MTN Group Limited

Final audited results for the year ended 31 December 2006

Registration number: 1994/009584/06 ISIN code: ZAE 0000 42164 Share code: MTN

HIGHLIGHTS

- Subscribers ⬆ **73%** to **40 million**
- Revenue ⬆ **49%** to **R52 billion***
- EBITDA ⬆ **53%** to **R22 billion***
- EBITDA margin of **43,4%** ⬆ from 42,4%* driven by operating efficiency improvements
- PAT of **R12 billion** from R7 billion for previous 9-month period
- Adjusted headline EPS of **584,7 cents** from 338,2 cents for previous 9-month period
- Acquisition of Investcom LLC concluded, effective July 2006
- Dividend per share of **90 cents**

Compared to previous unaudited 12-month period

OPERATIONAL DATA

	31 December 2006	
	Subscribers ('000)	ARPU (US$)
South and East Africa	**15 517**	
South Africa	12 483	23
Swaziland	268	20
Botswana	600	19
Zambia	187	19
Uganda	1 595	12
Rwanda	384	17
West and Central Africa	**19 622**	
Nigeria	12 281	18
Ghana	2 585	17
Cameroon	1 783	15
Côte d'Ivoire	1 625	18
Congo Brazzaville	280	20
Liberia	218	18
Benin	476	21
Guinea Conakry	276	17
Guinea Bissau	98	12
Middle East and North Africa	**4 912**	
Sudan	1 066	16
Iran	154	9
Afghanistan	218	14
Syria	2 237	17
Yemen	1 161	10
Cyprus	76	35
Total MTN	**40 051**	

REVIEW OF RESULTS

MTN Group achieved solid performance in the 12-month period ending 31 December 2006. Although the Group's profile changed significantly through acquisitions concluded during the year, strong organic growth in the traditional markets underpinned the Group's performance. South Africa and Nigeria had revenue growth of 22% and 31% respectively in highly competitive markets compared to the prior 12 months*. MTN Nigeria launched an ultra modern fibre-optic transmission network that will cover over 3 500 km when completed and span the length and breadth of the country. US$99 million has been invested in this project to date.

Acquisitions had a significant impact on the Group's results during the current year, notably through the Investcom transaction.

The Group changed its financial year-end to 31 December, in line with its operational cycle and international peer group. Consequently, the Group's prior year's audited results ended December 2005 cover a 9-month period. In certain instances, in order to provide meaningful comparatives, the unaudited 12-month period ended 31 December 2005 has been used.

In line with MTN's vision of being the leading provider of telecommunications services in emerging markets, the Group made a cash and share offer of US$5,526 billion on 23 May 2006 to acquire the entire issued share capital of Investcom LLC ("Investcom"), a company listed on the Dubai and London bourses. Investcom contributed meaningfully to growth over the period since the acquisition and has been successfully integrated into the Group. In addition, existing operations continued to perform well.

The Investcom transaction became unconditional on 12 July 2006 and settlement took place during July 2006. In terms of the offer, US$3,7 billion was settled in cash and 183 million MTN Group Limited shares were issued to previous Investcom shareholders in exchange for all of Investcom's issued share capital. Investcom was subsequently delisted in both Dubai and London. We have consolidated the results of Investcom for the six months ended 31 December 2006 in compliance with IFRS reporting requirements.

MTN uses segmental reporting to reflect the performance of the Group within operationally defined operating regions, viz: South and East Africa ("SEA"), West and Central Africa ("WECA") and Middle East and North Africa ("MENA"). Investcom operations have expanded our footprint from 11 to 21 countries and contributed to earnings of the WECA and MENA regions.

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

The Group's earnings before interest, tax, depreciation and amortisation ("EBITDA") increased 53% to R22 billion when compared to the prior 12-month period*. Excluding the R2,4 billion impact of Investcom, the year-on-year growth in EBITDA would have been 36%*. SEA contributed 42%, which is lower than its higher revenue contribution given its lower EBITDA margins. WECA contributed 50% of total EBITDA. The start-up nature of many of the MENA operations has resulted in a relatively small contribution of 5% to Group EBITDA.

Adjusted profit after tax ("PAT") increased to R12 billion compared to R7 billion for the nine months to December 2005.

Basic headline earnings per share ("EPS") rose to 606,5 cents for the period, 69% above the 359,8 cents for the nine months ended 31 December 2005.

MTN Group subscriber numbers increased by a healthy 73% on the back of both organic and acquisitive growth, bringing the total number of subscribers at 31 December 2006 to 40 million. Subscribers in SEA increased by 27% to 16 million, the WECA region by 80% to 20 million and MENA recorded five million. Excluding the impact of Investcom's 8,4 million subscribers, the year-on-year growth was 36% with Nigeria and South Africa accounting for 17% and 10% respectively. Investcom subscribers have grown 38% in the six months since July 2006 reflecting the lower base and greater growth opportunities in these relatively underpenetrated markets.

Impact of Investcom

Since acquisition, Investcom operations have generated R6 billion of revenue which is included in the consolidated results to 31 December 2006, and R10 billion** for the full year (2005: R5,7 billion**). Investcom generated R2,4 billion in EBITDA in the second half of the year and R4 billion** for the full year (2005: R2,5 billion**).

A preliminary allocation of goodwill of R23 billion, representing the difference between the purchase price and the fair value of net assets of Investcom has been recognised in the current reporting period.

Total debt of approximately R25 billion was raised to finance part of the acquisition of Investcom. This included R5 billion four-year and R1,3 billion eight-year bonds as well as syndicated facilities consisting of two five-year term loans of US$750 million and R7 billion each and a three-year revolving credit facility of US$1,25 billion. US$862 million of the revolving credit facility was drawn to settle Investcom shareholders and repaid in full by February 2007. The Group's target is to reduce total net debt to 0,4 times EBITDA by the end of 2008.

Income statement analysis

When compared with the unaudited 12-month period ending 31 December 2005, Group consolidated revenue increased by 49% (with R6 billion being attributable to the Investcom acquisition) to R52 billion still driven mainly by South Africa, which increased by 22% to R25 billion, and Nigeria, which increased by 31% to R15 billion*. Ghana and Sudan revenues for the July to December 2006 period were R1,7 billion and R570 million respectively.

Group EBITDA increased by 53% to R22 billion when compared with the unaudited 12-month period ending 31 December 2005, as a result of revenue growth, positive exchange rate movements and initiatives to improve operational efficiency. Group EBITDA margin improved to 43,4% from 42,4% for the unaudited 12-month period ended 31 December 2005 on strong margins in the key operations of South Africa 33,9% (2005: 34,3%) and Nigeria 57,2% (2005: 53,2%). For the six months ended 31 December 2006, margins for Ghana and Sudan were 52% and 17% respectively.

Group depreciation increased by R1,8 billion compared to the unaudited 12 months to December 2005*. Nigeria's depreciation charge was a major contributor with an increase of R867 million, with a significant portion attributable to additional capital expenditure and the strengthening of the Naira against the Rand.

The full-year impact of depreciation related to operations acquired in 2005 (Côte d'Ivoire, Zambia, Botswana, Congo Brazzaville and Iran) was an additional R165 million compared to the proportional depreciation charge for 2005.

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

Amortisation of intangible assets for the Group increased by R1 billion when compared to the nine months to 31 December 2005. The amortisation of intangible assets as a result of the Investcom acquisition totalled R587 million for the 6-month period.

Net finance costs of the Group increased by R1,1 billion when compared to the nine months to 31 December 2005, which primarily relates to financing for the acquisition of Investcom.

The Group incurred total foreign exchange losses of R700 million for the current year. This included recognition of the fair value and foreign exchange adjustments related to the Nigeria put option of R270 million, R100 million of losses on the importation of mobile handsets, R71 million in respect of Guinea Conakry due to the sharp devaluation in the currency over the 6 month period and other charges on foreign currency transactions.

Functional currency gains of R452 million were included in finance income for the year.

The Group's tax charge has increased by R1,2 billion compared to the nine months to 31 December 2005 due to the higher profit levels as well as additional tax charges of R233 million relating to the former Investcom operations.

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

- The positive impact on earnings due to the Nigerian deferred tax credit. This decreases adjusted headline EPS by 37,1 cents.
- IFRS requires the Group to account for a written put option held by minority shareholders of certain subsidiaries, which gives them the right but not the obligation to require the subsidiary to purchase their shareholding at fair value. The net impact is an increase in adjusted headline EPS of 15,3 cents.

Adjusted headline EPS of 584,7 cents for the period compares favourably to adjusted headline EPS of 338,2 cents for the 9-month period ended 31 December 2005.

Balance sheet and cash flow

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

The total assets for the Group increased by R52 billion to R97 billion at 31 December 2006 from a balance of R45 billion at 31 December 2005.

** Compared to previous unaudited 12-month period*
*** Unaudited*

The Group's closing balance sheet has also been impacted by the depreciation of the South African Rand against foreign currencies. The most significant impact was the 11% depreciation of the Rand against the Nigerian Naira.

Property, plant and equipment increased by R9,9 billion from the beginning of the financial year. Acquisitions of property, plant and equipment across the Group amounted to R9,8 billion and included R3,6 billion for the Nigeria network rollout and R2,2 billion in South Africa. Of the closing property, plant and equipment values, R3,8 billion relates to Investcom operations. Exchange rate differences noted previously increased property, plant and equipment closing values by R1,7 billion while depreciation decreased property, plant and equipment by R5 billion.

Goodwill and other intangible assets have increased by R33,3 billion, comprising goodwill of R24 billion, licences of R5,3 billion and subscriber bases of R3,5 billion primarily as a result of the Investcom acquisition. Goodwill of R24 billion was effectively reduced by a R2,5 billion gain from hedging the cash settlement of the Investcom transaction.

Current assets increased by R6,9 billion to R20,6 billion at 31 December 2006. The majority of this increase was attributable to Investcom (R5,6 billion) which included cash balances of R3,6 billion.

The Group's cash balances increased by R2,5 billion to R10,1 billion after cash outflows of R9,8 billion for capital expenditure, R1 billion for dividends and R4,8 billion for the additional equity purchased in Côte d'Ivoire, Botswana, Uganda and Nigeria.

OPERATIONAL REVIEW

South Africa MTN South Africa recorded a solid 22% growth in subscribers from 10,2 million to 12,5 million following the introduction of new products and services and an increased focus on distribution.

Average revenue per user ("ARPU") increased in the prepaid segment to R94, an increase of 1% from the prior period, due to the launch of attractive packages and competitive tariffs. Postpaid ARPU continued to trend lower at R487 for the year due to increased connections of lower-end packages.

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

MTN South Africa maintained its market share for the year at 36%.

Major innovations during the year included the launch of a prepaid value wallet, MTN@Access, an entertainment portal focused on music, games and World Cup soccer.

Infrastructural enhancement continued during the year, with 263 new base transceiver stations ("BTSs"), bringing the total to 4 932, integrated into the network which is experiencing significantly higher SMS traffic and increasing GPRS/data volumes. MTN's banking product made good progress during the year and recorded 83 000 subscribers.

Nigeria In an exceptional performance, MTN Nigeria increased its subscriber base by 47% over the prior reported period, recording some 3,9 million net connections for the year with more than 12,3 million subscribers at year-end. In addition, MTN Nigeria recorded market share of 46% and reduced churn levels from 35% to 30%. This performance was largely due to the successful introduction of a segmented value proposition and distributor campaigns.

ARPU declined by 18% from US$22 in the prior year to US$18, consistent with increased penetration and reflecting the continued acquisition of subscribers at the lower end of the market.

Product innovation played an important role in keeping the MTN brand at the forefront of consumer awareness in the highly competitive Nigerian market. Over the last six months, MTN Nigeria's brand preference and customer satisfaction increased from 49% to 54% and 69% to 80% respectively. Among the numerous product offerings introduced during the review period, MTN Loaded has proved immensely popular. The MTN Loaded portal service provides customers with easy and direct access to a virtual island of fun and entertainment ranging from downloadable ringtones to popular logos. The MTN Xtra Ordinary range of new prepaid per-second-plans offer unique value to different customer segments, while MTN Xtra Connect offers cost-effective calls such as discounts on calls to friends and family members and at low-traffic times. In the first product of its kind in Nigeria, MTN X-Change introduced a revolutionary electronic wallet through which subscribers purchase airtime and make payments from ATMs in MTN service centres, ConnectStores and selected external ATMs. The impact of these products has been most evident in subscriber retention and increased minutes of use. For corporate users, MTN Nigeria launched a mail package incorporating multimedia messaging and GPRS.

Ghana MTN's Ghana operation was incorporated into the MTN Group as part of the Investcom acquisition in July 2006. In that time, the company launched several innovative services into the Ghanaian market, improved service and call quality and made further progress in expanding the network infrastructure.

Year-on-year subscriber growth was over 42%, from 1,8 million to 2,6 million, comprising mainly prepaid subscribers. Due to a delayed network rollout and competitors' offerings, market share dropped to 52%. Levels of churn among postpaid subscribers have declined following improved credit control measures and heightened awareness of service.

ARPU decreased from US$18 for the full year to 31 December 2005 to US$17 for the six months to 31 December 2006, primarily due to lower tariff and interconnection charges but also due to the addition of lower-end customers.

MTN's Ghana operation introduced discounted off-peak calls, bulk SMS, GPRS and EDGE services and a wireless mobile office package that is particularly effective in rural areas with limited data connectivity. The company also introduced GPRS roaming with South Africa and Nigeria. These initiatives have proved successful and will be intensified in the new financial year.

Following a slow rollout in the first half of the year, network quality and capacity improved significantly in the last four months with 297 BTSs being completed compared with only 159 in the first eight months. Substantial progress was also made in completing microwave backbone transmission rings that will enable the company to reduce transmission costs in future and penetrate new areas.

Iran The MTN Group holds 49% of MTN Irancell, with the balance held by the Iran Electronic Development Company. The company has a 15 year renewable GSM license and launched commercial operations on 21 October 2006.

In the two months between launch and year-end, MTN Irancell acquired 154 000 postpaid subscribers at an ARPU of US$9, a weaker start than expected due to a late launch and uncompetitive national coverage. Network coverage for MTN Irancell was initially only at 16% of the national population making it difficult to attract subscribers against a well entrenched competitor. Coverage and network quality continues to improve and MTN Irancell's focus for 2007 is to continue extending coverage as rapidly as possible, supported by attractive promotional campaigns and continued customer service.

Already 2007 has shown faster subscriber growth as the company improves its coverage, distribution and brand awareness. By 25 March 2007, MTN Irancell had recorded more than one million subscribers commissioned 588 BTSs and covered 49 cities. Bedding down the Iran operation remains material to the Group's performance.

The United Nations Security Council passed formal sanctions against Iran on 24 March 2007 in respect of Iran's uranium enrichment nuclear programme and military issues.

We hope that the current situation will be resolved through peaceful diplomatic means.

Sudan The Sudan operation recorded an exceptional increase in subscriber numbers for the period from 269 000 in December 2005 to exceed the million mark at year-end. This is despite regulatory and logistical challenges with rollout as well as increased competition in the second half of the year. A range of initiatives and country-firsts enabled it to lift its market share from the mid-teens to almost 25%.

Strong growth in subscriber numbers was supported by an equally strong increase in the staff complement – particularly in senior positions – aggressive advertising and marketing campaigns, and significant expansions to network infrastructure and coverage. ARPU was US$16 for the six months to 31 December 2006.

During the period, 480 BTSs were rolled out, one mobile switching centre and 19 base station controllers were added to the network.

Prospects

The ability to execute MTN's vision to be the leading operator in emerging markets has been enhanced by the Group's increased footprint and scale. The focus for 2007 includes driving regional synergies, taking advantage of opportunities within the value chain and improving operational efficiency through our least-cost operator strategy. In addition, we will continue to focus on rolling out our networks and pursuing strategic expansion opportunities to diversify earnings. The Group will also focus on implementing mobile money/payment solutions in our key markets to facilitate the transfer of funds in underserviced markets.

Assuming the continuation of current market conditions, the Board expects the Group to continue showing healthy subscriber growth and maintain its strong market position in key operations.

MTN Nigeria's pioneer status ends on 1 April 2007 and 2007 will also be the first year in which profits will be taxed. This and the initial dilution impact of the Investcom acquisition will result in earnings consolidation in 2007.

DIVIDEND DECLARATION

In light of the Group's strong free cash flow generation coupled with its strong financial position, a dividend of 90 cents per share (December 2005: 65 cents per share) has been declared.

Notice is hereby given that a dividend (number 8) of 90 cents per ordinary share has been declared and is payable to shareholders recorded in the register of the MTN Group at the close of business on Friday, 20 April 2007.

In compliance with the requirements of STRATE, the electronic settlement and custody system used by the JSE , the MTN Group has determined the following salient dates for the payment of the dividend:

Last day to trade cum dividend	Friday, 13 April 2007
Shares commence trading ex dividend	Monday, 16 April 2007
Record date	Friday, 20 April 2007
Payment date of dividend	Monday, 23 April 2007

Share certificates may not be dematerialised/rematerialised between Monday, 16 April 2007 and Friday, 20 April 2007, both days inclusive.

On Monday, 23 April 2007 the dividend will be electronically transferred to the bank accounts of certificated shareholders who make use of this facility. In respect of those who do not use this facility, cheques dated Monday, 23 April 2007 will be posted on or about that date. Shareholders who have dematerialised their shares will have their accounts held by their Central Securities Depository Participant or broker credited on Monday, 23 April 2007.

For and on behalf of the Board

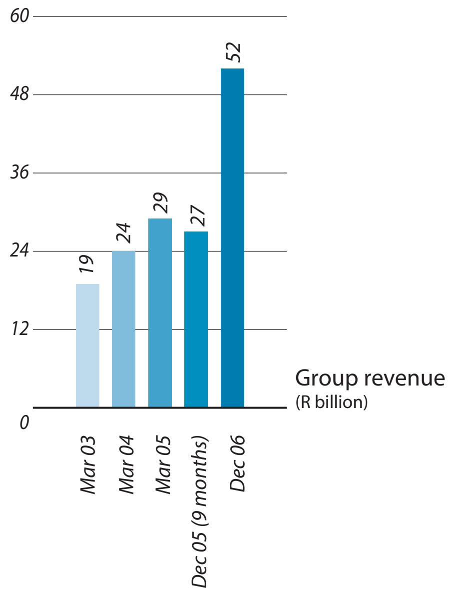
M C Ramaphosa
(Chairman)

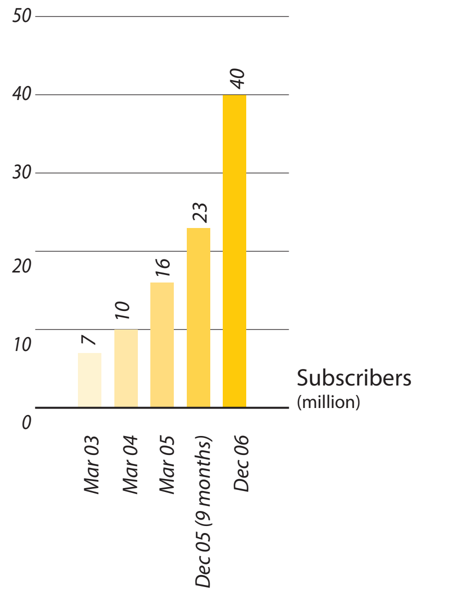
P F Nhleko
(Group President and Chief Executive Officer)

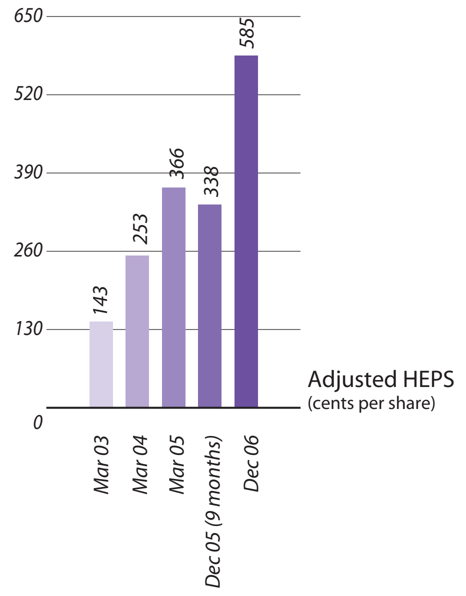
Fairland
28 March 2007

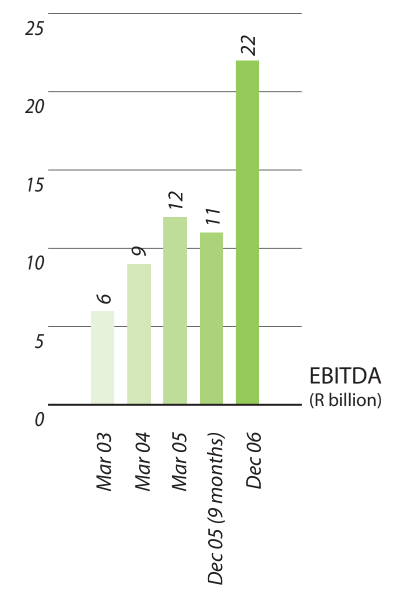
Certain statements in this announcement that are neither reported financial results nor other historical information are forward-looking statements, relating to matters such as future earnings, savings, synergies, events, trends, plans or objectives. Undue reliance should not be placed on such statements because they are inherently subject to known and unknown risks 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 (or from past results).

Unfortunately the company cannot undertake to publicly update or revise any of these forward-looking statements, whether to reflect new information of future events or circumstances or otherwise.









Condensed consolidated income statement

	12 months ended 31 December 2006 Audited Rm	9 months ended 31 December 2005 Audited Rm
Revenue	**51 595**	27 212
Direct network operating costs	**(4 628)**	(1 992)
Cost of handsets and other accessories	**(4 135)**	(2 717)
Interconnect and roaming	**(7 178)**	(3 736)
Employee benefits and consulting expenses	**(2 453)**	(1 310)
Selling, distribution and marketing expenses	**(7 949)**	(4 736)
Other expenses	**(2 839)**	(1 490)
Depreciation	**(5 030)**	(2 497)
Amortisation of intangible assets	**(1 289)**	(256)
Net finance costs	**(1 427)**	(373)
Share of results of associates	**23**	10
Profit before tax	**14 690**	8 115
Income tax expense	**(2 591)**	(1 411)
Profit for the period	**12 099**	6 704
Attributable to:		
Equity holders of the company	**10 610**	5 866
Minority interest	**1 489**	838
	12 099	6 704
Earnings per share	**605,4**	352,7
Diluted earnings per share	**589,1**	349,7
Dividend per share (cents)	**65,0**	65,0

Condensed consolidated balance sheet

	31 December 2006 Audited Rm	31 December 2005 Audited Rm
ASSETS		
Non-current assets	**76 282**	31 136
Property, plant and equipment	**30 647**	20 676
Goodwill	**27 017**	2 650
Other intangible assets	**13 088**	4 057
Investments in associates	**73**	54
Financial assets held at fair value through profit and loss	**—**	312
Loans and other non-current assets	**2 852**	2 001
Deferred income tax assets	**2 605**	1 386
Current assets	**20 635**	13 676
Cash and cash equivalents	**9 961**	7 222
Restricted cash**	**130**	338
Other current assets	**10 544**	6 116
Total assets	**96 917**	44 812
EQUITY AND LIABILITIES		
Shareholders' equity		
Share capital and reserves	**38 696**	19 716
Minority interests	**4 033**	3 380
	42 729	23 096
Non-current liabilities	**34 203**	9 765
Borrowings	**28 587**	7 505
Deferred income tax liabilities	**2 778**	853
Other non-current liabilities	**2 838**	1 407
Current liabilities	**19 985**	11 951
Non interest bearing liabilities	**15 593**	10 851
Interest bearing liabilities	**4 392**	1 100
Total equity and liabilities	**96 917**	44 812

***These monies consist primarily of amounts placed on deposit with banks in Nigeria to secure letters of credit.*

Condensed consolidated statement of changes in equity

	12 months ended 31 December 2006 Audited Rm	9 months ended 31 December 2005 Audited Rm
Opening balance	**23 096**	18 416
Net profit	**10 610**	5 866
Dividends paid	**(2 500)**	(1 081)
Issue of share capital	**9 532**	33
Effect of put option	**—**	(1 284)
Purchase of non-controlling interests	**(1 686)**	—
Shareholders' revaluation reserve	**86**	79
Transaction with minorities	**(1)**	124
Minorities' share of profits and reserves	**1 489**	838
Share-based payments reserve	**36**	17
Cash flow hedging reserve	**(54)**	—
Currency translation differences	**2 121**	88
	42 729	23 096

Segmental analysis

	12 months ended 31 December 2006 Audited Rm	9 months ended 31 December 2005 Audited Rm
REVENUE		
South and East Africa	**26 586**	16 293
West and Central Africa	**21 208**	10 868
Middle East and North Africa	**3 756**	—
Head office companies	**45**	51
	51 595	27 212
EBITDA		
South and East Africa	**9 346**	5 367
West and Central Africa	**11 355**	5 599
Middle East and North Africa	**1 117**	(6)
Head office companies	**595**	271
	22 413	11 231
PAT		
South and East Africa	**5 119**	3 021
West and Central Africa	**7 489**	3 637
Middle East and North Africa	**182**	(15)
Head office companies	**(691)**	61
	12 099	6 704

Condensed consolidated cash flow statement

	12 months ended 31 December 2006 Audited Rm	9 months ended 31 December 2005 Audited Rm
Cash inflows from operating activities	**17 622**	9 161
Cash outflows from investing activities	**(38 606)**	(12 922)
Cash inflows from financing activities	**18 993**	5 357
Net movement in cash and cash equivalents	**(1 991)**	1 596
Cash and cash equivalents at beginning of period	**7 164**	5 772
Cash acquired through acquisitions	**2 895**	(152)
Foreign entities translation adjustment	**940**	(52)
Cash and cash equivalents at end of period	**9 008**	7 164

Notes to the condensed financial statements

1. Basis of preparation

The condensed consolidated financial information ("financial information") announcement is based on the audited financial statements of the Group for the year ended 31 December 2006 which have been prepared in accordance with International Financial Reporting Standards ("IFRS") and in compliance with the Listing Requirements of the JSE Limited and the South African Companies Act (1973), on a consistent basis with that of the prior period.

The financial year-end for MTN Group and its subsidiaries was changed from 31 March to 31 December in the previous period. The financial statements are therefore for the 12 months ended 31 December 2006, with the comparative results for the 9 months ended 31 December 2005.

2. Headline earnings per ordinary share

The calculations of basic and adjusted headline earnings per ordinary share are based on basic headline earnings of R10 628 million (December 2005: R5 984 million) and adjusted headline earnings of R10 246 million (December 2005: R5 626 million) respectively, and a weighted average of shares of 1 752 304 867 (December 2005: 1 663 208 548) ordinary shares in issue.

Reconciliation between net profit attributable to the equity holders of the company and headline earnings.

	12 months ended 31 December 2006 Audited Rm	9 months ended 31 December 2005 Audited Rm
Net profit attributable to company's equity holders	**10 610**	5 866
Adjusted for:		
Loss on disposal of property, plant and equipment	**40**	27
Profit on sale of subsidiary	**—**	(23)
Impairment of property, plant and equipment	**(22)**	114
Basic headline earnings	**10 628**	5 984
Adjusted for:		
Reversal of deferred tax asset	**(650)**	(332)
Reversal of put option in respect of subsidiaries		
– Fair value adjustment	**120**	(19)
– Finance costs	**301**	97
– Minority share of profits	**(153)**	(104)
Adjusted headline earnings	**10 246**	5 626
Reconciliation of headline earnings per ordinary share (cents)		
Attributable earnings per share (cents)	**605,4**	352,7
Adjusted for:		
Loss on disposal of property, plant and equipment	**2,3**	1,6
Profit on sale of subsidiary	**—**	(1,4)
Impairment of property, plant and equipment	**(1,2)**	6,9
Basic headline earnings per share (cents)	**606,5**	359,8
Effect of reversal of deferred tax asset	**(37,1)**	(20,0)
Effect of reversal of put option entries	**15,3**	(1,6)
Adjusted headline earnings per share (cents)	**584,7**	338,2
Contribution to adjusted headline earnings per ordinary share (cents)		
South and East Africa	**289,5**	181,7
West and Central Africa	**325,8**	155,0
Middle East and North Africa	**2,7**	(0,9)
Head office companies	**(33,3)**	2,4
Adjusted headline earnings per share (cents)	**584,7**	338,2
Number of ordinary shares in issue:		
– Weighted average (000)	**1 752 305**	1 663 209
– At period-end (000)	**1 860 268**	1 665 317

Adjusted headline earnings adjustments

Deferred tax asset

The Group's subsidiary in Nigeria has been granted a five-year tax holiday under "pioneer status" legislation. Capital allowances arising on capital expenditure incurred during this period may be carried forward and claimed as deductions against taxable income from the sixth year of operations onwards. A deferred tax credit of R650 million (December 2005: R332 million), excluding minority interests relating to these deductible temporary differences, has been recognised for the year ended 31 December 2006 in terms of IAS 12 – Income Taxes.

As previously disclosed, although the Group has complied with the requirements of IAS 12 in this regard, the Board of Directors has reservations about the appropriateness of this treatment in view of the fact that no cognisance may be taken in determining the value of such deferred tax assets for uncertainties arising out of the effects of the time value of money or future foreign exchange movements. The Board therefore resolved to report adjusted headline earnings (negating the effect of the deferred tax asset), in addition to basic headline earnings, to more fully reflect the Group's results for the period.

Put option in respect of subsidiaries

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

IAS 32 requires that, in the circumstances described in the previous paragraph:

(a) the present value of the future redemption amount be reclassified from equity to financial liabilities and that financial liability so reclassified subsequently be measured in accordance with IAS 39;

(b) in accordance with IAS 39, all subsequent changes in the fair value of the liability, together with the related interest charges arising from present valuing the future liability, be recognised in the income statement;

(c) the minority shareholder holding the put option no longer be regarded as a minority shareholder but rather as a creditor from the date of receiving the put option.

Although the Group has complied with the requirements of IAS 32 and IAS 39 as outlined above, the Board of Directors has reservations about the appropriateness of this treatment in view of the fact that:

(a) the recording of a liability for the present value of the future strike price of the written put option results in the recording of a liability that is inconsistent with the framework as there is no present obligation for the future strike price;

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

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

3. Independent audit by the auditors

These condensed consolidated results have been audited by our joint auditors PricewaterhouseCoopers Inc. and SizweNtsaluba VSP, who have performed their audit in accordance with the International Standards of Auditing. A copy of their unqualified audit report is available for inspection at the registered office of the company.

	31 December 2006 Audited Rm	31 December 2005 Audited Rm
4. Capital expenditure incurred (including software)	**9 778**	6 732
5. Contingent liabilities and commitments		
Contingent liabilities	**911**	781
Operating leases	**837**	331
Finance leases	**592**	638
6. Commitments for property, plant and equipment and intangible assets		
Contracted for	**3 268**	2 902
Authorised but not contracted for	**13 163**	10 039
7. Cash and cash equivalents		
Bank balances, deposits and cash	**9 961**	7 222
Call borrowings	**(953)**	(58)
	9 008	7 164
8. Interest bearing liabilities		
Call borrowings	**953**	58
Short-term borrowings	**3 439**	1 042
Current liabilities	**4 392**	1 100
Long-term liabilities	**28 587**	7 505
	32 979	8 605

9. Other non-current liabilities

The put options in respect of subsidiaries arise from arrangements whereby minority shareholders of two of the Group's subsidiaries have the rights to put their remaining shareholdings in the subsidiaries to Group companies.

On initial recognition, these put options were fair valued using effective interest rates as deemed appropriate by management to the extent that these put options are not exercisable at a fixed strike price. The fair value will be determined on an annual basis with movements in fair value being recorded in the income statement.

10. Business combinations

10.1 The acquisition of 100% of Investcom LLC

On 4 July 2006 the Group acquired 100% of the issued share capital of Investcom LLC for a consideration of US$5,5 billion settled in cash and shares. The cost of acquisition was settled through an issue of corporate paper in the South African bond market and a US$ and ZAR-denominated bank facility. 183 210 084 MTN Group shares were issued and US$3,7 billion cash settled out of the new facilities raised above.

The acquired businesses contributed revenues of R5 987 million and net profit of R792 million to the Group for the period ended 31 December 2006.

If the acquisitions had occurred on 1 January 2006, the contribution to Group revenue would have been R10 328 million and the contribution to profit would have been R1 069 million. These amounts have been calculated using the Group's accounting policies and by adjusting the results of the subsidiary to reflect the additional depreciation and amortisation that would have been charged assuming the fair value adjustments to property, plant and equipment and intangible assets had applied from 1 January 2006, together with the consequential tax effects.

The goodwill is attributable to an expanded footprint and a significantly larger population under-coverage. Low penetration levels and economies of scale provide enhanced prospects.

Details of the net assets acquired and goodwill are as follows:	On acquisition date Rm
Total purchase consideration	33 339
Fair value of net assets acquired	(10 173)
Goodwill	23 166

The assets and liabilities arising from the acquisition are as follows:	Fair value on acquisition date Rm	Acquiree's carrying amount on acquisition date Rm
Cash and cash equivalents	3 175	3 175
Property, plant and equipment	3 600	3 986
Intangibles	8 140	4 156
Inventories and receivables	2 096	2 096
Payables	(3 151)	(3 151)
Borrowings	(1 085)	(1 085)
Net deferred tax assets	(1 272)	(136)
Net assets acquired	11 503	9 041
Minorities	(1 330)	
Fair value of net assets acquired	10 173	
Purchase consideration		23 941
Cash and cash equivalents in businesses acquired		(3 175)
Cash outflow on acquisition		20 766

10.2 The increase of MTN Uganda shareholding to 97,34%

The shareholding in MTN Uganda was increased in two tranches in July 2006 from 52,01% to 97,34%, converting the joint venture operation into a fully consolidated subsidiary of the Group.

The acquired businesses contributed revenues of R1 164 million and net profit of R223 million to the Group for the period ended 31 December 2006.

If the acquisitions had occurred on 1 January 2006, the contribution to Group revenue would have been R1 462 million and the contribution to profit would have been R179 million. These amounts have been calculated using the Group's accounting policies and by adjusting the results of the subsidiary to reflect the additional depreciation and amortisation that would have been charged assuming the fair value adjustments to property, plant and equipment and intangible assets had applied from 1 January 2006, together with the consequential tax effects.

The goodwill is attributable to the profitability of the acquired business.

Details of the net assets acquired and goodwill are as follows:	On acquisition date Rm
Total purchase consideration	1 577
Fair value of net assets acquired	(947)
Goodwill	630

The assets and liabilities arising from the acquisition are as follows:	Fair value on acquisition date Rm	Acquiree's carrying amount on acquisition date Rm
Cash and cash equivalents	35	35
Property, plant and equipment	439	439
Intangibles	974	11
Investment in subsidiary	1	1
Inventories and receivables	71	71
Payables	(50)	(50)
Borrowings	(146)	(146)
Net deferred tax assets	(352)	(72)
Net assets acquired	972	289
Minorities	(25)	
Fair value of net assets acquired	947	
Purchase consideration		1 577
Cash and cash equivalents in businesses acquired		(35)
Cash outflow on acquisition		1 542

11. Post-balance sheet events

Subsequent to year-end the Nigerian Communications Commission confirmed that MTN Nigeria had been successful in securing a 3G licence. As an auction was not required, the minimum reserve price of US$150 million was settled. The 3G spectrum and licence are yet to be issued.

12. Net asset value per ordinary share and net (debt)/cash equity ratios

	At 31 December 2006 Audited	At 31 December 2005 Audited
Net asset value (Rand)	**20,80**	11,84
Net (debt)/cash equity	**(58,8%)**	(4,5%)

Registration number: 1994/009584/06 ISIN code: ZAE 0000 42164 Share code: MTN

Directorate: M C Ramaphosa (Chairman), P F Nhleko (Group President and CEO)*, R S Dabengwa*, R D Nisbet*, D D B Band, K P Kalyan , A T Mikati, M J N Njeke, M Ramphele, A H Sharbatly, J H N Strydom, A F van Biljon, J van Rooyen, P L Woicke

**Executive*

Company Secretary: S B Mtshali, 216 14th Avenue, Fairland, 2195. Private Bag 9955, Cresta, 2118, RSA

Registered office: 216 14th Avenue, Fairland, 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

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

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

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Our financial results can be viewed on our website at: **www.mtn.com**

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BASTION GRAPHICS