascom Wireless Botswana (Proprietary) Limited	Network operator	Botswana	**53**	53
Irancell Telecommunication Services Company (Proprietary) Limited	Network operator	Iran	**49**	49
Village Phone Rwanda	Airtime sales	Rwanda	**50**	50
Satellite Data Networks Mauritius (Proprietary) Limited	Internet service provider	Mauritius	**60**	**

* *The investment in Digital Mobile TV Africa (Proprietary) Limited was sold during the current year.*
** *The investment in Satellite Data Networks Mauritius (Proprietary) Limited was acquired in the current year as part of the Verizon SA acquisition.*

Summary financial information

The following table presents, on a condensed basis the Group's share of the assets and liabilities, revenue and expenses of the joint ventures which are included in the consolidated balance sheet and income statement.

	December 2009 Rm	December 2008 Rm
Revenue	**8 592**	5 697
Expenses	**(5 457)**	(4 948)
Non-current assets	**7 780**	7 726
Current assets	**3 691**	2 818
Total assets	**11 471**	10 544
Non-current liabilities	**(4 704)**	(9 594)
Current liabilities	**(6 338)**	(620)
Total liabilities	**(11 042)**	(10 214)

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

36. TRANSFER PRICING

In terms of the transfer pricing provisions contained in section 31 of the South African Income Tax Act, No 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.

		Closing rates		Average rates	
		December 2009	December 2008	**December 2009**	December 2008
37. EXCHANGE RATES TO SOUTH AFRICAN RAND					
used for the purposes of IAS 21 translations					
United States dollar	USD	**0,14**	0,11	**0,12**	0,12
Uganda shilling	UGX	**256,43**	206,87	**242,29**	215,59
Rwanda franc	RWF	**78,89**	61,14	**67,85**	68,69
Cameroon Communaute Financière Africaine franc	XAF	**61,89**	49,87	**56,58**	56,77
Nigerian naira	NGN	**20,29**	15,07	**17,83**	14,54
Iranian riyals	IRR	**1 353,72**	1 047,81	**1 195,03**	1 151,90
Botswana pula	BWP	**0,90**	0,81	**0,86**	0,83
Côte d'Ivoire Communaute Financière Africaine franc	CFA	**61,89**	50,55	**57,08**	54,77
Congo-Brazzaville Communaute Financière Africaine franc	CFACB	**61,89**	49,79	**57,01**	54,84
Zambian kwacha	ZMK	**626,66**	513,16	**614,04**	455,28
Swaziland emalangeni	E	**1,00**	1,00	**1,00**	1,00
Lebanese pound	LBP	**202,98**	150,96	**179,19**	188,04
Afghanistan afghani	AFN	**6,58**	5,57	**5,98**	6,07
Euro	EUR	**0,09**	0,08	**0,09**	0,08
British pound sterling	GBP	**0,08**	0,07	**0,07**	0,02
Ghana cedi	GHC	**0,19**	0,13	**0,17**	0,13
Benin Communaute Financière Africaine franc	XOF	**61,89**	49,79	**56,06**	53,97
Guinean franc	GNF	**740,87**	555,92	**592,69**	1 391,71
Sudanese pound	SDG	**0,32**	0,24	**0,29**	0,27
Syrian pound	SYP	**6,20**	4,96	**5,59**	5,47
Guinea-Bissau Communaute Financière Africaine franc	XOF	**61,92**	46,32	**55,84**	55,38
Yemen riyals	YER	**28,07**	21,40	**24,25**	24,93

		December 2009 Rm	December 2008 Rm
38.	**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		
	Assets		
	Non-current assets		
	– US dollar	**33**	5 388
	– Euro	**2 056**	4 614
	– South African rand	**15**	—
		2 104	10 002
	Current assets		
	– US dollar	**8 660**	4 126
	– Euro	**1 120**	284
	– Sudanese pound	**50**	17
		9 830	4 427
	Total assets	**11 934**	14 429
	Liabilities		
	Non-current liabilities		
	– US dollar	**(12 319)**	(7 695)
	– Euro	**(209)**	(2 778)
		(12 528)	(10 473)
	Current liabilities		
	– US dollar	**(3 981)**	(7 694)
	– Euro	**(1 040)**	(1 939)
	– Communaute Financière Africaine franc	**(173)**	—
	– Sudanese pound	**(39)**	(59)
	– Syrian pound	**(19)**	—
	– South African rand	**(23)**	(18)
		(5 275)	(9 710)
	Total liabilities	**(17 803)**	(20 183)

	December 2009 Rm	December 2008 Rm
39. DERIVATIVES		
Included in the balance sheet are the following derivatives:		
– Assets	**—**	761
– Liabilities	**(585)**	(126)
	(585)	635
Fair value profit/(loss):		
– Taken to income statement	**(585)**	761
– Taken (from)/to cash flow hedge reserves*	**(191)**	138
Notional principal amount (USD forward exchange contracts)	**2 860**	7 029

**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 occurred during 2009.*

	December 2009 Rm	December 2008 Rm
40. OTHER INVESTMENTS		
Available-for-sale financial assets*	**6**	7

**Consists of various investments made via Merrill Lynch, Fortis and HSBC. No impairments have been made relating to the available-for-sale financial assets.*

41. POST-BALANCE SHEET EVENTS

The directors are not aware of any matter or circumstance arising since the end of the reporting period, not otherwise dealt with herein, which significantly affects the financial position of the Group or the results of its operations or cash flows for the period ended.

42. 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

	December 2009 Rm	December 2008 Rm
Salaries and other short-term employee benefits	**15**	13
Post-employment benefits	**2**	1
Other benefits	**1**	1
Bonuses	**13**	16
Share options	**241**	24
Total	**272**	55

42. RELATED PARTY TRANSACTIONS (continued)

Loan to shareholder

During the current year certain legal claims were made against MTN (Dubai) Limited and Scancom Limited (MTN Ghana) by two previous MTN Ghana shareholders, claiming beneficial title to a portion of the shares in MTN Ghana. As a result of this, an agreement was reached between M1 Limited (M1) and MTN Dubai that they will share the cost of settlement of these claims. During the year a loan was granted to M1 in respect of their share of these costs which was paid by MTN on their behalf.

	December 2009 Rm
This loan has fixed repayments and is interest free. The balance of this loan as at year end is as follows:	
Initial value of loan	**208**
Payments made to date	**(52)**
Effect of movement in exchange rates	**(6)**
Balance outstanding	**150**

The loan has been accounted for accordingly in terms of IAS 39.

For details of transactions/balances between the Company and its related parties, refer to note 11 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. Details of interest in joint ventures are also disclosed in note 35 of the financial statements.

Associates

Details of investments in associates are disclosed in note 12 of the financial statements.

Directors

Details of directors' remuneration are disclosed in note 5 of the Group financial statements as well as in the directors' report under the heading "Details of emoluments and related payments".

Shareholders

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

43. BUSINESS COMBINATIONS

43.1 Acquisitions

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

(a) An additional 59% in iTalk Cellular (Proprietary) Limited, a cellular service provider, was acquired in January 2009 for a purchase consideration of R355 million
(b) 100% of Verizon South Africa (Proprietary) Limited, an internet service provider, was acquired in February 2009 for a purchase consideration of R1 771 million

These amounts have been calculated using the Group's accounting policies and by adjusting the results of the acquiree to reflect the additional depreciation and amortisation that would have been charged assuming that the fair value adjustments to property, plant and equipment and intangible assets had been applied from acquisition date, together with the consequential tax effects.

	Carrying amount on acquisition date Rm	Total fair value Rm
iTalk and Verizon SA acquisitions		
The assets and liabilities arising from the acquisitions are as follows:		
Property, plant and equipment	106	106
Customer relationships	—	284
Other non-current assets	95	95
Investments	1	1
Cash and cash equivalents	95	95
Net working capital	42	42
Borrowings	(118)	(118)
Deferred tax liabilities	—	(80)
Taxation liabilities	7	7
Other liabilities	(56)	(56)
Net asset value	172	376
Purchase consideration		2 126
Fair value of net assets acquired		376
Goodwill		1 750

43. BUSINESS COMBINATIONS (continued)

43.2 Prior year acquisitions

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

(a) 100% of Afnet, a Côte d'Ivoire 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. The purchase consideration has been settled in full, as all previous contractual requirements were met.

(b) 100% of Arobase Telecom SA, a Côte d'Ivoire 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. The purchase consideration has been settled in full, as all previous contractual requirements were 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 purchase price allocation (PPA) was finalised by the reporting date – no adjustments were made as the differences were found to be immaterial.

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.

	Carrying amount on acquisition date Rm	Total fair value Rm
The assets and liabilities acquired are as follows:		
Property, plant and equipment	155	155
Licences	148	148
Cash and cash equivalents	30	30
Trade and other receivables	4	4
Other current assets	4	4
Borrowings	7	7
Trade and other payables	(267)	(267)
Unearned income	(216)	(216)
Taxation liabilities	(14)	(14)
Other liabilities	(20)	(20)
Net assets/(liabilities) acquired (a and b)	(169)	(169)
Purchase consideration (a and b)		233
Fair value of net assets acquired		(169)
Goodwill (a and b)		402
Purchase consideration (c)		260
Goodwill		662
Purchase consideration (a, b and c)		(493)
Cash and cash equivalents acquired		30
Cash outflow on acquisition		(463)

44. CHANGES IN SHAREHOLDING

During the year under review, certain subsidiaries of the Group changed their shareholding in the following entities:

44.1 MTN Uganda additional shares acquisition

During July 2009, the Group increased its shareholding in MTN Uganda from 95,4% to 96,0% for R51 million.

The assets and liabilities arising from the acquisitions are as follows:

	Carrying amount on acquisition date Rm
Property, plant and equipment	24
Other non-current assets	6
Cash and cash equivalents	1
Net working capital	(4)
Borrowings	(6)
Deferred tax liabilities	(4)
Taxation	(1)
Net asset value	16
Purchase consideration	51
Net assets acquired	16
Difference included in equity on consolidation	35

44.2 MTN (Zambia) Limited private placement

In February 2009, MTN Zambia issued 2,2% of its shares to the public for a consideration of R24,6 million. This resulted in a dilution of the Groups investment from 100% to 97,8%.

44. CHANGES IN SHAREHOLDING (continued)

44.3 Prior year changes in shareholdings

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

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

44. CHANGES IN SHAREHOLDING (continued)

44.3 Prior year changes in shareholdings (continued)

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 a loss of control.

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

The assets and liabilities disposed of are as follows:

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

		Note	December 2009 Rm	December 2008 Rm
45.	**CASH FLOWS RELATING TO BUSINESS COMBINATIONS AND CHANGES IN SHAREHOLDING**			
45.1	**Cash flows relating to acquisitions**			
	Acquisition of Verizon and iTalk	43.1	**(2 125)**	—
	Prior year acquisitions	43.2	**—**	(493)
	Other acquisitions*		**(175)**	(118)
			(2 300)	(611)
	Amounts shown in the cash flow statement			
	Acquisition of subsidiaries		**(2 300)**	(611)
	Cash acquired		**95**	30
			(2 205)	(581)
	**These consist of an investment in the EASSy Project and EIG Submarine Cable.*			
45.2	**Cash flows relating to changes in shareholding**			
	The acquisition of 1% of MTN Uganda	44.1	**(51)**	—
	Disposal of 2,2% of MTN (Zambia) Limited	44.2	**25**	—
	Prior year change in shareholding	44.3	**—**	4 575
			(26)	4 575

46. NEWSHELF ACQUISITION

The acquisition of 100% of Newshelf 664 (Proprietary) Limited

MTN purchased the entire issued ordinary share capital of Newshelf 664 (Proprietary) Limited (Newshelf) from the Public Investment Corporation. The Newshelf acquisition was effected by way of a specific issue of shares to the PIC and the specific repurchase by MTN of 243,5 million MTN shares held by Newshelf. The transaction was concluded in April 2009. MTN acquired the Newshelf shares at an effective discount to market value and intends to apply a significant portion of this effective discount to future participants in a BEE transaction as an incentive to invest in that transaction. The board remains fully committed to implement a BEE transaction as soon as conditions become conducive.

		December 2009 Rm	December 2008 Rm
47.	**GUARANTEES**		
47.1	The Group has guaranteed the bonds, revolving credit facilities and general banking facilities of MTN Holdings (Proprietary) Limited.		
	The bond guarantees are as follows:		
	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	**2 763**	5 257
	ZAR long-term loan	**3 500**	5 250
	USD long-term loan of USD1 250 million (undrawn)	**—**	11 692
	ZAR long-term loan	**3 917**	—
	General banking facility		
	ZAR long-term loan	**—**	3 200
47.2	The Company has guaranteed the syndicated loan of MTN (Zambia) Limited of ZMK149 565 million.	**215**	291
47.3	The Group's 100% subsidiary MTN (Dubai) Limited (Dubai) (or one of Dubai's 100% subsidiaries), has guaranteed banking and vendor facilities for various operating subsidiaries.		
	Bank and vendor loan facilities		
	EURO term loans		
	MTN Cyprus Limited	**164**	404
	MTN Sudan Company Limited	**84**	166
	USD loans		
	MTN Syria SA	**—**	32

48. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

Introduction

The Group has exposure to the following risks from its 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.

Risk profile

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 Group and of relevant subsidiaries. The 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.

48.1 Accounting classes and fair values

	Note	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
December 2009							
Non-current financial assets							
Loans and other non-current receivables	13	—	**3 813**	—	—	**3 813**	**3 813**
Current financial assets							
Current portion of loans and other non-current receivables	13	—	**3 269**	—	—	**3 269**	**3 269**
Trade and other receivables	16	—	**12 485**	—	—	**12 485**	**12 485**
Restricted cash	27	—	**742**	—	—	**742**	**742**
Other investments	40	—	—	**6**	—	**6**	**6**
Cash and cash equivalents	26		**23 999**		—	**23 999**	**23 999**
		—	**44 308**	**6**	—	**44 314**	**44 314**

48. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)

48.1 Accounting classes and fair values (continued)

	Note	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
December 2009							
Non-current financial liabilities							
Borrowings	19	**—**	**—**	**—**	**(21 066)**	**(21 066)**	**(21 066)**
Other non-current liabilities	20	**—**	**—**	**—**	**(269)**	**(269)**	**(269)**
Current financial liabilities							
Borrowings	19	**—**	**—**	**—**	**(14 498)**	**(14 498)**	**(14 498)**
Trade and other payables	22	**—**	**—**	**—**	**(22 462)**	**(22 462)**	**(22 462)**
Put option obligations	21	**—**	**—**	**—**	**(2 638)**	**(2 638)**	**(2 638)**
Derivatives	39	**(585)**	**—**	**—**	**—**	**(585)**	**(585)**
Bank overdraft	26	**—**	**—**	**—**	**(1 353)**	**(1 353)**	**(1 353)**
		(585)	**—**	**—**	**(62 286)**	**(62 871)**	**(62 871)**
December 2008							
Non-current financial assets							
Loans and other non-current receivables	13	—	3 436	—	—	3 436	3 436
Current financial assets							
Current portion of loans and other non-current receivables	13	—	3 324	—	—	3 324	3 324
Trade and other receivables	16	—	15 327	—	—	15 327	15 327
Restricted cash	27	—	1 778	—	—	1 778	1 778
Derivatives	39	761	—	—	—	761	761
Other investments	40	—	—	7	—	7	7
Cash and cash equivalents	26	—	26 961	—	—	26 961	26 961
		761	50 826	7	—	51 594	51 594
Non-current financial liabilities							
Borrowings	19	—	—	—	(29 100)	(29 100)	(29 100)
Other non-current liabilities	20	—	—	—	(686)	(686)	(686)
Current financial liabilities							
Borrowings	19	—	—	—	(11 125)	(11 125)	(11 125)
Put option obligations	21	—	—	—	(3 341)	(3 341)	(3 341)
Trade and other payables	22	—	—	—	(23 196)	(23 196)	(23 196)
Derivatives	39	(126)	—	—	—	(126)	(126)
Bank overdraft	26		—	—	(1 365)	(1 365)	(1 365)
		(126)	—	—	(68 813)	(68 939)	(68 939)

48. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)

48.2 Fair value estimation

Effective 1 January 2009, the Group adopted the amendment of IFRS 7 for financial instruments that are measured in the balance sheet at fair value, this requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2009:

	Level 1	Level 2	Level 3	Total balance
Assets				
Available-for-sale financial assets	7	—	—	7
Total assets	7	—	—	7
Liabilities				
Derivatives	—	585	—	585
Total liabilities	—	585	—	585

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's-length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise primarily FTSE 100 equity investments classified as trading securities or available-for-sale.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- The fair value of interest rate swaps is calculated as a present value of estimated future cash flows based on observable yield curves.
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

48. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)

48.3 Credit risk

Credit risk, or the risk of financial loss to the Group due to customers or counterparties not meeting their contractual obligations, is managed through the application of credit approvals, limits and monitoring procedures.

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.

The following instruments give rise to credit risk:

	December 2009		December 2008	
	Carrying amount Rm	**Exposure to credit risk* Rm**	Carrying amount Rm	Exposure to credit risk* Rm
Cash and cash equivalents, net of overdrafts	**22 646**	**22 646**	25 596	25 596
Restricted cash	**742**	**742**	1 778	1 778
Trade and other receivables	**12 485**	**7 593**	15 327	9 321
	35 873	**30 981**	42 701	36 695

**Excluding collateral and credit enhancements.*

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 among approved financial institutions. The Group actively seeks to limit the amount of credit exposure to any one financial institution and credit exposure is controlled by counterparty limits that are reviewed and approved by the credit risk department.

Given these sound credit ratings, management does not expect any counterparty to fail to meet its obligations.

Trade and other receivables

The Group has no significant concentrations of credit risk, due to its wide spread of customers across various operations and dispersion across geographical locations. 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 2.20) and the impairment of trade receivables as applicable).

48. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)

48.3 Credit risk (continued)

	December 2009 Rm	December 2008 Rm
Ageing and impairment analysis (Undiscounted maturity analysis)		
Fully performing trade receivables		
Interconnect receivables	**2 627**	3 051
Contract receivables	**4 835**	4 543
Other receivables	**128**	459
	7 590	8 053
Past due but not impaired trade receivables		
Interconnect receivables	**1 391**	3 088
– 0 to 3 months	**613**	717
– 3 to 6 months	**313**	591
– 6 to 9 months	**326**	372
– 9 to 12 months	**139**	1 408
Contract receivables	**815**	656
– 0 to 3 months	**390**	208
– 3 to 6 months	**302**	343
– 6 to 9 months	**123**	105
– 9 to 12 months	**—**	—
Other receivables	**179**	169
– 0 to 3 months	**144**	92
– 3 to 6 months	**7**	77
– 6 to 9 months	**28**	—
– 9 to 12 months	**—**	—
Total past due but not impaired	**2 385**	3 913
Impaired not written off	**1 015**	1 502
Total	**10 990**	13 468

48. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)

48.3 Credit risk (continued)

Past due but not impaired trade receivables (continued)

Region	Interconnect receivables Rm	Contract receivables Rm	Other receivables Rm	Total Rm
December 2009				
South Africa	**4**	**18**	**—**	**22**
Nigeria	**541**	**243**	**4**	**788**
Iran	**509**	**5**	**—**	**514**
Rest of Africa and the Middle East	**337**	**549**	**175**	**1 061**
	1 391	**815**	**179**	**2 385**
December 2008				
South Africa	1 907	—	—	1 907
Nigeria	405	274	(12)	667
Iran	339	—	—	339
Rest of Africa and the Middle East	437	382	181	1 000
	3 088	656	169	3 913

Certain of the loans to Irancell Telecommunication Services Company (Proprietary) Limited 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 believes them to be fully recoverable based on the future prospects of Irancell (note 13).

48. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)

48.3 Credit risk (continued)

Impairment of trade receivables

The determination of the impairment of trade and other receivables

	Impaired not written-off Rm	Provided for not impaired Rm	Provision for impairment Rm
Interconnect receivables	**(284)**	**(155)**	**(439)**
Contract receivables	**(440)**	**(101)**	**(541)**
Other receivables	**(291)**	**(278)**	**(569)**
	(1 015)	**(534)**	**(1 549)**

	At beginning of period Rm	Additions Rm	Unused Rm	Utilised Rm	Exchange differences Rm	At end of period Rm
Impairment movement						
December 2009						
Movement in provision for impairment of trade receivables	**(1 674)**	**(375)**	**92**	**87**	**321**	**(1 549)**
December 2008						
Movement in provision for impairment of trade receivables	(1 071)	(3)	(328)	—	(272)	(1 674)

48. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)

48.4 Liquidity risk

Liquidity risk is the risk that an entity in the Group will be unable to meet its obligations as they become due. The Group's approach to managing liquidity risk is to ensure that sufficient liquidity is available to meet its liabilities when due under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group ensures it has sufficient cash on demand (currently the Group is maintaining a positive cash position) or access to facilities to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The following liquid resources are available:

	Carrying amount		Fair value	
	December 2009 Rm	December 2008 Rm	**December 2009 Rm**	December 2008 Rm
Cash at bank and on hand; net of overdrafts	**22 646**	25 596	**22 646**	25 596
Trade and other receivables	**12 485**	15 327	**12 485**	15 327
	35 131	40 923	**35 131**	40 923

48. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)

48.4 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
December 2009				
Current liabilities				
Borrowings*	**(14 498)**	**(1 570)**	**(998)**	**(11 930)**
Trade and other payables				
– Trade payables	**(6 275)**	**(1 515)**	**(2 722)**	**(2 038)**
– Sundry creditors	**(4 768)**	**(1 986)**	**(1 590)**	**(1 192)**
– Accrued expenses	**(11 146)**	**(1 608)**	**(2 466)**	**(7 072)**
Bank overdraft	**(1 353)**	**(1 353)**	**—**	**—**
Derivative financial instruments	**(585)**	**—**	**—**	**(585)**
Put option liability in respect of subsidiaries	**(2 638)**	**(2 638)**	**—**	**—**
	(41 263)	**(10 670)**	**(7 776)**	**(22 817)**

Refer to note 19 for detailed information in respect of interest payments on borrowings.

48. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)

48.4 Liquidity risk (continued)

	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
December 2009				
Non-current liabilities				
Borrowings*	**(21 066)**	**(6 870)**	**(11 683)**	**(2 513)**
Other non-current liabilities	**(269)**	**(269)**	**—**	**—**
	(21 335)	**(7 139)**	**(11 683)**	**(2 513)**

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

	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
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	(126)	—	(126)	—
Put option in respect of subsidiaries	(3 341)	(3 341)	—	—
	(39 153)	(21 802)	(2 920)	(14 431)

**Refer to note 19 for detailed information in respect of interest payments on borrowings.*

48. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)

48.4 Liquidity risk (continued)

	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
December 2008				
Non-current liabilities				
Borrowings*	(29 100)	(9 685)	(17 964	(1 451)
Other non-current liabilities				
– 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 19 for detailed information in respect of interest payments on borrowings.

48.5 Market risk

Market risk is the risk that changes in market prices (interest rate and currency 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.

48.6 Interest rate risk

Interest rate risk is the risk borne by an interest-bearing asset and liability, due to variability of interest rates.

Financial assets and liabilities that are sensitive to interest rate risk are cash and cash equivalents, bank overdrafts and loans receivable/payable. The interest rates applicable to these financial instruments are on a combination of floating and fixed bases in line with those currently available in the market.

The Group's 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)) 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 for each underlying operation to be aligned with the Group Treasury Policy.

48. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)

48.6 Interest rate risk (continued)

Profile

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was:

	Fixed rate instruments Rm	Variable rate instruments Rm
December 2009		
Financial assets		
Loans and non-current receivables	—	4 804
Cash and cash equivalents	16 510	5 847
Trade and other receivables	—	443
	16 510	11 094
Financial liabilities		
Borrowings	25 732	9 564
Other non-current liabilities	344	4
Bank overdraft	49	1 297
	26 125	10 865

Sensitivity analysis

The Group has used a sensitivity analysis technique that measures the estimated change to profit or loss 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, remain constant. The analysis is performed on the same basis as in 2008.

48. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)

48.6 Interest rate risk (continued)

Sensitivity analysis (continued)

	Increase/(decrease) in profit before tax		
	Change in interest rate %	Upward change in interest rate Rm	Downward change in interest rate Rm
December 2009			
JIBAR	**1**	**(149,7)**	**149,7**
LIBOR	**1**	**(285,3)**	**285,3**
NIBOR	**1**	**0,0**	**0,0**
EURIBOR	**1**	**22,1**	**(22,1)**
Money market	**1**	**2,2**	**(2,2)**
Prime	**1**	**19,2**	**(19,2)**
Other	**1**	**139,7**	**(139,7)**
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)

48.7 Currency risk

Currency risk is the exposure to exchange rate fluctuations that have an impact on cash flows and financing activities.

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 Group 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.

48. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)

48.7 Currency risk (continued)

Sensitivity analysis (continued)

The Group has used a sensitivity analysis technique that measures the estimated change to profit or loss 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 pounds and Zambian kwacha. This analysis considers the impact of changes in foreign exchange rates on profit, excluding foreign exchange translation differences resulting from the translation of Group entities that have a functional currency 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, remain constant. The analysis is performed on the same basis as in 2008.

	Increase/(decrease) in profit before tax		
Denominated: functional currency	**Change in exchange rate %**	**Weakening in functional currency, resulting in an increase/(decrease) in profit before tax Rm**	**Strengthening in functional currency, resulting in an increase/(decrease) in profit before tax Rm**
December 2009			
USD:ZAR	**10**	**(15,3)**	**15,3**
USD:SYP	**10**	**(77,4)**	**77,4**
USD:IRR	**10**	**(403,9)**	**403,9**
USD:CEDIS	**10**	**15,5**	**(15,5)**
USD:SDG	**10**	**(3,7)**	**3,7**
USD:NGN	**10**	**(157,0)**	**157,0**
USD:RWF	**10**	**(52,4)**	**52,4**
EUR:ZAR	**10**	**45,4**	**(45,4)**
EUR:SYP	**10**	**5,2**	**(5,2)**
EUR:IRR	**10**	**(31,3)**	**31,3**
EUR:SDG	**10**	**2,8**	**(2,8)**

48. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)

48.7 Currency risk (continued)

Sensitivity analysis (continued)

		Increase/(decrease) in profit before tax	
Denominated: functional currency	Change in exchange rate %	Weakening in functional currency, resulting in an increase/ (decrease) in profit before tax Rm	Strengthening in functional currency, resulting in an increase/ (decrease) in profit before tax Rm
December 2008			
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:SDG	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:SDG	10	(69,8)	69,8

48.8 Price risk

The Group is not exposed to commodity price risk or material equity securities price risk.

48.9 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 operation 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 multilateral 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.

49. COMPARATIVE FIGURES

Where necessary, comparative figures within certain notes have been restated to conform with current year classifications. The amounts involved are considered immaterial.

Company income statement

for the year ended 31 December 2009

	Note	December 2009 Rm	December 2008 Rm
Other operating (expenses)/income		**(10 081)**	49
Operating (loss)/profit	1	**(10 081)**	49
Finance income	2	**18 682**	2 816
Finance costs	2	**(8)**	(1)
Profit before tax		**8 593**	2 864
Income tax expense	3	**(362)**	(277)
Profit after tax		**8 231**	2 587

The notes on pages 156 to 161 are an integral part of these financial statements.

Company statement of comprehensive income

for the year ended 31 December 2009

	December 2009 Rm	December 2008 Rm
Profit after tax	**8 231**	2 587
Total comprehensive income for the period	**8 231**	2 587
Attributable to:		
Equity holders of the Company	**8 231**	2 587
	8 231	2 587

The notes on page 156 to 161 are an integral part of these financial statements.

Company balance sheet

at 31 December 2009

	Note	December 2009 Rm	December 2008 Rm
ASSETS			
Non-current assets		**23 707**	23 700
Investment in subsidiaries	4	**23 707**	23 700
Current assets		**144**	408
Trade and other receivables	5	**142**	126
Cash and cash equivalents	6	**2**	282
Total assets		**23 851**	24 108
SHAREHOLDERS' EQUITY			
Ordinary shares and share premium	7	**44 297**	23 905
Retained earnings		**(20 672)**	74
Reserves		**108**	101
Total equity		**23 733**	24 080
LIABILITIES			
Current liabilities		**118**	28
– Taxation liabilities		**26**	19
– Trade and other payables	8	**92**	9
Total liabilities		**118**	28
Total equity and liabilities		**23 851**	24 108

The notes on pages 156 to 161 are an integral part of these financial statements.

Company statement of changes in equity

for the year ended 31 December 2009

	Share capital Rm	Share premium Rm	Retained earnings Rm	Reserves Rm	Total Rm
Balance at 1 January 2008	*	23 864	23	95	23 982
Share-based payments reserve	—	—	—	6	6
Shares issued during the year	*	41	—	—	41
Comprehensive income	—	—	2 587	—	2 587
Dividend paid	—	—	(2 536)	—	(2 536)
Balance at 31 December 2008	*	23 905	74	101	24 080
Balance at 1 January 2009	*****	**23 905**	**74**	**101**	**24 080**
Shares issued during the year	*****	**20 392**	**—**	**—**	**20 392**
Newshelf share buy-back	**—**	**—**	**(21 226)**	**—**	**(21 226)**
Newshelf fair value movement in shares	**—**	**—**	**(4 369)**	**—**	**(4 369)**
Share-based payments reserve	**—**	**—**	**—**	**7**	**7**
Comprehensive income	**—**	**—**	**8 231**	**—**	**8 231**
Dividend paid	**—**	**—**	**(3 382)**	**—**	**(3 382)**
Balance at 31 December 2009	*****	**44 297**	**(20 672)**	**108**	**23 733**

The notes on pages 156 to 161 are an integral part of these financial statements.

**Amounts less than R1 million.*

Company cash flow statement

for the year ended 31 December 2009

	Note	December 2009 Rm	December 2008 Rm
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash (utilised by)/generated from operation	9	**(406)**	192
Interest paid		**(1)**	—
Interest received		**18**	26
Income tax paid	10	**(362)**	(262)
Dividend paid		**(3 382)**	(2 536)
Dividends received	11	**4 280**	2 790
Net cash generated from operating activities		**148**	210
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash outflow on share buy-back		**(463)**	—
Proceeds from the issuance of ordinary shares	7	**36**	41
Net cash (used in)/generated from financing activities		**(428)**	41
Net (decrease)/increase in cash and cash equivalents		**(280)**	251
Cash and cash equivalents at beginning of year		**282**	31
Cash and cash equivalents at end of year	6	**2**	282

The notes on pages 156 to 161 are an integral part of these financial statements.

Notes to the company financial statements

for the year ended 31 December 2009

		December 2009 Rm	December 2008 Rm
1.	**OPERATING (LOSS)/PROFIT**		
	The following items have been included in operating (loss)/profit		
	Directors' emoluments:	**(11)**	(8)
	– Directors' fees	**(11)**	(8)
	Fees paid for services:	**(80)**	(72)
	– Administrative	**(4)**	(3)
	– Management (note 11)	**(76)**	(69)
	Management fees received (note 11)	**82**	129
	Donation to Newshelf (note 9 and 11)	**(9 577)**	—
2.	**FINANCE INCOME AND FINANCE COSTS**		
	Recognised in profit or loss		
	Interest income	**17**	26
	Foreign exchange gains	**1**	—
	Other	**3**	—
	Dividend income (note 11)	**18 661**	2 790
	Finance income	**18 682**	2 816
	Interest on borrowings	**(8)**	(1)
	Finance costs	**(8)**	(1)
	Net finance costs recognised in profit or loss	**18 674**	2 815
3.	**INCOME TAX EXPENSE**		
	Current tax		
	Secondary tax on companies	**(337)**	(254)
	Normal tax	**(24)**	(23)
	Deferred tax charge	**(1)**	—
		(362)	(277)

South African normal taxation is calculated at 28% (December 2008: 28%) of the estimated taxable income for the year.

	December 2009 %	December 2008 %
3. INCOME TAX EXPENSE (continued)		
Tax rate reconciliation		
The table below explains the difference between the expected tax expense at the South African statutory rate of 28% and the Company's total tax expense for the year. 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**	28,0
Exempt income	**(60,8)**	(27,0)
Effect of secondary tax on companies	**3,9**	8,8
Prior year under/over provision	**0,2**	—
Expenses not deductible for tax purposes	**32,9**	0,1
	4,2	9,9

	December 2009 Rm	December 2008 Rm
4. INVESTMENT IN SUBSIDIARIES		
Mobile Telephone Networks Holdings (Proprietary) Limited	**22 173**	22 173
Loan owing by subsidiary**	**1 480**	1 473
Net interest in Mobile Telephone Networks Holdings	**23 653**	23 646
MTN Group Management Services (Proprietary) Limited	*****	*
Loan owing by subsidiary	**54**	54
Net interest in MTN Group Management Services	**54**	54
Total interest in subsidiary companies	**23 707**	23 700

** Amounts less than R1 million.*

***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.*

	December 2009 Rm	December 2008 Rm
5. TRADE AND OTHER RECEIVABLES		
Trade receivables due from related parties	**134**	92
Less: Allowance for impairment of trade receivables**	**—**	—
Trade receivables – net	**134**	92
Sundry debtors and advances	**8**	34
	142	126

***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.*

	December 2009 Rm	December 2008 Rm
6. CASH AND CASH EQUIVALENTS		
Cash at bank and on hand	**2**	282

Notes to the company financial statements *continued*

for the year ended 31 December 2009

		Number of shares December 2009	December 2008
7.	**ORDINARY SHARES AND SHARE PREMIUM**		
	Ordinary share capital		
	Authorised	**2 500 000 000**	2 500 000 000
	Issued	**1 840 536 491**	1 868 010 304
	On issue at 1 January	**1 868 010 304**	1 864 797 807
	Newshelf share buy-back	**(243 500 011)**	—
	Shares issued – PIC	**213 866 898**	—
	Options exercised	**2 159 300**	3 212 497
	On issue at 31 December	**1 840 536 491**	1 868 010 304

		December 2009 Rm	December 2008 Rm
	Share capital		
	Balance at beginning of year	*	*
	Additions	*	*
	Balance at end of year	*	*
	Share premium		
	Balance at beginning of year	**23 905**	23 864
	Newshelf share buy-back	**20 356**	—
	Options exercised	**36**	41
	Balance at end of year	**44 297**	23 905
8.	**TRADE AND OTHER PAYABLES**		
	Trade payables from related parties	**77**	5
	Accrued expenses and other payables	**15**	4
		92	9
9.	**CASH (UTILISED BY)/GENERATED FROM OPERATION**		
	Profit before tax	**8 593**	2 864
	Adjustments for:		
	Finance income (note 2)	**(18 682)**	(2 816)
	Finance costs (note 2)	**8**	1
	Donation to Newshelf (note 1)	**9 577**	—
		(504)	49
	Changes in working capital	**98**	143
	(Increase)/decrease) in trade and other receivables	**(18)**	201
	(Decrease)/increase in trade and other payables	**116**	(58)
		(406)	192

*Amounts less than R1 million.

	December 2009 Rm	December 2008 Rm
10. INCOME TAX PAID		
Balance at beginning of year	**(19)**	(4)
Amounts recognised in profit or loss	**(362)**	(277)
Other	**(7)**	—
Balance at end of year	**26**	19
Total tax paid	**(362)**	(262)

11. 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 reporting date:

	December 2009 Rm	December 2008 Rm
Dividends received (note 2):		
– Mobile Telephone Networks Holdings (Proprietary) Limited	**4 280**	2 790
– Newshelf 664 (Proprietary) Limited	**14 381**	—
Donation (note 1):		
– Newshelf 664 (Proprietary) Limited	**(9 577)**	—
Management fees paid (note 1):		
– MTN Group Management Services Company (Proprietary) Limited	**(76)**	(69)
Management fees received (note 1):		
– MTN International (Proprietary) Limited	**82**	129

Associates

Details of investments in associates are disclosed in note 12 of the Group financial statements.

Subsidiaries and joint ventures

Details of investments in subsidiaries and joint ventures are disclosed in Annexure 1 of the financial statements. Details of investment in subsidiaries is disclosed in note 4.

Directors

Details of directors' remuneration are disclosed in note 5 of the Group financial statements as well as in the directors' report under the heading "Details of emoluments and related payments".

Shareholders

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

12. CONTINGENT LIABILITIES, CONTINGENT ASSETS AND COMMITMENTS

The Company does not have any contingent liabilities, contingent assets or commitments at year-end.

	Note	Loans and receivables Rm	Amortised cost Rm	Total carrying amount Rm	Fair value Rm
13. FINANCIAL INSTRUMENTS					
13.1 Accounting classifications and fair values					
December 2009					
Current financial assets					
Trade and other receivables	5	**142**	**—**	**142**	**142**
Cash and cash equivalents	6	**2**	**—**	**2**	**2**
		144		**144**	**144**
Current financial liabilities					
Trade and other payables	8	—	92	92	92
		—	92	92	92
December 2008					
Current financial assets					
Trade and other receivables	5	126	—	126	126
Cash and cash equivalents	6	282	—	282	282
		408	—	408	408
Current financial liabilities					
Trade and other payables	8	—	9	9	9
		—	9	9	9

13.2 Credit risk

The following instruments give rise to credit risk:

	December 2009		December 2008	
	Carrying amount	**Exposure to credit risk***	Carrying amount	Exposure to credit risk*
Cash and cash equivalents	**2**	**2**	282	282
Trade and other receivables	**142**	**—**	126	—
	144	**2**	408	282

**Excluding collateral and credit enhancements.*

13. FINANCIAL INSTRUMENTS (continued)

13.2 Credit 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
December 2009		
Current liabilities		
Trade and other payables		
– Trade payables from related parties	**77**	**77**
– Accrued expenses and other payables	**15**	**15**
	92	**92**
December 2008		
Current liabilities		
Trade and other payables		
– Trade payables from related parties	5	5
– Accrued expenses and other payables	4	4
	9	9

13.3 Interest rate risk

At the reporting date the interest rate profile of the Company's interest-bearing financial instruments were:

	Variable rate instruments Rm
December 2009	
Financial assets	
Cash and cash equivalents	**2**
December 2008	
Financial assets	
Cash and cash equivalents	282

Annexure 1

as at 31 December 2009

INVESTMENTS 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 December 2009 %	December 2008 %
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
MTN Business Solutions Botswana (Proprietary) Limited	Internet service provider	Botswana	**80**	0
Easy Dial International Limited	Holding company	British Virgin Islands	**99**	99
Interserve Overseas Limited	International business	British Virgin Islands	**99**	99
Investcom Consortium Holding SA	Holding company	British Virgin Islands	**99**	99
Investcom Global Limited	Managing and holding company	British Virgin Islands	**99**	99
Investcom International Limited	Dormant company	British Virgin Islands	**99**	99
Investcom Mobile Benin Limited	Holding company	British Virgin Islands	**99**	99
Investcom Mobile Communications Limited	Holding company	British Virgin Islands	**100**	100
Investcom Telecommunications Afghanistan Limited	Holding company	British Virgin Islands	**100**	100
Investcom Telecommunications Guinea (Conakry) Limited	Holding company	British Virgin Islands	**99**	99
Investcom Telecommunications Yemen Limited	Telecommunications	British Virgin Islands	**100**	100
MTN Yemen	Telecommunications	British Virgin Islands	**82,8**	82,8
Prime Call Limited	Telecommunications	British Virgin Islands	**100**	100
Spacetel Africa Limited	Telecommunications	British Virgin Islands	**100**	100
Starcom Global Limited	Holding company	British Virgin Islands	**89**	89
Mobile Telephone Networks Cameroon Limited	Network operator	Cameroon	**70**	70
MTN Network Solutions Limited	Internet service provider	Cameroon	**100**	70

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 December 2009 %	December 2008 %
Afnet	Internet service provider	Côte d' Ivoire	**100**	—
Arobase	Fixed line operator	Côte d' Ivoire	**100**	—
MTN Côte d'Ivoire SA	Network operator	Côte d' Ivoire	**64,7**	64,7
Infotel Limited	Telecommunications and consumer products	Cyprus	**100**	—
MTN Cyprus Limited	Telecommunications	Cyprus	**51**	51
OTEnet Cyprus Limited	Telecommunications	Cyprus	**100**	—
Uniglobe SA	Management company	France	**99,8**	99,8
Scancom Limited	Telecommunications	Ghana	**97,7**	97,7
Areeba Guinea SA	Telecommunications	Guinea	**75**	75
Spacetel Guinea-Bissau SA	Telecommunications	Guinea-Bissau	**100**	100
Irancell Telecommunication Services Company (Proprietary) Limited**	Network operator	Iran	**49**	49
Uunet Communications (Proprietary) Limited	Internet service provider	Kenya	**95**	0
Uunet Kenya (Proprietary) Limited	Internet service provider	Kenya	**95**	0
Inteltec Offshore SAL	Maintenance and engineering services	Lebanon	**99,8**	99,8
Inteltec SAL	Maintenance and engineering services	Lebanon	**99,99**	99,99
Investcom Services SAL	Managing and holding company	Lebanon	**0**	0
MTN (Dubai) Limited	Holding company	Lebanon	**100**	100
Servico SAL	Services and transportation of goods	Lebanon	**99,97**	99,97
Lonestar Communications Corporation LLC	Telecommunications	Liberia	**60**	60
Guardrisk International Limited PCC	Insurance company	Mauritius	**100**	100
Mobile Botswana Limited	Investment holding company	Mauritius	**100**	100

Annexure 1 *continued*

as at 31 December 2009

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 December 2009 %	December 2008 %
MTN International (Mauritius) Limited	Investment holding company	Mauritius	**100**	100
Satellite Data Networks Mauritius (Proprietary) Limited **	Internet service provider	Mauritius	**60**	0
Inteltec Maroc SA	Maintenance and engineering services	Monaco	**99,83**	99,83
MTN International Carrier Services	Telecommunications	Monaco	**99,84**	99,84
MTN Business Solutions Namibia (Proprietary) Limited	Internet service provider	Namibia	**100**	0
Electronic Funds Transfer Operations Nigeria Limited	Virtual airtime	Nigeria	**50**	50
MTN Nigeria Communications Limited	Network operator	Nigeria	**76,1**	76,1
XS Broadband Limited		Nigeria	**100**	100
Galactic Engineering Projects SA	Holding company	Panama	**78**	78
Vernis Associates SA	Holding company	Panama	**100**	100
MTN Congo SA	Network operator	Republic of Congo	**100**	100
Supercell	Network operator	Republic of Congo	**70**	70
MTN Rwandacell S.A.R.L. **	Network operator	Rwanda	**55**	55
Village Phone Rwanda **	Airtime sales	Rwanda	**35**	35
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	**0**	50
iTalk Cellular (Proprietary) Limited	Service provider	South Africa	**100**	41
Mobile Telephone Networks (Proprietary) Limited	Network operator	South Africa	**100**	100
Mobile Telephone Networks Holdings (Proprietary) Limited	Investment holding company	South Africa	**100**	100
MTN Business Solutions (Proprietary) Limited	Internet service provider	South Africa	**100**	0
MTN Group Management Services (Proprietary) Limited	Management services	South Africa	**100**	100

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 December 2009 %	December 2008 %
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 Propco (Proprietary) Limited	Property holding	South Africa	**100**	100
MTN Service Provider (Proprietary) Limited	Service provider	South Africa	**100**	100
Satellite Data Networks (Proprietary) Limited	Dormant company	South Africa	**100**	0
MTN Sudan Company Limited	Network operator	Sudan	**85**	85
Swazi MTN Limited**	Network operator	Swaziland	**30**	30
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	United Kingdom	**100**	100
Spacetel UK Limited	Telecommunications	United Kingdom	**100**	100
Cotel Holdings Limited	Investment holding company	Zambia	**100**	100
MTN (Zambia) Limited	Network operator	Zambia	**100**	100
Uunet Zambia (Proprietary) Limited	Internet service provider	Zambia	**95**	0

*** Joint ventures.*

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 teller 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 unit
CSR	Corporate social responsibility
CST	Communication service tax
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	Electromagnetic field
EPS	Earnings per share
eTOM	enhanced telecom operations map
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.*

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 Offered 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
LTE	Long-term evolution
NRHR & CG	Nomination, remuneration, human resources and corporate governance committee

Glossary *continued*

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
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 pays 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
SDG	Sudanese pounds
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

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

Notice of the fifteenth annual general meeting

for the year ended 31 December 2009

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 resolution 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.

NOTICE TO SHAREHOLDERS: ANNUAL GENERAL MEETING (AGM)

Notice is hereby given that the fifteenth annual general meeting of shareholders of the MTN Group Limited will be held in the Auditorium, Phase II, level O, 216 – 14th Avenue, Fairland, Gauteng, on Thursday, 15 July 2010 at 14:30 (South African time), to consider and, if deemed fit to pass, with or without modification, the following ordinary and special resolutions in the manner required by the Companies Act 61 of 1973, as amended (Companies Act), as read with the Listings Requirements of the JSE Limited (JSE and Listings Requirements):

When reading the resolutions below, please refer to the explanatory notes for AGM resolutions on pages 181 to 184.

For the purposes hereof "Group" shall bear the meaning assigned to it by the Listings Requirements, which defines "Group" as a holding company, not itself being a wholly owned subsidiary, together with all companies being its subsidiaries.

Shareholders are advised that the chairman of the meeting intends to exercise his discretion as contemplated in Article 57 of the articles of association of the Company to require that all resolutions, both ordinary and special, be conducted by way of a poll, and not by way of a show of hands.

Ordinary resolutions

1. **Ordinary resolution number 1**

   "Resolved that the consolidated audited annual financial statements of the Company and its subsidiaries, including the directors' and external auditors' reports for the year ended 31 December 2009, be and are hereby received, considered and adopted."

2. **Ordinary resolution number 2**
   Re-election of Mr MC Ramaphosa as a director

   "Resolved that Mr MC Ramaphosa, who retires by rotation in terms of the articles of association of the Company and who is eligible and available for re-election, be and is hereby re-elected as a director of the Company."

   Age: (57)
   Appointed: 01 October 2001
   Educational qualifications: BProc, LLD (HC)
   Directorships: Director of Alexander Forbes Equity Holdings (Proprietary) Limited, Assore Ltd, Bidvest Group Ltd, Kangra Coal (Proprietary) Limited, Macsteel Global b.v., Macsteel Service Centres SA (Proprietary) Limited, Maxshell 80 Investments (Proprietary) Limited, Mondi Packaging SA (Proprietary) Limited, Mondi Shanduka Newsprint (Proprietary) Limited, Mondi plc, Pan African Resources plc, SABMiller plc SASRIA Limited, Shanduka Group (Proprietary) Limited, Shanduka Resources (Proprietary) Limited, Standard Bank Group Limited, Standard Bank of South Africa Limited, TBWA Hunt Lascaris Holdings (Proprietary) Limited and Tutuwa Strategic Holdings 1 (Proprietary) Limited.

   He is currently an independent non-executive director of MTN Group Limited and serves as a chairman on the Group board and a member of the nomination, remuneration, human resources and corporate governance committee (NRHR & CG).

3. **Ordinary resolution number 3**
   Re-election of Mr DDB Band as a director

   "Resolved that Mr DDB Band, who retires by rotation in terms of the articles of association of the Company and who is eligible and available for re-election, be and is hereby re-elected as a director of the Company."

   Age: (66)
   Appointed: 01 October 2001
   Educational qualifications: BCom, CA(SA)
   Directorships: Director of Standard Bank of South Africa Group Limited, Bidvest Group Limited and Multichoice International Group.

   He is currently an independent, non executive director of MTN Group Limited and serves as Chairman of the nomination, remuneration, human resources and corporate governance committee (NRHR & CG).

4. Ordinary resolution number 4
Re-election of Mr AF van Biljon as a director

"Resolved that Mr AF van Biljon, who retires by rotation in terms of the articles of association of the Company and who is eligible and available for re-election, be and is hereby re-elected as a director of the Company."

Age: (62)
Appointed: 01 November 2002
Educational qualifications: BCom, CA(SA), MBA
Directorships: Director of Hans Merensky Holdings (Pty) Limited, St Augustine College of South Africa, and chairman and trustee of Standard Bank Group Retirement Fund and Liberty Group Pension and Provident Funds.

He is currently an independent non-executive director of MTN Group Limited and serves as chairman of the Audit Committee.

5. Ordinary resolution number 5
Re-election of Ms MLD Marole as a director

"Resolved that Ms MLD Marole, appointed on 1 January 2010, who automatically retires in terms of article 92 of the articles of association of the Company and who is eligible and available for re-election, be and is hereby re-elected as a director of the Company."

Age: (50)
Appointed: 01 January 2010
Educational qualifications: BCom, DTE and MBA
Directorships: Director of African Bank, Incwala Resources (Proprietary) Limited, Eyomhlaba Investment Holdings Limited, Hlumisa Investment Holdings Limited, Richards Bay Titanium (Proprietary) Limited, Richards Bay Mining (Proprietary) Limited, JP Morgan SSA and DEMA Incwala Investment.

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

6. Ordinary resolution number 6
Re-election of Mr NP Mageza as a director

"Resolved that Mr NP Mageza, appointed on 1 January 2010, who automatically retires in terms of article 92 of the articles of association of the Company and who is eligible and available for re-election, be and is hereby re-elected as a director of the Company."

Age: (55)
Appointed: 01 January 2010
Educational qualifications: FCCA (Fellow of the Association of Certified Chartered Accountants)
Directorships: Director of Bidvest Group Limited, Remgro Limited, SAPPI Limited, and Rainbow Chickens Limited

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

7. Ordinary resolution number 7
Re-election of Mr A Harper as a director

"Resolved that Mr A Harper, appointed on 1 January 2010, who automatically retires in terms of article 92 of the articles of association of the Company and who is eligible and available for re-election, be and is hereby re-elected as a director of the Company."

Age: (54)
Appointed: 01 January 2010
Educational qualifications: BA (Hons)
Directorships: Director of Eaton Venture LLP, Tovo Europe Limited, Venture Partnership Foundation Limited and Golden Years Holidays plc.

He is currently an independent non-executive director of MTN Group Limited and serves on the nomination, remuneration, human resources and corporate governance committee.

8. Ordinary resolution number 8
Re-election of Mr NI Patel as a director

"Resolved that Mr NI Patel, appointed on 27 November 2009, who automatically retires in terms of article 92 of the articles of association of the Company and who is eligible and available for re-election, be and is hereby re-elected as a director of the Company."

Age: (53)
Appointed: November 2009
Educational qualifications: BCom, BCompt (Hons); CA(SA)
Directorships: Director of various MTN Group subsidiary companies.

He is currently the group finance director of MTN Group Limited.

9. Ordinary resolution number 9
Proposed increase of remuneration payable to non-executive directors

"Resolved that, in terms of article 73(b) of the articles of association of the Company and subject to the terms thereof, that the revised non-executive directors' annual remuneration, payable quarterly in arrears, be and it is hereby increased with retrospective effect from 1 January 2010 as set out below:

	Annual retainer fee		Attendance fee	
	Current	Proposed	Current	Proposed
MTN Group board				
Chairperson	R750 000	R825 000	R65 000	R71 500
Member	R150 000	R165 000	R32 500	R37 500
International member	€70 000	€72 450	€7 000	€7 245
Local non-executive directors on special assignments or projects per day	N/A	N/A	R16 500	R17 490
International non-executive director on special assignment or projects per day	N/A	N/A	€3 070	€3 177
Ad hoc work performed by non-executive directors for special projects (hourly rate)			R3 000	R3 180
Audit committee				
Chairperson	R80 000	R84 800	R25 000	R26 500
Member	R45 000	R47 700	R17 000	R18 020
International member	N/A	N/A	N/A	N/A
Risk management and compliance committee				
Chairperson	R60 000	R63 300	R22 500	R23 850
Member	R35 000	R37 100	R16 500	R17 490
International member	€3 000	€3 105	€3 000	€3 105
Nominations, remuneration, human resources and corporate governance committee				
Chairperson	R60 000	R63 300	R22 500	R23 850
Member	R35 000	R37 100	R16 500	R17 490
International member	€3 000	€3 105	€3 000	€3 105
Tender committee				
Chairperson	N/A	N/A	R20 000	R21 200
Member	N/A	N/A	N/A	R15 500
MTN Group Share Trust (trustees)				
Chairman	N/A	N/A	R20 000	R21 200
Member	N/A	N/A	R11 000	R11 600

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The reason for proposing ordinary resolution number 9 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.

In arriving at the proposal set out in ordinary resolution number 9, the Group president and CEO (GP & CEO), in consultation with the Group executive human resources, 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 nominations, remunerations, human resources and corporate governance committee, considered the revised remuneration proposal in detail and, after 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 interests of the Company.

10. Ordinary resolution number 10
General authority to directors to allot and issue ordinary shares
"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 2009 (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, each as presently constituted and which may be amended from time to time."

11. Ordinary resolution number 11
Audit committee annual appointments
"Resolved that the directors who have been appointed and recommended by the board to serve on the audit committee, namely Messrs AF van Biljon, J van Rooyen, JHN Strydom, NP Mageza and MJN Njeke be and are hereby re-appointed to serve on the audit committee for the year ending 31 December 2010; in respect of Messrs AF van Biljon and NP Mageza such confirmation being subject to their re-election as directors pursuant to ordinary resolutions numbered 4 and 6, respectively".

12. Ordinary resolution number 12
Proposed new employee share incentive plans
"Resolved that, the MTN Group Limited Performance Share Plan 2010 and MTN Group Limited Share Appreciation Rights Scheme 2010 established pursuant to the scheme rules tabled at the annual general meeting at which this resolution is proposed and considered (which scheme rules have been initialled by the chairman of the annual general meeting for the purposes of identification) be and is hereby approved".

13. Ordinary resolution number 13

Proposed restraint of trade agreement with Mr PF Nhleko

"Resolved that the agreement/s entered into or to be entered into between the Company (and/or designated subsidiaries of the Company) and Mr PF Nhleko in respect of *inter alia* restraint of trade undertakings by Mr PF Nhleko on the terms and conditions of the written agreement/s tabled at the annual general meeting at which this resolution is proposed and considered (which agreement/s has/have been initialled by the chairman of the annual general meeting for the purposes of identification) be and is/are hereby approved".

14. Ordinary resolution number 14

Reappointment of joint independent auditors

"Resolved that PricewaterhouseCoopers Inc. (Mr S. Sooklal, designated partner) and SizweNtsaluba VSP (Mr A. Mashifane, designated partner) be and are hereby reappointed as joint auditors of the Company until the next annual general meeting".

SPECIAL RESOLUTIONS

15. Special resolution number 15

Acquisition of the Company's shares

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 and, in respect of acquisitions by a subsidiary of the Company, the Companies Act. Should the opportunity arise and should the directors deem it to be advantageous to the Company, or any of its subsidiaries, to repurchase such shares, it is considered appropriate that the directors (and relevant subsidiaries) be authorised to repurchase the Company's shares.

"Resolved that the Company, and/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, 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, and/or any of its subsidiaries, of shares in the Company of any class under this authority 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".

It is recorded that, as at the last practicable date, the Listings Requirements provide, *inter alia*, that the Company or any subsidiary of the Company may only make a general repurchase of the ordinary shares in the Company if:

1. any such repurchase of shares shall be implemented through the order book operated by the JSE's trading system and done without any prior understanding or arrangement between the Company and the counter-party (reported trades are prohibited);

2. authorisation thereto is given by the Company's articles of association;

3. at any point in time, the Company may only appoint one agent to elect 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;

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 in this regard;

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;

7. 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 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.

8. 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 5 (five) business days immediately preceding the date on which the transaction is elected (the maximum price). The JSE will be consulted for a ruling if the applicant's securities have not traded in such 5 (five)-day period;

9. 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 and any call option may be greater than the maximum price in paragraph 9 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 but limited to the fair value of a forward agreement calculated from a spot price not greater than the maximum price.

This resolution is required to be passed, on a show of hands, by not less than 75% of the number of shareholders of the Company entitled to vote on a show of hands, at the meeting who are present in person or by proxy or, where a poll has been demanded, by not less than 75% of the total votes to which the shareholders present in person or by proxy are entitled. However, it should be noted that, at the request of the board, the chairman intends to exercise his discretion to require that the resolution be voted on by way of a poll and not by way of a show of hands.

For the purpose of considering the special resolution and in compliance with paragraph 11.26 of the Listings Requirements, the information listed below has been included in the annual report, in which this notice of annual general meeting is included, at the places indicated:

- directors and management – refer to pages 12 to 15 and pages 16 to 19 of book 1;
- major shareholders – refer to page 23 of this report;
- directors' interests in securities – refer to page 41 of this report;
- share capital of the Company – refer to page 22 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; and
- 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 elect on the Company's financial position over the last 12 months.
- at the date of completing this notice there have been no material changes in the financial or trading position of the Company and its subsidiaries that have occurred since December 2009.

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 and the Listings Requirements, 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, 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 the variation or revocation of such general authority by special resolution at any subsequent general meeting of the Company, provided that the general authority shall not be of force or effect beyond 15 (fifteen) months from the date of passing this special resolution.

16. Ordinary resolution number 16

Authority to directors to give effect to all approved ordinary and special resolutions

"Resolved that, the board of directors of the Company (and any one or more directors or other person or persons as the board may designate from time to time) be and is hereby authorised to take all such steps and sign all such documents on behalf of the Company as may reasonably be required to give effect to and implement the special resolution numbered 15 and the ordinary resolutions numbered 1 to 14 set out in the notice of general meeting at which this resolution number 16 is proposed, if and to the extent that such resolutions are duly approved by the Company's shareholders (and with any amendments thereto as may be approved by the Company's shareholders)."

A majority of the votes cast, on the poll, by all shareholders present in person or represented by proxy at the annual general meeting will be required to approve the above ordinary resolutions numbered 1 to 14 and 16.

Voting procedures

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 be undertaken electronically. An electronic voting handset will be distributed before the start of the meeting to all members who attend in person and are eligible to vote. The registrars will identify each member's individual shareholding so that the number of 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 South African transfer secretaries registrars at the addresses given below by not later than 14:30 (South African time) on Tuesday, 13 July 2010.

All beneficial owners of shares who have dematerialised their shares through a 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 Tuesday,13 July 2010.

Notice of the fifteenth annual general meeting *continued*

for the year ended 31 December 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 South African transfer secretaries at the address below not later than 14:30 (South African time) on Tuesday, 13 July 2010.

By order of the board

SB Mtshali
Group secretary

23 June 2010

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

South African transfer secretaries
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 (International)
Fax number: +27 11 688 5238

Explanatory notes to resolutions proposed at the fifteenth annual general meeting of the Company

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 financial year ended 31 December 2009 – ordinary resolution number 1

The directors must present to members at the AGM the annual financial statements of the Group and the Company, incorporating the report of the directors, for the financial year ended 31 December 2009, together with the report of the auditors contained in the annual report.

Re-election of directors retiring by rotation at the annual general meeting – ordinary resolutions numbered 2 to 4

The reason for the proposed resolutions numbered 2 to 4 is to elect, in accordance with article 84 of the articles of association of the Company and by way of separate ordinary resolutions as required under section 210(1) of the Companies Act, Messrs MC Ramaphosa, DDB Band and AF van Biljon as directors of the Company who retire by rotation at the annual general meeting and being eligible for re-election. Biographical details of the retiring directors offering themselves for re-election are set out on pages 171 and 172.

Re-election of directors who were appointed to fill vacancies on the board – ordinary resolutions numbered 5 to 8

The reason for the proposed resolutions numbered 5 to 8 is to elect, in accordance with the article 92 of the articles of association of the Company and by way of separate ordinary resolutions as required under section 210(1) of the Companies Act, Ms MLD Marole and Messrs NP Mageza, A Harper and NI Patel as directors of the Company who, subsequent to the annual general meeting of the Company on 24 June 2009, were appointed as directors to fill vacancies on the board. The biographical details of these directors are set out on pages 172 and 173.

Remuneration payable to non-executive directors – ordinary resolution number 9

In terms of paragraphs 15.1 and 15.2 read with 15.5 of the Board Charter, the board will determine the level of remuneration paid to members within any limitations imposed by shareholders. Levels and make-up of remuneration should be sufficient to attract and retain the right calibre of members needed to run the Company successfully, but the Company should avoid paying more than is necessary for this purpose. The board will review remuneration annually after taking independent advice and no director will be involved in deciding his own remuneration.

In terms of article 73(b) of the Company's articles of association, directors shall be entitled to such remuneration as may be determined in a general meeting, save that any director holding office for less than a year shall only be entitled to such remuneration in proportion to the period during which he has held office during such year. The last increase was approved on 24 June 2009. Full particulars of remuneration paid to non-executive directors for the financial year ended 31 December 2009 are set out on page 26 and the proposed revised fees to be effective from 1 January 2010 being tabled for approval are set out in ordinary resolution number 9.

Placing of unissued ordinary shares under the control of the directors but limited to 10% of shares in issue as at 31 December 2009 – ordinary resolution number 10

In terms of section 221 and 222 of the Companies Act, the members of the Company have to approve the placement of any unissued ordinary shares under the control of the directors.

Unless renewed, the existing authority granted by the members at the previous annual general meeting on 24 June 2009 expires at this annual general meeting. The authority will be subject to the Companies Act and the Listings Requirements respectively. The aggregate number of ordinary shares able to be allotted and issued in terms of this resolution shall be limited to 10% (ten per cent) of the number of ordinary shares in issue as at 31 December 2009.

Explanatory notes to resolutions proposed at the fifteenth annual general meeting of the Company *continued*

The directors have decided to seek annual renewal of this authority in accordance with best practice. The directors have no current plans to make use of this authority, but are seeking its renewal to ensure that the Company has the necessary flexibility in managing the Group's capital resources. 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.

Confirmation of the appointments to the audit committee – ordinary resolution number 11

King III requires the shareholders of a public company to appoint an audit committee at each annual general meeting. At a meeting of the board of directors held on 27 November 2009, the Group nomination, remuneration, human resources and corporate governance committee recommended to the board that the current members of the audit committee continue in such role for the financial year ending 31 December 2010, and the board has approved such recommendations subject to the affirmative confirmation of the shareholders proposed in this ordinary resolution number 11.

Approval of new employee share incentive plans – ordinary resolution number 12

The Company is planning to implement two new employee share incentive plans which will replace its existing Group share incentive schemes. As neither of the two proposed plans involve the issue of shares by the Company, shareholder approval is not required under the Companies Act and/or the Listings Requirements. Nevertheless, the board proposes to secure shareholder approval for the new share incentive plans before proceeding to implement them.

Salient features of the new MTN employee share incentive plans

Introduction

In line with global best practice and emerging South African practice, the Company intends to adopt two new employee share incentive plans, namely a share appreciation rights scheme 2010 (SAR) and a performance share plan 2010 (PSP).

Participants in the SAR and PSP will be employees who are recommended to the board for participation by their respective employers within the group, and those employees identified by the board for participation. The purpose of the SAR and PSP is to attract, retain and reward selected employees who are able to contribute to the trade of the Group and to encourage their continued service to the Group.

The benefit to employees arising from the SAR is related to the increase in the price of an MTN share from the grant date to the exercise date. Awards under the PSP grant MTN shares in full to participants.

As is the case with the share incentive schemes currently in operation at MTN, awards under both the PSP and the SAR will be subject to the continued employment of the participant by the Group throughout the relevant vesting period/s. However, additionally, both schemes also provide for the vesting of all or a portion of the awards to be made subject to the achievement of performance conditions set by the board. (It is envisaged that, in the case of executives, the majority of the awards will be linked to performance conditions.)

Should the PSP and SAR plans be approved and adopted, they will effectively replace MTN's current Group share incentive schemes operated through the MTN Group Share Trust (which includes the MTN Share Appreciation Right Scheme 2006) and under the Share Rights Plan (together, the "existing schemes") with any new awards accordingly being made under the PSP and SAR schemes and not the existing schemes. The existing schemes will therefore be wound up once all of the unvested and/or unexercised awards which have been made to date thereunder have run their remaining courses.

Performance conditions

To align management and shareholder interests, the SAR and PSP provide for performance conditions to govern the vesting of awards in appropriate cases. Graduated performance vesting targets, with a threshold, target and stretch benchmark will be set by the board as appropriate for each grant, bearing in mind the business context and the stage of the business cycle at the time. It is intended that no performance-linked award will vest if the threshold performance level is not reached, 100% of the award will vest if the target performance is achieved and up to 200% of the award will vest on the achievement of the stretch performance target, with linear vesting between these levels. It is envisaged that the performance targets will span a three-financial year period, and will use the cumulative earnings [of the Group] (or relevant component thereof) over such period as the primary measure for the achievement of the performance conditions.

Shares available for the plans
As the shares delivered to employees in settlement of the plan benefits will be purchased in the market to settle the benefits, the new share incentive plans will not have any dilutionary impact. Notwithstanding the aforegoing, the employer companies may, on instruction of the board and as a fallback provision only, pay any participant under the SAR or PSP an equivalent amount in cash in lieu of any shares.

Early vesting and forfeiture of awards
As a general rule, unvested awards will lapse on the early termination of the participant's employment with the Group. However, as is common with such schemes, in some instances early partial vesting of the awards will be allowed on termination of employment of a participant, depending on the reason for the termination of employment (eg death and ill health).

Corporate events
Upon a corporate event impacting on the Company and/or its share capital, the board has a broad discretion to may make such substitution of and/or adjustment to the awards as they consider appropriate in the circumstances. In making these adjustments, the board will consider the interests of the Company, the employer companies and those of the participants.

Operation of the new plans
The PSP and SAR will be operated under the authority of the board, acting through or in consultation with the nomination, remuneration, human resources and corporate governance committee.

Copies of the plans
Copies of the proposed PSP and SAR will be available for review by shareholders at the Company's registered address, in co-ordination with the Group secretary.

Approval of restraint of trade agreement/s with Mr PF Nhleko – ordinary resolution number 13
To protect the Group's business interests the board proposes that the Company (and/or its relevant subsidiaries) enter into a restraint of trade agreement with Mr Nhleko, substantially on the terms and conditions of the agreement/s which will be tabled at the general meeting and copies of which will be available for review by shareholders at the Company's registered address, in co-ordination with the Group secretary. A summary of the salient terms of the proposed agreement/s will also be available from the Group secretary at the Company's registered address and will be posted on the Company's website.

Approval of reappointment of joint external auditors – ordinary resolution number 14
In compliance with section 270(1) of the Companies Act, 1973 as amended, PricewaterhouseCoopers Inc. and SizweNtsaluba VSP are to be reappointed as joint auditors until the next annual general meeting.

General authority for the Company and/or a subsidiary of the Company to repurchase shares in the Company – special resolution number 15
The Company's articles of association contain a provision allowing the Company to repurchase securities issued by the Company. This is subject to the approval of the members in terms of the articles of association of the Company, the Companies Act and the Listings Requirements. The acquisition by a subsidiary of shares in the Company is proposed to be approved pursuant to section 89 of the Companies Act, to the extent required. The existing general authority, granted by members at the previous annual general meeting on 24 June 2009, is due to expire at this AGM, unless renewed.

The directors are of the opinion that it would be in the best interests of the Company to extend such general authority and thereby allow the Company or any subsidiary of the Company to be in a position to repurchase the securities issued by the Company through the order book of the JSE, should the market conditions and price justify such action.

Repurchases will be made only after careful consideration, where the directors believe that an increase in earnings per share will result and where repurchases are, in the opinion of the directors, in the best interests of the Company and its members.

Explanatory notes to resolutions proposed at the fifteenth annual general meeting of the Company *continued*

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 a special resolution passed at 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 at the meeting are entitled.

The reason for and effect of the special resolution is to grant the Company, and/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, 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 the variation or revocation of such general authority by special resolution at any subsequent general meeting of the Company, provided that the general authority shall not be of force or effect beyond 15 (fifteen) months from the date of passing this special resolution.

Authority to directors to execute ordinary and special resolutions – ordinary resolution number 16

The purpose of this ordinary resolution number 16 is to authorise the board (and any one or more directors of the board or other person or persons as the board may designate from time to time) to do what is necessary to implement the special resolutions and ordinary resolutions proposed at the annual general meeting which are approved by shareholders. Should the authority to execute the ordinary and special resolutions proposed to be passed at the general meeting not be granted to the directors, the Company might be inconvenienced by having to call another meeting in order to authorise the execution of the resolutions by the directors.

EXPLANATORY NOTES TO NOTICE OF ANNUAL GENERAL MEETING

Voting and proxies

1. Every holder of shares present in person or by proxy at the meeting, or, in the case of a body corporate represented at the meeting, shall be entitled to one vote on a show of hands and on a poll shall be entitled to one vote for every share held. Duly completed proxy forms or powers of attorney must be lodged at the registered offices of the Company or with the Company's South African transfer secretaries, Computershare, 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 Thursday, 15 July 2010, proxy forms or powers of attorney must be lodged on or before 14:30 (South African time) on Tuesday, 13 July 2010. The name and address of the South African transfer secretaries are given on the back of the proxy form as well as on page 187 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, which notes are set out in the proxy form.

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 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 fifteenth annual general meeting

Important notes about the annual general meeting (AGM)

Date: Thursday, 15 July 2010, at 14:30 (South African time)

Venue: The Auditorium, Phase II, Level 0, 216 – 14th Avenue, Fairland, Gauteng

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

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.

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 off for the duration of the proceedings.

Please note

1. **Certificated shareholders and dematerialised shareholders who hold their shares with "own name" registration**
   Shareholders wishing to attend the AGM have to ensure beforehand, with the transfer secretaries 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 (0) 11 870 8206 if phoning from outside of South Africa. Calls will be monitored for quality control purposes and customer safety.

3. **Results of annual general meeting**
   The results of the annual general meeting will be posted on SENS as soon as practically possible after the AGM.

Shareholders' information

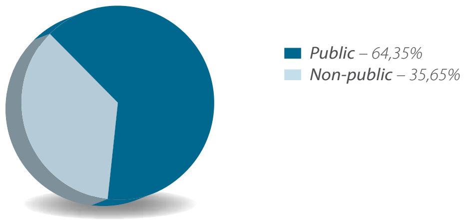
as at 31 December 2009

Spread of ordinary shareholders	31 December 2009 Number of shares	31 December 2009 % of issued share capital	31 December 2008 Number of shares	31 December 2008 % of issued share capital
Public	**1 184 393 703**	**64,35**	1 396 012 143	74,73
Non-public	**656 142 788**	**35,65**	471 998 161	25,27
– Directors of MTN Group Limited and major subsidiaries	**9 006 155**	**0,49**	4 023 540	0,22
– Empowerment entities*	**10 412 747**	**0,57**	—	—
– Lombard Odier Darier Hentsch & Cie (M1 Limited)	**190 084 630**	**10,33**	190 084 630	10,18
– Newshelf 664 (Proprietary) Limited	**—**	**—**	277 889 991	14,87
– Strategic Holdings**	**446 639 256**	**24,26**	—	—
Total issued share capital	**1 840 536 491**	**100,00**	1 868 010 304	100,00

* *National Empowerment Fund and StratEquity Empowerment Investments.*

***Government Employee Pension Fund managed through various asset, investment and fund managers.*

Shareholding *(% holding)*



Stock exchange performance	December 2009	December 2008
Closing price (cents per share) as at 31 December	**11790**	10850
Highest price (cents per share)	**13600**	16500
Lowest price (cents per share)	**8181**	7325
Total number of shares traded (million)	**1 782,38**	2 109,29
Total value of shares traded (Rm)	**203 273**	253 881
Number of issued shares (million)	**1 841**	1 868,0
Number of shares traded as a percentage of issued shares (%)	**96,8**	112,22
Number of transactions	**947 733**	798 903
Average weighted trading price (cents per share)	**11405**	12036
Average telecommunications index	**56 104**	58 316
Average industrial index	**23 241**	24 888
Average mobile index	**185,8**	191,7
Dividend yield (%)	**1,5**	1,8
Earnings yield (%) (headline earnings)	**7,7**	14,9
Price/earnings multiple (adjusted headline earnings) as at 31 December	**13,00**	12,00
Market capitalisation as at 31 December (Rbn)	**217**	203

Administration

Company registration number
1994/009584/06
ISIN code: ZAE000042164
Share code: MTN
MTN sharecare line:
0800 202 360 or +27 11 870 8306

Board of directors

MC Ramaphosa‡	MJN Njeke‡
PF Nhleko*	JHN Strydom°
DDB Band‡	AF van Biljon‡
RS Dabengwa*	J van Rooyen‡
KP Kalyan‡	MLD Marole‡
AT Mikati†°	NP Mageza‡
NI Patel*	A Harper#‡

**Executive*
†Lebanese
#British
°Non-executive
‡Independent non-executive director

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

Investor relations
Debbie Millar/Yuraisha Moodley

Contact details
Telephone: National 011 912 3000
International +27 11 912 3000
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E-mail: investor_relations@mtn.co.za
Internet: http://www.mtn.com

Office of the 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
3 Exchange Square , 87 Maude Street, Sandton 2196

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

Sustainability
MTN has compiled this sustainability report in the spirit of complete disclosure and transparent communication to our stakeholders. Inevitably there may be errors, omissions, or updates to this report since its publication. We welcome your comments and views in this respect.

Contact details
Zakhiya Rehman
Group Sustainability Manager
sustainability@mtn.co.za

Shareholders' diary

Annual general meeting		**15 July 2010**
Reports		
Dividend declaration		10 March 2010
Summarised annual financial results	Published	11 March 2010
Annual financial statements	Posted	23 June 2010
Interim financial statements		September 2010
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: ZAE000042164

For use at the annual general meeting to be held at 14:30 (South African time) on Thursday, 15 July 2010, in the Auditorium, Phase II, Level 0, 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 Thursday, 15 July 2010, in the Auditorium, Phase II, Level 0, 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:** To receive, consider and adopt the consolidated annual financial statements of the Company and its subsidiaries for the financial year ended 31 December 2009			
2.	**Ordinary resolution number 2:** Re-election of Mr MC Ramaphosa as a director			
3.	**Ordinary resolution number 3:** Re-election of Mr DDB Band as a director			
4.	**Ordinary resolution number 4:** Re-election of Mr AF van Biljon as a director			
5.	**Ordinary resolution number 5:** Re-election of Ms MLD Marole as a director			
6.	**Ordinary resolution number 6:** Re-election of Mr NP Mageza as a director			
7.	**Ordinary resolution number 7:** Re-election of Mr A Harper as a director			
8.	**Ordinary resolution number 8:** Re-election of Mr NI Patel as a director			
9.	**Ordinary resolution number 9:** To approve the increase in, and setting of, the remuneration payable to non-executive directors			
10.	**Ordinary resolution number 10:** To approve the placing of all unissued ordinary shares of 0,01 cent in the authorised but unissued share capital of the Company under the control of the directors, and to authorise them to allot and issue such shares (subject to a maximum of 10% of the issued shares and the further limits in the resolution)			
11.	**Ordinary resolution number 11:** To confirm the appointments to the audit committee for the financial year ending 31 December 2010			
12.	**Ordinary resolution number 12:** Approval of the MTN Group Limited Share Appreciation Rights Scheme 2010 and Performance Share Plan 2010.			
13.	**Ordinary resolution number 13:** Approval of the restraint of trade agreement/s with Mr PF Nhleko.			
14.	**Ordinary resolution number 14:** Approval of the re-appointment of joint external auditors.			
Special resolution				
15.	**Special resolution number 15:** To approve an authority for the Company and/or any of its subsidiaries to repurchase shares in the Company			
Ordinary resolution				
16.	**Ordinary resolution number 16:** Authority to give effect to the ordinary resolutions numbered 1 to 14 and special resolution 15 (where so approved by shareholders)			

Please indicate with an 'X' in the appropriate spaces provided above how you wish your vote to be cast. If no indication is given, the proxy will be entitled to vote or abstain as he/she deems fit.
Please read the notes on the reverse side hereof.

Signed at .... on 2010

Full name(s) .... (in block letters)

Signature(s) ....

Assisted by (guardian) .... (date)

If signing in a representative capacity, see note on voting and proxies above.

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 Tuesday, 13 July 2010.
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 Tuesday, 13 July 2010.
3. A shareholder may insert the name of a proxy or the names of two alternative proxies of his/her choice in the space/s provided, with or without deleting "the chairman of the general meeting", but any such deletion or insertion must be initialled by the shareholder. Any insertion or deletion not complying with the foregoing will be declared not to have been validly effected. The person whose name stands first on the proxy form and who is present at the general meeting will be entitled to act as proxy to the exclusion of those whose names follow. In the event that no names are indicated, the proxy shall be exercised by the chairman of the general meeting.
4. A shareholder's instructions to the proxy must be indicated by the insertion of an "X" or the relevant number of votes exercisable by that shareholder in the appropriate box provided. An "X" in the appropriate box indicates the maximum number of votes exercisable by that shareholder. Failure to comply with the above will be deemed to authorise the proxy to vote or to abstain from voting at the annual general meeting as he/she deems fit in respect of the entire 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 at its registered address or at the Company's South African transfer secretaries at the address stipulated below, 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 Thursday, 15 July 2010, proxy forms must be lodged on or before 14:30 on Tuesday, 13 July 2010.
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 initialed 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.
11. A minor must be assisted by his/her parent or legal guardian, unless the relevant documents establishing his/her legal capacity are produced or have been registered by the transfer secretaries.

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