MTN Group Limited

Reviewed interim results for the six months ended 30 June 2009

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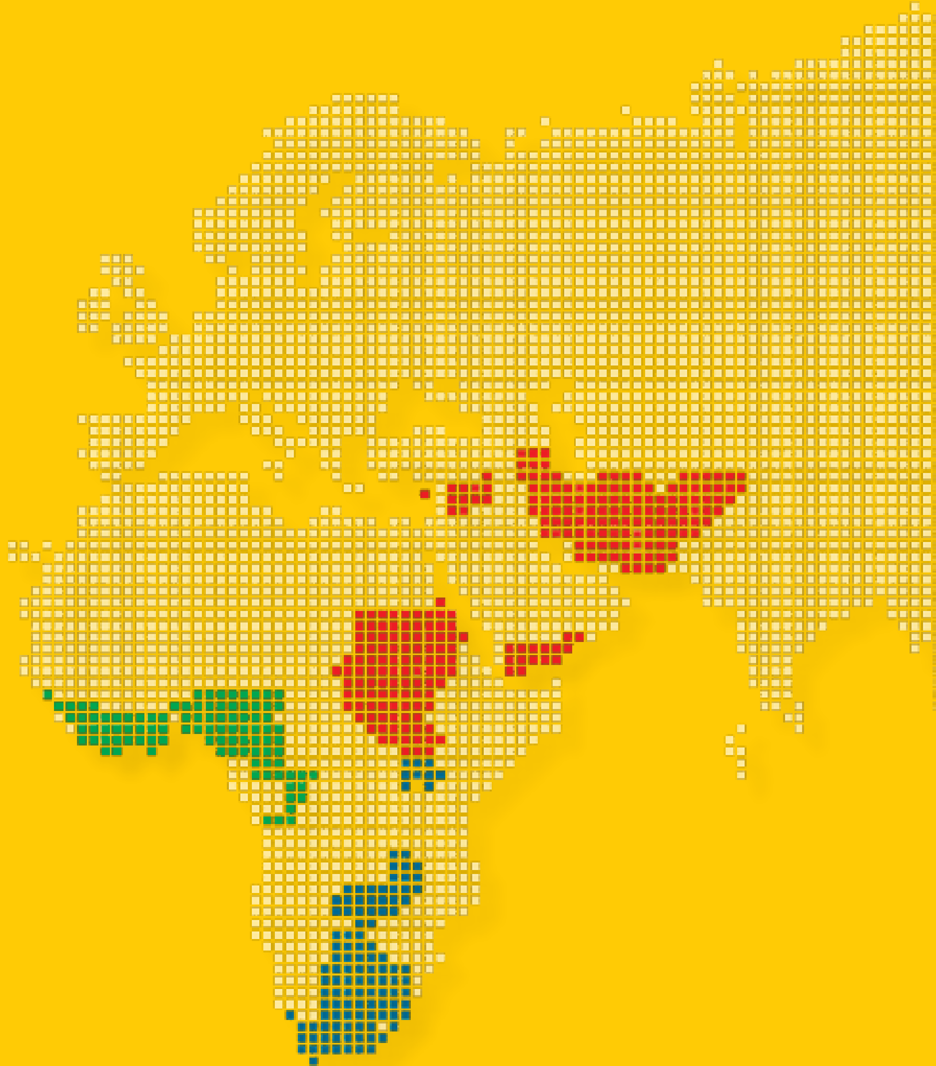
OPERATIONAL DATA
(Subscribers at 30 June 2009)

	('000)
South and East Africa	25 460
Middle East and North Africa	30 675
West and Central Africa	47 052
MTN Group	103 187



Highlights

- **Group subscribers up 14% to**
  103,2 million
  from December 2008

- **Revenue up 24,2% to**
  R57,3 billion
  from June 2008

- **EBITDA up 24,8% to**
  R24,5 billion
  from June 2008

- **Headline EPS up 22,5% to**
  415,5 cents
  from June 2008

- **Adjusted Headline EPS down 10,9% to**
  363,8 cents
  from June 2008

Review of results

MTN Group's performance for the six months ended 30 June 2009 was satisfactory considering the economic downturn which affected markets worldwide. Reported revenue and EBITDA results, when compared to the prior six month period ended 30 June, were not materially impacted by movements in currencies in the majority of countries in which we operate against the ZAR. However, growth in earnings were negatively impacted by functional currency losses of R2,8 billion (June 2008: R0,9 million gain) on shareholder loans, receivables and cash.

Although competition increased in most markets following the entry of new competitors, execution of the operational strategy has generally proved successful. MTN's network expansion and capacity investment strategy initiated in 2008 has also supported the strong performance of the Group's subsidiaries, particularly where competitors have elected to scale back on investments. Enhanced distribution channels and attractive value propositions also contributed to the positive performance.

The Group's mobile subscriber base passed the 100 million milestone during the reported period to reach 103,2 million subscribers at 30 June 2009. This is a 14% increase since 31 December 2008 and was mainly driven by robust subscriber growth in MTN Nigeria and MTN Irancell which added 4,3 million and 3,1 million subscribers respectively for the half year. Subscribers have increased by 39% since 30 June 2008.

The Group reports its performance by region, namely South and East Africa (SEA), West and Central Africa (WECA) and the Middle East and North Africa (MENA). MTN consolidates 49% of MTN Irancell's financials.

Income statement analysis

MTN Group revenues increased by 24,2% to R57,3 billion (30 June 2008: R46,1 billion), largely driven by the strong growth in subscribers since 30 June 2008.

The WECA region remains the largest contributor to Group revenue, contributing 47% of total revenue, up 1 percentage point compared with the six-month period to 30 June 2008. The SEA and MENA regions contributed 34% and 19% respectively of the Group's total revenues.

US dollar-reported average revenue per user (ARPU) declined considerably from the 30 June 2008 comparative in most operations due to increased penetration and the depreciation of local currencies against the US dollar. ARPU's are also lower than in December 2008 but in line with the ARPU for the first quarter. Slowing GDP growth, increased penetration into lower-use segments of the market and aggressive competition also had a negative impact on local-currency ARPU's.

In line with the strong growth in revenue, MTN's earnings before interest, tax, depreciation and amortisation (EBITDA) increased by 24,8% to R24,5 billion for the six-month period ended 30 June 2009 (June 2008: R19,6 billion). Cost optimisation and other efficiencies, although partially offset by higher network operating costs and inflationary increases on staffing, drove margins slightly higher.

The WECA region recorded 33% EBITDA growth to R14,8 billion (June 2008: R11,2 billion), contributing 61% to the Group's total EBITDA. The SEA region's contribution of 25% based on a 6% growth to R6,2 billion (June 2008: R5,9 billion), was affected by increased operating expenditure partly due to the integration of newly acquired businesses in MTN South Africa and pricing pressure from new competition in Rwanda. The MENA region grew EBITDA by 34% to R2,9 billion (June 2008: R2,2 billion) and contributed 12% to Group EBITDA, increasing its contribution by 1 percentage point compared with the prior year. The Group's EBITDA margin remained relatively stable at 42,8%, compared with 42,6% for the six months to 30 June 2008.

The Group incurred capital expenditure (capex) of R15,5 billion for the half year, a 50% increase over June 2008. We anticipate that while a substantial portion of the approved capex has been committed as part of our expansion strategy, some investments are only likely to be capitalised in the first half of 2010.

The Group's depreciation charge increased by R1,6 billion to R5,9 billion (June 2008: R4,4 billion) following the substantial increase in network capital expansion projects initiated in 2008. Nigeria, Iran and South Africa were the main contributors to the increase in depreciation, adding R0,5 billion, R0,3 billion and R0,2 billion respectively. The Group amortisation charge was in line with the prior comparative period.

Net finance costs increased by 143% to R3,6 billion compared to the same period last year. The large increase is due to the R2,8 billion (June 2008: R0,9 billion gain) functional currency loss in Mauritius which arises on the translation of US dollar-denominated loans, receivables and cash balances. The Nigeria put option charge to income was a credit of R1 billion (June 2008: R0,9 billion debit) mostly due to the devaluation of the Naira versus the ZAR.

The Group taxation charge decreased by 18% (R1,0 billion) to R4,5 billion (June 2008: R5,5 billion). The decrease is mainly attributable to the full effect of the Nigerian commencement provisions having been absorbed in the reporting period ended 30 June 2008 which decrease is partially offset by additional withholding tax on dividends from Nigeria that are sourced from post Pioneer profits.

The Group's effective tax rate reduced from 44% in June 2008 to 33% in June 2009. The period-to-period decrease in the effective rate is also in part attributable to the Nigerian put option effect on the profit before tax.

Group basic earnings per share (EPS) increased by 22,4% to 409,7 cents per share compared to 30 June 2008. Adjusted headline EPS decreased to 363,8 cents, 10.9% lower than at 30 June 2008. The various contributory factors, both positive and negative, that resulted in the net decrease in adjusted headline EPS are the impact of the reversal of the put option, the impact of functional currency profits in the prior comparative period versus functional currency losses in the current period as well as the lower effective tax rate.

The Group continues to report adjusted headline EPS in addition to basic headline EPS. The adjustment is in respect of the IFRS requirement that the Group accounts for a written put option held by a minority shareholder of one of the Group subsidiaries, which provides the minority shareholder the right to require the subsidiary or its holding company to acquire this shareholding at fair value. Although the Group has complied with the requirements, the board of directors (the board) has reservations about the appropriateness of this treatment and hence the adjustment. The net impact is that adjusted headline reflect the decrease of EPS of 51,7 cents (June 2008: 69,2 cents, including the impact of the reversal of the deferred tax asset).

Balance sheet and cash flow analysis

MTN Group's assets decreased by 14% to R146 billion compared with R170 billion at 31 December 2008. This was largely as a result of the depreciation of the closing rate of the respective local currencies against the ZAR.

Asset classes affected by this include property, plant and equipment which decreased by 5% from R64,2 billion to R61,0 billion notwithstanding additions of R15,0 billion; goodwill and intangible assets which decreased by 18% (R8.1 billion) to R37,6 billion compared to December 2008; and current assets which decreased by 24% (R13,3 billion) to R41,4 billion from December 2008.

Cash generated from operating activities improved from R13,0 billion for the 6 months to 30 June 2008 to R17,0 billion reflecting the strong operational performance after paying a dividend of R3,4 billion (June 2008: R2,5 billion). Cash outflows from investing activities utilised R16,9 billion of cash as a result of the significant capital expenditure programme. The foreign currency translation losses of R3,9 billion contributed to the net debt increasing to R15,2 billion from R12,9 billion.

Other

Acquisitions in the six-month period ended 30 June 2009 included 100% of Verizon South Africa (Pty) Ltd (Verizon) in February 2009 and 59% of i-Talk Cellular (Pty) Ltd (iTalk) in January 2009. The acquisition of Verizon is expected to improve MTN South Africa's competitive position in the rapidly converging mobile/ISP sector, particularly in the corporate segment. Verizon is currently being integrated within MTN Business, including the previously acquired Network Solutions, to allow for a comprehensive and integrated offer to our customer base. Verizon has been reported under "other" in the SEA region for the review period.

Changes to shareholding for the six months ended 30 June 2009 include a 2,2% sale of equity interest in MTN Zambia to Zambian financial institutions by way of a private placement as part of MTN's undertaking to broaden its local shareholder base and fulfil its licence commitment.

MTN purchased the entire issued ordinary share capital of Newshelf 664 (Pty) Ltd (Newshelf) in May 2009. The Newshelf acquisition was effected by way of a specific issue of 213.9 million MTN shares to the PIC and the specific repurchase by MTN of 243,5 million MTN shares. MTN acquired the Newshelf shares at an effective discount to market value and intends to apply a significant portion of this effective discount to facilitate a new Black Economic Empowerment (BEE) transaction. The board remains fully committed to implementing a BEE transaction as soon as conditions become conducive.

Operational review

South Africa ➤ MTN South Africa's subscriber base grew by 62 000 during the review period to 17,2 million. The disappointing increase in subscribers was due to a combination of factors including challenges on the network and supporting systems, slowing GDP growth, pressure on consumer spend, and competitor activity in the first half of the year.

Postpaid subscribers grew by 4% to 2,9 million for the six-month period. The postpaid market has had a challenging six months with economic pressure affecting growth in the market and generally putting a squeeze on credit. Growth was mainly attributable to MTN Anytime, which currently makes up 39% of the postpaid base.

The prepaid subscriber base declined by 52 000 during the period. ARPU in the prepaid and postpaid market segments declined by 5% to R92 and 10% to R362 respectively.

The proposed Musica transaction has been terminated as certain legal conditions precedent, beyond the control of the parties, could not be met.

The iTalk acquisition was finalised in January 2009. The branded channel incorporates eight stores that will ultimately be integrated under the MTN Brand. MTN South Africa will maintain its focus on distribution.

MTN South Africa also continues to invest in its network (radio, core and transmission). The Gauteng southern fibre network ring to interconnect the main switching and data centers has been completed. Further trenching is under way to complete the Gauteng northern ring which incorporates Pretoria. The 5 000km national fibre optic network tri-build agreement has been finalised. The trenching route between Gauteng and the Durban route has begun. The operation has rolled out 234 second-generation (2G) and 307 third-generation (3G) base transceiver stations (BTS's) since the beginning of 2009, enabling it to increase circuit switch data capacity by 8,5% and packet switch data capacity by 80%. The 3G population coverage increased from 35% in December 2008 to 44% at the half year.

Nigeria ➤ MTN Nigeria subscribers grew by 19% over the six months to 27.3 million at June 2009. MTN Nigeria recorded strong growth in the first half and improved market share to 48%. Significant investment in network capacity and improved quality of service strategies adopted in 2008 and 2009 gave MTN Nigeria an advantage over its competitors for the period. The operation successfully restructured its sales and distribution strategy to improve the focus of the dealer channel and drive acquisitions.

APRU declined by USD4 from December 2008 to USD12. Although the USD ARPU shows a considerable decline following the depreciation of the Naira against the US dollar, local-currency ARPU declined at a slower rate and in line with increased penetration in lower-use segments.

Aggressive network rollout continued in the first half of 2009, as MTN Nigeria rolled out 426 2G and 236 3G BTS's. The 3G rollout is gaining momentum with 787 3G BTS's now live and the completion of phase 2 of the 3G rollout underway. A further 1 548km of transmission expansion to improve the network is in progress (66.42% complete).

Ghana ➤ MTN Ghana increased subscribers by 12% over the six months to 7,2 million at 30 June 2009. Market share only reduced slightly from 55% to 54% over the period despite fierce competition from new market entrants. The launch of a loyalty programme, Rally Around the Flag, and the continued success of MTN Zone assisted with subscriber retention.

ARPU decreased by 33% from USD12 to USD8 mostly due to the devaluation of the Cedi against the US dollar. Local-currency ARPU decreased by 15%

after aggressive price offers by new competitors and deeper penetration into the market.

MTN Ghana rolled out 289 BTS's for the six-month period.

Irancell ➤ MTN Irancell increased its subscriber base by 20% over the six month period to 19,2 million at June 2009 through continued promotional campaigns. An enhanced distribution channel that included efficient subscriber registration has also contributed to subscriber growth.

ARPU dropped USD1 to USD8 mainly due to increased penetration into lower-use market segments.

MTN Irancell added 793 BTSs for the period, improving quality and capacity on the network. During the six months, 368 more cities and an additional 1 434km of road have been covered. Network coverage of the population increased from 62% at the beginning of the year to 67% at June 2009. WiMax rollout is successfully on track with pilot sites identified, call centres set up and dealers selected.

Syria ➤ MTN Syria added 11 000 subscribers to its base in the six month period. The low growth in subscriber numbers was, however, in line with lower demand in the telecoms sector in the country with no loss of market share. Segmental product offerings and churn management initiatives have been put in place to drive new acquisitions.

Subscriber ARPU declined marginally from USD19 in December 2008 to USD18 in June 2009.

The implementation of planned network expansions and upgrades has decreased congestion and improved radio capacity. MTN Syria has added 74 BTS's during the period. Limited 3G service was commercially launched in January 2009, offering attractive data bundles.

Proposed transaction with Bharti

On 25 May 2009, MTN Group and Bharti Airtel Limited (Bharti) announced they were exploring a potential transaction in which MTN and its shareholders would acquire, pursuant to a scheme of arrangement, an approximate 36% economic interest in Bharti, of which 25% would be held by MTN with the remainder held directly by MTN shareholders, and Bharti would acquire an approximate 49% shareholding in MTN.

The potential transaction between Bharti and MTN would create a leading telecommunication service provider group, aligning Bharti's market-leading Indian business with MTN's market-leading African and Middle Eastern operations. The potential transaction would also represent a significant development in south-south cooperation between India and South Africa.

The rationale for the transaction is compelling and includes diversification and synergistic benefits as well as addressing the objective of becoming one of the pre-eminent emerging-market telecommunications companies.

The exclusivity period has been extended to 30 September 2009. No decision or agreement to acquire any shares or Global Depository Receipt's or implement the potential transaction outlined above has yet been made by the boards of either MTN or Bharti. Shareholders will be advised of any further developments.

Prospects

There are some indications that global economic conditions may be starting a slow recovery although many of our markets remain relatively vulnerable at present. Competition across MTN's footprint is likely to continue to increase. Shorter term prospects in South Africa remain challenging, compounded by the impact of new subscriber registration requirements from 1 August 2009. MTN remains focused on:

- actively seeking value-accretive expansion opportunities in emerging markets;
- tightly monitoring infrastructure investments to ensure appropriate levels of capacity and quality of service for an enlarged market;
- optimising efficiencies in maintaining and improving our competitive position while ensuring the Group is able to benefit from a rapidly converging technology market, and continued investment in sub-marine cables for efficient access;
- continuing engagement with regulatory authorities in the development and refinement of the telecommunication sector; and
- the implementation of MTN's proposed BEE deal at the appropriate time.

Revised subscriber net addition guidance

Net additions for December 2009	
South Africa	500
Nigeria	7 400
Ghana	1 400
Iran	6 000
Syria	400
Rest	6 900
Total	22 600

For and on behalf of the Board

M C Ramaphosa

(Chairman)

P F Nhleko

(Group President and CEO)

Fairland

27 August 2009

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 statements

	Six months ended 30 June 2009 Reviewed Rm	Six months ended 30 June 2008 Reviewed Rm	Change %	Financial year ended 31 December 2008 Audited Rm
Revenue	**57 269**	46 128	24,2	102 526
Direct network operating costs	**(8 059)**	(5 891)	36,8	(14 140)
Cost of handsets and other accessories	**(3 292)**	(2 447)	34,5	(5 985)
Interconnect and roaming	**(7 602)**	(6 225)	22,1	(13 217)
Employee benefits	**(2 839)**	(2 167)	31,0	(4 776)
Selling, distribution and marketing expenses	**(7 261)**	(6 368)	14,0	(13 274)
Other expenses	**(3 704)**	(3 383)	9,5	(7 968)
Depreciation and amortisation	**(7 301)**	(5 714)	27,8	(12 759)
Net finance costs	**(3 630)**	(1 497)	142,5	(1 917)
Profit before income tax	**13 581**	12 436	9,2	28 490
Income tax expense	**(4 488)**	(5 472)	(18,0)	(11 355)
Profit after tax	**9 093**	6 964	30,6	17 135
Attributable to:	**9 093**	6 964	30,6	17 135
Equity holders of the company	**7 630**	6 240	22,3	15 315
Minority interests	**1 463**	724	102,1	1 820
Earnings per ordinary share (cents) attributable to equity holders of the company				
– basic	**409,7**	334,6	22,4	821,0
– diluted	**399,4**	326,6	22,3	806,1
Dividends per share (cents)	**181,0**	136,0	33,1	136,0

Condensed consolidated statements of comprehensive income

	Six months ended 30 June 2009 Reviewed Rm	Six months ended 30 June 2008 Reviewed Rm	Financial year ended 31 December 2008 Audited Rm
Profit for the year	**9 093**	6 964	17 135
Other comprehensive income:			
Exchange differences on translating foreign operations	**(15 796)**	7 968	12 244
Cash flow hedges	**—**	(8)	138
Total comprehensive (loss)/income for the period	**(6 703)**	14 924	29 517
Attributable to:			
Equity holders of the company	**(7 467)**	14 063	27 337
Minority interests	**764**	861	2 180
	(6 703)	14 924	29 517

Condensed consolidated balance sheets

	30 June 2009 Reviewed Rm	30 June 2008 Reviewed Rm	Change %	31 December 2008 Audited Rm
ASSETS				
NON-CURRENT ASSETS	**104 579**	98 963	5,7	115 319
Property, plant and equipment	**61 007**	50 125	21,7	64 193
Goodwill and other intangible assets	**37 637**	43 450	(13,4)	45 786
Investments in associates	**27**	52	(48,1)	60
Deferred tax assets	**1 281**	945	35,5	657
Loans and other non-current receivables	**4 627**	4 391	5,4	4 623
CURRENT ASSETS	**41 439**	46 585	(11,0)	54 787
Cash and cash equivalents	**19 503**	27 058	(27,9)	26 961
Restricted cash	**994**	524	89,7	1 778
Other current assets	**20 942**	19 003	10,2	26 048
Total assets	**146 018**	145 548	0,3	170 106
EQUITY AND LIABILITIES				
Shareholders' equity	**67 450**	67 228	0,3	80 542
Share capital and reserves	**64 507**	63 112	2,2	76 386
Minority interests	**2 943**	4 116	(28,5)	4 156
Non-current liabilities	**31 236**	34 075	(8,3)	34 973
Borrowings	**25 537**	29 313	(12,9)	29 100
Deferred tax liabilities	**5 182**	3 812	35,9	4 989
Other non-current liabilities	**517**	950	(45,6)	884
Current liabilities	**47 332**	44 245	7,0	54 591
Non interest-bearing liabilities	**37 194**	32 995	12,7	42 101
Interest-bearing liabilities	**10 138**	11 250	(9,9)	12 490
Total equity and liabilities	**146 018**	145 548	0,3	170 106

Condensed consolidated statements of changes in equity

	Six months ended 30 June 2009 Reviewed Rm	Six months ended 30 June 2008 Reviewed Rm	Financial year ended 31 December 2008 Audited Rm
Opening balance	**80 542**	51 502	51 502
Total comprehensive (loss)/income for the period	**(6 703)**	14 924	29 517
Dividends paid	**(4 818)**	(5 165)	(6 514)
Shares issued during the period	**20 380**	8	41
Transactions with minorities	**1 785**	4 076	4 020
Disposal of non-controlling interest	**—**	907	909
Purchase of non-controlling interest	**—**	—	(85)
Shareholders revaluation reserve	**(236)**	153	44
Share-based payment reserve	**6**	6	75
Newshelf share buy-back	**(21 226)**	—	—
Other movements on minorities	**(2 385)**	505	505
Other reserves	**105**	258	474
Cancellation of MTN Cote d'Ivoire put option	**—**	54	54
Closing balance	**67 450**	67 228	80 542

Condensed consolidated cash flow statements

	Six months ended 30 June 2009 Reviewed Rm	Six months ended 30 June 2008 Reviewed Rm	Financial year ended 31 December 2008 Audited Rm
Cash inflows from operating activities	**16 899**	12 988	34 236
Cash outflows from investing activities	**(16 942)**	(7 444)	(27 177)
Cash (out)/inflows from financing activities	**(2 771)**	3 209	292
Net movement in cash and cash equivalents	**(2 814)**	8 753	7 351
Cash and cash equivalents at beginning of period	**25 596**	15 546	15 546
Effect of exchange rate changes	**(3 866)**	1 705	2 699
Cash and cash equivalents at end of period	**18 916**	26 004	25 596

Segmental analysis

	Six months ended 30 June 2009 Reviewed Rm	Six months ended 30 June 2008 Reviewed Rm	Financial year ended 31 December 2008 Audited Rm
REVENUE			
South and East Africa	**19 399**	17 609	37 483
West and Central Africa	**26 757**	21 132	47 682
Middle East and North Africa	**11 062**	7 324	17 215
Head office companies	**51**	63	146
	57 269	46 128	102 526
EBITDA			
South and East Africa	**6 233**	5 905	12 878
West and Central Africa	**14 849**	11 174	25 318
Middle East and North Africa	**2 886**	2 161	4 654
Head office companies	**544**	407	316
	24 512	19 647	43 166
PAT			
South and East Africa	**3 339**	3 162	7 322
West and Central Africa	**6 706**	3 985	9 943
Middle East and North Africa	**1 091**	636	1 549
Head office companies	**(2 043)**	(819)	(1 679)
	9 093	6 964	17 135

Notes to the condensed consolidated financial statements

1. Independent review by the auditors

These condensed consolidated results have been reviewed by our joint auditors PricewaterhouseCoopers Inc. and SizweNtsaluba VSP, who have performed their review in accordance with the International Standard on Review Engagements 2410. A copy of their unqualified review report is available for inspection at the registered office of the company.

2. General information

MTN carries on the business of investing in the telecommunications industry through its subsidiary companies, joint ventures and associate companies.

3. Basis of preparation

The condensed consolidated interim financial information (interim financial information) announcement was prepared in accordance with International Financial Reporting Standards (IFRS's) IAS 34 – Interim Financial Reporting and in compliance with the Listings Requirements of the JSE Limited and the South African Companies Act (1973), on a consistent basis with that of the prior period.

4. Accounting policies

The accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 December 2008, as described in the annual financial statements.
During the period under review, the Group adopted all the IFRS and interpretations being effective and deemed applicable to the Group. None of these had a material impact apart from IAS 1 (Revised) which resulted in a separate condensed consolidated statement of comprehensive income being included as part of the primary financial statements of the Group.
The necessary changes were also made to the condensed consolidated statement of changes in equity as a result.

5. Headline earnings per ordinary share

The calculations of basic and adjusted headline earnings per ordinary share are based on basic headline earnings of R7 739 million (2008: R6 328 million) and adjusted headline earnings of R6 776 million (2008: R7 618 million) respectively, and a weighted average number of ordinary shares in issue of 1 862 519 (2008: 1 864 911).

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

	Six months ended 30 June 2009 Reviewed Rm	Six months ended 30 June 2008 Reviewed Rm	Financial year ended 31 December 2008 Audited Rm
Net profit attributable to company's equity holders	**7 630**	6 240	15 315
Adjusted for:			
Loss on disposal of non-current assets	**109**	88	288
Basic headline earnings	**7 739**	6 328	15 603
Adjustment:			
Reversal of the subsequent utilisation of deferred tax asset	**—**	425	441
Reversal of put option in respect of subsidiary			
– Fair value adjustment	**(553)**	520	74
– Finance Costs	**(292)**	404	914
– Minority share of profits	**(118)**	(59)	(162)
Adjusted headline earnings	**6 776**	7 618	16 870

	Six months ended 30 June 2009 Reviewed Rm	Six months ended 30 June 2008 Reviewed Rm	Financial year ended 31 December 2008 Audited Rm
Reconciliation of headline earnings per ordinary share (cents)			
Attributable earnings per share (cents)	**409,7**	334,6	821,0
Adjusted for:			
Loss on disposal of non-current assets	**5,8**	4,7	15,5
Basic headline earnings per share (cents)	**415,5**	339,3	836,5
Reversal of the subsequent utilisation of deferred tax asset	**—**	22,8	23,6
Reversal of put option in respect of subsidiary	**(51,7)**	46,4	44,3
Adjusted headline earnings per share (cents)	**363,8**	408,5	904,4
Contribution to adjusted headline earnings per ordinary share (cents)			
South and East Africa	**177,3**	180,7	385,7
West and Central Africa	**291,1**	229,9	517,6
Middle East and North Africa	**56,5**	36,8	77,0
Head office companies	**(161,1)**	(38,9)	(75,9)
	363,8	408,5	904,4
Number of ordinary shares in issue:			
– Weighted average ('000)	**1 862 519**	1 864 911	1 865 299
– At period end ('000)	**1 839 868**	1 865 354	1 868 010

Adjusted headline earnings adjustments

Deferred tax asset

The Group's subsidiary in Nigeria had been granted a five-year tax holiday under "pioneer status" legislation. On 31 March 2007 MTN Nigeria exited "pioneer status", and from 1 April 2007 became subject to income tax in Nigeria. A deferred tax asset of R2,5 billion was created during "pioneer status" in respect of capital allowances on capital assets that are only claimable after the company comes out of "pioneer status". The above resulted in the commencement of the reversal of the deferred tax asset shown as an adjustment of Rnil (2008: R542 million) Rnil excluding minorities (2008: R425 million) to the adjusted headline earnings figure.

As previously disclosed, although the Group has complied with the requirements of IAS 12 in this regard, the board has reservations about the appropriateness of this treatment in light of the fact that no cognisance may be taken (in determining the value of such deferred tax assets) of 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 reflect more fully the Group's results for the period.

Put option in respect of subsidiary

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, accrue to the minority shareholders.

IAS 32 requires that in the circumstances described above:

(a) the present value of the future redemption amount be reclassified from equity to financial liabilities and that the financial liability so reclassified subsequently be remeasured 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 are to be recognised in the income statement; and

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

Although the Group has complied with the requirements of IAS 32 and IAS 39 as outlined above, the board has reservations about the appropriateness of this treatment in light 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; and

(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.

	Six months ended 30 June 2009 Reviewed Rm	Six months ended 30 June 2008 Reviewed Rm	Financial year ended 31 December 2008 Audited Rm
6. Capital expenditure incurred	**15 504**	10 311	28 263
7. Contingent liabilities and commitments			
Contingent liabilities – upgrade incentives	**250**	1 013	504
Operating leases	**756**	917	801
Finance leases	**520**	1 393	554
Other	**633**	84	541
8. Commitments for property, plant and equipment and intangible assets			
– Contracted for	**23 260**	12 686	11 410
– Authorised but not contracted for	**3 625**	11 816	26 257
9. Cash and cash equivalents			
Bank balances, deposits and cash	**19 503**	27 058	26 961
Call borrowings	**(587)**	(1 054)	(1 365)
	18 916	26 004	25 596
10. Interest-bearing liabilities			
Call borrowings	**587**	1 054	1 365
Short-term borrowings	**9 551**	10 196	11 125
Current liabilities	**10 138**	11 250	12 490
Long-term liabilities	**25 537**	29 313	29 100
	35 675	40 563	41 590

11. Other non-current liability

The put option in respect of the subsidiary arises from an arrangement whereby the minority shareholders of the Group's subsidiary have the right to put their remaining shareholding in the subsidiary to Group companies.

On initial recognition, the put option was fair valued using effective interest rates as deemed appropriate by management. To the extent that the put option is 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.

12. Business combinations

Acquisitions

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

(a) An additional 59% in iTalk, a cellular service provider, was acquired in January 2009

(b) 100% of Verizon, an internet service provider, was acquired in February 2009

The accounting for the acquisition of Verizon South Africa has been determined on a provisional basis as elected under IFRS 3 – to finalise asset and liability fair values and therefore allocated goodwill, within 12 months subsequent to the acquisition date.

	Carrying amount on acquisition date Rm	**Total fair value Rm**
The assets and liabilities arising from the acquisitions are as follows:		
Property, plant and equipment	106	106
Other non-current assets	95	95
Investments	1	1
Cash and cash equivalents	95	95
Net working capital	42	42
Long-term borrowings	(118)	(118)
Taxation	7	7
Other liabilities	(56)	(56)
Net asset value	172	172
Purchase consideration	2 107	
Fair value of net assets acquired	172	
Goodwill	1 935	

13. The acquisition of 100% of Newshelf

MTN purchased the entire issued ordinary share capital of Newshelf from the PIC. The Newshelf acquisition was affected by way of a specific issue of shares to the PIC and the specific repurchase by MTN of 243,5 million MTN shares held by Newshelf. The transaction was concluded in May 2009. MTN acquired the Newshelf shares at an effective discount to market value and intends to apply a significant portion of this effective discount to future participants in a BEE transaction as an incentive to invest in that transaction. The board remains fully committed to implement a BEE transaction as soon as conditions become conducive.

14. Post balance sheet events

The board is not aware of any matter or circumstance arising since the end of the reporting period, not otherwise dealt with herein, which significantly affects the financial position of the Group or the results of its operations or cash flows for the period ended.

Administration

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

Directorate: MC Ramaphosa (Chairman), PF Nhleko* (Group President and CEO), DDB Band, RS Dabengwa*, KP Kalyan, AT Mikati, RD Nisbet*, MJN Njeke, JHN Strydom, AF van Biljon, J van Rooyen **Executive*

Company secretary: SB Mtshali, 216 – 14th Avenue, Fairland, 2195. Private Bag 9955, Cresta, 2118

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 (Proprietary) Limited (Registration number: 2004/003647/07). 70 Marshall Street, Johannesburg, 2001. PO Box 61051, Marshalltown, 2107

Joint auditors: PricewaterhouseCoopers Inc., 2 Eglin Road, Sunninghill, 2157 Private Bag X36, Sunninghill, 2157 and SizweNtsaluba VSP, 20 Morris Street East, Woodmead, 2146. PO Box 2939, Saxonwold, 2132

Sponsor: Deutsche Securities (SA) (Proprietary) Limited

E-mail: investor_relations@mtn.com

We can’t wait. Lets go 2010.

These results can be viewed on www.mtn.com