MTN GROUP LIMITED

INTEGRATED REPORT

for the year ended 31 December 2014

Who we are

*We are a **leading emerging markets telecommunications service provider** and are headquartered in Johannesburg, South Africa. Our company has a **primary listing** on the **JSE Securities Exchange** where it ranks sixth with a market capitalisation of **R409 billion** (December 2014). Through our extensive investment in advanced communication infrastructure in the past two decades, the talent and experience of our people, as well as the strength of our brand, we have **grown rapidly** to now have operations in **22 countries** across **Africa** and the **Middle East**. We offer an **integrated suite of communications products** and **services** to our customers, including traditional and **mobile voice** and **data**, **digital** and **mobile financial services** as well as **enterprise services** to SME, public sector and corporate clients.*

Our vision

*To lead the delivery of a **bold, new Digital World** to our customers.*

Our mission

*To make our customers' lives a whole lot **brighter**.*

Our values

Leadership	Innovation	Relationships	Integrity	Can do
***Expressed** through these vital behaviours:*				
Complete accountability	Get it done	Active collaboration	Complete candour	Get it done

MTN's position

- *Leading emerging markets operator with* ***223 million subscribers***
- *Employs 22 204* ***skilled people***
- *Extensive quality infrastructure in* ***22 countries across Africa*** *and the* ***Middle East***
- ***Largest market share*** *in 15 countries*
- ***Broad range*** *of* ***innovative products*** *and services*
- *More than* ***50 licences*** *of various kinds#*
- ***Leading African brand✓***
- *Strong* ***financial position***
- *Invested* ***R118 billion*** *on capital projects in the past five years*

✓ *Most admired and most valuable African brand (Brand Africa, 2014) and one of the top 100 most valuable global brands (Millward Brown's global BrandZ top 100).*

\# *Note 12.2* AFS.

Contents

Strategy icons

MTN's strategy (14) is driven through five strategic themes, the icons of which are:

- Creating and managing stakeholder value
- Creating a distinct customer experience
- Driving sustainable growth
- Transforming our operating model
- Innovation and best practice

Icon reference

To make for easier reading, navigation and cross-referencing tools have been included to reference relevant pages within this book and supplementary reports on the website.

- *www.mtn.com/Investors/FinancialReporting/Pages/integratedReports.aspx*
- *Refer to a page in the integrated report*
- LA *Limited assurance*

Reports (found on)

- GR *Governance report*
- AFS *Annual financial statements*
- SR *Sustainability report*

We welcome feedback on this report at **investor_relations@mtn.co.za.**

About this report

This integrated report is MTN Group Limited's (MTN, the Group or Company) primary communication to shareholders. It is also helpful to other stakeholders interested in MTN's ability to ensure a sustainable business in the future. It explains who we are, how we are governed, our operating context and how we create value and how we implement our strategy to ensure MTN's long-term viability and relevance. It also gives our Group performance and prospects.

This year, we worked to improve the report's conciseness as well as the connectedness of its various elements. We included more details on our operating environment, material issues as well as an overview of our key products. We ranked our top risks and gave the opportunities associated with each. We provide supplementary information in associated reports on MTN's website. The sustainability and corporate governance reports, as well as a full set of annual financial statements (AFS), are available at www.mtn.com/investors/FinancialReporting/Pages/IntegratedReports.aspx.

Scope and boundary

The content of this report addresses key developments and material matters for the period 1 January to 31 December 2014. It provides insight into factors which influence our strategy and determine our strategic priorities. It gives commentary, performance measures and prospects for the Group's strategy and main operations. Matters we consider most material determine the report's content. For details on how we define our material issues, and what they are, see 6.

Our strategy is underscored by our strategic priorities (15). Strategic priorities are further developed into specific initiatives, delivery of which is quantified and evaluated against annual targets set by the Group exco at the start of the year. In this report we also provide our outlook on the delivery of our priorities (21).

When determining material matters, we consider the size and contribution of each operation. The contribution of operations is given alongside and shows that MTN Nigeria and MTN South Africa collectively account for almost two-thirds of the Group's total revenue. Our large opco cluster makes up 21% of the Group's total revenue. For these reasons, we include more detailed 2014 performance reports for MTN South Africa, MTN Nigeria, our large opco cluster and MTN Irancell (26 to 31).

For the purposes of this report, we have included summary financial statements. The full AFS and the external audit report can be found at .

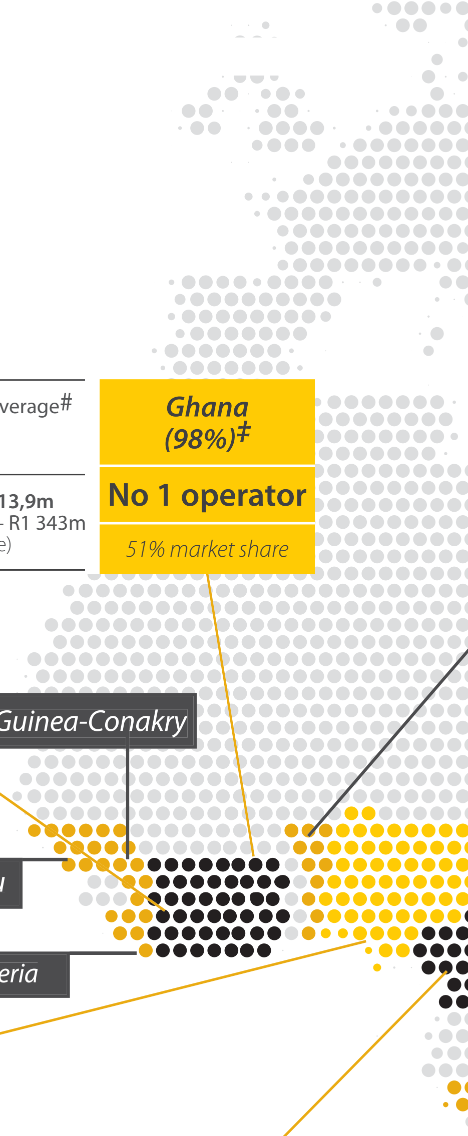
For details on our reporting principles and assurance as well as the board's approval of this report, see the inside back cover and appendix: constant currency, hyperinflation and tower profit (83).

* *Constant currency ("organic") information.*
** *Not adjusted for the impact of hyperinflation and/or tower profits.*

Where we operate

The Group's operations are managed in line with their contribution to Group revenue and EBITDA. Our two most significant operations are in **South Africa** and **Nigeria**. They jointly contribute 64% to Group revenue and 67% to Group EBITDA. The CEOs of these operations report directly to the Group CEO and are members of the Group exco.

The next tier of the business is housed in the **large opco cluster**. It comprises operations in Ghana, Cameroon, Ivory Coast, Uganda, Syria and Sudan. MTN Irancell, which is considered to be a major joint venture, is equity accounted for. The remaining 13 operations make up the third tier of the business, which we refer to as the **small opco cluster**. The CEOs of the operations in the large and small opco clusters report to the Group operations executive who is a member of the Group exco.



Ghana (98%)‡
No 1 operator
51% market share

Technology coverage#
2G – 81,5%
3G – 34,5%

Subscribers – 13,9m
Data revenue – R1 343m
(19% of revenue)

Ivory Coast (67%)‡
No 1 operator
39% market share

Technology coverage#
2G – 94,4%
3G – 50,6%
WiMax – 43,0%

Subscribers – 8,0m
Data revenue – R719m
(11% of revenue)

Nigeria (79%)‡
No 1 operator
49% market share

Technology coverage#
2G – 87,2%
3G – 60,5%
WiMax – 11,8%

Subscribers – 59,9m
Data revenue – R10 047m
(19% of revenue)

Cameroon (70%)‡
No 1 operator
59% market share

Technology coverage#
2G – 90,5%
WiMax – 40%

Subscribers – 9,7m
Data revenue – R499m
(8% of revenue)

‡ *MTN ownership. For ownership structure see* AFS.
† *Group presence through corporate office in Dubai.*
\# *Coverage refers to population coverage.*

Our cluster contributions 2014

*Subscribers **223,4 million** (including joint ventures) ↑ 7,5%*

Nigeria	27%
South Africa	13%
Large opco cluster	45%
Small opco cluster	15%

*Revenue **R146 154 million** ↑ 6,4%*

Nigeria	37%
South Africa	27%
Large opco cluster	21%
Small opco cluster	15%
Head office	<1%

For more information on performance by country and figures on MTN Irancell, see note 7 of the summary financial statements on 76.

EBITDA **R65 520 million** ↑ 10,2%

Nigeria	48%
South Africa	19%
Large opco cluster	17%
Small opco cluster	12%
Head office	4%

Capex **R25 242 million** ↓ 16,3%

Nigeria	33%
South Africa	23%
Large opco cluster	23%
Small opco cluster	15%
Head office	6%

What we offer

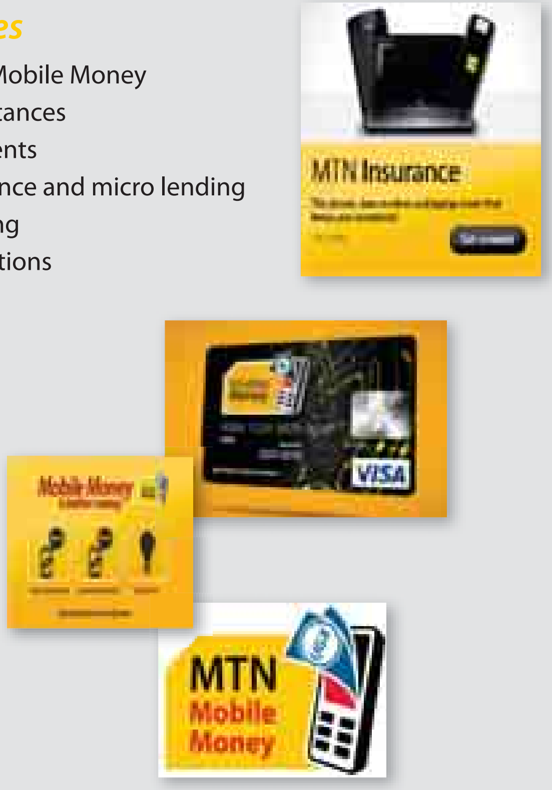
Some of our key products

Traditional voice and data offerings

- Voice bundles
- Data bundles
- Bonus on recharge
- Low-denomination recharge vouchers

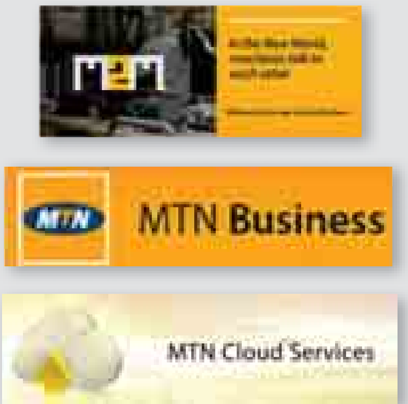
Mobile financial services

- MTN Mobile Money
- Remittances
- Payments
- Insurance and micro lending
- Banking
- Collections



Enterprise services

- Connectivity
- Communication
- Cloud
- M2M
- Enterprise mobility



Digital services

Entertainment

- MTN Football
- MTN FrontRow *(video on demand)*
- MTN Play
- MTN Music
- Gaming
- Pecan
- Lira
- Ringback tones

E-commerce (with Rocket)

- Zando
- Jumia
- Taxi hailing
- Food delivery
- Classifieds
- Travel
- Marketplace

Lifestyle

- mHealth
- mEducation
- mAgriculture

Our operating context

In the past two decades, the telecoms industry has advanced rapidly, developing new technologies which have had a transformational impact on the global economy. The sector has provided the backdrop for much more efficient communication, supporting economic growth by facilitating the participation of a larger swathe of the population in economic activity. The impact has, arguably, been most dramatic in emerging markets, including those of Africa and the Middle East, where MTN is active. This is the environment in which we operate:

A rapidly evolving industry (16 and 18)

- Sharp fall in mobile communication tariffs, increased penetration and traffic
- The adoption of more 3G and 4G devices resulting in increased demand for higher data speeds
- A growing range of value-added services provides operators with additional revenue opportunities and a way to limit customer churn
- Increasing regulatory pressures, changing customer expectations and heightened competition
- There is a convergence of previously separate industries – telecoms, IT and adjacent industries such as banking, insurance, entertainment and publishing

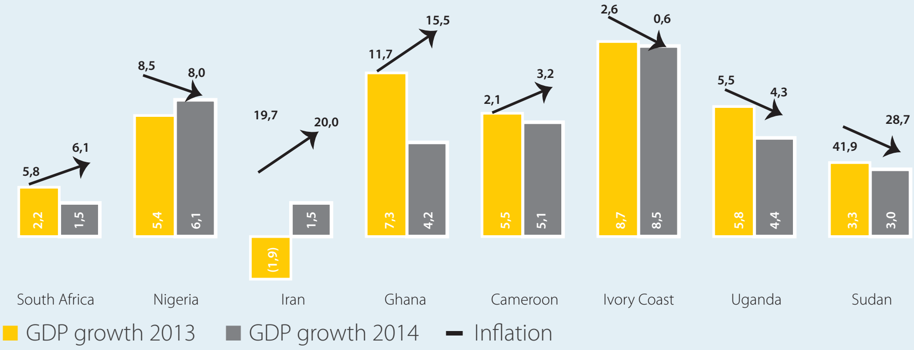
Regulatory considerations (8 and 16)

- Trend towards lower mobile termination rates
- Need to renew licences whose terms are coming to an end
- Need to secure allocation of appropriate spectrum to ensure sufficient capacity to service customers
- Regulatory monitoring of network performance and associated penalties for not meeting agreed performance parameters
- More formal regulatory structures

Socio-political and environmental considerations (10 and 18)

- Mobile is the *de facto* means of communication
- Limited internet and lifestyle services in many markets
- Youthful demographic profile supports growth and quick adoption of new services
- Large unbanked population
- Dynamic socio-political environment
- Often unpredictable tax laws and regulations
- Improving health and education structures
- Political unrest and sanctions in certain markets
- Insufficient grid power supply leading to dependence on diesel generators and associated greenhouse gas emissions
- High unemployment
- Skills shortages

The economic landscape in key MTN markets (%)

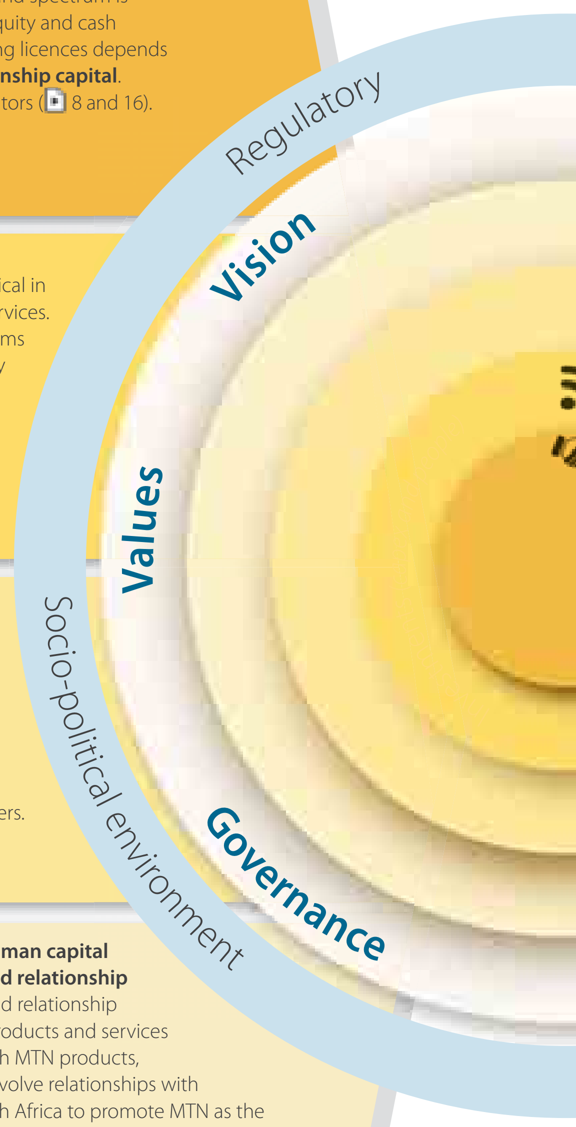


GDP data for Syria not available, inflation for Syria 2013: 66,2%; 2014: 37,7%. Some data above is actual, some is estimated.

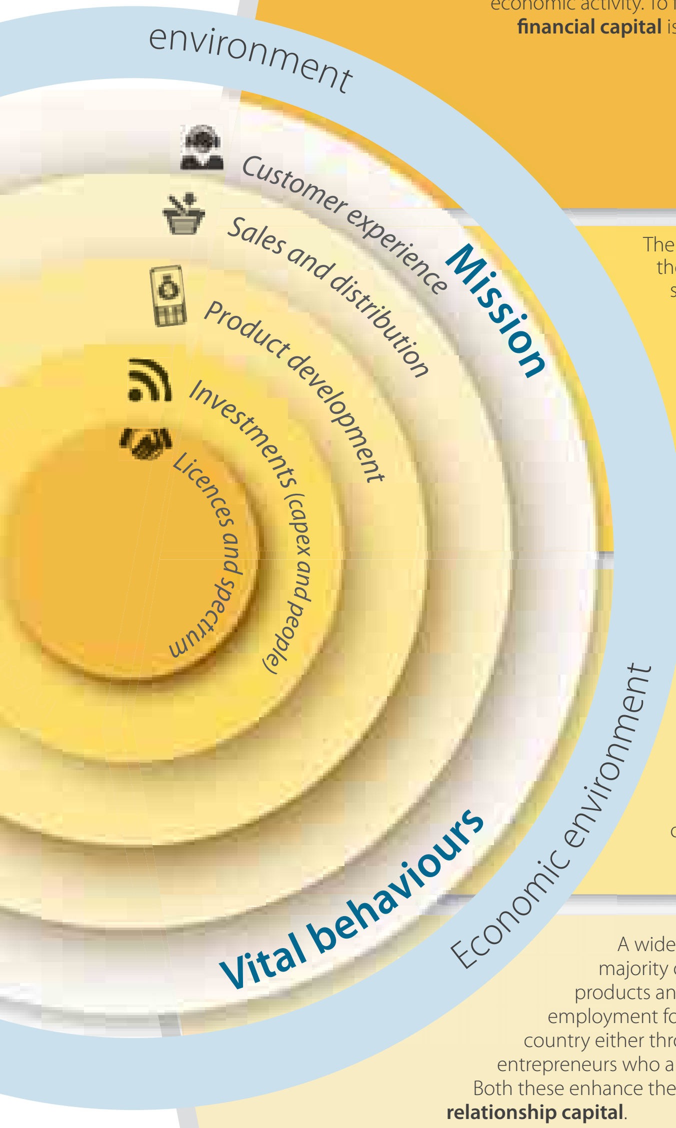
MTN's value creation

MTN creates value through selling a range of innovative and reliable communications products and services. To ensure the Group's sustainability, our business model considers MTN's vision, mission and values, supported by robust governance structures and processes. Our operating environment and our interactions with stakeholders both play an important role in identifying risks and opportunities. Our strategy (14) strives to maximise opportunities and mitigate risks, and our management structure enables execution of our strategy.

Steps in our business model	*Capital inputs*
Licences and spectrum **Principle:** MTN has acquired licences in 22 countries. Our interest in new licences, for which criteria are rigorous, is mainly within our existing footprint and potentially also in other developing markets in Asia. Our access to the spectrum required for advanced technologies is at the discretion of regulators.	Spectrum is a **natural capital** and the industry's key enabler. Access to it is highly regulated with the allocation of spectrum influenced by a country's political and economic priorities. While the short-term input to securing licences and spectrum is **financial** (using resources such as debt, equity and cash generated through operations), maintaining licences depends largely on an operator's **social and relationship capital**. For details on our relationships with regulators (8 and 16).
Investments (capex and people) **Principle:** Excellent network coverage and capacity is key for service delivery. Recently, we have found efficiency and value creation through outsourcing the network of our operations. Selling our passive infrastructure is key to our strategy.	2G, 3G and LTE base stations and fibre are **manufactured capital** inputs that are critical in the provision of telecoms products and services. Software and other service delivery platforms are increasingly important as the Company broadens its service offerings. **Social and relationship capital** is applied as the Company relies on its suppliers to build its network efficiently and timeously. **Human capital** is also needed to ensure the correct technical architecture is in place.
Product development **Principle:** This stage of the business involves innovation and thorough knowledge of the customer base. While voice services are still the largest contributor to revenue, customer needs have changed and there is a great demand for data and value-added services. A broader offering requires new skills to ensure the right service is offered at the right price.	The most prominent capitals employed at this stage of the business are **human, intellectual** and **social and relationship capital**. Employees with the right skills are required while a strong brand and solid market share are necessary to reap the benefit of a broader offering. This offering includes revenue share arrangements and effective relationships with business partners.
Sales and distribution **Principle:** Effective and efficient go-to-market capabilities and marketing of new products and services strategies is a key competitive advantage. So too is a broad and deep distribution channel. Marketing of new services often requires educational roadshows and well-versed distributors while voice promotions follow traditional marketing strategies. Below-the-line marketing has become very effective.	The important capitals to note here are **human capital** employed in our own stores and **social and relationship capital** which involves maintaining a sound relationship with independent partners who sell our products and services ensuring that they are well acquainted with MTN products, services and promotions. These will also involve relationships with handset providers in markets outside South Africa to promote MTN as the service provider of choice.
Customer experience **Principle:** The final stage of the business model is to ensure that the customer is well supported and can access products and services at touch points including MTN stores and service centres, MTN independent distributors, call centres and via the internet. A consistent customer experience is vital to retain customers. Customer feedback is an important tool MTN uses to assess satisfaction.	Investing in our customers requires **social and relationship capital, intellectual capital** and **human capital**. MTN ensures that customer-needs are met through the training of staff at all touch points, below-the-line marketing offers to customers to stimulate usage and by offering customers the latest technologies. The reputation of the Company within the community is also important. The trade-off of this investment is **financial capital**.



MTN's business model is based on five steps. The centre of this graphic represents the starting point: the acquisition of appropriate **radio spectrum** through telecoms licences in targeted markets. Then, moving outwards, **capital investment** is next. This ensures efficient coverage, capacity and quality networks. **Investment in people** is also vital and feeds into the following step, which is **product development**: ensuring the right products at the right prices. **Sales and distribution** is next: we maintain a wide distribution network and foster sound partnerships. Ultimately, all these lead to creating a **distinct customer experience** – we work to attract and retain our customers. By optimising each step MTN is able to generate profits and do so in a sustainable way, with positive financial outputs to capital providers including dividends and share buy-backs.



Capital outputs and outcomes | ***2014 data*****

The telecoms sector is an important facilitator of economic development. It contributes directly through regulatory fees and taxes **(financial capital)** and indirectly by providing access to services which keep people connected **(social capital)**, supporting entrepreneurship **(human capital)** and economic activity. To fund the purchase of licences, our **financial capital** is used.

Regulators with whom we interact	**22**
Value of licences	**R5,0 billion**
Regulatory fees paid	**R3,0 billion**
Taxes paid	**R11,8 billion**
Countries in which we have a presence	**28**
Total dividends declared	**R22,9 billion**
Net finance cost	**R3,7 billion**
Interest-bearing liabilities	**R53,3 billion**
Market value on the JSE	**R409 billion**

The result of building a high-quality network is the ability of the business to offer its subscribers a range of innovative products and services, enhancing MTN's **intellectual capital** through establishing a strong brand. The trade-off for this investment in **manufactured capital** is **financial capital**, although some of this has been returned in recent years with the sale of towers in a number of markets. Infrastructure sharing helps mitigate our impact on the stock of **natural capital** (land, air and water).

Rolled out	**3 669 2G sites**
Rolled out	**6 491 co-located 3G sites**
Rolled out	**684 LTE sites**
Carbon emissions	**1,5 million tonnes of CO_2e**
Emissions avoided and reduced	**29,034 tonnes of CO_2e**
Capex	**R25,4 billion**
Cash generated through operations	**R64,6 billion**
Value of property, plant and equipment	**R87,5 billion**

Developing the right product at the right price is critical to ensure a profitable business. MTN is often one of the largest employers in the countries where we operate **(social and relationship capital** and **human capital)** and provides training to ensure that staff is adequately equipped with the right skills. This increases the stock of **intellectual capital**, but impacts our **financial capital** in the short term.

Staff costs	**R8,8 billion**
Spending on training	**R244 million**
Concluded partnership with Rocket Internet	
Brand ranking in Africa	**1**
Investment in JVs and associates	**R25,5 billion**

A wide distribution channel ensures that the majority of the population has access to products and services offered. It also means employment for people over a wide spread of the country either through direct employment or through entrepreneurs who are often assisted financially at start up. Both these enhance the stock of **human** and **social and relationship capital**.

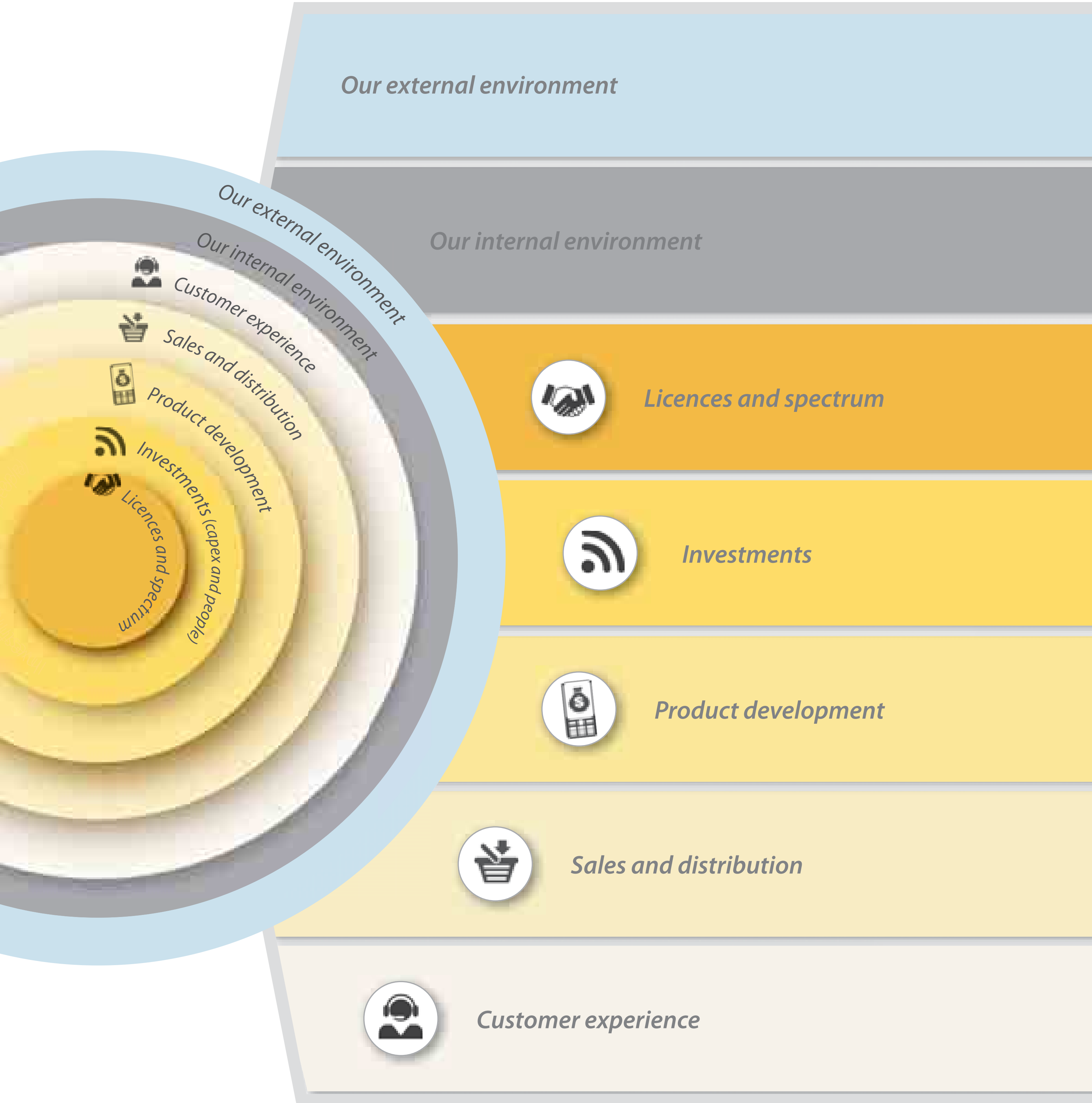
Commissions and distribution cost	**R11,1 billion**
Other operating expenses	**R10,1 billion**
E-waste tonnes recycled	**326**

In many countries, mobile operators provide the only means of telecommunications. By providing this, MTN allows people and businesses to enhance the quality of their lives and improve their business opportunities. By helping to close the digital divide (including through our CSI work), we are boosting stocks of **human, social** and **financial capital.** At a micro-economic level, our products and services (including telemetry) help businesses manage costs, improve efficiencies and reduce their environmental impact. This has a positive impact on **manufactured** and **natural capital** and ultimately **financial capital.**

Voice subscribers	**223 million**
Data users	**101 million**
Mobile Money subscribers	**22,2 million**
CSI spend	**R282,5 million**
Intangible assets	**R36,6 billion**

Our material issues

When determining matters we considered material for the purposes of this integrated report, in 2014 we took into account the common and most pressing themes that emerged from our quarterly operational reporting meetings hosted by the Group President and CEO. We also considered the key concerns of stakeholders (8), as well as the risks identified through our risk management process (16). All these factors were then discussed at workshops at which senior representatives from a broad range of MTN departments participated. This led to the identification of MTN's material issues for 2014. While there are some overlaps between these and the Group's risks, we do not consider all material issues to be top risks as some are inherent to our business model while the mitigation actions of others have reduced their residual risk.



In this graphic, to start with, we disclose those material issues we have identified in both our external environment and our internal environment. These are followed by issues we consider material in each of the five steps of our business model. Each has a clear link to our five strategic themes – they have the potential to impact the delivery of our strategy, while the strategic priorities, in turn, are designed to mitigate the adverse impact of the material issues. As indicated, each issue is addressed in greater detail in other parts of this report.

- Unpredictable or adverse political, economic or social developments, which are more likely in countries with less-developed institutional structures, typically emerging markets, 10 and 18

- Ensuring good governance and ethics, and anti-corruption practices, 10, 37 and 50
- Implementing business continuity planning equally throughout our operations, 48
- Safeguarding information security in terms of systems and people, 48

- Securing sufficient spectrum for new technologies, 8, 10 and 26
- Balancing our return to investors with maintaining appropriate funds required to take advantage of new licence and partnership opportunities, 8, 10 and 22

- Safeguarding the quality and coverage of our networks to enhance our customer experience, 18, 20 and inside back cover
- Optimising our resources and costs, 18, 20 and 22
- Balancing investments against returns, 10

- Attracting and retaining the talent required to ensure we deliver new opportunities in voice, data, enterprise, financial and digital services, 18 and 54
- Providing leadership to drive innovation and capitalise on opportunities, 18
- Making certain the Company culture is conducive to enhanced productivity, 18
- Leveraging economies of scale in terms of subscriber base, 10

- Ensuring agility and speedy go-to-market capability to maintain a competitive advantage, 18
- Leveraging economies of scale in terms of distribution outlets, 10 and 18

- Delivering a consistent and distinct experience through all MTN touch points, 18

Our key relationships

Creating and maintaining stakeholder value is one of MTN's five strategic themes (14) and is critical to the Group's sustainability. As such, we acknowledge the importance of understanding who our key stakeholders are, what their material interests are, what their potential impact on our business is, and, in turn, what impact we at MTN have on them. This helps us manage our risks and further develop our strategic priorities. In all interactions we are guided by our vision, mission and Company values.

While executives (36) are responsible for delivering on their key performance indicators (KPIs) and the operational roll-out of initiatives linked to these, the board (34) is the ultimate custodian of corporate reputation and governance, and is responsible for maintaining sustainable shareholder returns.

Key stakeholder themes in the year	*What this means for our stakeholders*
MTN's vision to lead the delivery of a bold, new Digital World to our customers Providing digital services and moving to adjacent industries, such as financial services and e-commerce.	**Employees** Acquiring new skills through training New career opportunities Identifying skills that have become redundant **Customers** Staying relevant to their needs **Suppliers** Helping MTN lead the delivery of a bold, new Digital World **Regulators** Ensuring quality network and deliver products to meet customers' needs **Investors** Delivering sustainable earnings **Industry bodies** Investing in the evolving ICT industry Shaping ICT standards and practices **Media** Understanding our vision and strategy
Managing regulatory challenges and uncertainty Regulation in the ICT sector had unintended consequences in Nigeria and South Africa. Lower termination rates have led to irrational competition impacting network quality. This has resulted in penalties for poor network quality. Lower prices and higher investments negatively impact the sustainability of the sector. Decision making, particularly regarding crucial decisions around spectrum allocation, has been generally slow.	**Regulators** We require an enabling regulatory environment as well as strategically informed government policies to ensure a thriving, efficient and competitive ICT sector **Customers** Given fast-evolving customer needs, an enabling regulatory environment is essential **Investors** Regulatory activities impact our ability to provide new services and, in turn, sustainable earnings
Quality of service The high demand for MTN services along with the impact that price competition has on increasing network traffic have resulted in quality-of-service slippages in some markets that ultimately impact our brand.	**Customers** Meeting customers' needs for good value for money and a great customer experience requires that we provide the appropriate quality of service **Regulators** Meeting quality-of-service standards compels us to invest in our network and deliver products to meet customers' needs
Governance, ethics and reputation In recent years, MTN's corporate reputation has come under scrutiny with regard to certain corporate governance practices. Gaps in our governance practices, coupled with their impact on our reputation, have heightened our alertness and responsiveness to any undesirable conduct.	**Employees** Instilling our culture and living our company values and vital behaviours, which include integrity and complete accountability **Customers** Ensuring that MTN is an aspirational trusted brand **Suppliers** Aligning supplier relationships with MTN's business ethics Ensuring transparent sourcing **Regulators** Regulators oversee the market and ensure that we comply with licence requirements **Investors** Comfort in investing in an ethical business **Communities** MTN's corporate citizenship activities have had an enormous impact on MTN's corporate reputation, brand and social licence to operate **Media** The public is interested in MTN's governance practices and corporate citizenship

During 2014, we accelerated our engagement efforts to align MTN's strategic priorities with the interests of our key stakeholders. We made strides in managing their material concerns, thus mitigating reputational risks and enhancing the integrity of the MTN brand. We are now better placed to anticipate risk to the Group and make the best of emerging opportunities through leveraging the insights of stakeholders. For more details on the way we engage with each group of stakeholders, see .

The key stakeholder themes in this table are derived from our interactions in the year and describe those issues on which management engaged the most and on which the sustainability of the business relies. All are linked to the execution and delivery of our strategy, measured through KPIs on 20.

The action we have taken in 2014	***The link to our strategy, priorities and KPIs***
■ Internally, we made great strides in aligning our employees' mindsets and approaches to work with our new digital vision, and in making clear what is required of them to achieve it ■ Externally, we articulated the digital theme in all our key stakeholder engagements, including investor roadshows, leadership interactive online sessions, and meetings with decision makers across our markets ■ Through media outreach activities, we communicated our business priorities and challenges to the broader public ■ We worked to educate customers on our new products and services ■ We continued to proactively engage with regulators and deliver on quality-of-service standards	■ 5% – 15% dividend growth and opportunistic buy-backs ■ Improvement on vital behaviours in Group culture audit ■ Six additional accreditations from Investors In People ■ Net promoter score (NPS) improvements LA ■ Network performance quality improvements for 2G and 3G LA ■ Improvements in data (including digital services) and ICT revenue ■ Increased partnerships ■ Increase MTN Mobile Money customers ■ ICT evolution ■ Transfer of best practice between opcos ■ Monetisation of assets ■ Improve EBITDA margin to 44,8%
■ Regulatory teams across our markets continued to work closely with policy makers to encourage investment-friendly regulation, fair competition and sustainable industry growth ■ In all operations, we continued to build constructive and value-adding engagements with governments and regulators ■ We worked to meet the needs of customers through monitoring a number of key measurement tools such as NPS	■ 5% – 15% dividend group growth and opportunistic buy-backs ■ NPS improvements LA ■ Network performance quality improvements on 2G and 3G LA ■ Transfer of best practice between opcos
■ MTN made great progress in improving the quality of service, especially in key markets such as Nigeria and Ghana. See 26 to 31 on investments made during the year ■ We improved stakeholder goodwill and restored customer confidence and brand affinity thanks to our focused customer experience strategy, called Perfect 10, and our network investments to improve service quality and widen coverage ■ Our use of social media platforms has opened new platforms of engagement with our stakeholders, especially customers, helping us to improve our turnaround times on service slippages, as well as communicate important information in real time	■ 5% – 15% dividend growth and opportunistic buy-backs ■ NPS improvement LA ■ 16,8 million Group-wide net subscriber additions ■ Network performance quality improvements on 2G and 3G LA
■ We worked hard to improve our ethics culture and restore the confidence of our stakeholders. See 50 for the social and ethics report ■ We continued to engage with numerous stakeholders to maintain their awareness of our ethics progress and challenges ■ We had productive engagements with activist groups and environmental, social and governance (ESG) investors, and they acknowledged the progress we are making and the challenges we continue to face ■ Through ongoing communication and peer recognition, we continued to reinforce the ethical behaviours we require across our employee base ■ The work of MTN foundations, as well as the transformative impact of certain of our products and services, is a great source of corporate reputation capital. As such, MTN received various corporate citizenship and product innovation awards across many markets, as well as global recognition for its sustainable business practices. See for details on the work of our foundations ■ We made strides in linking MTN's social giving activities to our technology competencies to ensure sustainability and enhance our corporate citizenship profile in our communities	■ Instilling sound governance and values ■ An 8% increase in the corporate reputation index ■ Corporate social investment (CSI) education-focused spend LA

In the year ahead, our priorities are to, among others:
- Improve our capability to manage our corporate reputation by implementing a situational analysis and integrated response plan
- Roll out a leadership-driven stakeholder engagement plan to help shape policy as well as perceptions of MTN globally, regionally and nationally
- Introduce a comprehensive social network capability to bring employees in line with MTN's digital strategy
- Conduct an audit of our reputation to gauge stakeholder perceptions and so inform the themes for our engagement with stakeholders

A word from our chairman

The year 2014 was a challenging one for MTN as it continued implementing its business model to realise its vision of creating a bold, new Digital World for all stakeholders. Notwithstanding the challenges, the Group delivered a most satisfactory performance and quality of service to over 223 million subscribers.

Navigating through turbulence

The world's economic climate remained unsettled over the year with an encouraging recovery in some economies and stagnation or deterioration in others. The USA's economy grew again, creating employment opportunities, whereas the gradual ending of quantitative easing reduced capital flows to developing countries and caused some of these economies to stall. Europe's GDP growth remained tepid, China's slowdown continued as it addressed structural challenges, while India started gaining impetus under a new reformist government.

The global economic climate impacted demand in general and the dramatic fall in the price of oil has had unfavourable impacts on African and Middle Eastern economies that depend on oil and commodities. The currencies and GDP growth of countries such as Nigeria, Iran, Sudan, Congo-Brazzaville and Yemen came under pressure from sliding oil revenues. While the oil price partly recovered in February 2015, the level at which oil prices will stabilise remains uncertain.

Slower growth in emerging markets invariably results in lower consumer spending and revenue collection by the fiscus. This often precipitates greater regulatory pressure for additional indirect taxes on mobile telecommunication operators, among others. This would be a short-term remedy and ill advised for the continued growth of a sector that is a major contributor to the fiscus of many of these countries.

Working the business model

Demand for connectivity continued to rise in 2014, particularly for data, while growth in mobile voice revenues remained muted. To take advantage of expanding data and internet services opportunities in emerging markets, MTN continued to invest in its networks for faster data connections and increased voice traffic. The Group will remain at the forefront of the unfolding digital world by investing in increasing capacity and skills that are essential to partnering with digital content providers and pioneers.

Governments and regulatory authorities should be persuaded of the telecommunications industry's significant direct and indirect contribution to economic development. This contribution can be further enhanced through granting telecommunications operators more spectrum, thereby enabling them to satisfy a growing demand for mobile data, products and services.

MTN's scale, universally recognised brand, ongoing investment in infrastructure and high calibre leadership will enable the Group to remain very competitive in all its markets.

Leveraging the Group's scale of operations

Notwithstanding the difficult macro-economic and regulatory environment, MTN continues to be well positioned to provide competitive services, leveraging its substantial investments in rolling out high-quality telecommunications networks in its countries of operation. In most of its 22 markets, MTN is the number one or two operator with a commanding market share and the best network quality (2). The benefits of scale, which include wide and established distribution channels, provide a robust platform to roll out new digital products and services, while leveraging technological developments in the mobile digital area (18).

The economies of scale alone, however, are not sufficient to ensure that MTN operates optimally. We are compelled to continually address the Group's operational efficiencies and organisational structure to ensure commercially acceptable margins. The Group will maintain an optimum range of products and regularly segment customer needs to deliver these products competitively in the market.

Balancing investments against returns

MTN constantly seeks out opportunities to enhance its strategic and competitive position. It reviews these opportunities within stringent investment parameters so as to achieve fair returns above its weighted cost of capital. Within the scope of improving returns to shareholders are share buy-backs and maintaining an attractive dividend policy. In 2014, the Group bought back R2,4 billion worth of MTN shares. It declared dividends for the year totalling R22,9 billion.

For several years now MTN has acted to optimise its asset base and tighten operational efficiencies by disposing of passive infrastructure to tower management specialists. In this manner the Group has freed up liquidity for value creation in other areas. Even so, the board has taken the view that it is strategically sound to retain a stake in the Nigeria tower company and take a stake in IHS Holdings Limited, a leading mobile infrastructure provider.

Optimising the balance sheet helps maintain a higher dividend yield, makes further share buy-backs an option and supports additional gearing when strategic opportunities present themselves. However, MTN is very aware of the realities of its markets and understands that repatriating cash from certain jurisdictions can, at times, be difficult and that emerging market currencies are likely to remain volatile for some time to come.

Improving engagement with stakeholders

The stakeholders and the communities MTN serves are always a priority for the Group.

Each year, a portion of MTN's net profits are funnelled directly into the foundations set up to identify and address needs in the areas of education and health in the countries where the Group operates. Although the R282,5 million** MTN contributed in 2014 is small in comparison to the extent of the need, the Group is determined to continue making a difference.

As directed by the board, MTN stepped up its engagement with key stakeholders in 2014 so as to align the Group's strategic priorities with their interests (8). Over this period, MTN completed its first independent ethics risk assessment and introduced its own ethics management strategy, as discussed in more detail in the board's social and ethics committee's report (50).

Enhancing governance and leadership

In a group of MTN's size and diversity, maintaining high standards of governance is an ongoing priority (37). The board has formulated clear and measurable objectives for enhancing governance standards and for introducing stringent financial controls. Progress against these objectives is constantly measured.

In this year, we welcomed Christine Ramon to the board and look forward to her contribution, particularly as chair of the audit committee. We thank Alan van Biljon for the many years of dedicated service as chair of the audit committee. Last year, I indicated that the Group was seeking potential board members with exceptional telecommunications industry experience and I am confident that we will achieve this in the 2015 financial year.

Looking ahead

MTN's key differentiators are its scale and wide coverage of its quality networks, the experience and abilities of the executive management team, its instantly recognised brand and strong balance sheet. I am confident that, despite, challenging economic, regulatory and competitive environments, the MTN Group has established a sturdy platform for further growth.

In the short to medium term, these challenges include mitigating the effects of currency weakness in certain markets, as well as positioning the Group as a major digital player. In the longer term, we can expect rising contributions from MTN Mobile Money and the investment with internet incubator Rocket. This partnership is shaping e-commerce and the online culture in the Middle East and Africa.

I look forward to being a part of the Group's continued success story and working towards achieving MTN's vision to lead the delivery of a bold, new Digital World to customers.

This I can only do in step with the thousands of MTN employees, associates, stakeholders and shareholders who make MTN a fundamental part of life for 223 million people.

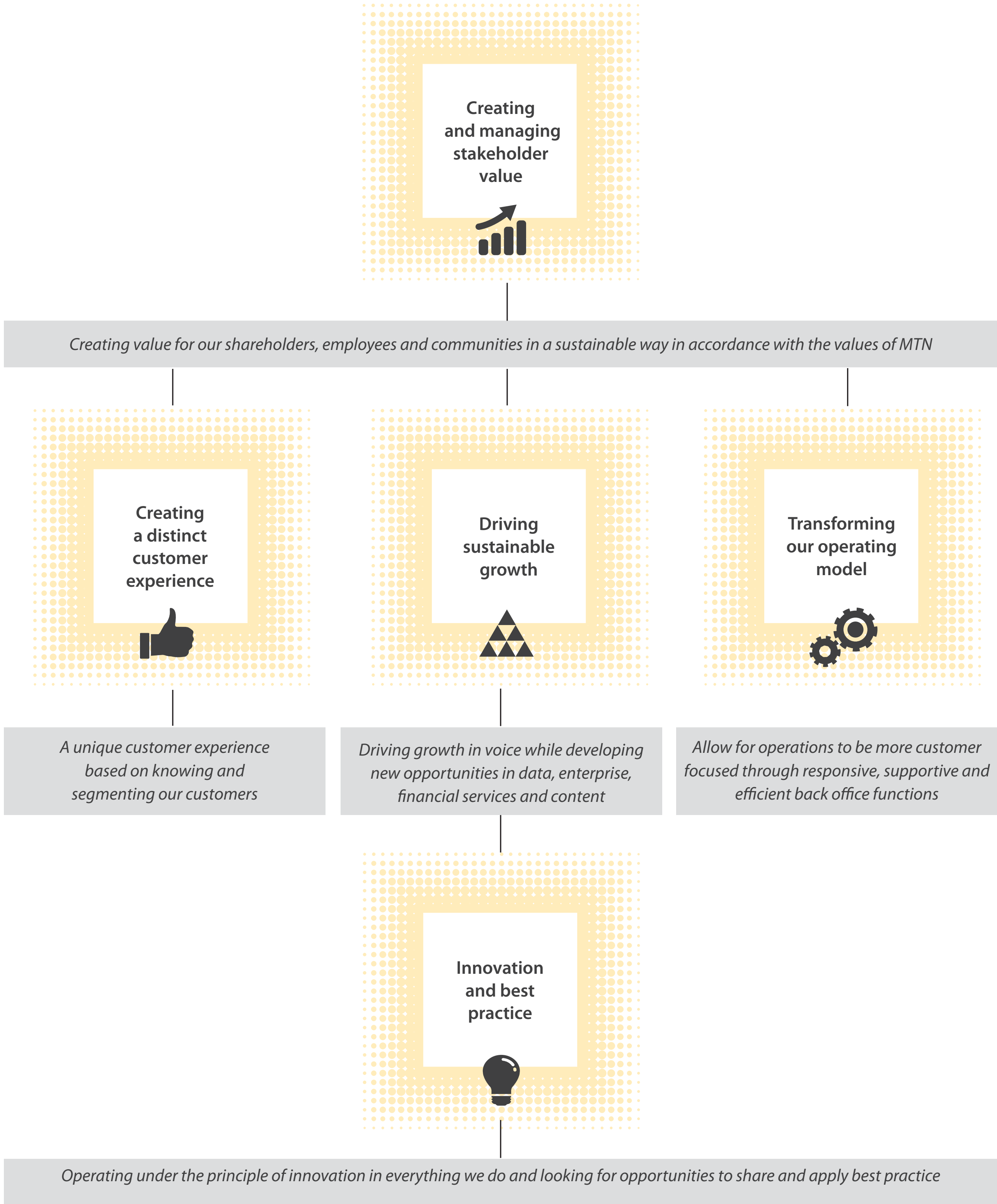
Thank you.

Phuthuma Nhleko

3 March 2015

Our strategy

MTN's strategy is driven through five strategic themes, as depicted here. **Creating and managing stakeholder value,** and **innovation and best practice sharing** describe our approach to our work, people and other stakeholders. Tangible priorities under **creating a distinct customer experience, driving sustainable growth** and **transforming our operating model** define how we at MTN strive to gain a sustainable competitive advantage (10 and 18) and superior shareholder returns.



We review our strategy regularly to ensure that it remains relevant. It is influenced by many factors, including the material issues facing the Company (6), our risks and opportunities (16), interactions with stakeholders (8), as well as the environment in which we operate (1).

We further develop our strategic themes into strategic priorities which have a three to five-year time horizon. We measure progress against these priorities through the KPIs of the Group executive committee (exco) which are reviewed annually. These are used to determine the bonuses, if any, of the Group exco (36). We detail the bonus calculation process (60) and analyse performance against KPIs, as well as give details of the primary executives responsible for these (20 and 21).

Strategic theme	***Strategic priorities***	***What we measure (KPIs) and 2014 target***
Creating and managing stakeholder value	Sustainable shareholder returns Responsible corporate citizenship Creating a great place to work Instilling sound governance and values	5% to 15% dividend growth Opportunistic share buy-backs 8% increase from 2013 base on corporate reputation index CSI spend Statistical improvement on vital behaviours in the Group culture audit
Creating a distinct customer experience	Brand leadership Customer experience Customer analytics Network quality and coverage	Brand corporate identity compliance Net Promoter Score improvements 16,8 million net additions Network performance quality improvement
Driving sustainable growth	MTN in digital space Adjacent sectors Enterprise strategy Voice and data evolution M&A and partnerships	Grow MTN Mobile Money Data (including digital) revenue increase ICT revenue (MTN Nigeria) M&A and partnership opportunities
Transforming our operating model	Asset optimisation Supply chain management Process standardisation and optimisation	Group EBITDA margin of 44,8% Realisation of transformation benefits Procurement performance improvement Monetisation of assets
Innovation and best practice	Innovation Best practice sharing	ICT evolution: cloud services MTN Mobile Money technology Transfer of best practice between opcos

Our top risks and what we are doing about them

Using a combined assurance methodology (46), in 2014 we considered the following to be MTN's most material risks based on each residual risk rating, which considers both the probability of the occurrence and the impact of the risk should it materialise. The residual risk rating takes into consideration the mitigation strategies in place to manage the risk.

Risk name and context	***Mitigation strategies***
1. Network performance We depend on the uninterrupted operation of our networks to provide our services. From time to time customers experience blocked or dropped calls because of network constraints. Lack of timeous, effective and efficient capital investments to cater for greater subscriber numbers and traffic could lead to a loss of customers, and in turn a loss in revenue and a reduction in our EBITDA margin.	■ We monitor networks continuously and focus on expanding MTN's network quality and coverage to ensure sufficient capacity to carry traffic seamlessly ■ By designing, standardising and optimising systems and technologies, as well as outsourcing non-core activities, we reduce costs and focus on critical business requirements ■ By sharing infrastructure through the establishment of tower companies, we reduce our roll-out costs, as well as the ongoing costs of operating MTN's passive infrastructure ■ By installing energy-efficient solutions such as hybrid power solutions, we ensure higher availability of our networks and reduce our diesel costs. This also reduces our reliance on national grid electricity
2. Create and maintain a competitive advantage The telecommunications industry is characterised by rapid technological changes. Our commercial success depends on providing services at competitive prices. Lack of agility to respond to changing market conditions may affect our market share and revenue streams, as well as profits.	■ Implementing a digital strategy with broader service offerings ■ Effectively managing costs to offset the impact of slowing revenue growth ■ Ensuring we have the appropriate skills to deliver the right products and services at the right price
3. Adverse regulatory changes or non-compliance with laws and regulations We have business ventures in a large number of jurisdictions and therefore must comply with an extensive range of laws and regulations. Increased regulatory or legal changes/requirements may negatively impact our business model, and affect revenues and profits.	■ We work to ensure our engagement with authorities at Group and country opco level is continuous, proactive and transparent ■ We closely monitor compliance with the tax risk management framework ■ We regularly review mitigation strategies developed through tax risk registers at all MTN opcos
4. Financial performance targets Our changing external environment, which is resulting in slower revenue growth, requires that we are more efficient to maintain attractive EBITDA margins. A lack of programmes to drive operational efficiencies as competition intensifies could impact our profitability. Exposure to currencies other than our reporting currency (the rand) impacts our reported results as well as the cost of servicing foreign-denominated obligations.	■ We have put in place cost-saving initiatives and stricter controls on spending ■ We are selling non-core assets (such as towers) ■ We have a local currency funding strategy, which includes principles on gearing and repatriation of cash ■ We actively manage foreign-denominated assets and liabilities to minimise the impact of translation effects
5. Compromised information security Lack of an effective Group-wide information security programme may compromise our information as a result of an increase in cyber attacks worldwide. This could lead to reputational damage and the loss of customers, in turn impacting revenue and margins.	■ We have established a security forum with representation from opcos to monitor information security controls ■ Instilling good ethical behaviour through the vital behaviours and ethics policy

For the first time this year, we rank the risks showing the change in ranking since 2013. However, each of these risks is important to MTN and may impact on our ability to deliver our strategy. As such, each receives focused management attention to ensure that we make effective and adequate progress on our mitigation efforts. We also include the opportunities associated with each risk.

Link to strategy△	MTN's achievements in 2014	Opportunities	Risk ranking 2014	Risk ranking 2013
	■ Launched network managed services in key markets of South Africa, Nigeria, Cameroon and Ghana. In total, 11 operations have been outsourced ■ Modernised the radio access network in South Africa and Iran ■ Obtained independent limited assurance on key network quality statistics in three important markets – Nigeria, South Africa and Ghana LA ■ Concluded the sale of towers in Zambia and Rwanda and agreed sale transaction in Nigeria ■ Spent capital expenditure of R25,2 billion	■ Considered capital investment in key markets to maintain leading market share position ■ Swap-outs of redundant equipment has led to faster and increased capacity of our network enabling LTE and next generation networks as a market differentiator ■ Establishment of infrastructure sharing addresses some environmental issues SR and ensures a better return on capital ■ Energy-efficient infrastructure save on diesel costs ■ A reduction in the cost of networks and infrastructure sharing provides us with an opportunity to service lower-income segments of the market	1	3
	■ In addition to the Group partner framework, we approved a revenue share framework which sets out the parameters for negotiations with partners ■ Successfully concluded our investment with Rocket to broaden our e-commerce offering ■ Appointed a dedicated Group enterprise officer, as well as more focus on customer experience initiatives ■ Managed costs across the supply chain ■ Spent R244 million** on training	■ Bridging the digital divide through innovative offerings including MTN Mobile Money, mHealth and mInsurance SR ■ The ability to disrupt ancillary markets opening up new revenue streams ■ Creating greater efficiencies that allow the Company to remain profitable ■ Advance employees' skills through training and development ■ Increased focus on the end-customer experience provides a competitive advantage	2	2
	■ Formalised a compliance system to enable opcos to proactively manage and respond to key local regulatory requirements	■ Proactive engagement with regulators provides MTN with the opportunity to shape the future landscape of telecommunications to support our future business model ■ Ensure a level playing field though best practice sharing with regulators	3	1
	■ Reinstated a treasury committee to manage the mix of fixed and floating interest on borrowings and monitor liquidity requirements ■ Implemented an improved budgeting and monitoring process ■ International bond issue to increase the tenor of our borrowings and lower the rates for average funding	■ Improved profitability ■ Improved focus on core business ■ Fluctuations in exchange rates can have a positive impact on reported results and servicing obligations ■ Contributed to the development of the local banking industry ■ Reduced credit risk exposure ■ Bond issue has raised the profile of MTN in the international lending market lowering the overall cost of future borrowings	4	4
	■ Implemented the information security management system (ISMS) for roll-out in 2015 across the opcos	■ Security of information policies and procedures gives comfort to stakeholders and enhances our reputation ■ Improved security places MTN as a preferred service provider for security-conscious investors, business partners and customers	5	5

△ *Strategic themes that would be impacted if the risk materialised, as well as the strategic themes that are being pursued as an opportunity to counter the risk.*

An interview with the Group president and CEO

Q What were the main successes and challenges in 2014?

A Aggressive price competition, increased regulatory requirements and pressure on consumer expenditure were among the main challenges. The sharp decline in the oil price also started to have an impact on the health of a number of African and Middle Eastern economies.

Nonetheless, most of our operating companies in the large opco cluster showed encouraging improvements in performance, with margin expansion and revenue growth. While MTN South Africa initially did not respond quickly enough to competitive pressure, it ended the year in a much stronger position after taking aggressive steps to improve its market position. MTN Nigeria faced regulatory hurdles, a difficult economic environment and some operational challenges (26 to 31).

These conditions pressured voice revenue, underscoring the importance of MTN continuing to evolve into a true digital player. We recorded good growth in non-voice revenue, driven by data services including MTN Mobile Money. A key success was the conclusion of our transactions with Middle East Internet Holdings and Africa Internet Holdings which position us well to broaden our e-commerce platform and lifestyle offerings (3).

As we enter into this new phase of the business, increasing importance lies in an efficient operating model. We made good progress in this respect, particularly in reducing costs and monetising assets through the conclusion of a transaction whereby we transfer MTN Nigeria's passive infrastructure to an associate company. We also rolled out *Project Next!*, our back-office transformation initiative, in our Ghana operation.

Q What is MTN's role in the digital ecosystem and what progress did you make in 2014?

A In emerging markets, relatively low levels of internet penetration and limited offerings from over-the-top (OTT) players provide an opportunity for mobile operators to participate in the internet services space.

The International Telecommunication Union, a United Nations agency, estimated that, in 2014, worldwide mobile subscriptions would reach seven billion, surpassing the world's population, and that Africa would have the strongest growth in mobile uptake as well as the lowest mobile and internet penetration rates.

Herein lies significant opportunity for MTN. The Group is ready to make the most of this by leveraging investments made over many years which have established MTN as the biggest operator and best quality network in many countries. We are also using our established distribution channels to grow our e-commerce offerings.

Through our investment with Rocket Internet we are able to take advantage of our leading brand position and substantial customer base and distribution network to deliver a range of internet services including e-commerce and marketplace offerings, taxi services, travel sites and food delivery. This partnership approach enables us to participate in an already successful business with the appropriate skills. Leveraging our economies of scale enhances the business potential, making the roll-out of products and services quick and efficient.

Many of these businesses are still in their infancy and are only expected to show their potential in three to five years; however, it is critical to invest now, securing our place in the market and hence, future revenues. Our investment in the Amadeus IV Digital Prosperity Fund also assists in identifying and evaluating new online and mobile application opportunities.

Data services are clearly driving growth in the Group's revenue, increasing their contribution in 2014 (22). This was underscored by our 3G and LTE networks and stimulated the adoption and usage of data-enabled devices and smartphones.

We continued to gain traction in MTN Mobile Money and financial services, where we are focusing on acquiring subscribers and increasing the volume of transactions and revenue. In 2014 we grew the number of MTN Mobile Money subscribers by 50,1% to 22,2 million.

Our enterprise business unit (EBU) is well placed to become the ICT partner of choice to corporate, SME, public sector and financial services customers, given our extensive infrastructure with 22 established operations and 47 data centres across Africa and the Middle East. In the year, we centralised our EBU under the newly appointed executive, Mteto Nyati. In addition, we concluded the acquisition of Afrihost (Pty) Limited, a leading internet service provider to the SME and corporate segments in South Africa.

What advances have you made in transforming your operating model?

In 2014, our cost optimisation initiatives supported the widening in our EBITDA margin to 44,8%. As I have mentioned, *Project Next!* continued to gain momentum, in Ghana in particular, and is set to be rolled out in another two markets in 2015.

The sale in recent years of our tower infrastructure in a number of countries has allowed MTN to move to a more efficient operating environment with improved multi-tenancy and reduced costs. During the year, we signed a deal in Nigeria with IHS, the largest independent tower infrastructure provider, in terms of which MTN will retain an interest in the new entity and will lease back the towers for its operations. In the year, we also closed tower deals in Zambia and Rwanda.

We also continued to manage costs through the centralised procurement function in Dubai, the streamlining of our distribution network and work to improve labour productivity across our operations (22).

How do you attract and retain the talent required for this evolving business?

Finding the right skills has proved to be challenging. Our partnership approach assists in some respects, but we also continue to focus on developing our people through a number of initiatives. These include: 1. creating an organisation where the structure, processes and procedures are aligned to the Company's vision; 2. developing human capital within MTN to help ensure the current and future needs of the business are met; 3. creating a culture where employees are willing and able to make the behavioural change required for transforming to digital and to enhance productivity; and 4. developing a high leadership brand that connects talent to the organisation and culture. In 2014, we focused on reviewing global talent and job standards to better attract, develop and retain top talent and critical skills. We continued to roll out our vital behaviours project across the Group. The MTN Academy and local learning and development schemes also helped develop the talent we need and we spent R244 million** on training in the year.

What are the Group's capital priorities in the short to medium term?

We continue to work to optimise our cash and to balance returns to shareholders with prudent investments. In 2014, we invested in a number of opportunities to enhance our ability to generate profits in the medium term. We also continued to evaluate value-accretive opportunities to expand our footprint in Africa and the Middle East as well as those that would add significant scale to our existing portfolio. Capital expenditure to safeguard the quality and coverage of our networks is another priority for the Group. In 2014, we spent R25,2 billion and plan to spend almost R29,7 billion in capex in 2015.

What are the key opportunities for MTN in the medium term?

MTN is focused on delivering on its five strategic themes:

- We remain committed to **creating a distinct customer experience** through increasing our 3G and LTE coverage and improving network quality and capacity. This is of particular importance in South Africa, which will receive a significant portion of our total capex allocation in 2015. We will continue to expand the measurement and use of our customer satisfaction index (via Net Promoter Scores) and tailor-make our offering to enhance our customer experience.
- To **drive sustainable growth**, we will increase data revenues by encouraging uptake through greater smartphone penetration, competitive pricing, bundled services and increased speeds.
- We will also continue to roll out MTN Mobile Money and wider financial services, broadening the distribution platform and introducing new products and services including micro-lending, international remittances, retail payments and insurance.
- We will develop our digital offering, focusing on local content and working with other suppliers. Through our partnership with Rocket Internet we now have a platform that allows for easier roll-out.
- Our enterprise business unit is also well placed to provide innovative ICT solutions to corporate and SME, public sector and financial services customers. In 2015 there will be an increased focus on becoming the ICT partner of choice for companies expanding into Africa; to governments seeking to improve engagement with their citizens and to companies aiming to enhance their business offering to underserviced markets.
- **Transforming our operating model** through cost optimisation and increasing operational efficiency will help ensure delivery of sustainable returns for all our stakeholders – a key element of our strategic theme of **creating and managing stakeholder value**.
- The commercialisation of MTN's tower infrastructure is a major part of this work: we expect the second tranche of the sale of the tower business in Nigeria to be completed by the second quarter of 2015. We also continue to evaluate other infrastructure opportunities.
- **Innovation and best practice** is another strategic theme, and in this respect we look to provide leadership to drive innovation throughout our business, capitalising on the opportunities we have identified. Linked to this is work to ensure that every MTN operation is agile and can share best practices, including speedy go-to-market capabilities to maintain a competitive advantage.

Sifiso Dabengwa

3 March 2015

Our Group performance and outlook

Based on our strategy, here we provide an analysis of the Group's performance against strategic themes in the year. Using some of the main key performance indicators (KPIs) that we measure, we rate the Group's 2014 performance against targets set for the year and indicate the capitals and stakeholders that are most relevant to each KPI. We also provide information on the focus in the years ahead, and list the executives whose primary responsibility it is to deliver on each KPI.

Strategic theme	What we measure (KPIs) and 2014 target	2013 performance	2014 performance
Creating and managing stakeholder value	5% to 15% dividend growth Opportunistic share buy-backs	Grew dividend by 25,6% No share buy-backs	**Grew dividend by 20,3% Bought back R2,4 billion in shares**
	8% increase from 2013 base on corporate reputation index	27% increase in positive mentions about MTN as ranked by Meltwater Monitoring Group	**4% increase in positive mentions about MTN as ranked by Meltwater Monitoring Group**
	CSI spend	Spent R314 million LA	**Spent R282,5 million** LA
	Statistical improvement on vital behaviours in the Group culture audit	Developed MTN culture through MTN's vital behaviours in 18 opcos	**2% decline in vital behaviours in the Group culture audit, largely due to transformation of MTN South Africa**
Creating a distinct customer experience	Brand corporate identity compliance	n/a#	**90% compliance**
	^Net Promoter Score improvements	Improved by 28% from 2012	**Improved by 33% from 2013 base**
	16,8 million net additions	18,5 million net additions	**15,6 million net additions**
	Network performance quality improvement	n/a#	**Improved network performance quality for MTN South Africa: 2G – 82%, 3G – 81%**
Driving sustainable growth	Grow MTN Mobile Money	Increased registered subscribers by 57,3%	**6,5 million active subscribers**
	Data (including digital and mobile financial services) revenue increase	Grew 41,4%	**Grew 33,2%**
	ICT revenue (MTN Nigeria)	Recorded modest growth, relative to target	**Grew sharply, exceeding budget by 19%**
	M&A and partnerships	Established partnership with Rocket Internet to enhance internet businesses in Africa and the Middle East	**Acquired Nashua Mobile subscriber base and control of Afrihost Concluded Rocket investment**
Transforming our operating model	2013 KPI: Expand EBITDA margin 2014 KPI: Group EBITDA margin of 44,8%	Expanded margin by 0,4pp	**Achieved margin of 44,8%**
	Realisation of transformation benefits	n/a#	**Shared Service Centre entity operationalised with governance structures**
	Procurement performance improvement	US$450 million of savings	**US$466 million of savings**
	Monetisation of assets	Towers sold in Cameroon and Ivory Coast	**Towers sold in Nigeria and stake retained Concluded tower sales in Zambia and Rwanda**
Innovation and best practice	ICT evolution: cloud services	n/a#	**Launched 16 products in 10 countries**
	MTN Mobile Money technology	n/a#	**Rolled out MTN Mobile Money technology in five countries**
	Transfer of best practice between opcos	Deployment of best practice such as Ghana sales and distribution model	**Deployment of Investors in People practices with six additional accreditations**

#KPI introduced in 2014.

^NPS (Net Promoter Score) measures customers' experience with a brand through a simple question: "On a scale of 0 to 10, how likely would you be to recommend MTN to a friend or family member?" Responses of 9 or 10 are considered 'promoters' while responses of 7 or 8 are considered 'passives'. Any score of 6 or below is considered to be a 'detractor.' Each country's NPS is calculated by subtracting the % of 'detractors' from the % of 'promoters'. Combined scores of multiple operations are calculated by weighting responses according to subscriber base within each operation.

2014 Status	Relevant capital	Relevant stakeholders	Short to medium-term focus	Primary executive responsibility in 2014
Good progress made	Financial	Shareholders	Sustain annual dividend growth of 5 to 15%; opportunistic buy-backs	Brett Goschen
We are working on it	Social and relationship	All	Improve positive mentions	Paul Norman
Good progress made	Social and relationship	Communities	Improve access to education and digitise education	Paul Norman
Requires attention	Human	Employees	Further embed vital behaviours across Group. Improve South Africa operation	Paul Norman Zunaid Bulbulia Michael Ikpoki Ahmad Farroukh
Good progress made	Social and relationship	Customers/employees	Strengthen MTN brand	Pieter Verkade
Good progress made	Social and relationship	Customers	Improvement in all markets relative to competitors	Pieter Verkade Ahmad Farroukh Zunaid Bulbulia Michael Ikpoki
Requires attention	Social and relationship	Customers	Diversify products and deliver excellent services	Michael Ikpoki Pieter Verkade Zunaid Bulbulia Ahmad Farroukh
We are working on it	Social and relationship	Customers	Improve 2G and 3G performance	Jyoti Desai
Good progress made	Financial	Customers	Improve in all markets	Ahmad Farroukh Zunaid Bulbulia
Good progress made	Financial	Shareholders, customers	Grow new Group revenues	Pieter Verkade Michael Ikpoki Zunaid Bulbulia Ahmad Farroukh
Good progress made	Financial	Shareholders, customers	Enhance SME services	Michael Ikpoki
Good progress made	Financial	Business partners	Explore adjacent business opportunities	Karel Pienaar
Good progress made	Financial	Shareholders Employees	Improve Group EBITDA margin by leveraging medium and small operations	Brett Goschen Zunaid Bulbulia Ahmad Farroukh Michael Ikpoki
Good progress made	Human	Shareholders Employees Suppliers Social and relationship	Improve efficiencies in HR, finance and supply chain	Brett Goschen Jyoti Desai
Good progress made	Financial	Suppliers	Leverage established procurement companies	Brett Goschen
Good progress made	Financial Environmental	Shareholders Communities	Explore more opportunities	Karel Pienaar
Good progress made	Financial	Shareholders Customers	Establish multinational contracts	Jyoti Desai
Good progress made	Financial	Customers Shareholders	Standardise products, services and migration tools	Jyoti Desai
Good progress made	Intellectual Human	Employees	Continued sharing and improving	Paul Norman

Good progress made We are working on it ! Requires attention

A message from our Group chief financial officer

Benefiting from positive data trends

In 2014 MTN Group continued to benefit from encouraging growth in non-voice revenue, supported by the strong uptake of our data offerings across our markets.

Group **revenue** grew by 6,4%. This was positively impacted by the weakness of the rand. On average, the South African rand lost almost 12,6% against the US dollar and 7,2% against the Nigerian naira. On a constant-currency basis, revenue increased by 3,2%*.

Data revenue grew by a third, lifting its contribution to total revenue by 3,8 percentage points to 18,7%. Data traffic accelerated by 85,8%, driven by the expansion of our 3G networks in key markets, an increased adoption of smartphones by customers as well as their take-up of our innovative data services.

While **voice revenue** remained the largest contributor to MTN Group's total revenue, outgoing voice revenue declined by almost 1% on a constant-currency basis even though voice traffic increased by 6,5%. Voice revenue was impacted by aggressive price competition, pressure on consumer expenditure and lower mobile termination rates in key markets.

Group **EBITDA** grew by 5,3%* to R62 639 million* on a constant-currency basis and 10,2% on a reported basis. The Group **EBITDA margin** expanded by 1,5 percentage points to 44,8% following good progress made on cost-containment initiatives throughout the Group, particularly in sales and distribution.

Headline earnings per share (HEPS) rose by 8,9%** to 1 536 cents**, while Group **earnings per share** (EPS) were positively impacted by profit from the sale of towers in the year, and increased by 20,0%** to 1 752 cents**.

Capital expenditure of R25 242 million was focused on investing in our network, improving 3G capacity and coverage in a number of key markets. During 2014, the Group's operations rolled out 3 669 2G, 6 491 largely co-located 3G sites and 684 LTE sites, facilitating increased voice and data usage (26 to 31).

Cash inflows generated by operations increased by 8,2%** to R64 628 million** (24).

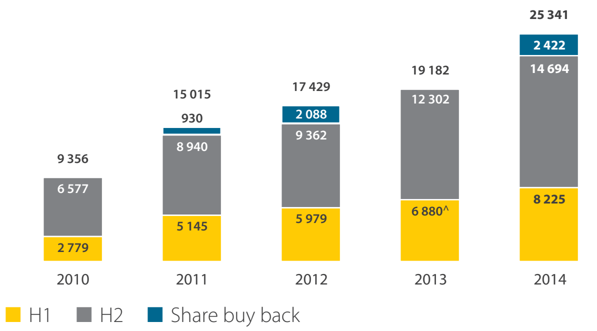
Evaluating the best allocation of MTN's capital

We continued to explore options of how best to optimise our balance sheet and enhance shareholder returns. This takes into consideration investments to support our strategy as well as optimising our financial position.

Enhancing shareholder returns

In the year, we **improved returns to shareholders**, increasing our total dividend by 20,3% to 1245 cents and buying back shares worth R2,4 billion. Including the share buy-backs, total shareholder returns increased by 32,1% from 2013.

*Dividends and share buy-backs (ZAR million)***

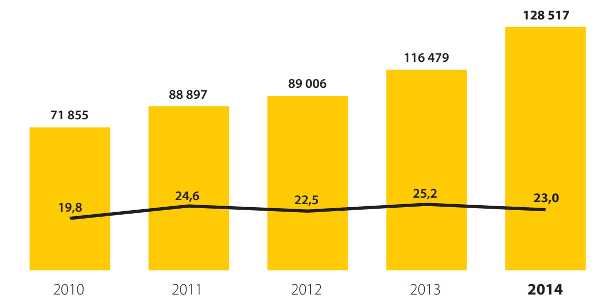


^ Dividends calculated on shares in issue on declaration day, subsequent cancellation of shares resulted in dividend paid amounting to R6 848 million.

Since 2012 we have followed a progressive dividend policy of growing dividends between 5% and 15% a year, as well as buying back shares on an opportunistic basis. The range of the growth in the dividend takes into account the sensitivity of the Group's results to movements in exchange rates and makes provision for merger and acquisition activity.

A key consideration to enhancing shareholder returns is the availability of cash at Group level on a tax-efficient basis. In this regard, we are working on ways to faster "upstream" or transfer cash from the operations to the Group, while taking into consideration the capital structure of the operations, as well as local regulations. In 2014, in key operations we made allowance for quarterly "upstreaming" to start in 2015 (from semi-annual payments previously), in turn improving working capital and cash availability at Group level.

Equity and return



■ Equity attributable to equity holders of the Company (Rm)
— Return on average shareholders' funds (%)

Investing to support the delivery of our strategy

Among MTN's key competitive differentiators is our financial strength. In the year, this supported delivery of our strategic themes.

We concluded a number of small to medium-sized acquisitions which will assist in **driving sustainable growth** in the digital arena. The €168 million investment in Africa Internet Holdings (AIH), where we have a 33,3% shareholding, and the €120 million investment in Middle East Internet Holdings (MEIH) for a 50% shareholding will enable us to participate in e-commerce growth opportunities. In countries where both MTN and AIH are present we aim to leverage our band, customer base and distribution networks.

We enhanced our enterprise business offerings by acquiring 50% plus one share in Afrihost Proprietary Limited for R408 million. The control we obtained in this South African internet service provider places us in a favourable position to accelerate our SME offerings.

Streamlining distribution is an important part of **transforming our operating model**. In November, we acquired the MTN mobile subscriber base from Nashua Mobile Proprietary Limited for R1 246 million. This acquisition will better enable MTN South Africa to consolidate its post-paid subscriber base, reduce costs and "own" the subscriber relationship, which is important in **creating a distinct customer experience**.

Optimising our financial position

We increased **net debt** to R4 543 million** from R352 million**, mainly funded with US$750 million raised through a Eurobond issue in Mauritius. The movement in our net debt position was largely the result of the number of acquisitions in the period.

The 10-year debut Eurobond, concluded in November, was significantly oversubscribed. The bond was raised for general corporate purposes, improving the tenor profile of our debt and giving us an entry point into the international debt capital markets. It has established a pricing benchmark for MTN should we need to issue further notes in future to meet our funding needs. The notes are rated BBB by Standard & Poor's and Baa2 by Moody's.

We also continue to focus on using non-recourse debt to improve the capital structure of our operating companies.

We continued to optimise our tower assets with the closing of the sale of our towers in Zambia and in Rwanda and the conclusion of the first tranche of the sale of our passive infrastructure in Nigeria, where we retained an interest in the associated company. These transactions resulted in a profit of R7 430 million in the year.

Aligned with our strategic initiatives around towers was the investment of R5,4 billion in IHS, an African infrastructure holding company.

Other steps to optimise our financial position include:

- limiting the increase in Group **operating expenses** to 1,5%* on a constant-currency basis in the year, despite operating in generally high inflationary environments and the expansion of our networks in recent years;
- streamlining and centralising our procurement practices, leading to **cost savings** of US$466 million in the year, up from US$450 million in 2013. We also made progress in implementing **best practice** at operations for local procurement items; and
- extending the use of managed services in Nigeria, and rolling out our back-office transformation initiative *Project Next!* in Ghana. We expect the main savings from *Project Next!* to come through in 2016/17, once implemented in South Africa and Nigeria.

Looking forward

In the year ahead, we will build on the positive momentum gained in 2014. We will continue to focus on expanding our revenue base, investing to support our digital strategy and optimising our financial position.

Brett Goschen

3 March 2015

Financial review

Revenue

Group revenue increased by 6,4% (3,2%*) to R146 154 million despite a 3,9% contraction in the South African operation's revenue and declines in the value of the Ghanaian cedi and the Syrian pound. Revenue growth was supported by an increase of 12,1% (3,7%*) in MTN Nigeria's revenue and weakness in the rand, which had a 3,2% positive impact on revenue.

The large opco cluster's revenue increased by 7,1% (11,4%*), in line with guidance and supported by improved revenue growth in Cameroon of 19,0% (6,9%*), Ghana of –13,5% (13,8%*), Syria of 6,8% (25,9%*) and Sudan of 8,2% (16,4%*). MTN operations in Zambia, Benin, Congo-Brazzaville and Cyprus supported the constant currency performance of the small opco cluster.

Group interconnect revenue declined by 2,9% (5,9%*) following cuts in termination rates in our Nigerian and South African operations. These came into effect in April and May respectively.

EBITDA

Group earnings before interest, taxation, depreciation and amortisation and goodwill impairment (EBITDA) increased by 10,2% (5,3%*) to R65 520 million. The Group EBITDA margin expanded by 1,5 percentage points (pp) to 44,8%.

The Group's EBITDA margin was supported by increased margins in Uganda (3,3pp), Syria (1,5pp) and Sudan (2,1pp). MTN South Africa's EBITDA margin remained under pressure and contracted by 2,6 pp.

Depreciation and amortisation

Depreciation increased by 10,1% (5,3%*) to R18 124 million as a result of higher capex spend in previous years. Amortisation costs increased by 14,6% (10.0%*), driven by increased spending on software in Nigeria, Uganda and Cameroon.

Net finance costs

Net finance costs of R3 606 million increased sharply from the R1 234 million recorded in the comparable period in the prior year. This was largely due to foreign currency losses in 2014 of R1 091 million which were mainly the result of:

- Mauritius functional currency gains of R337 million.
- Nigeria forex losses of R713 million incurred on US dollar borrowings and as a result of the devaluation of the naira.
- Ghana forex losses of R155 million as a result of the depreciation of the cedi.
- Dubai forex losses of R249 million, of which R144 million relates to a realised net forex loss on dividends received.

Taxation

The Group's absolute taxation charge increased by 12,4% (7,0%*) to R13 780 million and the effective tax rate increased to 31,1% from 29,1%. The increase is largely due to withholding tax payable as a result of increased dividend upstreaming, the lower investment allowance deductions resulting from lower capex additions in Nigeria as well as handset adjustments due to the voluntary change in accounting policy relating to revenue recognition in South Africa.

Earnings

Basic headline earnings per share (HEPS) increased by 8,9%** to 1 536 cents** and attributable earnings per share (EPS) increased by 20,0%** to 1 752 cents**.

Cash flow

Cash inflows generated by operations increased by 8,2%** to R64 628 million**. This was mostly offset by a 25,6%** increase in dividends paid of R5 058 million**, resulting in a net 0,4%** increase in cash generated by operating activities to R27 132 million**.

Capital expenditure

Capex decreased by 16,3% (18,0%*) to R25 242 million, of which R517 million related to foreign currency movements.

Financial position

The Group reported net debt of R4 543 million** at the end of 2014, compared to net debt of R352 million** at 31 December 2013. This increase was due to the Group dividend payment of R20 527 million** during the year and the raising of a US$750 million Eurobond debt in Mauritius. This excludes R6 825 million (49%) of net cash in MTN Irancell, which is accounted for on an equity basis.

Five-year review extract**

INCOME STATEMENT	2014 US$m	CAGR[1] %	2014 Rm	2013[2] Rm	2012[2] Rm	2011[2] Rm	2010[2] Rm
Revenue	**13 587**	**9**	**146 930**	137 270	121 867	109 834	104 500
Other income	**705**		**7 928**	1 327	894	1 458	–
Operating expenses	**(7 552)**	**7**	**(81 667)**	(78 167)	(70 124)	(61 717)	(61 220)
EBITDA	**6 740**	**14**	**73 191**	60 430	52 637	49 575	43 280
Depreciation and amortisation	**(1 990)**	**11**	**(21 513)**	(19 278)	(15 952)	(14 032)	(14 119)
Impairment of goodwill	**(180)**	**>100**	**(2 033)**	–	–	(31)	(32)
Operating profit	**4 570**	**14**	**49 645**	41 152	36 685	35 512	29 129
Net finance costs	**(338)**	**(1)**	**(3 668)**	(1 234)	(3 790)	(1 512)	(3 873)
Net monetary gain	**78**		**878**	–	–	–	–
Share of results of associates and joint ventures after tax	**388**	**19**	**4 208**	3 431	3 008	2 821	2 098
Profit before tax	**4 698**	**17**	**51 063**	43 349	35 903	36 821	27 354
Income tax expense	**(1 239)**	**6**	**(13 361)**	(12 487)	(11 835)	(13 034)	(10 527)
Profit after tax	**3 459**	**22**	**37 702**	30 862	24 068	23 787	16 827
Attributable to							
– Equity holders of the Company	**2 944**	**22**	**32 079**	26 751	20 704	20 754	14 300
– Non-controlling interests	**515**	**22**	**5 623**	4 111	3 364	3 033	2 527
Headline earnings	**2 590**	**19**	**28 123**	25 860	20 018	19 811	14 011

[1] *Compound annual growth rate.*

[2] *2013 restated, refer to note 48 of the 2014 Group AFS. Retrospective restatement of the Group's results and financial position for periods prior to 2013 is impracticable.*

STATEMENT OF FINANCIAL POSITION	2014 US$m	CAGR %	2014 Rm	2013[1] Rm	2012[1] Rm	2011[1] Rm	2010[1] Rm
Property, plant and equipment	**7 582**	**11**	**87 546**	92 903	73 905	64 914	57 345
Goodwill and intangible assets	**3 171**	**6**	**36 618**	37 751	32 594	32 672	28 518
Investments and loans	**3 286**	**40**	**37 945**	20 385	12 409	11 440	9 964
Deferred tax assets	**96**	**(2)**	**1 109**	2 044	1 291	1 029	1 225
Bank balances, deposits and cash	**4 221**	**10**	**48 736**	45 673	34 565	43 458	32 933
Other current assets	**3 614**	**24**	**41 731**	30 900	21 310	20 560	17 569
Total assets	**21 970**	**15**	**253 685**	229 656	176 074	174 073	147 554
Equity attributable to equity holders of the Company	**11 130**	**16**	**128 517**	116 479	89 006	88 897	71 855
Non-controlling interests	**426**	**22**	**4 925**	5 333	3 881	3 802	2 219
Total equity	**11 556**	**16**	**133 442**	121 812	92 887	92 699	74 074
Interest-bearing liabilities	**4 614**	**12**	**53 279**	46 025	32 084	33 208	34 454
Non-interest-bearing liabilities	**4 846**	**15**	**55 952**	48 349	42 392	40 200	32 043
Deferred tax liabilities	**954**	**12**	**11 012**	13 470	8 711	7 966	6 983
Total liabilities	**10 414**	**13**	**120 243**	107 844	83 187	81 374	73 480
Total equity and liabilities	**21 970**	**15**	**253 685**	229 656	176 074	174 073	147 554

[1] *2013 restated, refer to note 48 of the 2014 Group AFS. Retrospective restatement of the Group's results and financial position for periods prior to 2013 is impracticable.*

A full five-year review is available on .

MTN South Africa's performance and outlook

Ahmad Farroukh
CEO MTN South Africa

	2014	2013	2015 guidance
Net additions ('000)	**2 293**	279	2 400
Revenue (Rm)	**38 922**	40 482[1]	–
EBITDA margin (%)	**32,1**	34,7	–
Capex (Rm)	**5 676**	5 835	10 000
[†] Net promoter score (%) LA	**70**	NA	NA

[1] *2013 restated, refer to note 48* AFS.
[†] *New KPI introduced in 2014.*

MTN South Africa delivered clear evidence of a turnaround in the second half of the year and in the fourth quarter EBITDA increased 28,1% quarter on quarter. This was achieved despite a challenging consumer environment. The operation increased its subscriber base by 8,9% to 28,0 million, reporting 2,7 million net additions in the second half versus the 430 496 net disconnections recorded in the first half. This was largely a result of segmented offerings based on usage, limited duration on-net promotions such as WOW and below-the-line advertising campaigns in the prepaid segment. As a result, the prepaid subscriber base increased by 9,1% to 22,6 million. The postpaid segment delivered a significantly improved performance, reporting net subscriber additions of 414 251 for the year. This was supported by a variety of revised offers.

Total revenue declined by 3,9% to R38 922 million. This was mainly a result of a 36,0% decline in interconnect revenue due to lower mobile termination rates (MTRs). While data revenue only increased 7,0%, in the fourth quarter there was a meaningful improvement with mobile data revenue growth of 17% when compared to the same period last year. Fourth quarter 2014 on third quarter 2014 mobile data revenue growth was 42,3%. Increased 3G coverage, improved smartphone adoption and tailored data bundles were the main contributors to this growth. By year-end, data revenue contributed 23,8% of total revenue from 21,4% in 2013. The number of smartphones on MTN's network increased by 17,8% to 5,9 million, and the number of data users increased by 20,1% to 17,1 million.

The EBITDA margin declined by 2,6 percentage points largely as a result of lower interconnect revenue, now a net payer, and increased provisions for impairment of trade receivables amounting to R616 million. Stricter credit criteria have been implemented to ensure this level of bad debts does not reoccur. MTN South Africa continues to focus on improving profitability throughout the business and on various cost efficiencies, including managed services and optimising the distribution network.

Capex for the period of R5 676 million was slightly lower than budget due to improved procurement processes. During the year, we added 520 new 2G sites and 904 3G sites. The 3G population coverage improved to 87%. As a result of improved performance in the second half (with traffic volumes up 31% year on year and growing demand for data), we will increase capex significantly in 2015. This will be focused on improving the quality and capacity of the 2G and 3G networks and rolling out LTE. For details of our network performance, including call set-up success, dropped call rate and network availability, see inside back cover.

We continue to have discussions with the authorities regarding the planned auction of 2,6GHz and 3,5GHz spectrum frequency and allocations.

Key strategic achievement

Innovation and best practice sharing with launch of proven innovative marketing campaigns.

MTN Nigeria's performance and outlook

Michael Ikpoki
CEO MTN Nigeria

	2014	2013	2015 guidance
Net additions ('000)	**3 127**	9 325	4 750
Revenue (Rm)	**53 995**	48 159	–
EBITDA margin (%)	**58,6**	57,0[1]	–
Capex (Rm)	**8 375**	14 298	8 784
[+] Net promoter score (%) LA	**16**	NA	NA

[1] Excludes impact of 2013 management fee reversal.
[+] New KPI introduced in 2014.

MTN Nigeria grew its subscriber base by 5,5% in 2014, increasing total subscribers to 59,9 million. This was a satisfactory performance given regulatory restrictions relating to the regulator's 2013 ruling that declared MTN Nigeria a "dominant operator". Performance was underpinned by improved segmented offerings to high-value customers and seasonal promotions aimed at growing subscribers and increasing usage. The operation reported 1,4 million net additions in the last quarter following regulatory approval of select promotional offerings from October 2014 onwards.

Total revenue increased by 12,1% or 3,7%* in constant-currency terms, below expectations, although MTN's revenue market share remained stable. Growth in revenue was impacted by a decline in on-net traffic due to the dominance ruling and lower-than-anticipated subscriber numbers. Data revenue continued to grow strongly, increasing by 28,3%* to contribute 18,6% of total revenue at year-end. This was mainly a result of the 18,1% increase in data users, increased smartphone penetration and the introduction of products such as the 4,5G smartphone data plan. The number of smartphones on the network increased by 51,2% to 9,3 million at the end of December. We worked hard to improve data usage through offering innovative products and bundled packages including MTN SME Plus, MTN Biz Plus, MTN Music+, MTN Callertunez, while harnessing e-commerce and financial service opportunities with our online shop Jumia. MTN Nigeria's Mobile Money offering, Diamond Yellow, gained encouraging momentum and we are now exploring ways to expand the offering.

The EBITDA margin increased by 1,6 percentage points to 58,6% on a like-for-like basis (excluding the reversal of the management fee in 2013). This was supported by cost-optimisation initiatives, including a revised commission structure and managed services implemented during the year. In December, costs were affected by the sale of MTN Nigeria's towers to the tower company and the subsequent lease expenses incurred. This follows the conclusion in the last quarter of arrangements to transfer tower assets to a new entity that will be managed by telecoms infrastructure provider IHS. A total of 9 132 sites will be transferred by June 2015, of which 4 154 were transferred in 2014.

During the year, MTN Nigeria's capital expenditure was aimed at meeting the growing demand for data. We rolled out 1 367 new 2G sites and 2 365 co-located 3G sites, spending R8 375 million. Although capex declined by 41,4% in the year, sufficient quality and headroom has been achieved on the network and the operation has the flexibility to rapidly build out as required. For details of our network performance, as well as our energy use, spend and carbon emissions, see inside back cover.

To ensure compliance with regulations, MTN Nigeria rigorously monitors the KPIs set by the Nigerian Communications Commission.

Key strategic achievement

Driving sustainable growth through expanding digital services. MTN Nigeria is the country's no. 1 provider of local music.

Our large opco cluster and MTN Irancell performance and outlook

Zunaid Bulbulia
Group chief operations executive

- Net additions of 7,2 million
- Net promoter score (NPS) of 5% LA
- 14,9 million MTN Mobile Money subscribers

Subscribers ***100,7 million*** *(including joint ventures)*

Iran	44%
Ghana	13%
Cameroon	10%
Ivory Coast	8%
Uganda	10%
Syria	6%
Sudan	9%

Revenue ***R31,2 billion***

Ghana	22%
Cameroon	20%
Ivory Coast	21%
Uganda	17%
Syria	11%
Sudan	9%

EBITDA ***R11,4 billion***

Ghana	23%
Cameroon	23%
Ivory Coast	22%
Uganda	18%
Syria	6%
Sudan	8%

Capex ***R5 863 million***

Ghana	24%
Cameroon	15%
Ivory Coast	20%
Uganda	11%
Syria	6%
Sudan	24%

Key strategic achievements

Driving sustainable growth through enhancing MTN Mobile Money and financial service offerings.

Creating a distinct customer experience by measuring customer satisfaction with net promoter score.

MTN Irancell (financial numbers 49%)

	2014	2013	2015 guidance
Net additions ('000)	**2 566**	872	1 750
Revenue (Rm)	**11 631**	9 514	–
EBITDA margin (%)	**42,8**	42,8	–
Capex (Rm)	**3 112**	1 758	3 991

MTN Irancell delivered a good performance, increasing its subscriber base by 6,2% to 43,9 million. This was largely supported by segmented product offerings, successful subscriber acquisition campaigns, focused churn management as well as the launch of 3G services.

Total revenue increased by 14,3%* compared with the prior year, supported by improved distribution in Tehran and four other major cities, a high uptake of bolt-on packages and the expansion of the 3G network and value-added services. The operation was awarded a 3G and an LTE licence in August, which significantly enhanced data revenue in the fourth quarter. Data revenue increased by 96,3%* and now contributes 17,6% of total revenue. MTN Irancell now has 17,3 million active smartphones on its network and 15,1 million data users. On 22 December 2014 the regulator passed a resolution setting the maximum tariff for data at 0,5 IRR per KB for postpaid and 0,75 IRR per KB for prepaid customers.

MTN Irancell maintained its EBITDA margin at 42,8%, supported by the management of cost increases to below the rate of inflation.

MTN Irancell invested R6 350 million (100%) of capex during the year. It rolled out 621 LTE sites and 2 151 3G sites to support the launch of 3G services.

MTN Ghana

	2014	2013	2015 guidance
Net additions ('000)	**923**	1 195	1 100
Revenue (Rm)	**7 149**	8 269	–
EBITDA margin (%)	**37,4**	37,5	–
Capex (Rm)	**1 400**	1 690	1 254
MTN Mobile Money subscribers	**3 402**	2 111	–

MTN Ghana's performance was pleasing despite a weak macro-economic environment and tough competition. Subscribers increased by 7,1% to 13,9 million and market share was maintained at 50,5%. Price adjustments in the second half supported improvements in traffic and net additions.

Total revenue increased by 13,8%*, supported by prepaid voice and the 123%* growth in data revenue. Data contributed 18,8% to total revenue, underpinned by a meaningful increase in data users to approximately eight million. The strong growth in data was a result of improved 3G coverage, reduced data prices and a significant uptake of digital services. MTN Mobile Money delivered a strong performance with 3,4 million registered MTN Mobile Money customers.

MTN Ghana continues to focus on cost optimisation as the weakening of the cedi against the US dollar has resulted in significant pressure on fuel costs and other US dollar-denominated expenses. Despite this, MTN Ghana's EBITDA margin remained relatively flat at 37,4%, largely supported by the expiry of the management fee agreement on 31 March 2014.

During the year, MTN Ghana invested R1 400 million in the network, adding 112 3G sites and 64 2G sites. For details of our network performance, including our call set-up success, dropped call rate and network availability, see inside back cover.

Our large opco cluster and MTN Irancell performance and outlook *continued*

MTN Cameroon

	2014	2013	2015 guidance
Net additions ('000)	**947**	1 404	1 500
Revenue (Rm)	**6 194**	5 204	–
EBITDA margin (%)	**42,8**	42,6	–
Capex (Rm)	**862**	768	1 239
MTN Mobile Money subscribers	**1 606**	1 349	–

MTN Cameroon delivered a solid performance, increasing its subscribers by 10,9% to 9,7 million. On 31 December, the internal alignment of the subscriber reporting methodology resulted in the restatement of subscriber numbers to 9,7 million, a reduction of 1,6 million subscribers. Despite this, the operation maintained its leadership position with market share at 59,4%.

Total revenue increased by 6,9%*, supported by segmented voice and data offers focused on high-value customers and youth. This included the successful launch of new value propositions such as MTN Hyper Booster to stimulate on-net usage and data adoption. Data revenue increased by 35,4%*, contributing 8,1% to total revenue. This was a good performance despite the commercial launch of a third mobile operator in September 2014 with an exclusive 3G licence. MTN Cameroon is in negotiations with the regulator to receive a 3G licence in the first half of 2015. The operation ended the year with 1,6 million registered MTN Mobile Money customers and continued to focus on increasing its active subscribers and transaction volumes.

MTN Cameroon's EBITDA margin increased by 0,2 percentage points to 42,8% despite higher lease rental costs following the tower transaction.

Capex amounted to R862 million. During the year, we rolled out 125 new sites in advance of the 3G licence and made improvements to the quality and capacity of high traffic sites in the main cities.

MTN Ivory Coast

	2014	2013	2015 guidance
Net additions ('000)	**939**	999	800
Revenue (Rm)	**6 418**	5 480	–
EBITDA margin (%)	**38,6**	40,9	–
Capex (Rm)	**1 185**	830	800
MTN Mobile Money subscribers	**2 554**	1 465	–

MTN Ivory Coast delivered a strong performance despite tough competition. Subscribers increased by 13,3% to eight million and market share increased 1,3 percentage points to 39,2%.

Total revenue increased by 5,1%*, supported by growth in data revenue. Competitive tariffs, below-the-line offers and value-added services accelerated this growth trend. Data revenue increased by 33,7%* and now contributes 11,2% of total revenue. Total data users increased 4,4% year on year to 1,7 million. This was significantly boosted by the first 3G sites coming on air in the country.

We showed good progress with MTN Mobile Money, increasing registered subscribers by 74,3% to 2,6 million at the end of December. This was underpinned by bonus promotions on airtime and remittances between Ivory Coast and Burkina Faso.

The operation's EBITDA margin declined by 2,3 percentage points to 38,6%. Tough cost controls mitigated the impact of leasing costs from the tower company and the new 2% levy on revenue. MTN Ivory Coast spent R1 185 million on its capex programme, with a strong focus on 3G and fibre.

During the year, we rolled out 252 2G sites and 105 co-located 3G sites.

MTN Uganda

	2014	2013	2015 guidance
Net additions ('000)	**1 588**	1 106	1 200
Revenue (Rm)	**5 289**	4 467	–
EBITDA margin (%)	**39,2**	35,9	–
Capex (Rm)	**667**	553	959
MTN Mobile Money subscribers	**7 294**	5 176	–

MTN Uganda increased its subscriber base by 18,0% to 10,4 million, driven by bundled voice products, improved 3G coverage and increased take up of MTN Mobile Money. We increased our market share to 56,8% despite operating in a highly competitive market made up of six operators.

Total revenue increased by 6,8%*, supported by a 36,6%* increase in data revenue. By year-end, data contributed 24,7% to total revenue. Data trends were supported by value-added services and enhanced marketing. There remains significant opportunity for increased 3G penetration in the country.

MTN Mobile Money continued to perform well and recorded a 40,9% increase in registered subscribers to 7,3 million. Usage was stimulated by a wider mobile payment product range and a new enhanced technology platform.

MTN Uganda's EBITDA margin increased by 3,3 percentage points to 39,2% thanks to strong cost control.

Capex in the year amounted to R667 million, with 157 new 2G sites and 140 co-located 3G sites rolled out, improving quality and capacity on the network.

MTN Syria

	2014	2013	2015 guidance
Net additions ('000)	**33**	(200)	0
Revenue (Rm)	**3 449**	3 229	–
EBITDA margin (%)	**18,9**	17,4	–
Capex (Rm)	**357**	892	442

MTN Syria recorded a marginal increase in subscribers to 5,9 million in a very challenging operating environment. Total revenue increased 25,9%* and data revenue continued to gather pace, increasing by 108,3%*.

Despite high inflation, MTN Syria's EBITDA margin grew by 1,5 percentage points to 18,9%. The operation's performance will remain under pressure until the crisis in the country is resolved. Some of the key challenges remain security, transmission, power outages and insufficient fuel supply. Shortly after year-end, in January 2015, MTN Syria was awarded a long-term freehold licence by the Syrian authorities, to December 2034. This replaces the previous build, operate and transfer arrangement.

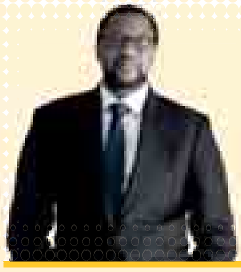
MTN Sudan

	2014	2013	2015 guidance
Net additions ('000)	**226**	842	750
Revenue (Rm)	**2 701**	2 496	–
EBITDA margin (%)	**33,8**	31,7	–
Capex (Rm)	**1 392**	1 072	447

MTN Sudan increased subscribers by 2,6% to 9 million, in a weak economy and faced with subscriber registration requirements. Revenue increased by 16,4%* and data revenue increased by 136,4%*, contributing 15,4% to total revenue. The growth in data was mainly attributable to attractive data bundles. The EBITDA margin expanded by 2,1 percentage points to 33,8% despite steep inflation. Capex in the year amounted to R1 392 million.

Who is responsible

Profiles of our board of directors



PF Nhleko (54)
Chairman and independent non-executive director
BSc (Civil Eng), MBA

Appointed: 28 May 2013

Board committee membership: Chairman: Nominations committee; Member: Remuneration and human resources committee.

Other directorships: Chairman of various companies in the MTN Group, chairman of Pembani Group (Pty) Limited, director of BP Plc, director of Anglo American Plc, Rapid African Energy, Afrisam (South Africa) (Pty) Limited, Afrisam Group (Pty) Limited, Opiconsivia Investments 230 (Pty) Limited.

Skills, expertise and experience: Strategic leadership and finance.

RS Dabengwa (57)
Executive director, Group president and CEO
BSc (Eng), MBA

Appointed: 1 April 2011 as CEO and to the board in 2001

Board committee membership: Chairman: Executive committee and attends various board committee meetings by invitation.

Other directorships: Chairman and director of various companies in the MTN Group, Long Street Property Development (Pty) Limited and Sea Star Motors (Pty) Limited.

Skills, expertise and experience: Emerging market telecommunications strategy, technical, operations and engineering.

B Goschen (50)
Executive director, Group chief financial officer
BCom, BCompt (Hons), CA(SA)

Appointed: 22 July 2013

Board committee membership: Member: Executive committee and attends various board committee meetings by invitation.

Other directorships: Director of various companies in the MTN Group.

Skills, expertise and experience: Accounting, finance and operations.

A Harper (58) *(British)*
Independent non-executive director
BA (Hons)

Appointed: 1 January 2010

Board committee membership: Chairman: Remuneration and human resources committee; Member: Nominations committee.

Other directorships: Director of various companies in the MTN Group, Eaton Towers Limited and Venture Partnership Foundation Limited.

Skills, expertise and experience: Telecommunications.

The board retains full and effective control over the Group and is responsible 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 available in the board charter.

KP Kalyan (60)
Independent non-executive director
BCom (Law) (Hons) Economics, Senior Executive Management Programme

Appointed: 13 June 2006

Board committee membership: Chairman: Social and ethics committee; Member: Risk management, compliance and corporate governance committee.

Other directorships: Director of various companies in the MTN Group, chairman of Edgo Merap (London), director of AOS Orwell Energy (Nigeria), Aker Solutions (Norway), alternate director at Hayleys Energy (Sri Lanka), Tallberg Foundation (Sweden), Thabo Mbeki Foundation Advisory Council and President Faure Gnassingbe (Togo) Advisory Investment Council.

Skills, expertise and experience: Economics and the energy sector.

NP Mageza (60)
Independent non-executive director
FCCA

Appointed: 1 January 2010

Board committee membership: Chairman: Risk management, compliance and corporate governance committee; Member: Audit committee; Social and ethics committee.

Other directorships: Director of various companies in the MTN Group, Remgro Limited, Sappi Limited, RCL Group, Eqstra Holdings Limited and Anglo American Platinum Limited.

Skills, expertise and experience: Accounting, banking and finance.

MLD Marole (54)
Independent non-executive director
BCom (Acc), Dip Tertiary Education, MBA, Executive Leadership Development Programme

Appointed: 1 January 2010

Board committee membership: Member: Risk management, compliance and corporate governance committee; Social and ethics committee.

Other directorships: Director of various companies in the MTN Group, Eyomhlaba Investment Holdings Limited, Richards Bay Mining (Pty) Limited, Santam Limited and the Development Bank of Southern Africa.

Skills, expertise and experience: Financial services.

AT Mikati (42) *(Lebanese)*
Non-executive director
BSc

Appointed: 18 July 2006

Board committee membership: Member: Nominations committee; Remuneration and human resources committee.

Other directorships: Director of various companies in the MTN Group, CEO of the M1 Group Limited (an international investment group with a strong focus on the telecommunications industry) and director of various companies in the M1 Group. He also serves on the boards of the Children Cancer Centre, the International College and Columbia University board of visitors.

Skills, expertise and experience: Telecommunications.

MJN Njeke (56)
Independent non-executive director
BCom, BCompt (Hons), CA(SA), H Dip Tax Law

Appointed: 13 June 2006

Board committee membership: Member: Audit committee; Risk management, compliance and corporate governance committee.

Other directorships: Director of various companies in the MTN Group, chairman of MMI Holdings Limited, Resilient Property Income Fund, Adcorp Holdings Limited and Silver Unicorn Trading 33 (Pty) Limited. Director of Serengethi Properties (Pty) Limited, Sameh Properties (Pty) Limited, South African Qualifications Authority and Sasol Limited.

Skills, expertise and experience: Finance and tax.

KC Ramon (47)
Independent non-executive director
BCompt, BCompt (Hons), CA(SA), Senior Executive Programme

Appointed: 1 June 2014

Board committee membership: Chairman: Audit committee (from 1 January 2015).

Other directorships: Director of various companies in the MTN Group, AngloGold Ashanti Limited, Lafarge and deputy chair of the Financial Reporting Standards Council of South Africa.

Skills, expertise and experience: Accounting and finance.

JHN Strydom (76)
Non-executive director
MCom (Acc), CA(SA)

Appointed: 11 March 2004

Board committee membership: Member: Risk management, compliance and corporate governance committee; Nominations committee; Remuneration and human resources committee.

Other directorships: Director of various companies in the MTN Group and director of Afrisam Group (Pty) Limited and Afrisam South Africa (Pty) Limited.

Skills, expertise and experience: Accounting and taxation.

F Titi (52)
Independent non-executive director
BSc Hons (Mathematics), MA (Mathematics), MBA

Appointed: 1 July 2012

Board committee membership: Member: Remuneration and human resources committee.

Other directorships: Director of various companies in the MTN Group, non-executive chairman of Kumba Iron Ore Limited and Investec Bank Limited, and joint chairman of Investec Limited and Investec Plc. Fani is a director and investor in the private equity firm Tsiya Group (Pty) Limited.

Skills, expertise and experience: Finance and banking.

AF van Biljon (67)
Lead independent non-executive director
BCom, CA(SA), MBA

Appointed: 1 November 2002

Board committee membership: Chairman: Audit committee (withdrawn 1 January 2015); Member: Nominations committee.

Other directorships: Director of various companies in the MTN Group, chairman and trustee of Standard Bank Group Retirement Fund and Liberty Group Pension and Provident Funds.

Skills, expertise and experience: Accounting and finance.

J van Rooyen (65)
Independent non-executive director
BCom, BCompt (Hons), CA(SA)

Appointed: 18 July 2006

Board committee membership: Member: Remuneration and human resources committee; Audit committee; Social and ethics committee.

Other directorships: Director of various companies in the MTN Group, various companies in the Uranus Group, Pick n Pay Stores Limited, Pick n Pay Holdings Limited, Exxaro Resources Limited and chairman of Financial Reporting Standards Council of South Africa.

Skills, expertise and experience: Accounting and finance.

Who is responsible *continued*

Profiles of our executive committee

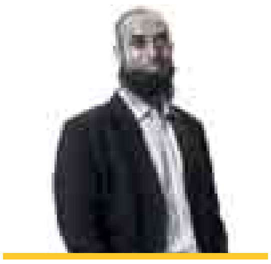
The executive committee facilitates the effective control of the Group's operational activities in terms of its delegated authority, approved by the board. It is responsible for recommendations to the board on the Group's policies and strategies, and for monitoring their implementation in line with the board's mandate. It meets at least monthly, and more often, as required.

RS Dabengwa (57)

Group president and chief executive officer

BSc (Eng), MBA

Executive since 1999



Z Bulbulia (45)

Group chief operations executive

BCom, BCompt (Hons), CA(SA)

Executive since 2013

JA Desai (57)

Group chief technology and information officer

BA (Hons), BCom

Executive since 2009

S Fakie (61)

Group chief business risk officer

BCom, BCompt (Hons), CA(SA)

Executive since 2007

A Farroukh (54)

(Canadian and Lebanese)

CEO: MTN South Africa

MBA, CPA

Executive since 2011

M Fleischer (53)

Group chief legal counsel

BProc, Advanced Tax Certificate

Executive since 2014

BD Goschen (50)

Group chief financial officer

BCom, BCompt (Hons), CA(SA)

Executive since 2012

M Ikpoki (45)

(Nigerian)

CEO: MTN Nigeria

LLB, BL

Executive since 2013

PD Norman (49)

Group chief human resources and corporate affairs officer

MA (Psych), MBA

Executive since 1997

M Nyati (50)

Group chief enterprise officer

BSc (Eng), Yale World Fellow

Executive since 2014

KW Pienaar (56)

Group chief strategy, mergers and acquisition officer

BSc (Eng)

Executive since 2001

PC Verkade (48)

(Dutch)

Group chief commercial officer

BMarketing

Executive since 2013

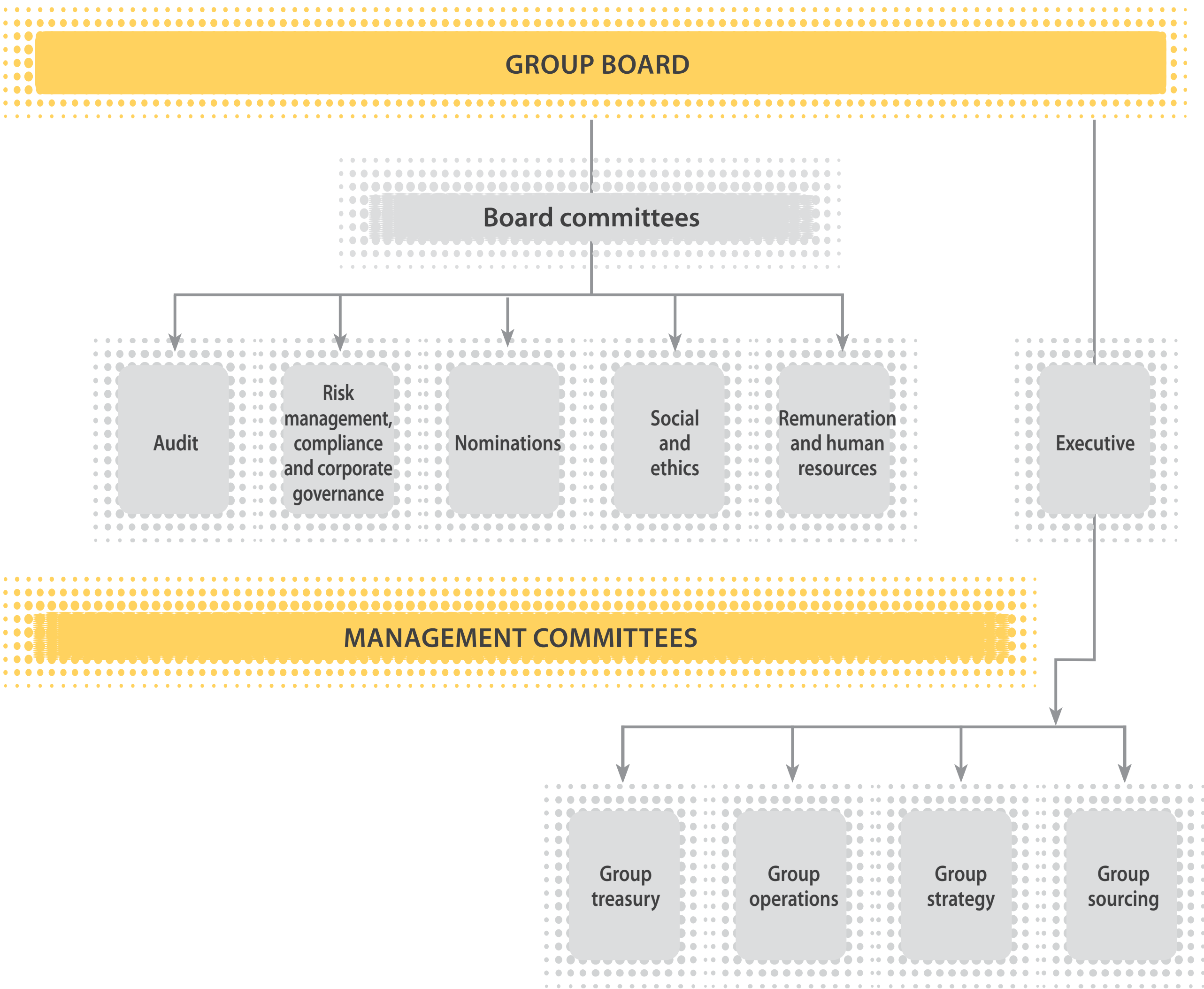
How we are governed

Summarised corporate governance report

Statement of commitment

The MTN Group is committed to the highest standards of ethical behaviour from our directors, management and employees. In line with this commitment, the Group continues to enhance and align policies, systems and processes to embed sound corporate governance principles and ethical standards. Guided by these principles and standards, directors and management are required to exercise rigorous ethical judgement in leading the Group and acting in the best interests of all stakeholders.

Governance structure



Terms of reference

In line with King III we annually review the terms of reference for all our committees and these are approved by the board. The terms of reference of the Group audit committee, the Group risk management, compliance and corporate governance committee, and the social and ethics committee were reviewed to remove the apparent overlaps in the roles of the committees.

Summarised corporate governance report continued

Our key achievements in 2014

In 2013 we undertook to cascade our governance structures and policies throughout the organisation. In 2014 we made progress in most areas, with numerous improvements implemented. We also continued to address challenges, taking appropriate steps to enhance our governance and regulatory compliance to ensure the long-term sustainability of our business.

Some of the achievements are highlighted below:

Governance policies and procedures

In 2014 we focused on embedding the policies approved in 2013 by creating awareness. We further ensured that effective measures for the monitoring and reporting of non-compliance were implemented and the outcomes escalated to management.

We implemented the conflict of interest policy, which had been approved in 2013. It is aimed at ensuring employees act in the best interests of the Group and do not profit from their position in the Company. The policy governs, among others, employees' relationships with suppliers, and circumstances where employees serve as directors of external organisations.

The conflict of interest policy is supported by the anti-bribery and corruption policy, which sets out the responsibility of employees and management towards the detection, prevention and reporting of fraud and all dishonest conduct. A confidential hotline is available to all employees to report suspected incidents of fraud.

A new electronic system for the declaration of conflicts of interests, and gifts received/returned, was rolled out throughout the Group. This system assists employees by making the declaration process accessible and user friendly, and the reporting process more efficient.

Governance structure

We continually strive to improve the effectiveness and quality of our governance structures, and ensure that they are further embedded in all our operating subsidiaries.

In 2014, a new director was appointed to the Group board and some of the board committees were reconstituted.

Two new executives, namely the Group chief legal counsel and the Group chief enterprise officer, were appointed to the executive committee. The Group chief operations executive and the CEO of MTN South Africa exchanged roles.

Changes were also made to a number of the MTN opco boards.

Board evaluation

The nominations committee, with the assistance of the Group secretary, is responsible for assessing the performance and effectiveness of the board, the committees and individual directors. The process is conducted annually. The assessments are confidential and cover a variety of subjects. The outcomes are discussed at a board meeting and any concerns are appropriately managed. The lead independent director is responsible for ensuring that the performance of the chairman is assessed annually.

When Phuthuma Nhleko was appointed as a non-executive chairman in May 2013, he was not considered to be independent as he had served MTN in an executive capacity within the previous three financial years.

However, during 2014, after having been away from any executive control of the business for more than three years, and there being no other factor undermining his impartiality, the board evaluated his independence. This evaluation was conducted in a formal and transparent manner, with the guidance of the Group independence review policy and the assistance of the Group secretary. It was carried out by the members of the nominations committee, led by the lead independent director. The board deliberated, and concluded that the chairman was independent. As a result, the board has recently reclassified the chairman as an independent non-executive director.

Given their length of tenure on the board, the board also carried out evaluations of lead independent director Alan van Biljon and non-executive director Jan Strydom. In line with good corporate governance practices and the JSE Listings Requirements, we also carried out evaluations of the performance of the CEO, the CFO and the Group secretary. The board was satisfied with the outcomes of all these evaluations.

As part of the annual board evaluation, the independence of other non-executive directors was reviewed as well.

Ethics

Ethics at MTN mean the continuous adherence to good business conduct, where we maintain a reputation of honesty, fairness and integrity and where there is zero tolerance for, and active opposition to, illegal or unethical practices and conduct.

We have endeavoured to identify and implement standards of conduct for business that will ensure the interests of our stakeholders are respected. Our code of ethics, together with the social and ethics statement and the employee conduct pledge, expresses MTN's standards of conduct for all employees and directors. MTN is strengthening its ethics identity through a systematic ethics management programme which has been implemented and is being monitored across the Group, (50).

Dealing in MTN shares

MTN has a policy that enforces closed periods, during which trading in MTN Group shares by directors, senior executives and employees is prohibited. The closed periods run from the end of the interim and annual reporting periods until the financial results are disclosed on SENS.

All directors' dealings in shares require the prior approval of the chairman of the board. Within 48 hours of trade, this information is disclosed to JSE Limited, and the details are published on SENS. The company secretary maintains a record of such trading and approvals.

In 2014, in a formal letter addressed to investment managers and associates of directors of the Company, we outlined the rules of the JSE Listings Requirements. We requested that each director forward this letter to relevant associates and investment managers to ensure that each is fully aware of the requirements.

How we are governed *continued*

Summarised corporate governance report continued

Our objectives for 2015

Our aim is to keep abreast of regulatory developments, further enhance our governance standards, monitor and ensure compliance with relevant laws and regulations, and cultivate a thriving ethical culture in the different geographies in which the Group operates. We also aim to maintain a high standard of reporting and disclosure, keeping in mind the best interests of our stakeholders, and disclosing what is relevant and critical to the sustainability of the Group.

The role of the board

The board is ultimately responsible for, among others:

- full and effective control of the Group;
- the adoption of strategic plans and the monitoring of operational performance;
- making sensible and informed business decisions and recommendations; and
- upholding the highest ethical standards of integrity and probity in all its decisions and business dealings.

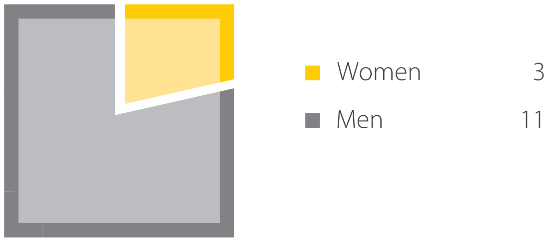
The **board charter** outlines the mandate of the board and its directors. The responsibilities of the board include:

- contributing to and approving the strategy;
- providing oversight of performance against targets and objectives;
- assessing the Group as a going concern;
- approving the annual and interim financial statements;
- providing effective leadership on an ethical foundation;
- overseeing key performance and risk areas;
- ensuring appropriate remuneration policies and practices;
- overseeing director selection, orientation and evaluation;
- ensuring balanced and understandable communication to stakeholders;
- overseeing relationships with stakeholders of the Company in line with sound governance principles;
- ensuring that the Company is playing its role as a responsible corporate citizen; and
- matters considered crucial for business success.

Diversity on the board

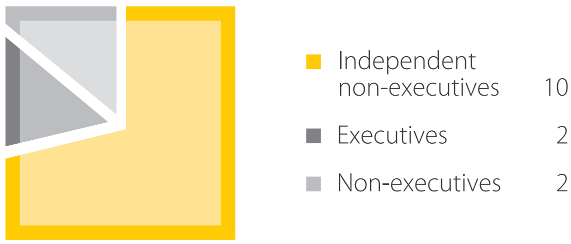
The Group has a unitary board, consisting of executive and non-executive directors. To promote objectivity and to reduce the possibility of conflicts of interest, the majority of directors are independent non-executives. The directors are diverse in their academic qualifications, industry knowledge and experience, race, and gender. This diversity enables them to provide the board with the relevant judgement to work effectively when conducting and determining the business affairs of the Company.

Diversity by gender



Female representation improved

Board independence



Length of tenure

0 – 3 years	4	B Goschen, PF Nhleko, KC Ramon, F Titi
3 – 6 years	3	A Harper, MLD Marole, NP Mageza
6 – 9 years	4	KP Kalyan, AT Mikati, MJN Njeke, J van Rooyen
9+ years	3	RS Dabengwa, JHN Strydom, AF van Biljon

Board appointment process

The nominations committee follows a rigorous and transparent procedure in the appointment. The selection process is conducted under the guidance of an approved policy and involves considering the existing balance of skills and experience of the directors, and an assessment of the needs of the company. The recommendations of the nominations committee are presented to the board for consideration and approval.

Roles of the chairman and Group president and CEO

The chairman is responsible for the leadership of the board, which involves exercising sound judgement based on knowledge and experience. The chairman also builds the capabilities of other directors by understanding the strengths and weaknesses of the board and aligning them with tasks and goals to optimise performance. The chairman facilitates the deliberation of issues, ensuring that strategic decisions are aligned with the Company's defined vision, values and objectives.

The Group president and CEO, supported by the executive committee (exco), is responsible for the day-to-day management of the Group and the development, implementation and monitoring of the delivery of the Group's strategy.

The roles and duties of the non-executive chairman, and the Group president and CEO are separate and clearly defined. This division of responsibilities ensures a balance of authority and power, with no individual having unrestricted decision-making powers.

Lead independent director

Although the board has found the chairman to be independent, the lead independent director, Alan van Biljon, is retained to provide guidance to the board should a situation arise where the impartiality of the chairman is impaired or there is a perceived conflict of interest.

Group secretary

The board is assisted by a competent and suitably qualified Group secretary who has over 25 years of company secretarial experience. The Group secretary is not a director of the company and has an arm's length relationship with the board. Further details of her qualifications are on the website. Directors engage with the Group secretary for governance and regulatory advice. Other services provided by the Group secretary include monitoring the implementation of board decisions and proper administration of the board and ensuring that sound ethical and governance standards are implemented.

The Group secretary also ensures that the annual calendar of meetings is properly aligned with the business cycle and that the electronic meeting packs are made available to the directors at least seven days before a meeting, thereby ensuring adequate preparation time for meetings.

The performance of the Group secretary, as well as her relationship with the board, is assessed on an annual basis. The board, with the assistance of the nominations committee, has considered the competencies, qualifications and experience of the Group secretary and also whether she maintains an arm's length relationship with the board. The board is satisfied that she is suitably qualified to fulfil the role.

Summarised corporate governance report continued

Delegation of authority

Our governance framework provides for delegation of authority while enabling the board to retain effective control. The board delegates authority to relevant board committees, and the Group president and CEO, with clearly defined mandates and authorities, while not abdicating its accountability. Although the board has entrusted its authority to various key individuals and committees, there are a few matters that are reserved for board deliberation and decision. The Group president and CEO is closely assisted by the Group secretary in monitoring and maintaining the delegation of authority. The delegation of authority is reviewed on an annual basis.

Directors' induction and ongoing development

Upon appointment, directors undergo a formal induction programme and are provided with recent board materials, and an induction manual containing information which provides them with an in-depth understanding of the Group and its operations. The manual includes the board's and committees' terms of reference, significant policies and procedures, and relevant Company information. The induction also outlines the directors' fiduciary and statutory duties and provides guidance on all legal and governance obligations, and other matters that directors should be aware of. Directors also receive regular and informative updates and training on legislative, regulatory and any other business-related changes throughout their tenure. They are also encouraged to discuss their development needs with the chairman and are provided with training, where necessary. As part of the induction programme, the Group secretary also facilitates site visits to the operating subsidiaries, as well as meetings between directors and senior executives of the Company, in order for them to understand fully how the Company operates and to build good work relations between directors and executives.

Board strategy sessions

In addition to the conventional annual Group strategy session and in an effort to increase the frequency of board and management engagement on strategy and to improve strategic dialogue, a mid-term board strategy review process was held to review strategic initiatives that had been previously approved. The review affords the board an opportunity to reaffirm strategic direction.

Board committees

Board committees facilitate the discharging of board responsibilities by focusing on specific, specialist areas. Each committee operates under an approved terms of reference, which are reviewed annually. The terms of reference for each committee set out its role, responsibilities, scope of authority and composition.

The board is satisfied that the board committees, set out in detail below, are appropriately structured and competent to deal with both the Company's existing and emerging issues, and that they have effectively discharged their responsibilities during the year under review.

Attendance

Over and above the board and committee meetings, additional ad hoc board meetings were held to address various board initiatives. These meetings are not included in the register of attendance of meetings. The total number held during the year is 9; and they have been accounted for in the fee schedule (66).

Attendance of meetings

Directors	Scheduled board meetings	Audit committee	Nominations committee	Remuneration and human resources committee	Risk management, compliance and corporate governance committee	Social and ethics committee
PF Nhleko	4/4		2/2	4/4[2]		
A Harper	4/4		2/2	4/4		
KP Kalyan	4/4				4/4	4/4
MLD Marole	4/4				4/4	4/4
NP Mageza	4/4	4/4			4/4	4/4
AT Mikati	4/4		2/2	4/4		
MJN Njeke	4/4	4/4			4/4	
KC Ramon[1]	2/4	2/4[2]			2/4[2]	
F Titi	4/4			4/4		
JHN Strydom	4/4			4/4	4/4	
AF van Biljon	4/4	4/4	2/2		4/4[2]	
J van Rooyen	4/4	4/4		3/4	1/4	4/4
RS Dabengwa	4/4	4/4[2]		4/4[2]	4/4[2]	4/4[2]
BD Goschen	4/4	4/4[2]		4/4[2]	4/4[2]	

[1] Appointed 1 June 2014.
[2] By invitation only.

How we are governed *continued*

Summarised corporate governance continued

	Committee	Terms of reference	Year under review
Audit committee	AF van Biljon (chairman)[1] KC Ramon (chairman)[2] NP Mageza MJN Njeke J van Rooyen	Assists the board in discharging its duties relating to: ■ safeguarding the assets of the Group; and ■ monitoring the operations, financial systems and control processes, including internal financial controls, and the preparation of financial statements and related financial reporting in compliance with all applicable legal requirements and accounting standards.	■ Rotation of chairmanship. ■ An annual audit was conducted by independent, competent and qualified auditors to provide external and objective assurance to the board and shareholders that the financial statements fairly represent the financial position and performance of the Company in all material respects. ■ Ensured the integrity of the Company's accounting and financial reporting systems, including internal audit. ■ Made sure that appropriate systems of control, in particular systems for financial and operational control, were in place and ensured compliance with the law and relevant standards. *More information on the audit committee is set out in the audit committee report in the AFS.* AFS
Risk management, compliance and corporate governance committee	J van Rooyen[3] (chairman) KP Kalyan NP Mageza[4] (chairman) MLD Marole MJN Njeke JHN Strydom	Improves the efficiency of the board and assists it in discharging its duties, which include: ■ identifying, considering and monitoring risks impacting the Company; ■ ensuring compliance with prevailing legislation and other statutory requirements, including voluntary corporate governance frameworks; and ■ taking responsibility for the sustainability framework and sustainability reporting for the MTN Group.	■ Rotation of chairmanship. ■ Continued to focus on the combined assurance methodology. ■ Monitored the Company's risk management framework and internal control systems in order to manage the Company's material business risks. ■ Reviewed the strategic, financial and operational risks inherent in operating in telecoms, and assessed management's responses to these. ■ Ensured IT governance was given a wider platform on the committee's agenda, requesting more comprehensive reporting on IT governance risks and monitoring of progress. ■ Continued to monitor the management of new and emerging risks. ■ Assisted in monitoring the corporate governance framework, including regulatory and listing requirements and business practices, to maintain and strengthen risk management. ■ Recommended various governance policies for approval by the board.

[1] Withdrawn as a member and chairman on 1 January 2015.
[2] Nominated as a member and chairman on 1 January 2015.
[3] Withdrawn as a member and chairman on 4 March 2014.
[4] Nominated as chairman on 4 March 2014.

Committee		Terms of reference	Year under review
Social and ethics committee	KP Kalyan (chairman) NP Mageza MLD Marole J van Rooyen	Performs an oversight and monitoring role in partnership with other committees to ensure that MTN business is conducted in an ethical and properly governed manner, and to develop or review policies, governance structures and existing practices. The committee's responsibilities include: ■ Holding the Group president and CEO accountable for MTN's ethics performance; ■ Monitoring activities with respect to legislation, other legal requirements, and codes of best practice; ■ Good corporate citizenship; ■ Environment, health and public safety; ■ Promotion of equality and prevention of unfair discrimination; ■ Prevention of fraud, bribery and corrupt practices; ■ Deterrence of human rights violations; ■ Consumer relations; and ■ Labour and employment.	*Details in the social and ethics committee report* (50)
Remuneration and human resources committee	A Harper (chairman) AT Mikati PF Nhleko JHN Strydom F Titi J van Rooyen (appointed on 4 March 2014)	Oversees the formulation of a remuneration philosophy and human resources strategy to ensure that MTN employs and retains the best human capital possible relevant to its business needs and maximises the potential of its employees.	■ Ensured that MTN's remuneration strategies and policies are designed to attract, motivate and retain quality employees. ■ Recommended the advisory note on the remuneration philosophy which was ultimately reviewed and endorsed by shareholders; ■ Benchmarked MTN's remuneration against competitor companies; and ■ Recommended the non-executive directors' fees for endorsement by the board and approval by shareholders.
Nominations committee	PF Nhleko (chairman) A Harper AT Mikati AF van Biljon	Nominates board members and senior management. Makes recommendations to the board on the composition of the board and board committees, and on the development of directors.	■ Ensured a formal and transparent board nomination and election process (guided by our director appointment policy) in the appointment and induction of a new director. ■ Conducted an independence review on the directors serving the board for a period in excess of nine years. ■ Conducted an in-depth independence review on the board chairman. ■ Evaluated and recommended the retiring directors and audit committee members for re-election. ■ Evaluated by the Group secretary ■ Engaged external service providers for the board evaluation process.

External advisers

From time to time, the board and its committees make use of external advisers who advise on a variety of matters that require board consideration and approval. In 2014, the board and its committees made use of several advisers.

Risk management

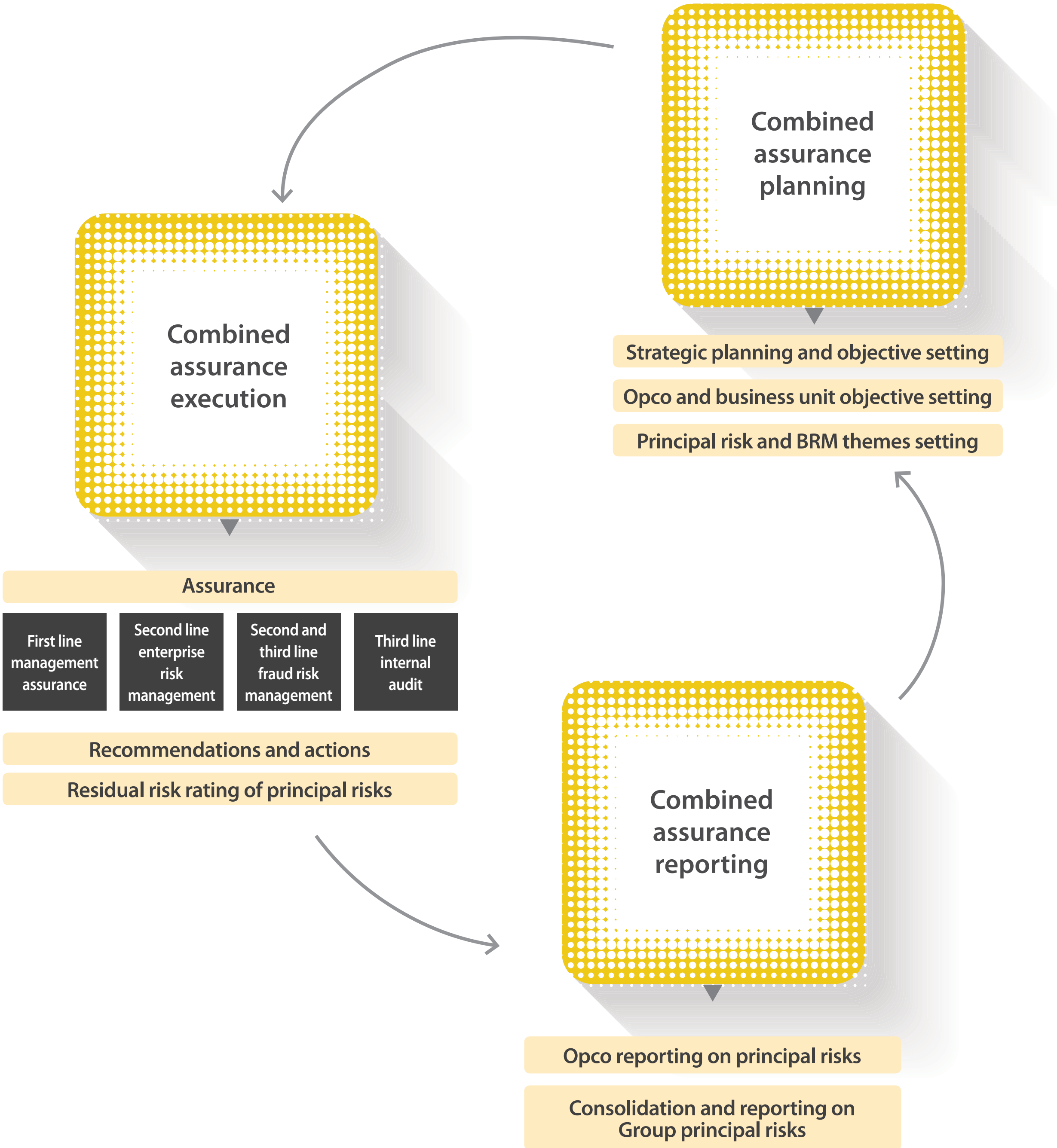
Our risk management process

Combined assurance methodology

The MTN board understands and takes accountability for all risks that potentially affect the achievement of its strategic priorities and has delegated the responsibility for overseeing the adequacy and effectiveness of risk management to the audit and risk committees.

With the objective of ensuring a more integrated approach to managing risks that threaten the organisation, our business risk management division follows a combined assurance methodology in line with the requirements of King III.

The overview of our combined assurance methodology is set out below:



MTN's objectives are to instil greater risk awareness throughout the organisation, standardise the approach to risk management and to embed the process into the day-to-day running of the business.

Derived from our combined assurance methodology, MTN has implemented robust risk management frameworks which consist of proactively identifying and understanding the factors and events that may impact the achievement of our strategic and business priorities, then managing them through effective mitigation plans, internal controls and monitoring and reporting processes. This is known as enterprise risk management.

The Group's business risk management function is responsible for ensuring the existence of an effective policy and framework for risk management and driving the implementation of these throughout the Group.

Business risk management is a support function responsible for the disciplines of enterprise risk management, internal audit and fraud risk management and coordination of combined assurance across the Group. The business risk management function has a staff complement of more than 230, comprising risk, internal audit, fraud risk and forensic specialists across the 22 countries in which we have operations. Of the total, more than two-thirds are internal audit specialists. The internal audit discipline within business risk management is independent of the risk management discipline.

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, compliance and corporate governance committee.

How we are governed *continued*

Risk management continued

Aligning risk management and corporate governance

MTN recognises that risk management and internal control are an integral part of good corporate governance. MTN's overall governance structure and integrated risk management framework (46) guide the operation of our business units, which are primarily responsible and accountable for risk management.

MTN's objectives are to instil greater risk awareness throughout the organisation, to standardise the approach to risk management and to embed the process into the day-to-day running of the business.

Business continuity and crisis risk management

In the year, MTN made significant advances in its business continuity management (BCM) work. The MTN BCM programme establishes a fit-for-purpose strategic and operational framework that:

- Establishes MTN Group executives' commitment to manage business continuity and resilience across the Group in the event of a disruptive incident;
- Establishes the basic principles and framework necessary to ensure effective response, resumption, recovery and restoration of MTN's operations and business activities following a disruptive event;
- Establishes the adaptive and proactive measures required to proactively improve MTN's resilience to disruption to its key objectives;
- Provides a rehearsed method of restoring MTN's ability to supply its key products and deliver its critical services to an agreed service level within an agreed time after a disruption; and
- Delivers a proven capability to manage disruptions and protect MTN's reputation and brand.

Through a comprehensive, systematic approach and response to business continuity and recovery, MTN ensures effective measures are in place to protect its people, facilities, technology, information, supply chain, stakeholders, reputation and brand. With that recognition, MTN can then take a realistic view of the responses that are likely to be needed as and when a disruption occurs, so that it can be confident that it will manage any consequences without an unacceptable delay in delivering its products or services.

In 2014, MTN defined a crisis management framework and will implement an organisation-wide programme in 2015.

- Improve awareness of the potential for, and the general nature of, incidents and crises, to enable the organisation to avert crises where possible;
- Develop and implement an organisational capability to deal with abnormal or unstable situations that threaten MTN's strategic objectives, reputation or viability;
- Improve MTN's resilience in order to withstand the effects of a crisis and to ensure a timely response to a crisis that does occur;
- Minimise legal and reputational risk;
- Identify useful lessons/experiences in order to develop and improve crisis management practices over time; and
- Ensure synergy with business management processes and business continuity arrangements.

Insurance and risk transfer

The MTN insurance programme is built around the close connection between risk management and insurance, using an annual assessment of risk management at each operating company. To achieve this, there is a strong commitment to the risk management assessment process, improving operational management's adoption of risk management best practice, and to reducing risks across the entire insurance programme.

MTN has a comprehensive insurance programme in place that covers perils such as physical/material damage, business interruption, political risk, public liability, directors' and officers' liability, crime, and professional indemnity. The limits of indemnity for this cover have been structured to ensure that MTN has adequate cover for its risks and at the same time ensure that the Group gets maximum value from the programme and that premium spend is efficient. 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 retention levels differ from policy to policy, guided by the nature of the risk being transferred.

We have implemented a cell captive structure to support the insurance programme and we continue to build the captive's capacity for additional risks which may best reside within it.

MTN continues to build its cell captive to take on additional risks. This includes financial lines (fidelity guarantee, professional indemnity, D&O) cover for Iran, Sudan and Syria which are uninsurable due to sanction constraints and/or political violence. We have no political violence cover in place for Syria and Sudan and no political risk cover in place for Syria, Sudan or South Sudan. Other operations that are not covered under this placement are South Africa, Botswana, Cyprus and Swaziland, as risk is perceived as low in these countries. Afghanistan is covered under a Multilateral Investment Guarantee Agency placement and Iran is covered under an Export Credit Insurance Guarantee Agency.

Information and technology governance

MTN acknowledges information and technology as integral strategic assets to the business in delivering a bold new digital world to customers. MTN's commitment to sound governance is supported by ongoing activities and efforts in embedding the King III Code of Corporate Governance principles and recommendations, with specific focus on technology governance, through the establishment of various responsibilities, processes and supporting governance structures.

In 2014, the Group information security officer (GISO) and team developed an information security framework and will continue to monitor the roll-out in 2015 of the security framework in line with the deployment plan.

Adequate effort at all levels and proper risk management practices will continue to ensure that technology governance is fully integrated across all MTN operations and that current and emerging information security risks, such as cybersecurity and data privacy, are proactively addressed.

Fraud risk management

MTN Group's fraud risk management strategy continues to evolve to meet the dynamic shifts in international fraud risk trends. Historically, MTN has focused on fraud detection and response; however, greater emphasis is now being placed on proactive fraud prevention strategies. The significant components of MTN's fraud prevention strategy are the effective integration of fraud risk management within a combined assurance environment, the roll-out of the MTN Group ethics framework and greater organisational fraud awareness.

The highlights of the 2014 proactive fraud risk management strategy included:

- A Group-wide fraud risk awareness campaign aligned with international fraud awareness week, held during November;
- Participation in the National Business Initiative (NBI)/UN Global Compact case study – Mainstreaming Integrity in Business Practice: Company Case Studies on Anti-Corruption in South Africa;
- The development and roll-out of the anti-bribery and corruption training programme;
- The revision and Group-wide launch of the MTN Group whistleblowing and MTN Group anti-fraud and zero tolerance policies; and
- The development and implementation of a comprehensive fraud risk alert framework to ensure appropriate and effective communication of emerging fraud risk trends to all MTN operations.

During 2015, we will focus on the following initiatives:

- The continued roll-out of the MTN Group anti-bribery and corruption policy, including training of employees;
- The revision of the fraud risk universe and effective implementation of fraud risk within the enterprise risk management framework;
- Continuous fraud awareness campaigns and the development of specific fraud detection/prevention training for employees in high-risk fraud areas; and
- The evaluation and implementation, where applicable, of continuous control monitoring to specifically focus on fraud prevention controls.

Fourteen MTN operations have dedicated forensic personnel while the rest of the operations are supported by the local internal audit and enterprise risk management functions or the Group fraud risk management function.

The majority of identified fraud incidents are reported via internal channels as employees prefer to report potential fraud incidents directly to the investigation team. However, MTN continues to provide employees and other relevant stakeholders with access to an anonymous reporting facility, managed by Deloitte.

In 2014, MTN received 260 whistleblowing reports (2013: 687). The main reason for the decrease in fraud reporting is the redirection of customer-specific fraud complaints to dedicated complaints-handling channels, to improve customer service. All whistleblowing reports received are investigated and feedback is provided to the Group audit and risk committee structures to ensure that we maintain independent governance.

MTN Group's current top fraud risks are:

- Procure-to-pay associated fraud risks;
- Products and services-related fraud risks (including distribution channels);
- Financial services-related fraud risks; and
- Cybercrime and confidential information leakage.

Internal audit

The MTN Group and all its subsidiaries embrace the principles of the King III report and recognise the significant opportunities that present themselves to companies that do so.

Internal audit's role is that of an objective and independent value-adding assurance provider that embraces a risk-based auditing approach, in line with King III, to the Group exco and board. It considers the risks that may hamper the achievement of strategic priorities and further determines the effectiveness of MTN's systems of internal control and risk management.

MTN's internal audit has adopted a combined assurance model as a coordinated approach to all assurance activities. MTN has dedicated teams that perform internal audits across the Group and its subsidiaries. Internal audit reports functionally to the audit committee and administratively to the Group president and CEO. Its independence is explicitly stated within the business risk management charter that is approved annually. Internal audit assurance is guided by extensive and proactive risk assessment. Internal audit coverage is extended to all operations and all high-risk processes in line with the internal audit methodology.

In 2014, more than 167 000 hours were spent on internal audit activities. This was lower than anticipated because of cost considerations and restrictions on travel to certain MTN markets.

Social and ethics committee chairman's report

Composition of MTN's social and ethics committee

The committee is constituted as a statutory committee of the Company in respect of its statutory duties in terms of sections 72(4) and (5) of the Companies Act, 2008, read with regulation 43 of the Companies Regulations, 2011, which states that all listed public companies must establish a social and ethics committee. The committee, despite being a statutory committee, is constituted by the board and fulfils the required functions on behalf of all subsidiaries. The board has delegated oversight of MTN's ethics management to the social and ethics committee through which the board holds the CEO accountable for MTN's ethics performance.

Terms of reference

During 2014, the committee revised its terms of reference to remove overlaps and duplications in the role of the committee and other committees. The committee and the board adopted the revised terms of reference, which are (37) of the Group's corporate governance report.

Committee members and their attendance at meetings

The committee, which met four times in the year, is made up of four members, all of whom are independent non-executive directors.

Members	Attendance
KP Kalyan (chairman)	4/4
NP Mageza	4/4
MLD Marole	4/4
J van Rooyen	4/4

The remuneration of members for 2014 is on page 66 of the remuneration report and the proposed fees for 2015 are disclosed in the notice to the annual general meeting.

Role of the social and ethics committee

The committee performs an oversight and monitoring role in partnership with the risk management, compliance and corporate governance committee to ensure that MTN's business is conducted in an ethical and properly governed manner and to develop or review policies, governance structures and existing practices which guide the Company's approach to new and emerging challenges.

Implementation of MTN's ethics management strategy

MTN's approach to ethics management involves key systemic capabilities, grounded in leadership commitment, personal and organisational values, business principles, regulatory imperatives and our commitment to key global responsibility protocols.

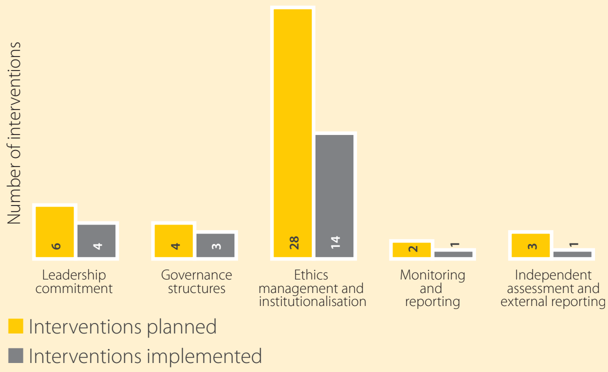
The Company has embarked on a long-term sustainable ethics management intervention under which MTN's first independent ethics risk assessment was completed in 2014. The assessment resulted in the emergence of the MTN Group's ethics risk profile which formed the basis for MTN's ethics strategy, designed to address MTN's most critical ethics risks. It does so essentially through galvanising the Company's ethics governance and management capabilities and the leadership commitment required to embed and sustain ethics across all opcos.

MTN's ethics strategy necessitated the mobilisation of opcos to ensure that the strategy impacts the Group of companies to bring about a corporate culture with a distinct ethics identity. MTN's ethics strategy comprises 43 interventions designed to develop and strengthen:

- leadership commitment;
- governance structures;
- ethics management (comprising ethics risk assessment; ethics strategy development; code and ethics policy development; and institutionalisation);
- monitoring and internal reporting; and
- independent assessment and external reporting.

Progress on the implementation of the ethics strategy has demanded extensive collaboration and the development and exercising of new ethics management capability across the Group.

Status of MTN's ethics strategy implementation



Progress in 2014 on elements of the ethics management framework

Governance of ethics	The governance of ethics at MTN is directed through an independent ethics risk assessment and profiling that forms the basis for the Company's ethics risk mitigating strategies. The Ethics Institute of South Africa completed the MTN Group's first independent comprehensive ethics risk assessment, ethics risk profile and ethics risk mitigating strategy.
Code and policies	The committee commissioned several initiatives to mitigate the risks associated with bribery and corruption in the workplace. The following priority ethics and compliance policies were developed to ensure crucial aspects of ethics are governed and managed appropriately and with effect: ▪ Adoption of the whistle-blowing policy; and ▪ Adoption of the anti-fraud and zero-tolerance policy. An online register for the declaration of conflicts of interest and an online gifts register represent two significant means of aiding policy implementation across the Group. All new employee contracts across the Group now include the employee conduct pledge, while existing employees continue with the voluntary endorsement of the pledge.
Ethics governance structures	The committee has, in fulfilling its mandate, continued to ensure collaboration between its own activities and those of other board committees and operational structures such as the board's risk and compliance committee. Ethics officer capability has been established through the certification and registration of the MTN Group's first ethics officers with the Ethics Institute of South Africa. Five MTN ethics officers successfully completed the Ethics Officer Certification Programme (EOCP) through the University of Stellenbosch's business school. Opco board audit and risk committees' terms of reference have been expanded to ensure that opco ethics management is effective, following a strategy informed by the negative and positive risks the opco faces. In-country audit and risk committees further ensure that: ▪ structures, systems and processes for ethics management are understood and applied in the opco; ▪ the opco board, employees and supply chains are familiar with and adhere to the Company's ethical standards; ▪ the opco's ethics performance is reported on against agreed measures; ▪ ethics is included in the scope of internal audit; ▪ ethics is embedded in the opco; and ▪ opco ethics performance is reported on to the Group social and ethics committee.
Institutionalisation and reporting	▪ Implementing Group-wide metrics to measure ethics programme success. ▪ Piloting of the "MTN Shine" global recognition programme which integrates ethical and other vital behaviours into its recognition categories. ▪ Launch of a comprehensive ethics management toolkit to further enable opcos in driving an ethical culture. ▪ The MTN Group of companies held a five-day fraud awareness campaign in November 2014 which coincided with International Fraud Awareness week. ▪ Launch of the Group-wide "Keep it ethical" communications campaign. ▪ Utilisation of multiple internal communication channels to educate staff on a range of ethics issues, eg new policies, ethical decision-making, and online learning dealing with ethics in the workplace. Communication channels used to date include Y'ello Magazine, MTN TalkTime and Y'ello Buzz. ▪ Following the MTN Group board's training in 2013, select e-learning offerings are now mandatory for the following groups: • General staff • Line managers • Functional heads • Audit divisions • Ethics champions • Ethics task teams • In-country audit and risk committees ▪ Shared learning is facilitated by showcasing exceptional ethics management practice across MTN opcos. ▪ The committee secured independent confirmation on the progress of implementation against MTN's ethics strategy.

KP Kalyan
3 March 2015

Independent assurance report

Independent assurance report to the directors of MTN Group Limited

We have been engaged by the directors of MTN Group Limited (MTN) to perform an independent assurance engagement in respect of selected identified sustainable development information included in MTN's integrated annual report for the year ended 31 December 2014 (the report). This report is produced in accordance with the terms of our contract with MTN dated 14 November 2014.

Independence and expertise

We have complied with the International Federation of Accountants' Code of Ethics for Professional Accountants, which includes comprehensive independence and other requirements founded on fundamental principles of integrity, objectivity, and professional competence and due care, confidentiality and professional behaviour. Our engagement was conducted by a team of environmental and assurance specialists with experience in sustainability reporting.

Scope and subject matter

The subject matter of our engagement is the Group level data unless otherwise indicated, and the related level of assurance that we are required to provide is as follows:

Limited assurance

The following identified sustainable development information in the report presented on the inside back cover was selected for an expression of limited assurance:

1. Quality of service in MTN South Africa, Nigeria and Ghana operating companies (opcos) measured by:
   - network availability – %
   - call setup success rate – %
   - dropped call rate – %
2. MTN Foundation spend – ZAR.
3. Employee culture survey result – overall performance %.
4. MTN Fraud Management Framework implementation – percentage of operating companies (opcos) that have fully implemented selected proactive and reactive fraud risk reporting items in their audit committee packs during the course of the 2014 reporting period.
5. MTN whistle-blower hotline data – number of fraud-related incidents reported.
6. Energy spend in MTN Nigeria – ZAR.
7. Energy use in MTN Nigeria – kWh for electricity and Kℓ for diesel.
8. Carbon emissions in MTN Nigeria – Scope 1 and 2 in tCO_2e.
9. Net Promoter Score for South Africa, Nigeria, large opco cluster and small opco cluster – %.

We refer to this information as the "subject matter selected for limited assurance".

We have not carried out any work on data reported for prior reporting periods, nor have we performed work in respect of future projections and targets. We have not conducted any work outside of the agreed scope and therefore restrict our opinion to the subject matter selected for limited assurance.

Respective responsibilities of the directors and PricewaterhouseCoopers Inc.

MTN's directors are responsible for the selection, preparation and presentation of the subject matter selected for limited assurance in accordance with MTN's internally defined procedures set out on MTN's website https://www.mtn.com/Investors/FinancialReporting/Pages/IntegratedReports.aspx, and for the development of the reporting criteria. The directors are also responsible for designing, implementing and maintaining internal controls as the directors determine is necessary to enable the preparation of the selected identified sustainable development information that is free from material misstatements, whether due to fraud or error.

Our responsibility is to form an independent conclusion, based on our limited assurance procedures, on whether anything has come to our attention to indicate that the subject matter selected for limited assurance is not stated, in all material respects, in accordance with the reporting criteria.

This report, including the conclusions, has been prepared solely for the directors of MTN as a body, to assist the directors in reporting on MTN's sustainable development performance and activities. We permit the disclosure of this report within the report for the year ended 31 December 2014, to enable the directors to demonstrate they have discharged their governance responsibilities by commissioning an independent assurance report in connection with the report. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the directors as a body and MTN for our work or this report, save where terms are expressly agreed and with our prior consent in writing.

Assurance work performed

We conducted our assurance engagement in accordance with International Standard on Assurance Engagements 3000: Assurance Engagements other than Audits and Reviews of Historical Financial

Information (ISAE 3000), and, in respect of greenhouse gas emissions, International Standard on Assurance Engagements 3410: Assurance Engagements on Greenhouse Gas Statements (ISAE 3410), issued by the International Auditing and Assurance Standards Board. These standards require that we comply with ethical requirements and that we plan and perform the assurance engagement to obtain limited assurance on the selected identified sustainable development information as per the terms of our engagement.

Our work included examination, on a test basis, of evidence relevant to the subject matter selected for limited assurance. It also included an assessment of the significant estimates and judgements made by the directors in the preparation of the subject matter selected for limited assurance. We planned and performed our work so as to obtain all the information and explanations that we considered necessary in order to provide us with sufficient evidence on which to base our conclusion in respect of the subject matter selected for limited assurance.

Our procedures relating to the subject matter selected for limited assurance primarily comprised:

- reviewing the processes that MTN has in place for determining the subject matter selected for limited assurance included in the report;
- obtaining an understanding of the systems used to generate, aggregate and report the subject matter selected for limited assurance;
- conducting interviews with management at corporate head office;
- evaluating the data generation and reporting processes against the reporting criteria;
- performing key controls testing and testing the accuracy of data reported on a sample basis at two opcos material to Group reported data for the subject matter selected for limited assurance; and
- reviewing the consistency between the subject matter selected for limited assurance and related statements in MTN's report.

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement under ISAE 3000. Consequently, the nature, timing and extent of procedures for gathering sufficient appropriate evidence are deliberately limited relative to a reasonable assurance engagement, and therefore less assurance is obtained with a limited assurance engagement than for a reasonable assurance engagement.

The procedures selected depend on our judgement, including the assessment of the risk of material misstatement of the subject matter selected for limited assurance, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation of the subject matter selected for limited assurance in order to design procedures that are appropriate in the circumstances.

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

Inherent limitations

Non-financial performance information is subject to more inherent limitations than financial information, given the characteristics of the subject matter and the methods used for determining, calculating, sampling and estimating such information. The absence of a significant body of established practice on which to draw allows for the selection of different but acceptable measurement techniques which can result in materially different measurements and can impact comparability. Qualitative interpretations of relevance, materiality and the accuracy of data are subject to individual assumptions and judgements. The precision of different measurement techniques may also vary. Furthermore, the nature and methods used to determine such information, as well as the measurement criteria and the precision thereof, may change over time. It is important to read the report in the context of the reporting criteria.

In particular, where the information relies on factors derived by independent third parties, our assurance work has not included examination of the derivation of those factors and other third-party information.

Conclusions

Based on the results of our procedures nothing has come to our attention that causes us to believe that the subject matter selected for limited assurance for the year ended 31 December 2014, has not been prepared, in all material respects, in accordance with the reporting criteria.

Other matter

The maintenance and integrity of MTN's website is the responsibility of MTN's management. Our procedures did not involve consideration of these matters and, accordingly, we accept no responsibility for any changes to either the information in the report or our independent assurance report that may have occurred since the initial date of presentation on the MTN website.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: Jayne Mammatt
Registered auditor

Johannesburg

9 March 2015

How we remunerate our people

Report from the remuneration committee chairman

I am delighted to provide an account of the remuneration and people management report for 2014. I am also pleased to share the key milestones achieved during the year, the challenges faced and our focus for 2015 onwards.

In order for MTN to reinforce our leadership position, we continue to focus on innovation and the expansion of our digital offerings. Having the right organisation, culture and people development constructs are key to executing this strategy.

Achievements

The main focus during 2014 was to continue our operating model transformation in order to simplify the organisation's structure through a combination of managed and shared services operating models. These models presented MTN with more flexibility and capacity to pursue new digital and ICT opportunities. The organisation structure simplification has allowed us to reduce headcount by 12,7% in the year. The success of this initiative was evident in our ability to exceed all previous labour productivity and efficiency measures, giving us the agility to respond quickly to changes internally and externally.

As at December 2014, MTN Group had approximately 22 000 employees across its footprint. To ensure excellence in our people management practices, we continuously strive to embed best practices across the Group. I am pleased to announce that we achieved the Investors in People accreditation in 12 operating companies, showcasing our management framework for high performance through people.

In addition, learning and development is key to equipping our people with the knowledge to drive the business forward. Our learning is controlled through the global MTN Academy that provides a structured programme of digital and classroom training. During 2014, over 345 000 learning hours were delivered with a key focus on developing technical and digital capabilities to position MTN for the future.

Challenges

The latter half of 2014 posed a significant challenge with the Ebola outbreak in West Africa. The health and safety of our staff is first priority and our crisis management team continues to assist and monitor the developments across the region.

The second challenge is to continue to develop a culture that is conducive to collaboration, innovation and a drive for results during the operating model transformation. MTN has invested in equipping staff through the development of a new cultural operating system. To support a new culture, all staff and line managers were taken through programmes to improve line manager and employee effectiveness. These internal programmes were designed and delivered by MTN leaders themselves.

The attraction of new talent and the retention of top talent are ongoing challenges in order to ensure that the business has the necessary skills to guarantee future success. The business has identified over 1 000 critical positions required in the next three to five years and these positions will be managed centrally to ensure that we appoint and promote the best talent. From a leadership perspective, although the readiness of potential successors into key leadership roles has remained stable, the challenges across our markets require continued focus on active succession planning.

Priorities for 2015

Looking ahead into 2015 and beyond, we will continue to effectively drive the attraction and retention of key and critical skills and ensure our key people are adequately rewarded for their performance in line with the Company's pay-for-performance framework.

The key areas of focus for this year are:

- Develop and maintain a strategic workforce plan for critical roles (headcount, skill base and timing).
- Enforce rigorous talent standards profiles to obtain the best people for key roles.
- Strategically manage the leadership pipeline and succession risks through intensive rotations, working groups and development programmes.
- Maintain a high-performance culture matched with an effective performance-based pay system.
- Continue to change the operating culture through new social recognition systems and enhancement of our cultural operating system.

We strongly believe that our achievements in 2014, coupled with the priorities for 2015 onwards, will allow MTN to effectively execute our strategy and transformation goals, ultimately increasing shareholder value.

A Harper
3 March 2015

Remuneration report

Our philosophy

MTN's remuneration philosophy aims to deliver a competitive, differentiated and flexible pay structure as a means of attracting, rewarding and retaining high-quality individuals. We believe investment in human capital must be commensurate with performance. When selecting an individual, we consider the optimum mix of competencies, abilities, experiences and skills needed to realise our overall strategic priorities. To achieve this, in 2014 the human resources (HR) team continued working towards improving the alignment of practices to meet business priorities, encouraging a culture of individual and team performance as well as creating a great place to work. Some of the key initiatives included delivering service excellence to our employees and creating a common culture across the Group through instilling what we consider to be vital behaviours (1). In building an engaged and productive workforce, we continued to refine our talent management programmes and MTN Academy courses to address the current skills needs.

Our philosophy also includes recognising those good behaviours which lead to the achievement of business results. Through our various recognition programmes, we recognise those employees who actively demonstrate living the vital behaviours and values. Where results are achieved, we reward employees through short and long-term incentive schemes. Our reward mechanisms are informed by best practice, innovation and effective service delivery. Our traditional recognition platform "Yello Stars" was placed on hold during 2013, and a refreshed online programme was successfully piloted in one of MTN's operations. In 2015 we will roll out this programme, which incorporates more cross-functional recognition options where peer-to-peer, top-down and bottom-up options are introduced to all operations.

The remuneration and human resources committee

MTN's remuneration and human resources (R&HR) committee is delegated responsibility by the board to make sound remuneration decisions that are aligned with the Company's strategy and acceptable governance principles.

In executing its duties, the committee consults external experts as and when necessary, although the committee makes the final decision with regard to the interests of stakeholders. The committee ensures that:

- Effective governance structures are implemented within the remuneration framework, supported by a strong and fully compliant reward system;
- Adequate and sound risk controls are implemented across the Group to mitigate any potentially negative remuneration exposure;
- The pay structures for executive members are aligned with the market and internal pay policies, taking into account the availability of skills in the market as well as executive competency levels; and
- The Company's pay-for-performance objective is effective and justified in accordance with set performance criteria.

The committee constantly reviews the remuneration strategy and policy to ensure that these principles remain applicable to the dynamics of the business and in accordance with legislative stipulations.

Full details of the committee's terms of reference and key focus for the year under review are outlined in the corporate governance report on 37 to 39.

How we remunerate our people *continued*

Our remuneration strategy and policy

MTN's remuneration strategy is designed to attract and retain the skills required to meet our strategic priorities. To achieve this, we implement, across all Company geographies, a total reward model that is compelling, flexible and compliant with legislation. Although competitive financial rewards are key to attracting employees, a diversified basket of our total reward benefits is where we attain competitiveness in retaining employees. We believe that a strategy and its policies are ineffective without a solid foundation of delivering on our philosophy.

MTN's reward decisions are therefore hinged on the principles of pay fairness, transparency and competitiveness. With a strong high-performance culture, operating in the ICT space demands that we strategically and significantly incentivise high performers, but cautiously manage affordability to fund such payments. While we aim to maintain internal pay equity, the Company does not commit to the remuneration of employees on the principle of equality, as pay differences will always exist and are influenced by the demand and supply of skills as well as the job-related compensable factors that each candidate possesses.

During the year, an interesting finding of the culture audit was employees' desire for flexibility in their total reward. As a result, and acting within the various legislative requirements, we will consider opportunities to implement flexibility in pay (eg flexible work arrangements, flexible benefits structuring).

Executive pay benchmarking

It is essential that the leadership employed by the Group has the necessary skills and expertise to execute the Group's strategic priorities. We benchmark executive salaries against relevant global competitors. The quantum and mix of salaries for our exco members and the operations' CEOs are set against the company size, job complexity, turnover and market rates.

As and when justified, we review executives' annual guaranteed packages against carefully selected benchmark companies. In addition to the external benchmarks, the internal pay scale serves as guidance when positioning packages.

During 2014, MTN continued to make key executive leadership changes at Group level as part of the Company's talent management strategy. Where applicable, it was necessary for the committee to review and align executives' packages with their new roles. There were two executive appointments made during the year. Details of the executive team structure are provided (on 2):

- Mteto Nyati
  Mteto was appointed as Group enterprise officer in the year. On appointment, MTN agreed to pay him R13 million over a period of four years as compensation for the benefits he lost when leaving his previous employer.
- Michael Fleischer
  Michael was appointed as the new Group chief legal executive. Details of his remuneration package can be found under the directors' emoluments section.
- Brett Goschen
  During the year, the salary of Group chief financial officer, Brett, was reviewed. This led to an upward adjustment equivalent to 31,7% of his earnings.

Our remuneration structure

The Company subscribes to an annual guaranteed package approach. This includes cash and benefits in kind which, when combined with incentive payments and other non-quantifiable elements, make up what we term "Total Reward". Our fixed-pay component is defined by general worth of skills while incentive payments are based on short and long-term performance.

The table below summarises the various pay components which collectively make up Total Reward.

Fixed pay +	***Benefit programmes*** +	***Short-term incentives (STIs)*** +	***Long-term incentives (LTIs)*** +	***Recognition*** +	***Other***
Annual fixed package^		Performance-based incentives			
Fixed basic salary delivered on a monthly basis. Based on scope and nature of the role and generally determined around the market median, but can expand or contract based on market dynamics and business goals. Reviewed on an annual basis and, where applicable, benchmarked on an off-cycle basis to ensure competitiveness and relevance.	Company-provided benefits delivered on a monthly basis. Provides economic security for employees and act as an incentive to attract and retain skills. Contractually agreed and will differ across operations. Commonly include retirement, health, death and disability insurance.	Variable Company-provided incentives aligned with the short-term goals of the Company, delivered on an annual basis. Performances up to one year are assessed and rewarded for achieving minimum, stretch-target and above-target performances. Aligns with financial and strategic key performance. Individual, team and Company performance is taken into consideration, with executive performance weighted towards Company performance. At an operational level, certain sales positions participate in a commission-based incentive scheme.	Variable incentives in the form of share allocations. The allocation of shares is meant to drive long-term sustainability and performance of the Group. Potential payments are attributed to the financial performance of the Company. Share incentive payments make up a larger portion of total executive remuneration relative to short-term and fixed pay.	Formal and informal platform designed to drive recognition between employees and departments, both within and across MTN's operations	MTN offers other benefits. These include lifestyle benefits, leave of absence, and additional insurance products. Although some of these benefits are not prevalent in all operations, there are country-specific programmes approved and aligned with equivalent South African benefits.

^*Please note the term "fixed package" as used in the vocabulary should not promote a sense of entitlement or non-adjustability of the package, should MTN deem this appropriate. The term, however, must be defined within the context with and used synonymously with "annual fixed package", meaning that certain benefits such as contribution arrangements to medical aid, although fixed annually, may be adjusted as and when the Company needs to.*

Annual fixed package

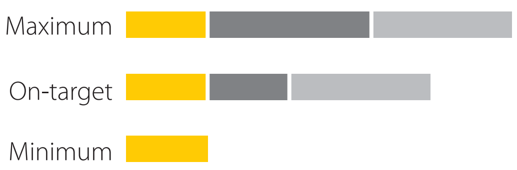
Generally, employees based in South Africa are remunerated on an annual fixed package (AFP) approach, which includes a combination of base remuneration and benefit provisions, commonly referred to as fixed remuneration. The Group has implemented this approach subject to labour regulations and remuneration practices. Non-South Africa-based operations have adopted and customised this approach in accordance with local practices and regulations.

Executive pay composition

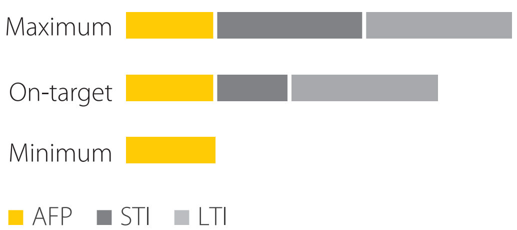
Executives at MTN are remunerated by taking cognisance of the short-term and long-term objectives of the Company. They are compensated using an optimal combination of fixed pay, short-term variable and long-term incentives. This supports the alignment of strategy and their behaviours. The mix is aimed at ensuring that executives proportionately achieve an optimal balance of remuneration when executing their duties. The following graphs illustrate the mix of minimum, on-target and potential maximum compensation for the Group president and CEO, and the Group chief financial officer.

How we remunerate our people *continued*

Group president and CEO (Rm)



Group chief financial officer (Rm)



As illustrated above, the proportion of AGP to performance-based incentives varies between the Group president and CEO, and the Group CFO. Both roles comprise a higher weighting on performance incentives "risk pay" and less on their fixed package. The Group's integrated performance framework (IPF) guides the execution of business strategy by providing a framework through which the day-to-day and annual performance levels are set, cascaded and measured according to the business's strategic themes.

Incentives

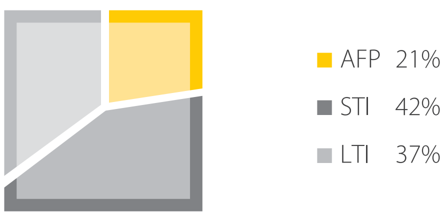
Short-term incentives

General staff and executives participate in an annual performance-based bonus plan. The principles of the bonus plan are aligned with the performance achievements of the Company, team as well as individual priorities. Group priorities are derived from the yearly business plan and budgets.

These priorities are aligned with the Group's strategic themes and are delegated to members of the exco team who are responsible for driving, supporting and facilitating the execution of priorities. Details of the Group's strategic priorities are on 15. The strategic analysis section (20) provides executive responsibilities and how we have performed against our strategic priorities. Priorities identified are further cascaded into team and individual key performance indicators (KPIs), which are agreed and contracted with employees at the beginning of the year and measured at the end of it. On completion of the team and individual assessments, employees are rewarded based on the outcome, together with Company performance. Selected KPIs measured are set out on 20.

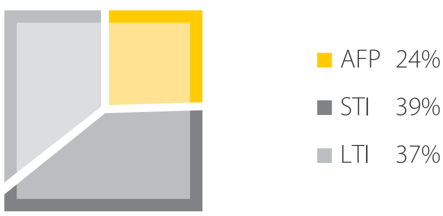
Group president and CEO
On-target %

Group president and CEO
Maximum %



Group chief financial officer
On-target %

Group chief financial officer
Maximum %



AFP is minimum.

The process of determining the incentive award pools from which performance bonuses are paid is illustrated below.

Description of performance criteria

Company performance (CP)
- MTN Group: attributable earnings
- Opco: revenue, cash flow, EBITDA

- The financial performance targets of the Company are determined in accordance with the five strategic themes at the beginning of the year.
- A factual findings engagement is performed on these results by an independent body.
- The percentage performance achievement against target is translated into a nominal performance-linked scale, adjusted to allow for maximum earning potential.
- Group attributable earnings are used at Group level and EBITDA, revenue and cash flow are used at operational level to measure Company performance.

Team performance (TP)
- Strategic themes are translated into priorities
- Team priorities are further cascaded down

- The strategic themes are translated into priorities to be executed at executive member levels. Details on strategic priorities are on page 15.
- Depending on the size of the function, and where applicable, team performance scorecards are further cascaded to below executive levels.
- Achievement of each KPI is proportionate and weighted; however, cumulatively they add up to 100%.

Employee performance (EP)
- Alignment of individual performance contracts with the departmental targets
- Each KPI set within the IPF principles

- At the beginning of each financial period, every employee enters into a contractual performance agreement.
- The performance agreement stipulates the performance expectations to be measured at year-end.
- Performance agreements ensure alignment between Company, team and individual levels.
- This is not applicable to executives.

How we remunerate our people *continued*

2014 reviews

During 2014, we reviewed the performance bonus scheme elements to ensure that they are aligned with market trends. Following this review, we made an adjustment to the employee's score (IPF score) required to achieve a maximum bonus on the weighting attributable to employee performance. Previously, a score of 3,30 was applicable; this was lowered to 2,80 and then communicated to all employees.

Calculating bonuses

The following steps are considered when calculating bonuses:

1. Targets for each element (CP, TP and EP) are set at the beginning of the year.
2. If the target is not achieved, one can still qualify for a bonus on the basis that the predetermined minimum performance requirements have been met against the target. Additionally, an on-target (100%) and maximum bonus percentage payable is applicable for each element.
3. At year-end, an evaluation of the achievement of each element against on-target and maximum is conducted to assess the contribution of the element towards the final bonus calculation.
4. To allow the opportunity for employees to earn above-target bonuses up to the predetermined cap, any achievements above the target are adjusted accordingly on a job-level basis.

The calculation methodology used in computing the final bonus payable to employees participating in the bonus plan is illustrated below.

(CP + TP + EP) x on-target percentage
= bonus percentage

The bonus percentage (validated against the minimum and maximum) x annual salary
= total bonus payable

Case study: Executive A at MTN Group earned an annual salary of R500 000 in 2014.

At the beginning of the year

The Group's attributable earnings (GAE) target for calculating bonuses at the end of the year was R10 million. For bonus purposes, a minimum achievement of R9 million was required, and a maximum of R12 million applicable. Her team performance was also set, and included rolling out a customer experience project ABC, across 20 operations.

At year-end

The Company's GAE amounted to R11 million – this translated to a nominal bonus percentage of 110% as the Company exceeded the set target.

For the team performance, her team rolled out the ABC project in only 15 of the 20 operations, and this equated to a nominal bonus percentage of 75%.

As an executive, her individual performance was excluded from the bonus calculation, in line with the Company's policy. She also does not have a minimum bonus payment, but for her level has an 80% on-target and 120% maximum earning potential.

Her bonus calculation will hence be calculated as follows:

(110% + 75%) x 50% x 80% = 74%. However, on the basis that 74% does not exceed the maximum potential of 120%, her final bonus percentage will be 74%. Therefore, her taxable bonus amount will be R370 000.

Bonus parameters

The executive bonus parameters governing the bonus plan are summarised below:

Group category	Designation	Incumbent	Company performance	Team performance	Minimum bonus	On target	Hyper bonus
Group president and CEO	Group president and CEO	RS Dabengwa	70%	30%	0%	100%	200%
Group executive director	Group CFO	B Goschen	70%	30%	0%	80%	160%
Group chief officers	Group chief human resources and corporate affairs officer	PD Norman	40%	60%	0%	70%	140%
	Group chief technology and information officer	JA Desai	50%	50%	0%	70%	140%
	Group chief commercial officer	P Verkade	50%	50%	0%	70%	140%
	Group chief operations executive †	Z Bulbulia	60% – Top 7 Large opcos	40%	0%	70%	140%
	Group chief business risk officer	S Fakie	40%	60%	0%	70%	140%
	Group chief strategy, mergers and acquisition officer	KW Pienaar	40%	60%	0%	70%	140%
Operating company CEOs (on the Group exco)	CEO: MTN† South Africa	A Farroukh	60% – MTN South Africa	40%	0%	70%	140%
	CEO: MTN Nigeria	M Ikpoki	60% – MTN Nigeria	40%	0%	70%	140%

† These executives exchanged roles in the year. Their bonuses are pro rated to the time spent in each position.

Executive directors' bonus calculations

For the 2014 financial period, the calculations of the executive directors' bonuses have been calculated in line with the approved bonus principles. Full actual amounts of the bonuses paid can also be found on 65.

In line with the performance bonus rules, bonuses become payable within an operation once the committee is satisfied that the minimum performance thresholds have been achieved. For the 2013 financial year, MTN South Africa did not satisfactorily achieve its financial thresholds hence no bonus was declared for the entity. However, given the current industry challenges and perspectives, an ex gratia payment was motivated, approved and paid to all employees.

For the 2014 financial year, the minimum financial targets were not achieved in South Africa. As a result, no bonuses were declared, with the exception of the minimum guaranteed 4% payable to lower-level employees.

Long-term incentive schemes (LTIS)

Long-term incentive schemes are designed to retain key and senior employees by aligning their long-term contribution and the success of the Company with the interests of shareholders. The Group operates a combination of an equity and cash-settled scheme for its eligible workforce, where the value gain represents appreciation in the performance of the Company.

In calculating the long-term incentive, the value of the award is expressed as a percentage of fixed remuneration. The potential pay-outs differ according to participant levels.

Since 2001, the Group has implemented the following schemes:

Plan type	Eligible participants	Date implemented	Performance conditions	Last vesting period
Share options scheme (options)	All employees regardless of level	2001	None	2017
Share appreciation rights (SAR) scheme	All employees at junior management level and above	2006	None	2018
Share rights scheme (SRS)	All employees at junior management level and above	2008	None	2020
Employee share ownership plan (ESOP)	All general staff at MTN level 1 and 2	2010	None	2015
Performance share plan (PSP)	All employees at junior management level and above	2010	Total shareholder return and free cash flow	2015

Please refer to "notes to the Group financial statements" for additional information.

MTN Group share administration

The Company continues to administer its internal share schemes via Investec's Share Plan Services, an online platform which was secured successfully after a tender process during 2012. In 2014, the administration team continued to review the employee information on the Investec platform to ensure maintenance of accurate records.

General rules of the MTN Group long-term incentive schemes

Employees are generally eligible to participate in these schemes if they have met a minimum continuous service criterion within MTN and have not reached their retirement age at the date of allocation. Participation in these schemes is subject to the approval of the R&HR committee. In addition, MTN reserves the right to exclude participation by certain employees by virtue of their employment status, eg disciplinary, suspension, and dismissal.

A summary of previous allocations and the vesting dates is presented below:

Equity share schemes vesting schedule

Plan type	Issue period date	Vesting timelines per anniversary (cumulative) Year 0	> Year 1	> Year 2	> Year 3	> Year 4	> Year 5	> Year 10
Share options	28 Sept 2001*	✓	●●●●	◆●●●	◆◆●●	◆◆★●	◆◆★★	✗
	2 Sept 2002	✓	●●●●	◆●●●	◆◆●●	◆◆★●	◆◆★★	✗
	2 Jan 2003	✓	●●●●	◆●●●	◆◆●●	◆◆★●	◆◆★★	✗
	7 Jul 2003	✓	●●●●	◆●●●	◆◆●●	◆◆★●	◆◆★★	✗
	1 Dec 2003	✓	●●●●	◆●●●	◆◆●●	◆◆★●	◆◆★★	✗
	1 Nov 2004	✓	●●●●	◆●●●	◆◆●●	◆◆★●	◆◆★★	✗
	1 Dec 2004	✓	●●●●	◆●●●	◆◆●●	◆◆★●	◆◆★★	✗
	31 May 2006	✓	●●●●	◆●●●	◆◆●●	◆◆★●	◆◆★★	✗
	31 May 2006*	✓	●●●●	◆●●●	◆◆●●	◆◆★●	◆◆★★	✗
	21 Nov 2006	✓	●●●●	◆●●●	◆◆●●	◆◆★●	◆◆★★	✗
	1 Jan 2007	✓	●●●●	◆●●●	◆◆●●	◆◆★●	◆◆★★	✗
SARS	2 Apr 2007	✓	●●●●	◆●●●	◆◆●●	◆◆★●	◆◆★★	✗
	22 Jun 2007	✓	●●●●	◆●●●	◆◆●●	◆◆★●	◆◆★★	✗
	19 Mar 2008	✓	●●●●	◆●●●	◆◆●●	◆◆★●	◆◆★★	✗
	1 Sept 2008	✓	●●●●	◆●●●	◆◆●●	◆◆★●	◆◆★★	✗
	28 Jun 2010^	✓	●●●●	◆●●●	◆◆●●	◆◆★●	◆◆★★	✗
PSPs	29 Jun 2011^^	✓	●●●●	●●●●	●●➢	◆◆★★		✗
	29 Jun 2011	✓	●●●●	●●●●	●●●●➢	◆◆★★		✗
	29 Dec 2011	✓	●●●●	●●●●	●●●●➢	◆◆★★		✗
	28 Dec 2012	✓	●●●●	●●●●	●●●●➢	◆◆★★		✗
	20 Dec 2013	✓	●●●●	●●●●	●●●●➢	◆◆★★		✗
	19 Dec 2014	✓	●●●●	●●●●	●●●●➢	◆◆★★		✗

^ *This offer includes an allocation with one year accelerated vesting.*
^^ *This offer was accelerated from 36 months to 30 months.*

Key:
✓ *Allocation date* ◆ *20% tranche vested (cumulative)* ★ *30% tranche vested (cumulative)*
➢ *Performance conditions evaluation* ● *Non-vested portion of award* ✗ *Expiry*

Further details on the performance measurement, assessment periods, and settlement criteria are available under the "notes to the Group financial statements".

MTN non-equity schemes for employees in non-listed operations outside South Africa

MTN offers non-South Africa-based employees participation in the Group's notional share option (NSO) scheme. This scheme enhances MTN's commitment to the "One Group, One MTN" philosophy.

Qualifying employees own options and also participate in the growth of the Group and its operations, as applicable. The main objective of the NSO scheme is to encourage an alignment between the individual interests of senior employees and the long-term success of the Group. Thus, the scheme design rewards employees for the value gain derived from the NSO price per share appreciation between the allocation and vesting dates.

The NSO scheme was reviewed in 2013 and a proposal was presented to the R&HR committee to change the mechanics of the scheme to align it with the Group equity schemes. The committee supported this recommendation and operations made NSO allocations under the new rules effective 1 April 2014. The key aspects and changes of the NSO scheme include:

- NSO awards are divided into Group-aligned notional share scheme (GAN) NSO and locally aligned notional share scheme (LAN) NSO.
- GAN NSO constitutes up to 30% of the total value of the award and LAN NSO constitutes up to 70% of the total value of the award.

- Gains under GAN NSO are measured by the MTN Group's share price movements between the allocation date and exercise date, i.e. the difference between the allocation and exercise prices represents the gain.
- Gains under LAN NSO are based on the LAN price movement between allocation and exercise. The determination of the LAN price at allocation, and subsequently at each annual valuation, is as below:
  - Allocation – LAN price valuation is reflective of the increase in value of an operation through alignment with the EBITDA financial indicator.
  - Valuations – annual valuations of the LAN NSO price are based on the appreciation or depreciation with the LAN allocation price.

Non-executive director remuneration

The R&HR committee is responsible for advising on the remuneration of non-executive directors (NEDs), including reviewing remuneration recommendations as put forward by executive management in consultation with external remuneration consultants. The committee also recommends remuneration for approval by the board and shareholders. The remuneration for NEDs is considered annually and is determined in light of market practice and with reference to the time, commitment and responsibilities associated with the roles.

The MTN Group's non-executive directors receive an annual retainer and a meeting attendance fee. They do not participate in any type of incentive scheme nor do they receive any medical and pension-related benefits. The remuneration paid to NEDs (66) and the proposed remuneration for 2015 are disclosed in the notice to the annual general meeting.

Expatriate compensation

A few years ago, MTN reviewed the Group's expatriate pay model to introduce a greater degree of relative internal pay equity across the various operations.

The choice of the United Arab Emirates as the global employment company for the purpose of expatriate compensation management afforded the opportunity to standardise hypothetical expatriate base-pay levels in all countries within one pay structure in a hard currency. This base-pay foundation is consistent for all assignees with only country-specific dynamics being added on, resulting in an MTN framework which represents a balance between relative equity across the Group, and local relevance.

MTN continues to use more local talent in operating companies. The standardisation and optimisation process for expatriate benefits still remains a priority for the Company. Where possible, within regulatory requirements, MTN continues to negotiate new contracts with its expatriates so as to adopt one contract type across the operations. This initiative, however, will be a gradual process given the legality of the employment contracts.

Other executive remuneration arrangements

Contracts and severance: MTN's policies regarding Group executive employment contracts dictate the period of the contract as well as the notice of termination. The inclusion of a period of restraint in the employment contract is generic and no specific timeframes are indicated. Notice of termination for Group executives is three months, unless otherwise specified.

Restraint of trade and notice period: Previously, executives' contracts of employment did not contain any specific restraint-of-trade provisions. To protect the interests of the Company, during 2014 we revised our employment contract structure to include a provision of a restraint of trade agreement for a six-month period. This provision was introduced to safeguard the Company against situations where employees terminate their services with MTN and seek new employment with a competitor. Effective 2014, new appointments were contracted on the revised contract basis, which also includes an extended notice of termination for executives of six months.

Directors' emoluments

Directors' and prescribed officers' emoluments and payments in the tables presented here have been audited. Full details on directors' and prescribed officers' emoluments and equity compensation benefits for executive directors and directors of major subsidiaries in respect of the share appreciation rights and share rights schemes can be found on the website and in the annual financial statements. The annual financial statements also include shareholdings and dealings in MTN Group ordinary shares and MTN Zakhele shares by MTN Group directors, prescribed officers, Group secretary and directors' and Company secretaries of major subsidiaries.

Executive directors' emoluments and related payments

For the year ended 31 December 2014

	Date appointed	Salaries R'000	Post-employment benefits R'000	Other benefits[1] R'000	Bonuses R'000	Sub-total R'000	Share gains[2] R'000	Total R'000
Executive directors								
RS Dabengwa	01/10/01	**9 334**	**1 197**	**858**	**13 257**	**24 646**	**3 482**	**28 128**
BD Goschen	22/07/13	**5 567**	**714**	**286**	**6 777**	**13 344**	**–**	**13 344**
Total		**14 901**	**1 911**	**1 144**	**20 034**	**37 990**	**3 482**	**41 472**

For the year ended 31 December 2013

	Date appointed	Salaries R'000	Post-employment benefits R'000	Other benefits[1] R'000	Bonuses R'000	Sub-total R'000	Share gains[2] R'000	Total R'000
Executive directors								
RS Dabengwa	01/10/01	8 913	1 143	2 621	16 163	28 840	19 237	48 077
NI Patel[3]	27/11/09	3 081	395	2 856	–	6 332	1 223	7 555
BD Goschen	22/07/13	2 336	292	37	3 661	6 326	–	6 326
Total		**14 330**	**1 830**	**5 514**	**19 824**	**41 498**	**20 460**	**61 958**

[1] *Includes medical aid and unemployment insurance fund.*
[2] *Pre-tax gains and post-brokerage cost on share appreciation rights scheme and share rights plan.*
[3] *Resigned 21 July 2013.*

Non-executive directors' emoluments and related payments

For the year ended 31 December 2014

	Date appointed	Retainer[1] R'000	Attendance[1] R'000	Special projects R'000	Stategy session R'000	Ad hoc work R'000	Total R'000
Non-executive directors							
PF Nhleko	28/05/13	1 084	608	92	183	–	1 967
KC Ramon	01/06/14	123	187	–	96	21	427
KP Kalyan	13/06/06	332	487	97	96	–	1 012
AT Mikati[2,3]	18/07/06	1 163	707	111	219	97	2 297
MJN Njeke	13/06/06	311	388	20	96	–	815
JHN Strydom	11/03/04	299	459	20	96	42	916
AF van Biljon	01/11/02	312	401	68	96	63	940
J van Rooyen	18/07/06	364	533	90	96	21	1 104
MLD Marole	01/01/10	310	775	21	96	–	1 202
NP Mageza	01/01/10	361	566	42	96	20	1 085
A Harper[2]	01/01/10	1 177	852	–	219	–	2 248
F Titi	01/07/12	253	352	–	48	–	653
Total		**6 089**	**6 315**	**561**	**1 437**	**264**	**14 666**

For the year ended 31 December 2013

	Date appointed	Retainer[1] R'000	Attendance[1] R'000	Special board R'000	Special projects R'000	Ad hoc work R'000	Total R'000
Non-executive directors							
MC Ramaphosa[4]	01/10/01	412	191	248	–	–	851
PF Nhleko[5]	28/05/13	624	218	284	175	–	1 301
KP Kalyan	13/06/06	316	348	226	132	–	1 022
AT Mikati[2,3]	18/07/06	1 054	578	657	339	10	2 638
MJN Njeke	13/06/06	296	282	268	111	–	957
JHN Strydom	11/03/04	296	324	289	132	51	1 092
AF van Biljon	01/11/02	298	304	268	169	10	1 049
J van Rooyen	18/07/06	370	440	268	209	–	1 287
MLD Marole	01/01/10	285	325	268	112	–	990
NP Mageza	01/01/10	339	410	222	189	–	1 160
A Harper[2]	01/01/10	1 083	593	557	291	10	2 534
F Titi	01/07/12	231	243	246	150	–	870
Total		**5 604**	**4 256**	**3 801**	**2 009**	**81**	**15 751**

[1] *Retainer and attendance fees include fees for board and committee representation and meetings.*
[2] *Fees have been paid in Euro.*
[3] *Fees are paid to M1 Limited.*
[4] *Resigned 28 May 2013.*
[5] *Appointed 28 May 2013.*

Prescribed officers' emoluments and related payments

For the year ended 31 December 2014

	Salaries R'000	Post-employment benefits R'000	Other benefits R'000	Bonuses R'000	Sub-total R'000	Share gains R'000	Total R'000
Prescribed officers							
JA Desai	7 865	786	2 230	9 217	20 098	1 460	21 558
PD Norman	4 233	543	256	3 634	8 666	1 179	9 845
A Farroukh	7 747	775	942	6 573	16 037	1 440	17 477
SA Fakie	3 161	412	402	2 991	6 966	911	7 877
KW Pienaar	4 570	586	363	5 309	10 828	1 018	11 846
P Verkade	4 144	414	1 067	3 515	9 140	–	9 140
Z Bulbulia	3 527	452	286	858	5 123	598	5 721
M Ikpoki	6 505	586	1 896	4 440	13 427	–	13 427
M Fleischer[1]	4 433	568	40	4 271	9 312	–	9 312
M Nyati[2]	871	112	18	837	1 838	–	1 838
Total	**47 056**	**5 234**	**7 500**	**41 645**	**101 435**	**6 606**	**108 041**

[1] *Appointed 1 February 2014.*
[2] *Appointed 1 October 2014.*

For the year ended 31 December 2013

	Salaries R'000	Post-employment benefits R'000	Other benefits R'000	Bonuses R'000	Sub-total R'000	Share gains R'000	Total R'000
Prescribed officers							
JA Desai	6 957	790	1 791	10 178	19 716	–	19 716
PD Norman	4 041	518	251	4 501	9 311	–	9 311
C de Faria	517	52	2 353	–	2 922	–	2 922
A Farroukh	6 853	685	932	6 982	15 452	–	15 452
KL Shuenyane	1 946	249	869	–	3 064	–	3 064
SA Fakie	3 013	400	142	4 171	7 726	3 530	11 256
KW Pienaar	4 356	558	210	3 637	8 761	–	8 761
BD Goschen	3 310	274	65	3 528	7 177	–	7 177
P Verkade	3 402	340	794	3 763	8 299	–	8 299
Z Bulbulia	2 057	264	419	–	2 740	4 925	7 665
MI Ikpoki	2 603	201	1 053	2 411	6 268	3 032	9 300
Total	**39 055**	**4 331**	**8 879**	**39 171**	**91 436**	**11 487**	**102 923**

Summary financial statements

Independent auditors' report on summary consolidated financial statements

TO THE SHAREHOLDERS OF MTN GROUP LIMITED

The summary consolidated annual financial statements of MTN Group Limited, contained in the accompanying preliminary report, which comprise the summary consolidated statement of financial position as at 31 December 2014, the summary consolidated income statement, the summary consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended and related notes are derived from the audited consolidated annual financial statements of MTN Group Limited for the year ended 31 December 2014. We expressed an unmodified audit opinion on those consolidated annual financial statements in our report dated 3 March 2015. Our auditors' report on the audited consolidated annual financial statements contained an Other Matter paragraph: "Other reports required by the Companies Act" (refer below).

The summary consolidated annual financial statements do not contain all the disclosures required by International Financial Reporting Standards and the requirements of the Companies Act of South Africa as applicable to annual financial statements. Reading the summary consolidated annual financial statements, therefore, is not a substitute for reading the audited consolidated annual financial statements of MTN Group Limited.

DIRECTORS' RESPONSIBILITY FOR THE SUMMARY CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

The directors are responsible for the preparation of these summary consolidated annual financial statements in accordance with the requirements of the JSE Limited Listings Requirements for preliminary reports, set out in note 3 to the summary consolidated annual financial statements, and the requirements of the Companies Act of South Africa as applicable to summary financial statements, and for such internal control as the directors determine is necessary to enable the preparation of summary consolidated annual financial statements that are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on the summary consolidated annual financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810, *Engagements to Report on Summary Financial Statements*.

OPINION

In our opinion, the summary consolidated annual financial statements derived from the audited consolidated annual financial statements of MTN Group Limited for the year ended 31 December 2014 are consistent, in all material respects, with those consolidated annual financial statements, in accordance with the requirements of the JSE Limited Listings Requirements for preliminary reports, set out in note 3 to the summary consolidated annual financial statements, and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

OTHER REPORTS REQUIRED BY THE COMPANIES ACT

The "Other reports required by the Companies Act" paragraph in our audit report dated 3 March 2015 states that as part of our audit of the consolidated annual financial statements for the year ended 31 December 2014, we have read the Directors' report, the Audit committee's report and the Company secretary's certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated annual financial statements. These reports are the responsibility of the respective preparers. The paragraph states that, based on reading these reports, we have not identified material inconsistencies between these reports and the audited consolidated annual financial statements. The paragraph furthermore states that we have not audited these reports and accordingly do not express an opinion on these reports. The paragraph does not have an effect on the summary consolidated annual financial statements or our opinion thereon.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.

Director: JR van Huyssteen
Registered auditor
Sunninghill
3 March 2015

SizweNtsalubaGobodo Inc.

SizweNtsalubaGobodo Inc.

Director: SY Lockhat
Registered auditor
Woodmead
3 March 2015

Summary financial statements *continued*

Summary consolidated income statement

for the year ended 31 December

	Note	2014 Rm	2013+ Rm
Revenue		**146 930**	137 270
Other income		**7 928**	1 327
Direct network operating costs		**(21 604)**	(18 299)
Costs of handsets and other accessories		**(11 957)**	(10 744)
Interconnect and roaming		**(13 653)**	(13 816)
Staff costs		**(8 838)**	(8 670)
Selling, distribution and marketing expenses		**(15 531)**	(16 362)
Other operating expenses		**(10 084)**	(10 276)
EBITDA		**73 191**	60 430
Depreciation of property, plant and equipment		**(18 262)**	(16 458)
Amortisation of intangible assets		**(3 251)**	(2 820)
Impairment of goodwill		**(2 033)**	–
Operating profit		**49 645**	41 152
Net finance costs		**(3 668)**	(1 234)
Net monetary gain		**878**	–
Share of results of joint ventures and associates after tax	9	**4 208**	3 431
Profit before tax		**51 063**	43 349
Income tax expense		**(13 361)**	(12 487)
Profit after tax		**37 702**	30 862
Attributable to:			
Equity holders of the Company		**32 079**	26 751
Non-controlling interests		**5 623**	4 111
		37 702	30 862
Basic earnings per share (cents)	8	**1 752**	1 460
Diluted earnings per share (cents)	8	**1 742**	1 452

+ 2013 amounts restated, refer to notes 5 and 18.

Summary consolidated statement of comprehensive income

for the year ended 31 December

	2014 Rm	2013+ Rm
Profit after tax	**37 702**	30 862
Other comprehensive income after tax:		
Exchange differences on translating foreign operations including the effect of hyperinflation°	**2 968**	11 078
Equity holders of the Company	**2 960**	10 179
Non-controlling interests	**8**	899
Total comprehensive income	**40 670**	41 940
Attributable to:		
Equity holders of the Company	**35 039**	36 930
Non-controlling interests	**5 631**	5 010
	40 670	41 940

° This component of other comprehensive income does not attract any tax and may subsequently be reclassified to profit or loss.

+ 2013 amounts restated, refer to notes 5 and 18.

Summary consolidated statement of financial position

as at

	Note	31 December 2014 Rm	31 December 2013+ Rm	1 January 2013+ Rm
Non-current assets		**163 218**	153 083	127 365
Property, plant and equipment		**87 546**	92 903	73 905
Intangible assets and goodwill		**36 618**	37 751	32 594
Investment in joint ventures and associates		**25 514**	12 643	10 208
Deferred tax and other non-current assets		**13 540**	9 786	10 658
Current assets		**90 467**	76 573	56 465
Non-current assets held for sale	15	**3 848**	1 281	1 373
		86 619	75 292	55 092
Other current assets		**42 628**	33 470	27 112
Restricted cash		**893**	2 222	5 272
Cash and cash equivalents		**43 098**	39 600	22 708
Total assets		**253 685**	229 656	183 830
Total equity		**133 442**	121 812	100 029
Attributable to equity holders of the Company		**128 517**	116 479	96 148
Non-controlling interests		**4 925**	5 333	3 881
Non-current liabilities		**52 613**	49 860	33 327
Interest-bearing liabilities	13	**39 470**	34 664	21 322
Deferred tax and other non-current liabilities		**13 143**	15 196	12 005
Current liabilities		**67 630**	57 984	50 474
Interest-bearing liabilities	13	**13 809**	11 361	10 762
Other current liabilities		**53 821**	46 623	39 712
Total equity and liabilities		**253 685**	229 656	183 830

+ 2013 amounts restated, refer to notes 5 and 18.

Summary consolidated statement of changes in equity

for the year ended 31 December

	Note	2014 Rm	2013+ Rm
Opening balance at 1 January		**116 479**	94 569
Restatement for voluntary change in accounting policy	5, 18	**–**	1 579
Restated balance at 1 January		**116 479**	96 148
Shares issued during the year		**3**	5
Shares cancelled		**(^)**	(^)
Share buy-back		**(2 422)**	–
Transactions with non-controlling interests		**–**	(495)
Share-based payment transactions		**110**	215
Settlement of vested equity rights		**(209)**	–
Total comprehensive income		**35 039**	36 930
Profit after tax		**32 079**	26 751
Other comprehensive income after tax		**2 960**	10 179
Dividends declared		**(20 527)**	(16 210)
Other movements		**44**	(114)
Attributable to equity holders of the Company		**128 517**	116 479
Non-controlling interests		**4 925**	5 333
Closing balance at 31 December		**133 442**	121 812
Dividends declared during the year (cents per share)		**1 110**	873
Dividends declared after year-end (cents per share)		**800**	665

^ Amount less than R1 million.

+ 2013 amounts restated, refer to notes 5 and 18.

Summary consolidated statement of cash flows

for the year ended 31 December

	2014 Rm	2013 Rm
Net cash generated from operating activities	**27 132**	27 025
Cash generated by operations	**64 628**	59 708
Dividends paid to equity holders of the Company	**(20 527)**	(16 187)
Other operating activities	**(16 969)**	(16 496)
Net cash used in investing activities	**(25 991)**	(19 835)
Acquisition of property, plant and equipment	**(19 562)**	(24 568)
Movement in investments and other investing activities	**(6 429)**	4 733
Net cash from financing activities	**2 639**	6 264
Net increase in cash and cash equivalents	**3 780**	13 454
Cash and cash equivalents at beginning of the year	**39 577**	22 539
Exchange (losses)/gains on cash and cash equivalents	**(182)**	3 584
Net monetary loss on cash and cash equivalents	**(103)**	–
Cash and cash equivalents at end of the year	**43 072**	39 577

Notes to the summary consolidated financial statements

for the year ended 31 December

1. INDEPENDENT AUDIT

The summary consolidated annual financial statements have been derived from the audited consolidated annual financial statements. The directors of the Company take full responsibility for the preparation of the summary consolidated annual financial statements and that the financial information has been correctly derived from the underlying audited consolidated annual financial statements. The summary consolidated annual financial statements for the year ended 31 December 2014 have been audited by our joint auditors PricewaterhouseCoopers Inc. and SizweNtsalubaGobodo Inc., who expressed an unmodified opinion thereon. The auditors also expressed an unmodified opinion on the consolidated annual financial statements from which these summary consolidated annual financial statements were derived. A copy of the auditors' report on the consolidated annual financial statements is available for inspection at the Company's registered office, together with the financial statements identified in the auditors' report.

2. GENERAL INFORMATION

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

3. BASIS OF PREPARATION

The summary consolidated annual financial statements are prepared in accordance with the requirements of the JSE Limited Listings Requirements for preliminary reports and the requirements of the Companies Act applicable to summary financial statements. The Listings Requirements require preliminary reports to be prepared in accordance with the framework concepts, the measurement and recognition requirements of IFRS, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, financial pronouncements as issued by the Financial Reporting Standards Council ("FRSC"), and must also, as a minimum, contain the information required by IAS 34 *Interim Financial Reporting*. These summary consolidated annual financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2014, which have been prepared in accordance with IFRS. A copy of the full set of the audited consolidated annual financial statements is available for inspection from the Company secretary at the registered office of the Company.

4. PRINCIPAL ACCOUNTING POLICIES

The Group has adopted all the new, revised or amended accounting pronouncements as issued by the IASB which were effective for the Group from 1 January 2014, none of which had a material impact on the Group.

The accounting policies applied in the preparation of the consolidated annual financial statements from which the summary consolidated annual financial statements were derived are in terms of IFRS and are consistent with those accounting policies applied in the preparation of the previous consolidated annual financial statements, with the exception of the voluntary change in accounting policy in respect of revenue recognition (notes 5 and 18).

5. VOLUNTARY CHANGE IN ACCOUNTING POLICY

IAS 18 *Revenue*

Previously, the Group accounted for arrangements with multiple deliverables (ie multiple element revenue arrangements) by dividing these arrangements into separate units of accounting and recognising revenue through the application of the residual value method.

During the year under review, the Group resolved to change its accounting policy in recognising revenue relating to these arrangements from applying the residual value method to the relative fair value method. This change was effected by the Group on a voluntary basis.

Previously under the residual value method, fair value was ascribed to each of the undelivered elements (typically the service contract) and any consideration remaining (after reducing the total consideration of the arrangement with the fair value of the undelivered elements) was allocated to the delivered element(s) in the transaction (typically the handset). This resulted in limited amounts of revenue being allocated to the elements delivered upfront (the handset). Under the relative fair value method, the consideration received or receivable is allocated to each of the elements (delivered and undelivered) according to the relative fair value of the elements included in the arrangement.

Notes to the summary consolidated financial statements continued

for the year ended 31 December

5. VOLUNTARY CHANGE IN ACCOUNTING POLICY (continued)

IAS 18 *Revenue* (continued)

The Group believes that the change results in more relevant and reliable information being presented in respect of revenue recognised in relation to multiple element revenue arrangements, as revenue is now being recognised in relation to each of the elements delivered and to be delivered based on the relative fair value of the relating elements in relation to the total consideration received or receivable. The new accounting policy also results in an improved correlation between the recognition of revenue and associated costs and also aligns the Group's policy more closely with the requirements of IFRS 15 *Revenue from Contracts with Customers* which is effective for periods commencing on 1 January 2017.

As required in terms of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, the change in accounting policy was applied retrospectively which resulted in an increase in revenue, other operating and income tax expenses, trade and other receivables, non-current loans and other receivables, equity and deferred tax liabilities in prior years. The impact on the Group's financial results and position is disclosed in note 18.

6. FINANCIAL INSTRUMENTS

The carrying amounts of all financial instruments measured at amortised cost closely approximate fair value.

7. SEGMENT ANALYSIS

The Group has identified reportable segments that are used by the Group executive committee (chief operating decision-maker ("CODM")) to make key operating decisions, allocate resources and assess performance. The reportable segments are geographically differentiated regions and grouped by their relative size.

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 are attributed on a reasonable basis, whether from external transactions or from transactions with other Group segments. EBITDA is used as a measure of reporting profit or loss for each segment.

During the year under review, the Group executive committee resolved to review segment results on a basis excluding profits realised in respect of the sale of towers during the respective financial year. In addition, Irancell Telecommunication Company Services (PJSC), which previously formed part of the large opco cluster in terms of the segmental presentation of financial results, is now presented to the Group executive committee on a standalone basis. Due to the change in the segment information presented to the Group executive committee during the current financial year, the comparatives were adjusted accordingly.

	2014 Rm	2013+ Rm
Revenue		
South Africa	**38 922**	40 482
Nigeria	**53 995**	48 159
Large opco cluster	**31 200**	29 145
Ghana	**7 149**	8 269
Cameroon	**6 194**	5 204
Ivory Coast	**6 418**	5 480
Uganda	**5 289**	4 467
Syria^	**3 449**	3 229
Sudan^	**2 701**	2 496
Small opco cluster	**22 385**	19 804
Major joint venture – Iran°	**11 631**	9 514
Head office companies and eliminations	**(348)**	(320)
Hyperinflation impact	**776**	–
Iran revenue exclusion°	**(11 631)**	(9 514)
	146 930	137 270

° Irancell Telecommunication Company Services' (PJSC) proportionate revenue is included in the segment analysis as reviewed by the CODM and excluded from IFRS reported revenue due to equity accounting for joint ventures and excludes the impact of hyperinflation of R1 655 million (December 2013: R1 714 million).

^ Excludes the impact of hyperinflation of: Syria R434 million (December 2013: Nil), Sudan R342 million (December 2013: Nil).

+ 2013 amounts restated, refer to notes 5 and 18.

Notes to the summary consolidated financial statements *continued*

for the year ended 31 December

		2014 Rm	2013+ Rm
7.	**SEGMENT ANALYSIS** (continued)		
	EBITDA		
	South Africa	**12 509**	14 067
	Nigeria	**31 620**	29 235
	Large opco cluster	**11 439**	10 512
	Ghana	**2 674**	3 102
	Cameroon	**2 651**	2 215
	Ivory Coast	**2 475**	2 239
	Uganda	**2 074**	1 603
	Syria^	**651**	561
	Sudan^	**914**	792
	Small opco cluster	**8 083**	6 732
	Major joint venture – Iran°	**4 982**	4 075
	Head office companies and eliminations	**1 869**	(1 084)
	Hyperinflation impact	**241**	–
	Tower sale profits#	**7 430**	968
	Iran EBITDA exclusion°	**(4 982)**	(4 075)
	EBITDA	**73 191**	60 430
	Depreciation, amortisation and impairment of goodwill	**(23 546)**	(19 278)
	Net finance cost	**(3 668)**	(1 234)
	Net monetary gain	**878**	–
	Share of results of joint ventures and associates after tax	**4 208**	3 431
	Profit before tax	**51 063**	43 349

° Irancell Telecommunication Company Services' (PJSC) proportionate EBITDA is included in the segment analysis as reviewed by the CODM and excluded from IFRS reported EBITDA due to equity accounting for joint ventures and excludes the positive impact of hyperinflation of R776 million (December 2013: R739 million).

^ Excludes the positive impact of hyperinflation of: Syria R111 million (December 2013: Nil), Sudan R130 million (December 2013: Nil).

 # Tower sale profits for the year include: Nigeria R7 329 million, Zambia R48 million, Rwanda R2 million, Ghana R20 million and release of deferred profit of R31 million (2013: Cameroon R335 million, Ivory Coast R574 million, Ghana R21 million and release of deferred profit of R38 million).

+ 2013 amounts restated, refer to notes 5 and 18.

Notes to the summary consolidated financial statements continued

for the year ended 31 December

		2014	2013
8.	**EARNINGS PER ORDINARY SHARE**		
	Number of ordinary shares in issue		
	At end of the year (excluding MTN Zakhele and treasury shares△)	**1 822 213 500**	1 832 845 805
	Weighted average number of shares		
	Shares for earnings per share	**1 831 196 131**	1 832 729 584
	Add: dilutive shares		
	– MTN Zakhele shares issued	**7 192 687**	6 740 791
	– Share schemes	**2 865 069**	2 988 671
	Shares for dilutive earnings per share	**1 841 253 887**	1 842 459 046

△ *Treasury shares of 11 649 825 (December 2013: 23 402 918) held by the Group and MTN Zakhele options of 14 492 564 (December 2013: 17 030 125) have been excluded from this reconciliation.*

	2014 Rm	2013+ Rm
Reconciliation between profit attributable to the equity holders of the Company and headline earnings		
Profit after tax	**32 079**	26 751
Net profit on disposal of non-current assets held for sale	**(6 237)**	(510)
Net loss on disposal of property, plant and equipment and intangible assets	**63**	34
Net impairment/(reversal of impairment) of property, plant and equipment and intangible assets	**565**	(20)
Realisation of deferred gain	**(364)**	(357)
Loss on disposal of investment in joint venture	**15**	–
Realisation of deferred gain on disposal of non-current assets held for sale	**(31)**	(38)
Impairment of goodwill	**2 033**	–
Basic headline earnings°	**28 123**	25 860
Earnings per share (cents)		
– Basic	**1 752**	1 460
– Basic headline	**1 536**	1 411
Diluted earnings per share (cents)		
– Diluted	**1 742**	1 452
– Diluted headline	**1 527**	1 404

° *Headline earnings are calculated in accordance with circular 2/2013 Headline Earnings as issued by the South African Institute of Chartered Accountants at the request of JSE Limited.*

+ *2013 amounts restated, refer to notes 5 and 18.*

Notes to the summary consolidated financial statements *continued*

for the year ended 31 December

		2014 Rm	2013 Rm
9.	**SHARE OF RESULTS OF JOINT VENTURES AND ASSOCIATES AFTER TAX**	**4 208**	3 431
	Irancell Telecommunication Company Services (PJSC)	**4 113**	3 115
	Others	**95**	316
10.	**CAPITAL EXPENDITURE INCURRED**	**25 406**	30 164
11.	**CONTINGENT LIABILITIES**	**932**	1 023
12.	**AUTHORISED CAPITAL EXPENDITURE FOR PROPERTY, PLANT AND EQUIPMENT AND SOFTWARE**	**29 693**	26 151
13.	**INTEREST-BEARING LIABILITIES**		
	Bank overdrafts	**26**	23
	Current borrowings	**13 783**	11 338
	Current liabilities	**13 809**	11 361
	Non-current borrowings	**39 470**	34 664
		53 279	46 025

14. ISSUE AND REPAYMENT OF DEBT AND EQUITY SECURITIES

During the year under review the following entities raised and repaid significant debt instruments:

- MTN Nigeria Communications Limited ("MTN Nigeria") raised R2,0 billion additional debt through an export credit facility and a vendor finance facility.
- MTN Nigeria repaid R1,9 billion relating to an export credit facility.
- MTN Holdings Proprietary Limited ("MTN Holdings") raised R2,3 billion additional debt through a syndicated loan facility, R1,0 billion through a revolving credit facility, R2,0 billion through a long-term loan and R10,7 billion through short-term general borrowings.
- MTN Holdings repaid R1,3 billion relating to long-term borrowings and R12,0 billion relating to short-term general borrowings.
- MTN International (Mauritius) Limited ("MTN Mauritius") raised R3,3 billion debt through a revolving credit facility.
- MTN Mauritius repaid R3,3 billion relating to the revolving credit facility.

In accordance with the Domestic Medium Term Note Programme previously established by MTN Holdings, the Group issued no Senior Unsecured Zero Coupon Notes in the current year (2013: R3,9 billion). R2,4 billion (2013: R6,0 billion) has been repaid in terms of the Domestic Medium Term Programme during the year.

MTN (Mauritius) Investments Limited issued USD750 million Guaranteed Notes which are due on 11 November 2024. Interest is payable semi-annually in arrears at 4,755% per annum.

During the year, MTN Holdings acquired 10 704 475 shares in the ordinary share capital of the Company for an amount of R2,4 billion bringing the cumulative repurchase to 1,8% of issued shares since 2011. The shares so acquired are fully paid up and are held as treasury shares. There were no share buy-back transactions during 2013.

Notes to the summary consolidated financial statements continued

for the year ended 31 December

15. NON-CURRENT ASSETS HELD FOR SALE

The Group entered into a transaction with IHS Holding Limited ("IHS") for the disposal of 9 132 mobile network towers by MTN Nigeria. Tranche 1 of the transaction constituting 4 154 towers was concluded during the year with tranche 2 constituting 4 978 towers expected to close independently during the second quarter of 2015, subject to customary closing conditions.

The Group retained an interest in the tower business and MTN Nigeria will be the anchor tenant on commercial terms on the towers for an initial term of 10 years.

In addition, the Group concluded transactions with IHS in which IHS acquired 550 mobile network towers from MTN Rwandacell Limited ("MTN Rwanda") for USD48 million and 748 towers from MTN (Zambia) Limited ("MTN Zambia") for USD57 million. IHS is a 100% shareholder of the tower companies set up in each country to manage the towers and other passive infrastructure. MTN Rwanda and MTN Zambia will be the anchor tenants on commercial terms on the towers for an initial term of 10 years.

16. BUSINESS COMBINATIONS AND ACQUISITION OF JOINT VENTURES

Middle East Internet Holding

The Group and Rocket Internet have formed a joint venture, Middle East Internet Holding ("MEIH"), to develop internet businesses in the Middle East, with the Group and Rocket Internet being 50% shareholders in MEIH. The Group invested €120 million consisting of a €40 million cash payment and €80 million contingent consideration into MEIH. The transaction closed on 20 May 2014.

Acquisition of Africa Internet Holding

The Group has acquired 33,3% of Africa Internet Holding ("AIH") for €168 million, a joint venture between Rocket Internet and Millicom International Cellular, to develop internet businesses in Africa. The Group, Millicom International Cellular and Rocket Internet, have each become 33,3% shareholders in AIH. The transaction closed on 1 July 2014.

Afrihost

In November 2014 , the Group acquired 50% plus one of the share capital of Afrihost Proprietary Limited ("Afrihost") for R408 million, thereby resulting in the Group obtaining control of Afrihost. Control over Afrihost will enable the Group to drive its accelerated SME strategy and provide scale for the Group's virtual market, content and cloud offering. Net identifiable assets acquired of R179 million and non-controlling interests of R90 million resulted in goodwill of R319 million determined on a provisional basis.

Nashua

In November 2014, the Group acquired its Nashua Mobile subscriber base from Nashua Mobile Proprietary Limited for R1 246 million. The acquisition of the subscriber base will enable the Group to consolidate the MTN postpaid subscriber base into one entity and own the relationship with the subscribers. Net identifiable assets acquired of R721 million resulted in goodwill of R525 million determined on a provisional basis.

Notes to the summary consolidated financial statements *continued*

for the year ended 31 December

17. EVENTS AFTER REPORTING PERIOD

Syria freehold licence

MTN Syria (JSC) ("MTN Syria") operated under a contractual service arrangement granted and controlled by the Syrian Telecommunication Establishment ("STE"). The contract known as Build, Operate and Transfer ("BOT") provided for revenue sharing between MTN Syria and the STE and required the handing over of the network to the STE at the end of the licence period. Subsequent to the reporting period, the Group concluded its negotiations with the STE for a freehold licence. This resulted in the termination of the BOT contract and acquisition of a freehold licence with a term of 20 years with effect from 1 January 2015. The initial licence fee of SYP25 billion was funded through cash balances maintained within the local operation.

Dividends declared

Dividends declared at the board meeting held on 3 March 2015 amounted to 800 cents per share.

18. IMPACT OF THE IAS 18 VOLUNTARY CHANGE IN ACCOUNTING POLICY (IAS 18 *Revenue*)

18.1 Income statement

	31 December 2013		
	Previously reported Rm	Adjustments for change in accounting policy Rm	Restated Rm
Revenue	136 495	775	137 270
Other operating expenses	(10 143)	(133)	(10 276)
EBITDA	59 788	642	60 430
Income tax expense	(12 307)	(180)	(12 487)
Profit after tax	30 400	462	30 862
Basic earnings per share (cents)	1 434	26	1 460
Basic headline earnings per share (cents)	1 386	25	1 411
Diluted earnings per share (cents)	1 427	25	1 452
Diluted headline earnings per share (cents)	1 378	26	1 404

Notes to the summary consolidated financial statements continued

for the year ended 31 December

18. IMPACT OF THE IAS 18 VOLUNTARY CHANGE IN ACCOUNTING POLICY (IAS 18 *Revenue*) (continued)

18.2 Statement of financial position

	31 December 2013			1 January 2013		
	Previously reported Rm	Adjust-ments for change in accounting policy Rm	Restated Rm	Previously reported Rm	Adjust-ments for change in accounting policy Rm	Restated Rm
Non-current assets						
Deferred tax and other non-current assets	7 613	2 173	9 786	9 055	1 603	10 658
Current assets						
Other current assets	32 808	662	33 470	26 522	590	27 112
Total assets	226 821	2 835	229 656	181 637	2 193	183 830
Total equity	119 771	2 041	121 812	98 450	1 579	100 029
Attributable to equity holders of the Company	114 438	2 041	116 479	94 569	1 579	96 148
Non-current liabilities						
Deferred tax and other non-current liabilities	14 402	794	15 196	11 391	614	12 005
Total equity and liabilities	226 821	2 835	229 656	181 637	2 193	183 830

Constant currency, hyperinflation and tower profit

Certain financial information presented in these results constitutes pro forma financial information. The pro forma financial information is the responsibility of the Group's board of directors and is presented for illustrative purposes. Because of its nature, the pro forma financial information may not fairly present MTN's financial position, changes in equity, results of operations or cash flows. An assurance report has been prepared and issued by our joint auditors, PricewaterhouseCoopers Inc. and SizweNtsalubaGobodo Inc., in respect of the pro forma financial information included in this announcement which has been included in this appendix.

1. The financial information presented in these results has been prepared excluding the impact of hyperinflation, goodwill impairment and tower profits, and constitutes pro forma financial information to the extent not extracted from the segment disclosure included in the audited financial statements for the year ended 31 December 2014. This pro forma financial information has been presented to eliminate the impact of hyperinflation, goodwill impairment and tower profits from the financial results in order to achieve a comparable analysis year on year. Hyperinflation adjustments, goodwill impairment and tower profits have been calculated in terms of the Group accounting policies disclosed in the consolidated annual financial statements.
2. Constant currency ("organic") information has been presented to illustrate the impact of changes in currency rates on the Group's results. In determining the change in constant currency terms, the current financial reporting year's results have been adjusted to the prior year's average exchange rates determined as the average of the monthly exchange rates, which can be found on www.mtn.com/investors. The measurement has been performed for each of the Group's currencies, materially being that of the US dollar and Nigerian naira. The organic growth percentage has been calculated by utilising the constant currency results compared to the prior year results. In addition, in respect of MTN Irancell, MTN Sudan and MTN Syria, the constant-currency information has been prepared excluding the impact of hyperinflation.

PRO FORMA FINANCIAL INFORMATION FOR THE YEAR ENDED 31 DECEMBER

	Actual 2014	(1) Hyper-inflation and goodwill impair-ment	(2) Tower profit	Actual 2014 excluding hyper-inflation, goodwill impair-ment and tower profit	Actual 2013	(1) Hyper-inflation	(2) Tower profit	Actual 2013 excluding hyper-inflation and tower profit
Revenue	**146 930**	**776**	**–**	**146 154**	137 270	–	–	137 270
Other income	**7 928**	**–**	**7 430**	**498**	1 327	–	968	359
EBITDA	**73 191**	**241**	**7 430**	**65 520**	60 430	–	968	59 462
Depreciation, amortisation and impairment of goodwill	**23 546**	**2 191**	**–**	**21 355**	19 278	–	–	19 278
Profit from operations	**49 645**	**(1 950)**	**7 430**	**44 165**	41 152	–	968	40 184
Net finance cost	**3 668**	**62**	**–**	**3 606**	1 234	–	–	1 234
Net monetary gain	**878**	**878**	**–**	**–**	–	–	–	–
Equity income	**4 208**	**529**	**–**	**3 679**	3 431	318	–	3 113
Profit before tax	**51 063**	**(605)**	**7 430**	**44 238**	43 349	318	968	42 063
Income tax expense	**13 361**	**7**	**(426)**	**13 780**	12 487	–	226	12 261
Profit after tax	**37 702**	**(612)**	**7 856**	**30 458**	30 862	318	742	29 802
Non-controlling interests	**5 623**	**161**	**1 586**	**3 876**	4 111	–	193	3 918
Attributable profit	**32 079**	**(773)**	**6 270**	**26 582**	26 751	318	549	25 884
EBITDA margin	**49,8%**			**44,8%**	44,0%			43,3%
Effective tax rate	**26,2%**			**31,1%**	28,8%			29,1%

NOTES ON TREATMENT OF CONSTANT CURRENCY, HYPERINFLATION AND TOWER PROFIT

1. *Represents the exclusion of the hyperinflation impact of certain of the Group's subsidiaries (MTN Sudan and MTN Syria) and the Group's joint venture in Iran, being accounted for on a hyperinflationary basis in accordance with IFRS on the respective financial statement line items affected.*
   In addition, the goodwill impairment charge amounting to R2 033 million, accounted for in accordance with IFRS, has been adjusted for in the "Depreciation, amortisation and impairment of goodwill" line.
2. *Represents the exclusion of the financial impact relating to the sale of tower assets during the financial year on the respective financial line items impacted, which include: Tower sale profits for Nigeria of R7 329 million; Zambia of R48 million; Rwanda of R2 million; and Ghana of R20 million, and the release of a deferred gain of R31 million (2013: Cameroon R335 million, Ivory Coast R574 million, Ghana R21 million and the release of a deferred gain of R38 million) and the relating tax impact of R426 million (2013: R226 million).*

As the Group will continue with its strategy to monetise its passive infrastructure, similar tower sale transactions may continue going forward. In addition, the impact of hyperinflation on the Group's results will continue for as long as Syria, Sudan and Iran are considered to be hyperinflationary economies.

Independent reporting accountants' assurance report

The Directors
MTN Group Limited
216 – 14th Avenue
Fairland, Roodepoort, 2195

Independent reporting accountants' assurance report on the compilation of selected financial data of MTN Group Limited ("MTN" or "the Company") on a pro forma basis

Introduction

MTN Group Limited (MTN or the Company) is including the presentation of selected financial data on a pro forma basis so as to separately present the impact of hyperinflation, tower profits and goodwill impairment on the results and certain financial information on a constant currency basis (collectively the pro forma financial information) within its summary consolidated audited financial results announcement for the year ended 31 December 2014 (the 2014 annual financial results announcement).

At your request and for the purpose of the 2014 annual financial results announcement to be dated on or about 3 March 2015, we present our assurance report on the compilation of the pro forma financial information of MTN by the directors. The pro forma financial information, presented in the 2014 annual financial results announcement consists of separately presenting the impact of hyperinflation, tower profits and goodwill impairment on the results and selected financial data on a constant currency basis as part of the financial commentary portion of the 2014 annual financial results announcement under the heading "highlights" and "review of results". The applicable criteria on the basis of which the directors have compiled the pro forma financial information are specified in the JSE Limited (JSE) Listings Requirements and the footnotes to the 2014 annual financial results announcement.

The pro forma financial information has been compiled by the directors to illustrate the impact of eliminating hyperinflation, tower profits and goodwill impairment from the results in order to achieve a comparable analysis year-on-year and in respect of constant currency, to illustrate the impact of foreign currency movements on the Company's financial results. As part of this process, information about the Company's financial position and financial performance has been extracted by the directors from the Company's consolidated audited financial statements on which an audit report was issued on 3 March 2015 and has been published.

Directors' responsibility

The directors of MTN are responsible for the compilation, contents and presentation of the pro forma financial information on the basis of the applicable criteria specified in the JSE Listings Requirements and described in the footnotes to the 2014 annual financial results announcement. The directors of MTN are also responsible for the financial information from which it has been prepared.

Reporting accountants' responsibility

Our responsibility is to express an opinion about whether the pro forma financial information has been compiled, in all material respects, by the directors on the basis specified in the JSE Listings Requirements and described in the footnotes to the 2014 annual financial results announcement based on our procedures performed. We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*. This standard requires that we comply with ethical requirements and plan and perform our procedures to obtain reasonable assurance about whether the pro forma financial information has been compiled, in all material respects, on the basis specified in the JSE Listings Requirements and described in the footnotes to the 2014 annual financial results announcement.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

As the purpose of the pro forma financial information included in the 2014 annual financial results announcement is solely to illustrate the impact of eliminating hyperinflation, tower profits and goodwill impairment from the results in order to achieve a comparable analysis year-on-year and in respect of constant currency, to illustrate the impact of foreign currency movements on the Company's financial performance for the period then ended, we do not provide any assurance that the actual financial information would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used in the compilation of the pro forma financial information provides a reasonable basis for presenting the financial performance on a pro forma basis as defined, and to obtain sufficient appropriate evidence about whether:

- The related adjustments give appropriate effect to those criteria; and
- The pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

Our procedures selected depend on our judgement, having regard to our understanding of the nature of the Company, the illustrative purpose in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

Our engagement also involves evaluating the overall presentation of the pro forma financial information.

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

Opinion

In our opinion, the pro forma financial information has been compiled, in all material respects, on the basis of the applicable criteria specified by the JSE Listings Requirements and described in the footnotes to the 2014 annual financial results announcement.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: JR van Huyssteen
Registered Auditor
Sunninghill
3 March 2015

SizweNtsalubaGobodo Inc.

SizweNtsalubaGobodo Inc.
Director: A Mthimunye
Registered Auditor
Woodmead
3 March 2015

Stock exchange performance

MTN market-related metrics for the year ended 31 December	**2014**	2013
Closing price (c)	**22 141**	21 702
Highest price (c)	**26 010**	21 702
Lowest price (c)	**19 282**	15 752
Total volume of shares traded	**1 206 689 986**	1 467 618 397
Total value of shares traded (Rm)	**269 439**	267 311
Number of shares in issue	**1 848 355 889**	1 873 278 848
Number of shares traded as a percentage of shares in issue (%)	**65,3**	78,3
Number of transactions (as per JSE)	**1 757 177**	1 521 895
Average weighted trading price (cents per share) (1 year VWAP)	**22 328,80**	18 213,91
Average telecommunication index (close)	**10 672,84**	8 725,91
Average industrial index (close)	**45 103,22**	41 280,57
Average mobile index (close)	**361,99**	300,75
Dividend yield (%)	**5,0133**	4,0227
Earnings yield (%) (basic headline earnings)	**6,567**	5,5248
Price-earnings multiple (basic headline earnings)	**14,41**	15,66
Market capitalisation (Rm)	**409 244**	406 539

Source: INet and Bloomberg.

Shareholders' diary

Annual general meeting		***27 May 2015***
Final dividend declaration		3 March 2015
Summarised annual financial results	published	4 March 2015
Annual financial statements	posted	March 2015
Half-year-end		30 June 2015
Interim dividend declaration		August 2015
Interim financial statements	published	August 2015
Financial year-end		31 December 2015

Please note that these dates are subject to alteration.

Forward looking information

Opinions and forward looking statements expressed in this report represent those of the Company at the time. Undue reliance should not be placed on such statements and opinions because by nature, they are subjective to known and unknown risk and uncertainties and can be affected by other factors that could cause actual results and Company plans and objectives to differ materially from those expressed or implied in the forward looking statements.

Neither the Company nor any of its respective affiliates, advisers or representatives shall have any liability whatsoever (based on negligence or otherwise) for any loss howsoever arising from any use of this report or its contents or otherwise arising in connection with this presentation and do not undertake to publicly update or revise any of its opinions or forward looking statements whether to reflect new information or future events or circumstances otherwise.

Administration

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

Board of directors

PF Nhleko[3]
RS Dabengwa[1]
BD Goschen[1]
A Harper[#3]
KP Kalyan[3]
NP Mageza[3]
MLD Marole[3]
AT Mikati[†2]
MJN Njeke[3]
KC Ramon[3]
JHN Strydom[2]
F Titi[3]
AF van Biljon[3]
J van Rooyen[3]

[†] Lebanese
[#] British
[1] Executive
[2] Non-executive
[3] Independent non-executive

Group secretary

SB Mtshali
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

MTN Group Sharecare line

Toll-free: 0800 202 360 or +27 11 870 8206
if phoning from outside South Africa

Office of the transfer secretaries

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Registration number 2004/003647/07
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Johannesburg, 2001
PO Box 61051, Marshalltown, 2107

Joint auditors

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Private Bag X36, Sunninghill, 2157

SizweNtsalubaGobodo Inc.
1 Woodmead Drive, Woodmead Estate
Woodmead, 2157
PO Box 2939, Saxonwold, 2132

Sponsor

Deutsche Securities (SA) Proprietary Limited
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Non-financial data for which limited assurance was obtained

Quality of service		2014 Call set-up success rate (%)	2013 Call set-up success rate (%)	2014 Dropped call rate (%)	2013 Dropped call rate (%)	2014 Network availability (%)	2013 Network availability (%)
South Africa	2G	**98,50**	98,88	**0,79**	0,76	**98,93**	99,22
	3G	**98,79**	99,17	**0,43**	0,38	**97,38**	98,92
Nigeria†	2G	**96,61**	Infrastructure A 94,87	**0,94**	Infrastructure A 1,89	**94,73**	Infrastructure A 93,99
			Infrastructure B 96,05		Infrastructure B 0,98		Infrastructure B 94,77
			Infrastructure C 96,83		Infrastructure C 0,58		Infrastructure C 96,89
	3G	**97,03**		**0,91**		**94,25**	
Ghana†	2G	**99,53**	Infrastructure A 96,13	**1,10**	Infrastructure A 1,76	**98,49**	Infrastructure A 98,23
			Infrastructure B 97,61		Infrastructure B 0,50		Infrastructure B 93,90
	3G	**99,78**	Infrastructure A 95,24	**0,80**	Infrastructure A 1,52	**97,44**	Infrastructure A 98,57
			Infrastructure B 97,90		Infrastructure B 0,45		Infrastructure B 98,44

† *A change was made to the set of quality of service indicators reported for 2014. The change in reporting will reflect the experience of users more accurately. Comparative figures are not available for 2013.*

People	**2014**	2013	% change
Employee culture survey (%)	**65**	68	(4,4)
MTN CSI spend (Rm)	**282,5**	314	(10,0)
Governance			
Operations with fraud management framework (%)	**91**	86	5,8
Number of whistleblower tip-offs[Δ]	**260**	687	(62,2)
Environment			
MTN Nigeria			
– Electricity use (kWh)	**91 497 856**	106 502 142	(14,1)
– Diesel use (Kℓ)	**185 972**	166 116	12
– Energy spend (Rm)	**1 985**	1 980	0,3
– Scope 1 emissions (tCO_2e)	**524 893**	492 271	6,6
– Scope 2 emissions (tCO_2e)	**39 619**	46 115	(14,1)
Customer satisfaction			
Net promoter score[#]			
– South Africa	**70**	n/a	n/a
– Nigeria	**16**	n/a	n/a
– Large opco cluster	**5**	n/a	n/a
– Small opco cluster	**23**	n/a	n/a

Δ *In 2014 we changed the definition of whistleblower tip-offs to only report tip-offs received on fraudulent activity. The figures for 2013 include tip-offs on fraud and on other administrative complaints received.*
\# *New indicator included for 2014.*

Reporting principles and assurance

Financial information

In compiling the summary financial results and AFS, the Group applies International Financial Reporting Standards (IFRS) and complies with the SAICA Financial Reporting Guides as issued by the Accounting Practice Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council. We also comply with the JSE Listings Requirements and the Companies Act of 2008.

In parts of this report, we include data on MTN Irancell as it is a large and important operation. However, under IFRS, this business is equity accounted for, like our businesses in Botswana and Swaziland.

The audit committee advises the board, which approves the AFS. The AFS are jointly audited by PricewaterhouseCoopers Inc. and SizweNtsalubaGobodo Inc.

Non-financial information

Local and global standards and guidelines are used in compiling non-financial information. The key standards of reference are the JSE Listings Requirements, the Companies Act of 2008, King Code of Governance Principles for South Africa 2009 (King III), the International Integrated Reporting Council (IIRC) guidelines, the JSE Social Responsibility Index, the United Nations Global Reporting Initiative G4 Sustainability Reporting Guidelines, the telecommunications sector supplement and the Carbon Disclosure Project standard.

Non-financial information on certain aspects of the business, which has been externally assured by PricewaterhouseCoopers Inc., is provided in the table above. The assurance statement is on page 52.

Approval by the board

The structure and layout of this report is based on guidance in the latest integrated reporting framework set by the IIRC. The report was prepared under the supervision of Group CFO Brett Goschen CA(SA). The audit committee ensures the integrity of the report and has applied its collective mind to its preparation and presentation. The directors are responsible for the integrated report as a whole. The report was approved by the board on 3 March 2015.