MTN Group Limited

Interim Results
for the six months ended 30 June 2016

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RESULTS OVERVIEW 01

Note: *Certain financial information presented in these interim financial 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 only. 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.*

1. *Certain financial information presented in these interim financial results has been prepared excluding the impact of hyperinflation and the relating goodwill impairment, tower profits and the Nigerian regulatory fine and constitutes pro forma financial information to the extent that it is not extracted from the segment disclosure included in the reviewed condensed consolidated interim financial results for the six months ended 30 June 2016. This pro forma financial information has been presented to eliminate the impact of hyperinflation and the relating goodwill impairment, tower profits and the Nigerian regulatory fine from the financial results in order to achieve a comparable analysis year on year. Hyperinflation adjustments and the relating goodwill impairment, tower profits and the Nigerian regulatory fine have been calculated in terms of the Group accounting policies disclosed in the previous consolidated financial statements for the year ended 31 December 2015. The pro forma financial information including the constant currency information (refer below) incorporated in these condensed consolidated interim financial results has not been audited or reviewed by our external auditors.*
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 period's results have been adjusted to the prior period'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 based on the current period constant currency results compared to the prior period results. In addition, in respect of Irancell, MTN Sudan and MTN Syria, the constant currency information has been prepared excluding the impact of hyperinflation. In 2015, the Iranian economy was assessed to no longer be a hyperinflationary environment. MTN therefore discontinued hyperinflation accounting in that operation effective 1 July 2015.*

* *Constant currency ("organic") information.*

** *Reported – includes hyperinflation and the relating goodwill impairment, tower profits and the Nigerian regulatory fine.*

The Group's results are presented on a regional basis in line with the Group's new operational structure. This is comprised of South and East Africa (SEA), West and Central Africa (WECA) and Middle East and North Africa (MENA).

The SEA region includes: South Africa, Uganda, Zambia, Rwanda, South Sudan, Botswana (joint venture – equity accounted) and Swaziland (joint venture – equity accounted). The WECA region includes: Nigeria, Ghana, Cameroon, Ivory Coast, Benin, Congo Brazzaville, Liberia, Guinea Conakry and Guinea Bissau. The MENA region includes: Iran (joint venture– equity accounted), Syria, Sudan, Yemen, Afghanistan and Cyprus. Although Iran, Botswana and Swaziland form part of their respective regions geographically and operationally, they are excluded from their respective regional results due to being equity accounted for by the Group.

BASTION GRAPHICS

Group subscribers reported
232,6
million

Revenue increased by
14,0%
to R78 878 million

Data revenue increased by
32,2%
to R19 849 million

EBITDA decreased by
3,3%
to R29 273 million

EBITDA margin decreased
6,6 percentage points
to 37,1%

Headline loss per share of
271**
cents per share

Capex increased by
26,9%
to R13 772 million

Data traffic increased by
135,3%

Interim dividend of
250
cents per share

* *Constant currency ("organic") information.*
** *Reported – includes hyperinflation and the relating goodwill impairment, tower profits and the Nigerian regulatory fine.*

Results overview

OVERVIEW

MTN continued to operate in a challenging environment for the six months ended 30 June 2016. The financial performance for the period reflects the confluence of a number of material issues, which created the "perfect storm". The Group has made strides towards resolving these challenges although many of these factors fall outside of its control.

The Group's reported results were significantly impacted by the **Nigerian regulatory fine**. On 10 June MTN Nigeria resolved this matter with the Federal Government of Nigeria (FGN) and agreed to pay the FGN a total cash amount of 330 billion Nigerian naira (US$1,671 billion, using the exchange rate prevailing at the time) over three years in a full and final settlement. This was agreed in addition to complying with certain other regulatory conditions imposed as part of the settlement reached. The 50 billion naira (US$250 million) paid in good faith and without prejudice by MTN Nigeria on 24 February 2016 forms part of the monetary component of the settlement, leaving a balance of 280 billion naira (US$1,418 billion, using the exchange rate prevailing at the time) outstanding. In June 2016 the first scheduled payment of 30 billion naira (US$124 million) was made. The remaining cash payable at 30 June 2016 amounted to 250 billion naira (US$882 million).

The Group has accrued the present value of 280 billion naira (US$1,418 billion, using the exchange rate prevailing at the time), which in total had a negative impact of R10 499 million on reported earnings before interest, tax, depreciation and amortisation and impairment of goodwill (EBITDA) and a R8 632 million negative impact on the Group's reported headline losses, or 474 cents on reported headline losses per share. The reported impact on the Group's statement of cash flow for the period amounted to R5 870 million, which equates to the 80 billion naira paid during the period.

During the period, R1 324 million costs were incurred on a range of professional services relating to the negotiations that led to a reduction of R34 billion in the Nigerian regulatory fine to 330 billion naira (US$1,671 billion, using the exchange rate prevailing at the time). The board has exercised its judgement and approved the quantum of the professional fees incurred taking into account global benchmarks and the value delivered culminating in the final settlement of the Nigerian fine.

Apart from the Nigerian regulatory fine, the **depreciation of local currencies against the US dollar** had a substantial impact on the Group's results. This resulted in foreign exchange losses amounting to R3 606 million during the period. MTN South Sudan reported an impairment on property, plant and equipment (PPE) of R259 million** (using a rand/sudanese pound exchange rate of 0,376). When the impairment write-off is presented on an organic basis the impairment amounts to R2 632 million* (using a rand/sudanese pound exchange rate of 3,837). This organic impairment write-off had a significant negative impact on organic EBITDA.

The Group's underlying performance was impacted by **weak macro-economic conditions** affecting consumer spending, the **withdrawal of regulatory services** in MTN Nigeria from July 2015 until May 2016 and disconnections of subscribers related to **subscriber registration requirements**, mainly in Nigeria. MTN Nigeria disconnected the last batch of 4,5 million subscribers in February 2016. MTN Uganda and MTN Cameroon were also impacted by subscriber registration requirements. This resulted in significant free minutes provided for subscriber re-registration campaigns, contributing to a **12,2%* decline in the effective voice tariff**. The Group's performance was further impacted by **aggressive price competition** and **under-performance of MTN South Africa**.

MTN Irancell (joint venture – equity accounted), MTN Ghana and MTN Cyprus delivered strong operational and financial performances for the period.

Results overview *(continued)*

EBITDA RECONCILIATION

EBITDA (ZAR 'million)	H1 16	Change %
Reported	**18 882**	(38,4)
Nigeria regulatory fine	**10 499**	
Hyperinflation	**(90)**	
Towers	**(18)**	
Operational	**29 273**	(3,3)
Organic	**22 434**	(25,9)
Impairment of PPE in South Sudan	**2 632**	
Professional fees relating to Nigerian regulatory fine	**1 324**	
Organic excluding above costs	**26 390**	(12,8)

EBITDA, excluding the impact of the Nigerian regulatory fine (R10 499 million), hyperinflation (R90 million) and the realisation of the deferred profit from the sale of towers in Ghana (R18 million), declined 3,3%. This was positively impacted by foreign exchange movements (23%). Organic EBITDA declined 25,9%*, negatively impacted by R1 324 million in costs incurred on a range of professional services relating to the negotiations that led to a reduction of R34 billion in the Nigerian regulatory fine and the impairment of PPE in South Sudan of R2 632 million*. The impairment for PPE of South Sudan impacted organic EBITDA by 8,7%*. MTN South Sudan's full results impacted organic EBITDA by 9,8%*. Excluding the impact of professional fees relating to the Nigerian regulatory fine negotiations and the MTN South Sudan impairment, EBITDA declined 12,8%*.

The Group EBITDA margin declined 6,6 percentage points (pp) to 37,1%. This excludes the impact of the Nigerian regulatory fine, hyperinflation and the realisation of the deferred profit from the sale of towers in Ghana.

Losses from joint ventures and associates amounted to R1 692 million**. This included a charge of R1 039 million** incurred by MTN Irancell, mainly relating to the depreciation and amortisation of hyper-inflated assets that were historically written up under hyperinflation reporting. Upon the discontinuation of hyperinflation accounting in Iran, effective 1 July 2015, hyperinflation adjustments are limited to the depreciation and amortisation charges on previously hyper-inflated assets until 2033. The Group reported losses of R2 463 million in relation to MTN's share of Nigerian TowerCo losses, which were mainly as a result of foreign exchange losses incurred on US dollar-denominated loans. In addition, the Group also reported short-term losses on MTN's share in Africa Internet Holdings (AIH), Middle East Internet Holdings (MEIH) and Iran Internet Group (IIG) (R494 million).

Results overview *(continued)*

HEPS RECONCILIATION

ZAR (cents)	**H1 16**	Change %
Reported attributable earnings/(loss) per share	**(301)**	(146)
Profit on disposal of non-current assets (including tower profits)	**(2)**	(100)
Profit on dilution of investment in joint venture	**(15)**	(100)
Impairment of goodwill, PPE and non-current assets	**47**	NM
Reported basic headline earnings/(loss) per share	**(271)**	(141)
Nigeria regulatory fine	**474**	
Basic headline earnings/(loss) per share excluding Nigeria regulatory fine	**203**	(69)
Hyperinflation	**20**	150
Operational basic headline earnings/(loss) per share excluding Nigeria regulatory fine, hyperinflation and tower profits	**223**	(63)
Losses from AIH, MEIH, IIG	**27**	50
Losses from tower companies	**136**	NM
Net forex losses	**135**	160
Professional fees related to the Nigerian regulatory fine negotiation	**73**	NM
Basic headline earnings per share excluding Nigeria regulatory fine, hyperinflation, tower profits, losses from AIH, MEIH, IIG, tower companies, net forex losses and professional fees related to the Nigerian regulatory fine	**594**	(12)

The Group reported a headline loss per share of 271 cents**, which was mainly as a result of the Nigerian regulatory fine (474 cents**). Excluding the impact of the Nigerian fine, headline earnings per share (HEPS) declined 69% to 203 cents. In addition, the headline number was negatively impacted by losses from joint ventures and associates, which were negatively affected by hyperinflation of 20 cents** (positive impact of 40 cents** in 2015), losses from the TowerCo's of 136 cents** (3,5 cents** in 2015), AIH, MEIH and IIG of 27 cents** (18 cents** in 2015) and net forex losses of 135 cents** (52 cents** in 2015). This was further negatively impacted by a range of professional services relating to the negotiations that led to the reduction in the Nigeria regulatory fine (73 cents**). Excluding the impact of the fine, hyperinflation, losses from the TowerCo's, AIH, MEIH and IIG, forex losses and a range of professional fees relating to the fine negotiations, basic HEPS declined 11,7% to 594 cents.

FINANCIAL PERFORMANCE SUMMARY

The Group continued to benefit from its significant scale and footprint, maintaining its leadership position in 15 markets. Group **subscriber numbers** remained flat at 232,6 million following 6,6 million subscriber disconnections over the six-month period in Nigeria, Uganda and Cameroon. Since October 2015 approximately 18 million subscribers across the Group were disconnected to ensure compliance with the subscriber registration processes. MTN South Africa reported a decline in subscriber numbers mainly as a result of strong competition and economic pressure in a highly penetrated market.

Group revenue increased by 14,0% to R78 878 million, benefiting from the average exchange rate movement of the rand against the naira. On an organic basis, Group revenue increased by 1,5%*, impacted by a decline in outgoing voice and data revenue in Nigeria following the withdrawal of regulatory services from MTN Nigeria until May 2016. This had a significant negative impact on MTN Nigeria's revenue growth for the first four months of the period. This was partly offset by higher revenue growth by MTN South Africa, supported by strong device sales and an increase in data revenue during the period.

Results overview *(continued)*

The Group benefited from healthy double digit data revenue growth in the majority of the markets in which it operates. **Group data revenue** increased by 32,2% (19,7%*) and contributed 25,2% to total revenue despite a 46,9% decline in the effective data tariff (in constant currency US dollar terms). Digital revenue, including Mobile Financial Services revenue, contributed 32,1% to data revenue. This was supported by a 135% increase in data traffic and the increased take up of digital lifestyle services.

Outgoing voice revenue increased by 8,0% and decreased by 5,4%* on an organic basis. This was negatively impacted by a 12,2%* decline in the effective voice tariff (average price per minute, in constant currency US dollar terms) as a result of continued price competition, subscriber disconnections and free minutes used for subscriber re-registration campaigns. The use of multiple SIM cards, increased substitution for data services and increased pressure on consumer spending also negatively impacted outgoing voice revenue.

MTN Nigeria's competitiveness was compromised by the mandatory disconnection of subscribers and the suspension of regulatory services until May 2016 when the operation attained the necessary approvals to introduce market-related pricing plans and promotions. In addition, the introduction of regulatory restrictions on "out-of-bundle" data tariffs impacted MTN Nigeria's data revenue growth.

MTN South Africa's revenue increased mainly as a result of higher device sales and data revenue. These were supported by our continued investment in our 3G and LTE network as well as attractive data and digital value propositions. Growth in outgoing voice revenue remained a challenge, impacted by a 48 hour network outage affecting approximately one million subscribers in February 2016 and higher churn in the post-paid segment.

Excluding the impact of the Nigerian regulatory fine, hyperinflation and tower profits, the **Group EBITDA** margin declined by 6,6 pp to 37,1%. This was a result of the lower EBITDA margins in Nigeria and South Africa. The EBITDA margin in Nigeria was impacted by the 4,8%* decline in revenue and an 11,3%* increase in costs mainly as a result of the transfer of the second tranche of the previously sold passive infrastructure into the TowerCo as well as US dollar-denominated expenses associated with the TowerCo and build-to-suit sites. Costs were further impacted by increased marketing and commission spend related to re-connecting subscribers affected by the subscriber registration process. MTN South Africa's EBITDA margin was negatively impacted by lower handset margins following aggressive handset sales and increased network-related costs associated with the expansion of 3G and LTE sites.

Cash inflows generated by operations decreased by 9,2%** to R23 870 million** mainly as a result of the down payment of R5 870 million** relating to the Nigerian regulatory fine during the period.

The Group continued to increase investment in the network with a focus on increasing coverage, speed and quality of 3G and LTE in prime areas to support the increasing demand for data services. Capital expenditure (capex) increased by 26,9% (15,4%*) to R13 772 million. MTN South Africa's capex amounted to R4 773 million, representing 34,7% of total capex. Capex in Nigeria amounted to R2 534 million and was impacted by delays in network re-planning. More recently, our capex in Nigeria was impacted by the limited availability of US dollars. During the period, the Group rolled out 873 2G sites, 3 660 co-located 3G sites and 2 691 LTE sites. The Group also rolled out 1 132 km of long-distance fibre and connected a total of 422 sites to fibre. Capex spend included the purchase of LTE spectrum and licences in various markets to enable better quality data networks across its operations.

LEADERSHIP CHANGES

During the period the Group announced the appointment of new executives and additional independent non-executive directors to the board with the objective of strengthening management, enhancing governance and aiding the strategy of the Group.

MANAGEMENT

Following a widespread executive search, MTN announced the appointment of Rob Shuter as the new Group president and CEO. Rob will join MTN as soon as is practically possible in 2017 but no later than 1 July 2017. Rob has extensive experience in telecoms and banking across Africa and Europe, including holding the position of CEO, Vodafone Europe cluster. The Group also welcomes the newly appointed vice presidents (VPs):

- Stephen van Coller, VP for M&A and Strategy, effective 1 October 2016, who brings with him commercial and banking experience, and will help broaden MTN's skill set as the Company evolves beyond telecommunications.
- Godfrey Motsa, VP for the South and East Africa region (excluding South Africa), who brings vast experience in telecoms and operating within sub-saharan Africa.
- Kholekile Ndamase was appointed as deputy head of mergers and acquisitions, with effect from 10 September 2016. Kholekile joins MTN from Rand Merchant Bank (RMB), where he led the equity-based financing business.

The Group appointed Babak Fouladi as Group chief technology and information officer, effective 1 June 2016. Babak will spend 12 months as chief and technology officer for the South African operation until the network is operating at an optimum level and higher quality before taking on the Group role. Babak brings with him global expertise and experience to build and lead strong teams to drive and implement on large-scale converged networks, complex systems and applications.

Brett Goschen, the Group chief financial officer (CFO), will be leaving MTN after 14 years of service to MTN, effective 30 September 2016. At the same time he will be stepping down from the board of directors of the Group. The board of directors and management would like to thank Brett for his valuable contribution to the Group. Gunter Engling, currently CEO of MTN Rwanda and previously Group finance executive, will assume the position of Acting Group CFO on Brett's departure until a permanent CFO is appointed. The Group hopes to appoint a new CFO before the year-end.

After completing his two key mandates of settling the Nigerian fine and appointing the new Group CEO, Phuthuma Nhleko will revert to his role as non-executive chairman as soon as Rob Shuter assumes his position as Group president and CEO. In the interim, Phuthuma will hand over more operational responsibility to Stephen van Coller and Gunter Engling and will continue to provide the necessary leadership as non-executive chairman for a maximum period of two years (until no later than December 2018) when he plans to step down from this position.

Board of directors (appointments and resignations)

The Group also refreshed the composition of the board of directors for MTN Group and MTN South Africa, providing more in-depth commercial, risk and governance skills and experience.

Specifically, the following individuals have been appointed to the Group board of directors as independent non-executive directors effective 1 August 2016:

- Stan Miller has global experience in expanding businesses into new markets, exposure to convergence, as well as strong business and operational acumen. His telecoms experience ranges from co-founding subscription television channel M-Net to leading the growth of Dutch telecoms company KPN in the Netherlands. He is the executive chairman of AINMT A.B. Sweden and non-executive member of the board of MTS JSC. Russia, a telecommunications operator in Russia.

- Paul Hanratty brings a wealth of experience in financial services in the UK, US, Africa, Asia and Latin America. He has worked at Old Mutual for over 30 years and has sat on the boards of various other financial services companies. Paul has extensive M&A experience and has devised and implemented growth strategies for businesses in many countries.
- Nkululeko "Nkunku" Sowazi is the chairman of Kagiso Tiso Holdings, a leading South African investment holding company, with significant interests in the media, financial and industrial sectors. Nkunku was the executive chairman and co-founder of the Tiso Group and is currently a director of Grindrod Limited, a JSE listed company, and a non-executive director of listed and unlisted organisations spanning Ghana, the UK, the US and South Africa. Nkunku has had significant exposure to listed and non-listed boards and has extensive experience in M&A and management transformation. He sat on the Nominations Committee, Audit & Risk Committees at Exxaro and Aveng.

MJN Njeke and JHN Strydom, who served on the board of directors of the Group as independent non-executive directors for an aggregate period in excess of nine years, retired as directors of the Group at the Annual General Meeting held on 25 May 2016. The board of directors of the Group thanks them for their valuable contribution over the years.

Mike Harper, Mike Bosman, Lerato Phalatse and Trudi Makhaya have been appointed as independent non-executive directors to the board of directors of MTN South Africa, effective 1 July 2016. The commercial experience of these additional directors will greatly benefit MTN South Africa. These directors collectively have extensive experience in the media, insurance, retail banking and FMCG sectors as well as in-depth knowledge of stakeholder engagement.

PROSPECTS

The MTN Group continues to work towards achieving its vision of "leading the delivery of a bold, new Digital World to our customers". The Group is in the process of undertaking, with external assistance, a deep and fundamental strategic review of its operations and processes to ensure it is operating far more optimally given the pressure on voice revenues, evolving customer needs for high quality data and more complex and competitive market environments. This will reset and position the business for future growth in a rapidly evolving sector.

As part of the review, the following key areas will be addressed:

- An advanced analytics unit will be established to support the business to drive network quality and high-speed data connectivity especially in key locations with high demand, provide compelling segmented offerings to consumers and enterprises, improve customer service and increase targeted smartphone uptake.
- Operating efficiencies and improving customer service remain a priority with a focus on the service channels productivity through digitisation and leveraging Mobile Money as a distribution channel. Continued network optimisation and improved opex management, including the implementation of zero-based budgeting, will also contribute to improving efficiencies.
- The Group will continue to explore opportunities to create value through leveraging its extensive infrastructure across Africa and the Middle East.
- Improving the way of work through increased coordination between different parts of the business is key to the success of this strategy.
- The Group will embark on a process of housing new revenue streams, particularly Digital Services, outside the core business. This will allow for more agility and greater flexibility to accelerate growth in these areas. New revenue streams are expected to increase their contribution to revenue over the next 12 to 18 months.

The Group will also continue to seek value-accretive expansion opportunities in selected geographies across Africa and the Middle East.

Results overview *(continued)*

MTN's investments in towers with IHS Holding Limited are evidenced by our substantial ownership interest in INT Towers Limited and our direct investment in IHS. IHS continues to grow and develop its business with leading market positions in five markets and has recently led in-market consolidation in Africa through its acquisition of Helios Towers Nigeria. IHS is now the largest independent tower operator in EMEA by tower count and the tenth largest independent tower company in the world, with more than 24 000 towers. IHS is extremely well positioned for future growth and build-out from 3G upgrades and the move to LTE across its key markets. MTN will benefit from IHS' strong growth, IHS will also help us accelerate our network expansion in markets such as Nigeria further improving the benefits and services for our customers.

MTN aims to list MTN Nigeria on The Nigerian Stock Exchange during 2017 and has established a management task team with the responsibility to guide the company towards such a listing. The proposed listing is subject to suitable market prevailing circumstances and conditions and the appropriate approvals from relevant regulators and other stakeholders.

MTN Ghana will proceed with the localisation of 35% of its shares during the course of 2016. This is a requirement of winning the auction for a 4G/LTE licence earlier this year.

We are confident that by year-end we would have successfully completed our proposed management changes. In 2017, we will have a permanent and refreshed senior management team to take the Group forward.

In **Nigeria**, following the reinstatement of regulatory services, we expect to improve our competitiveness in this market and anticipate an improved performance for the remainder of the year. Data growth will also benefit from the increased investment in 3G and LTE networks in key cities and the utilisation of the recently acquired spectrum.

We anticipate a positive growth trend in **South Africa**, supported by a strong focus on customer service and improving the network quality, capacity and speed. Data growth will continue to be underpinned by our ongoing significant investment in 3G and LTE.

The continued easing of sanctions in Iran and its related economic uplift offers significant opportunities to expand services particularly in the digital space, benefiting from MTN's strong position and a youthful population. MTN continues to work towards remitting some of its cash amounting to approximately R15,4 billion from MTN Irancell, although this a complex process.

In November 2016, MTN's Broad-Based Black Economic Empowerment (BBBEE) vehicle, MTN Zakhele will unwind. Upon unwinding, MTN Zakhele shareholders will be given the option to receive cash, MTN shares or potentially reinvest into a new scheme. MTN is currently reviewing various options to create a new scheme to maintain its BBBEE ownership credentials in line with the BBBEE codes.

The Group has declared an interim dividend of 250 cps. The FY 2016 minimum dividend, as previously noted at the Group's FY2015 results, is anticipated to be 700 cps. This takes into consideration the impact of the Nigerian regulatory fine and the limited US dollar liquidity in Nigeria. The minimum dividend remains at the discretion of the board. Should operating conditions improve materially, we would look to declare a higher dividend than advised.

Results overview *(continued)*

NET SUBSCRIBER ADDITIONS AND CAPEX GUIDANCE 2016

NET SUBSCRIBER ADDITIONS

Country	Guidance provided March 2016	**Updated guidance Actual**
SEA	3 515	**1 850**
South Africa	1 100	**1 100**
Uganda	1 800	**950**
Other	615	**(200)**
WECA	6 825	**4 725**
Nigeria	3 500	**800**
Ghana	1 100	**1 800**
Cameroon	1 000	**1 000**
Ivory Coast	400	**475**
Other	825	**650**
MENA	1 610	**1 500**
Iran	1 100	**1 500**
Syria	–	**(100)**
Sudan	350	**400**
Other	160	**(300)**
Total	11 950	**8 075**

CAPEX

	Authorised	Capitalised	
ZAR (million)	**(Rm)**	June 2016	June 2015
SEA	**13 548**	5 626	5 896
South Africa	**11 280**	4 773	4 678
Uganda	**807**	364	556
Other	**1 461**	489	662
WECA	**16 162**	6 975	3 652
Nigeria	**11 130**	2 534	1 172
Ghana	**1 258**	1 646	355
Cameroon	**1 157**	1 121	943
Ivory Coast	**815**	842	422
Other	**1 802**	832	760
MENA	**3 539**	1 064	732
Syria[Δ]	**1 543**	191	56
Sudan[Δ]	**1 280**	549	337
Other	**716**	324	339
Head office companies and eliminations	**1 865**	107	572
Total	**35 114**	13 772	10 852
Hyperinflation	**–**	78	17
Total reported	**35 114**	13 850	10 869
Iran (49%)[Δ]	**3 518**	2 313	1 854

[Δ] *Excluding hyperinflation*

TO LEAD THE DELIVERY OF A BOLD, NEW DIGITAL WORLD TO OUR CUSTOMERS

The Group continues to focus on growing non-voice revenue given the rapid evolution of telecommunications into a data-led industry. Revenue is no longer driven by subscriber numbers but rather by consumer spending patterns towards data and digital services. MTN is more agile and innovative and has a deeper understanding of customer needs, enabling it to compete effectively.

GROUP CONSUMER

The Group Consumer division's focus for the period was to integrate customer analytics across the operations to meet customers' changing needs. Improving analytics is a key priority for the Group with substantial room for improvement and will form part of the strategic review the Group is currently undergoing.

During the period a number of global value propositions were introduced. "MTN Go", a bundle plan focusing on driving the transition to data, was launched in six markets and "MTN Hello World", a global roaming proposition, was launched in ten markets.

The Group's net promoter score (NPS) improved from 24% in December 2015 to 27% in June 2016, closing the gap with its competitors. This was mainly driven by improvement on the network, value offerings and brand image. Improving NPS remains a key focus.

GROUP DIGITAL SERVICES

Group Digital Services continued to expand its e-commerce, digital media and mobile financial services across Africa and the Middle East, leveraging MTN's core competencies of a strong brand, knowledge of and access to customers, scale and distribution. MTN recorded strong growth in digital services revenue, supported by lifestyle and Mobile Financial Services. MTN recently launched Games Club, our premium gaming proposition and continued to gain strong momentum on its music offerings as one of the major distributors of digital music in Africa.

MTN Mobile Money registered customers increased by 5,0% to 36,5 million across 15 countries and increased revenue by 40,8%* to R1 289 million when compared to June 2015. Active customers increased by 18,0%, supported by a strong performance from MTN Uganda, MTN Ghana, MTN Rwanda and MTN Benin. Revenue growth was supported by focused customer engagement and a common, more agile platform enabling converged campaigns and incentives. MTN continues to focus on advanced financial services such as remittance services, micro-lending and saving offerings and recorded 160 000 agents.

AIH and MEIH, MTN's e-commerce joint ventures, continue to deliver good growth. While performance in the AIH business was negatively impacted by the macro-economic slowdown in Nigeria, MEIH continued to gain strong momentum. Unit economics in both businesses continued to improve. AIH recorded approximately three million customers, and approximately 2,5 million transactions and 1,3 million leads on its classified business in the six-month period. In addition, MEIH comprises seven companies in the Middle East, with approximately 600 000 customers and 3,3 million transactions during the period. IIG, our Iranian e-commerce business, gained strong momentum, supported by its taxi-hailing business benefiting from a youthful population and high smartphone penetration.

The TravelStart business, in which MTN acquired a 37,3% indirect interest through Amadeus, recorded 259 000 bookings during the period.

ENTERPRISE BUSINESS UNIT (EBU)

In the six-month period, EBU continued to align operations to become the ICT partner of choice for corporate, multinational, SME and public sector customers. While there is a clear opportunity in this market, the EBU function continues to operate in a competitive environment with little traction gained. The Group, as part of its strategic review, will embark on a process aimed at accelerating growth in this area.

We continued to focus on the MTN Business Cloud, a hybrid platform using Windows Azure Pack, which is available across all MTN operating companies offering infrastructure, platforms and databases as services. MTN Business has also extended its Cloud Delivery Platform to provide various independent software vendor solutions, particularly to SMEs in four markets. MTN Business invested in the rollout of Global MPLS (multiple protocol label switching) across 27 points of presence together with centralised global monitoring and reporting services. In addition, MTN Business has launched dedicated internet services to its clients in 11 markets. It also extended its Pan African Internet of Things platform to Ghana and Cameroon during the period.

FINANCIAL REVIEW

REVENUE

Group revenue increased 14,0% to R78 878 million for the six-month period. This was positively impacted by the average exchange rate movement of the rand against the naira when compared to the previous corresponding period. Over the period, the average rand weakened against all our major revenue contributing currencies, declining 22,3% against the US dollar and 18,5% against the naira. In addition, the rand weakened 16,0% against the Iranian rial, 21,9% against the Ghanaian cedi, 21,8% against the Central African franc, 11,7% against the Ugandan shilling and 20,0% against the Sudanese pound. The rand strengthened 36,6% against the Syrian pound.

On an organic basis, Group revenue increased by 1,5%*. WECA revenue decreased by 2,5%* and remains the largest contributor to total Group revenue at 59% at the end of June 2016. SEA grew revenue by 7,6%* and contributed 32% to total Group revenue while MENA increased revenue by 1,9%* and contributed 9% to total Group revenue.

The lower-than-expected revenue growth was negatively impacted by a decline in revenue growth in Nigeria (down 4,8%*), Cameroon (down 8,7%*), Ivory Coast (down 3,9%*) and Uganda (down 2,3%*). Regulatory challenges and aggressive competition negatively impacted revenue growth in these markets. This was partly offset by higher revenue growth in South Africa and Ghana, which increased by 5,1% and 18,9%* respectively. South Africa's increase in revenue was driven by higher handset sales and data revenue growth during the period while Ghana's healthy revenue growth was attributable to competitive voice and data offerings. Sudan and Syria also supported growth in total Group revenue and increased revenue by 15,7%* and 10,5%*, respectively.

Total outgoing voice revenue declined by 5,4%* and contributed 57% to total Group revenue while data revenue increased by 19,7%* and contributed 25% to total Group revenue. Incoming voice revenue declined by 2,7%* and contributed 10% to total Group revenue. Device revenue increased 36,5%* and contributed 5% to total Group revenue. SMS and other revenue comprise the remaining 3% of total Group revenue. SMS revenue decreased 22,0%*.

Outgoing voice revenue was negatively impacted by a decline in Nigeria (down 5,6%*) and South Africa (down 6,1%). Nigeria was impacted by the subscriber disconnections related to the subscriber registration process and the withdrawal of regulatory services until the beginning of May 2016. The decline in South African revenue was negatively impacted by a 48 hour network outage in February 2016 and increased churn in the post-paid segment due to competition. While average voice traffic increased 7,9%, the Group US dollar effective voice tariff in constant currency terms declined 12,2%*. This was largely due to free minutes offered as an incentive to win back disconnected subscribers and price competition in the majority of the key markets.

Results overview *(continued)*

Data revenue growth was supported by healthy double-digit growth in the majority of operations despite a continued reduction in data pricing as a result of competition. Data traffic increased 135,3% while the effective data tariff declined 46,9%* (in constant currency US dollar terms). This was partly offset by a decline in data revenue in Nigeria (down 2,7%*) as a result of stringent regulatory restrictions when charging "out-of-bundle" data rates.

Digital revenue contributed 32,1% to total Group data revenue, supported by healthy growth in Mobile Financial Services and an increased uptake of content services. These include entertainment, religious and educational services.

COSTS

Group operating costs excluding the impact of the Nigerian regulatory fine, hyperinflation and tower profits increased by 27,4% to R49 605 million. This was impacted by average exchange rate movements of the rand against the operating currencies, which had a negative impact of R1,8 billion.

On an organic basis, total Group costs increased by 22,8%*. WECA increased its costs by 9,1%* and contributed 52% to total Group costs while SEA increased its costs by 37,2%* and contributed 36% to total Group costs. MENA increased costs by 1,9%* and contributed 10% to total Group costs. Head office costs contributed 2% to total Group costs.

Once-off costs included professional fees of R1 324 million and PPE impairment in South Sudan of R2 632 million*. Excluding these costs incurred, costs increased by 12,6%*. During the period R1 324 million* costs were incurred on a range of professional services relating to the negotiations that led to a reduction of R34 billion in the Nigerian regulatory fine.

The increase in total costs was mainly as a result of higher costs in Nigeria (up 11,3%*). This was largely impacted by US dollar-denominated exposure mainly associated with the previously concluded tower transactions, rent and utilities related to build-to-suit sites, as well as marketing and distribution costs related to the subscriber registration process. MTN South Africa costs were higher by 14,0%, impacted by the increase in network-related costs associated with the network expansion during the period. In South Sudan, the impairment on PPE of R259 million had a significant impact on SEA costs.

Total direct network operating costs increased 33,3%* and contributed 25% to total costs while device costs increased by 33,5%* and contributed 12% to total costs. Interconnect and roaming costs increased 2,3%* and contributed 15% to total costs while staff costs increased 7,6%* and contributed 10% to total Group costs. Selling, distribution and marketing costs increased marginally and contributed 19% to total Group costs. Government and regulatory costs declined 5,3%* and contributed 6% to total Group costs while other operating costs increased 93,9%* and contributed 13% to total Group costs.

The increase in direct network operating costs was due to aggressive 3G and LTE network expansion in key markets, higher rent and utilities costs and foreign-denominated expenses mainly in Nigeria. The increase in device costs was mainly a result of higher volumes of smartphones sold in South Africa.

EBITDA

Reported Group EBITDA decreased 38,4%** to R18 882 million**. This was negatively impacted by the accrual for the Nigerian regulatory fine (R10 499 million**) following the agreed settlement on 10 June 2016. The deferred profit from the sale of towers in Ghana (R18 million**) and an adjustment for hyperinflation (R90 million**) positively impacted Group EBITDA.

Results overview *(continued)*

Excluding these, EBITDA decreased by 3,3% to R29 273 million. This was positively impacted by foreign exchange movements of 23% of which South Sudan made up 8,7%.

On an organic basis, EBITDA declined by 25,9%*. WECA EBITDA declined by 14,0%* and contributed 70% to total EBITDA. SEA's EBITDA decreased by 47,3%* and contributed 25% to EBITDA while MENA increased EBITDA by 1,9%* and contributed 8% to total EBITDA. Head office negatively impacted EBITDA by 3%.

Organic EBITDA was negatively impacted by once-off costs in the period. In addition, organic EBITDA was negatively impacted by a decline in Nigeria (down 16,9%*) and South Africa (down 11,1%). MTN Nigeria's decline in EBITDA was as a result of the second tranche transfer of passive infrastructure into the TowerCo as well as US dollar-denominated expenses associated with the TowerCo and build-to-suit sites. MTN South Africa's EBITDA was negatively impacted by higher device costs and an increase in network-related costs following aggressive expansion of its 3G and LTE rollout. MTN Ghana (up 16,3%*), MTN Syria (up 94,9%*) and MTN Sudan (up 23,0%*) supported total Group EBITDA. This was attributable to efficient cost control in Ghana, Cameroon and Sudan despite the depreciation of local currencies against the US dollar. The growth in MTN Syria's EBITDA was mainly due to the decrease in revenue share to 30% from 50% following the conversion of the build-operate-transfer (BOT) licence into a full licence.

Excluding the impact of the Nigerian regulatory fine, tower profits and hyperinflation, the Group recorded a 6,6 pp decline in its EBITDA margin to 37,1%, largely impacted by lower margins in Nigeria and South Africa and the once-off costs reported in the period.

DEPRECIATION AND AMORTISATION

Depreciation increased by 22,3% (8,1%*) to R10 858 million impacted by higher depreciation charges in South Africa as a result of higher capex in 2015. Amortisation costs increased by 17,2% (3,9%*) to R2 152 million, driven by higher spend on software in previous years and the goodwill impairments in Guinea Conakry (R402 million) and Afrihost (R202 million).

NET FINANCE COSTS

Net finance costs amounted to R5 461 million compared to R2 320 million recorded in the previous comparable period. This was due to an increase in net foreign exchange losses to R3 606 million from R1 481 million in the prior period, impacted by unfavourable exchange rates at the end of the period, in particular the depreciation of the Nigerian naira against the US dollar and the Iranian rial against the rand. An increase in net interest paid to R1 855 million from R839 million paid in the previous comparable period also contributed to the increase in net finance costs. The increase in the net interest expense is due to the higher net debt of R49 257 million** compared to R17 161 million** reported in the comparable period.

Net foreign exchange losses include:

- Forex losses in Mauritius of R1 078 million relating mainly to the Iran receivables;
- Forex losses in Nigeria of R1 124 million incurred on US dollar-denominated intercompany loans and third party payables (R2 034 million of the losses on third party US dollar loans have been deferred in equity following the application of net investment hedge accounting);
- Forex losses of R408 million in South Sudan on third party US dollar payables;
- Forex losses of R395 million in Sudan mainly on settlement of third party trade payables; and
- Forex losses of R178 million in South Africa on foreign exchange contracts relating to foreign payables in respect of the purchase of handsets.

Following the significant depreciation of the Sudanese pound, MTN South Sudan's foreign currency translation reserves included in equity amounted to approximately R3 billion at 30 June 2016. Should the Group decide to exit this operation, this amount will be recycled to the income statement as a loss.

Results overview *(continued)*

SHARE OF RESULTS OF JOINT VENTURES AND ASSOCIATES AFTER TAX

Joint ventures and associates reported a loss of R1 692 million** compared to a gain of R2 027 million** in the previous comparable period. This included a charge of R1 039 million** incurred by Iran mainly relating to the subsequent depreciation and amortisation of previously hyper-inflated assets that were historically written up under hyperinflation reporting. Iran hyperinflation accounting was discontinued effective 1 July 2015. Losses of R2 463 million** from the Nigerian TowerCo were mainly as a result of foreign exchange losses (R2 282 million**) on US dollar-denominated loans and short-term losses from AIH, MEIH and IIG (R494 million**).

TAXATION

The Group's reported effective tax rate decreased to negative 309,5%** from 31,0%** in the previous comparable period, impacted by the Nigeria regulatory fine and hyperinflation. Excluding this impact, the effective tax rate increased to 49,2% from 32,9% in the previous comparable period. Lower profit before tax was due to the reported losses in joint ventures and associates, which impacted profit before tax, the higher ratio of withholding tax and denied assessed losses in Guinea Conakry and South Sudan as well as by a range of professional services relating to the negotiations that led to a reduction of R34 billion in the Nigerian regulatory fine. If the loss before tax is further analysed and adjusted for the effects of losses from joint ventures and associates, South Sudan unrealised forex losses, the Guinea Conakry goodwill impairment, the South Sudan PPE impairment and a range of professional fees relating to the Nigerian regulatory fine, the Group effective tax rate decreases to 33,0%.

The Group's taxation charge decreased by 24,6% (25,0%*) to R4 694 million for the period. This was a result of lower profit before tax and a higher deferred tax credit due to increased unrealised foreign exchange losses on US dollar-denominated intercompany loans and third party payables in Nigeria.

EARNINGS/LOSSES

The Group reported a basic headline loss per share of 271 cents** largely impacted by the Nigerian regulatory fine expense (474 cents**), hyperinflation (20 cents**), and losses incurred on the Group's investments in Rocket (27 cents**) and tower companies (136 cents**). The headline figure was further impacted by forex losses (135 cents**) and by a range of professional services relating to the negotiations that led to a reduction in the Nigerian regulatory fine (73 cents**). Excluding these impacts, HEPS declined 11,7% to 594 cents. The attributable loss per share was 301 cents** from attributable earnings per share of 653 cents in the comparative period.

CASH FLOW

Cash inflows generated from operations decreased by 9,2%** to R23 870 million** mainly as a result of the Nigerian regulatory fine payments of R5,9 billion** during the period. Cash capex of R14 024 million** included the purchase of 4G spectrum in Ghana (R973 million**), Nigeria licence spectrum (R1 billion**) and the LTE and fibre licence in Congo Brazzaville (R289 million**).

CAPITAL EXPENDITURE

Capex increased 27,4%** to R13 850 million**, of which R1 241 million was related to foreign currency movements.

FINANCIAL POSITION

Net debt increased to R49 257 million** compared to net debt of R31 635 million** reported at the end of December 2015. The Group reported a net debt/EBITDA ratio of 0,83 excluding the Nigerian regulatory fine. The net debt position at the end of the period was mainly impacted by the following:

- Nigerian regulatory fine payment R5 870 million**;
- Group dividend paid to shareholders of R15 212 million**;
- Dividends paid to minority shareholders of R790 million**;
- An increase in capital expenditure and licences to R16 112 million**;

OPERATIONAL REVIEW

SEA

- Subscribers remained flat at 52,8 million
- Revenue increased by 7,6%*
- Data revenue increased by 21,8%*

SOUTH AFRICA

- Subscribers decreased by 2,6% to 29,8 million
- Revenue increased by 5,1%
- Service revenue increased by 0,7%
- Data revenue increased by 19,2%
- EBITDA margin declined by 5,5 pp to 30,1%

MTN South Africa reported a lower-than-expected performance, negatively impacted by network outages in some areas, competition and economic pressure impacting consumer spending. The result was supported by good growth in data usage benefiting from aggressive smartphone device sales and continued efforts to improve 3G and LTE network quality. The operation's subscriber base declined 2,6% to 29,8 million. The pre-paid and post-paid segments declined by 2,7% to 24,7 million and 2,1% to 5,1 million, respectively.

Total revenue increased by 5,1% to R19 841 million mainly as a result of higher data and device revenue growth. This was partly offset by a 6,1% decline in outgoing voice revenue. Service revenue, which excludes device revenue, remained relatively flat. Data revenue increased by 19,2%, contributing 34,1% to total revenue. The number of smartphones on the network increased by 18,4% to 9,3 million (restated to align with the Group definition) while megabytes per user increased 53,8% for the period. Device sales in the previous comparable period were impacted by the industrial strike action and supply chain challenges.

Digital revenue gained momentum and contributed 13,5% to data revenue. This was attributable to additional services being offered, including international content. EBU continued to operate in a competitive environment. During the period the operation entered into a sales agreement to dispose of its 50,02% stake in Afrihost (Proprietary) Ltd.

The EBITDA margin declined by 5,5 pp to 30,1% mainly as a result of increased device costs relating to higher volumes sold and the impact of network-related costs as a result of the continued rollout of 3G and LTE sites.

Capex for the six months amounted to R4 773 million with the rollout of 369 co-located 3G sites and 284 LTE sites. The operation continued to improve quality and capacity of the network in key cities to cater for increased data traffic. In addition, 175 sites were connected to fibre. Fibre to the home connections remain a priority with approximately 10 000 homes passed, of which 40% were rolled out during the period.

On 15 July 2016, the national regulator, Independent Communications Authority of South Africa (ICASA) published an invitation to apply for high demand spectrum, in the 700MHz, 800Mhz and 2,6GHz spectrum bands. ICASA expects to conclude the licensing by the end of March 2017. There are four lots on offer with a reserve price of R3 billion. MTN has been analysing the invitation and is actively preparing documentation to meet the deadline for enquiries relating to the Invitation to Apply (ITA). MTN has noted, with interest, media reports that the Minister of Telecommunications and Postal Services intends to challenge ICASA regarding the abovementioned ITA and MTN will continue to monitor the developments.

Other SEA – across the rest of the region subscribers increased by 3,6% to 23,1 million for the period. This was mainly underpinned by good growth in Uganda.

MTN Uganda increased its subscriber base by 10,8% for the six months to 9,9 million following the disconnection of subscribers reported in the second half of 2015. This was supported by customer acquisitions through voice bundle propositions and the continued success of MTN Zone, resulting in market share growth to 52,7%.

Results overview *(continued)*

Other SEA – across the rest of the region subscribers increased by 3,6% to 23,1 million for the period. This was mainly underpinned by good growth in Uganda.

MTN Uganda increased its subscriber base by 10,8% for the six months to 9,9 million following the disconnection of subscribers reported in the second half of 2015. This was supported by customer acquisitions through voice bundle propositions and the continued success of MTN Zone, resulting in market share growth to 52,7%.

Total revenue declined by 2,3%* mainly as a result of a decline in both outgoing and incoming voice revenue impacted by the implementation of the One Network Area, the decline in mobile termination rates and the impact of the disconnections in the second half of 2015. Data revenue increased by 22,7%* and contributed 32,8% to total revenue. This was supported by data bundles, including successful shorter-duration bundles.

Digital revenue contributed 70,5% to data revenue, supported by local content services including MTN Play. MTN Mobile Money customers decreased 24,4% to 7,2 million mainly as a result of the disconnections during the subscriber registration process in the second half of 2015.

MTN Uganda's EBITDA margin decreased by 6,0 pp to 30,0%, impacted by higher network operating costs and associated US dollar-denominated expenses, as well as higher transmission costs following the rollout of a 3G and LTE network. Higher marketing and distribution costs were incurred mainly as a result of the launch of 3G and 4G services.

Capex decreased by 42,1%* to R364 million, impacted by a delay in the supply chain process. During the period, 195 co-located 3G and 100 LTE sites were rolled out.

WECA

- Subscribers decreased by 1,0% to 105,5 million
- Revenue decreased by 2,5%*
- Data revenue increased by 13,8%*

NIGERIA

- Subscribers decreased by 3,7% to 58,9 million
- Revenue decreased by 4,8%*
- Data revenue decreased by 2,7%*
- EBITDA margin declined by 7,5 pp to 49,8%

MTN Nigeria continued to experience a challenging operating environment impacted by the disconnection of the final batch of subscribers in compliance with the subscriber registration process during the period. The operation was also impacted by the inability to offer competitive prices as a result of the suspension of regulatory services until May 2016, when the operation obtained the necessary approval to offer competitive pricing plans and promotions. Tough economic conditions further negatively impacted consumer spending. MTN Nigeria increased market share to 46,2%, despite the decline in its subscriber base by 3,7% to 58,9 million (including 568 000 Visafone subscribers).

Total revenue declined by 4,8%* as a result of lower outgoing voice revenue and lower data revenue. These were impacted by regulatory requirements to seek permission to charge "out-of-bundle" data rates, multi-SIMs and delays in competitive offerings. Data revenue declined by 2,7%* and contributed 19,3% to total revenue. The number of smartphones on the network increased by 11,2% to 16,0 million.

Digital revenue continued to gain momentum and contributed 51,7% to data revenue. This was supported by good growth in music and other lifestyle content services.

The number of registered accounts on MTN Nigeria's Mobile Money offering, Diamond Yellow, increased by 5,0% to 6,5 million.

Results overview *(continued)*

The EBITDA margin declined by 7,5 pp to 49,8%, impacted by the transfer of the second tranche of passive infrastructure into the TowerCo as well as US dollar-denominated expenses associated with the TowerCo and build-to-suit sites. This was further impacted by a 13,8%* increase in marketing costs relating to the subscriber registration process as well as a range of professional services fees incurred to the settlement of the regulatory fine.

Over the six-month period, 428 3G sites and 507 LTE sites were rolled out. The operation experienced some delays in the network re-planning and a delay with equipment purchases as a result of foreign exchange limitations. Capex for the period increased by 78,9%* to R2 534 million. Improving the quality of the 3G co-located network and the rollout of LTE remains a priority. During the period, the operation purchased additional LTE spectrum for a consideration of R1 billion.

Other WECA – the remainder of the region increased its subscriber base by 2,8% to 46,6 million driven by solid growth in Ghana and satisfactory growth in Cameroon.

MTN Ghana delivered a strong performance and grew its subscriber base by 8,1% to 17,6 million. This was supported by the launch of LTE services, the first operator to do so, as well as attractive value propositions, which contributed to market share growth to 53,8%.

Total revenue increased by 18,9%*, supported by strong growth in data and outgoing voice revenue. Data revenue grew by 68,0%* and contributed 38,5% to total revenue supported by data bundles, including 4G data bundles, benefiting from superior data network quality and increased smartphone penetration. Smartphones on the network increased by 21,7% to 3,6 million.

Digital revenue showed healthy growth, underpinned by attractive lifestyle content bundles and good momentum gained in mobile financial services. Digital revenue contributed 47,9% to data revenue. MTN Mobile Money subscribers increased by 23,3% to 7,0 million, supported by international remittances.

The EBITDA margin declined 0,9 pp to 38,8% mainly as a result of higher transmission costs and the impact of foreign-denominated expenses following the depreciation of the cedi, as well as high inflation.

Capex increased by more than 100%* to R1 646 million with a key focus on the rollout of LTE sites. The operation added 110 co-located 3G and 435 LTE sites during the period. Capex includes the 4G licence acquired in H2 15.

MTN Cameroon increased its subscriber base by 5,0% to 9,6 million despite the subscriber registration process, which was relatively well managed and supported by aggressive subscriber registration campaigns. Market share grew to 57,4% as a result of improved network quality, expansion of the LTE footprint and increased smartphone penetration.

Total revenue declined by 8,7%* mainly as a result of a decline in outgoing voice revenue impacted by price competition and free minutes used in relation to the subscriber registration process. However, data revenue increased by 49,5%* and contributed 18,8% to total revenue. This was supported by increased 3G device penetration and the rollout of 3G and LTE networks. Smartphones on the network increased by 34,1% to 2,6 million.

Digital revenue contributed 21,7% to data revenue. MTN Mobile Money registered subscribers increased by 21,1% to 2,4 million while active subscribers increased by more than 100%, supported by a Mobile Money brand campaign to increase activity.

MTN Cameroon's EBITDA margin increased by 0,2 pp to 38,0%. This was supported by strong cost optimisation and a substantial reduction in transmission costs due to the use of the WACS cable.

Capex decreased 6,9%* to R1 121 million with a focus on 3G and LTE network rollout and quality. During the period the operation rolled out 189 co-located 3G sites and 64 LTE sites.

Results overview *(continued)*

MTN Ivory Coast reported a decline in its subscriber base of 1,3% to 8,2 million, negatively impacted by the subscriber registration requirements and aggressive competition.

Total revenue decreased by 3,9%* mainly due to lower outgoing voice revenue impacted by a decrease in minutes from a lower subscriber base. This was partially offset by a 13,4%* increase in data revenue, which contributed 17,1% to total revenue. This was supported by the introduction of new segmented data bundles and an increase in 3G and LTE coverage. Growth in data revenue was also attributable to a switch from WiMax devices to LTE TDD devices.

Digital revenue contributed 50,2% to data revenue, driven by an increase in digital services offered. MTN Mobile Money continued to make good progress and increased registered subscribers by 10,4% to 3,2 million.

The EBITDA margin decreased by 0,6 pp to 36,0%.

Capex increased 57,1%* to R842 million with a strong focus on 3G and LTE network rollout. During the period, the operation rolled out 151 co-located 3G sites and 343 LTE sites.

MENA
- Subscribers increased by 1,1% to 74,1 million
- Revenue increased by 1,9%* (excluding Iran)
- Data revenue increased 44,5%*(excluding Iran)

Other MENA – in the remainder of the region, the subscriber base declined marginally by 0,4% to 26,8 million.

MTN Sudan increased its subscriber base by 4,2% to 8,8 million driven by targeted marketing campaigns. Total revenue increased by 15,7%* mainly as a result of strong data revenue growth. Data revenue increased by 78,3%* and contributed 27,7% to total revenue as a result of increased data users. Data users increased 4,8% to 4,4 million. Digital revenue contributed 19,4% to data revenue. The EBITDA margin decreased by 1,9 pp to 35,4%. Capex amounted to R549 million for the six-month period.

MTN Syria reported a 2,4% decrease in its subscriber base to 5,8 million despite operating in a very challenging environment. Total revenue increased by 10,5%* mainly supported by outgoing voice and data revenue. Data revenue increased by 16,9%* and contributed 28,8% to total revenue. The EBITDA margin increased by 12,3 pp to 28,6% mainly supported by the decrease in revenue share to 30% from 50% following the conversion of the BOT licence and cost optimisation. Capex in the six-month period amounted to R191 million.

IRAN (JOINT VENTURE, EQUITY ACCOUNTED, 49%)
- Subscribers increased by 2,0% to 47,3 million
- Revenue increased by 8,7%*
- Data revenue increased 65,3%*
- EBITDA margin decreased by 2,4 pp to 37,7%

MTN Irancell delivered a sound performance despite a highly competitive environment and regulatory pressure on data tariffs. Subscribers increased by 2,0% to 47,3 million mainly as a result of attractive segmented voice and data offerings, data bundles and a quality 3G and LTE network experience.

Total revenue increased by 8,7%* driven by increased data revenue growth partly offset by a decline in outgoing voice revenue of 4,6%*. Outgoing voice revenue was negatively impacted by the continuous substitution of data services. Data revenue increased by 65,3%* underpinned by increased smartphone penetration, a strong 3G and LTE network as well as improved customer experience. The number of smartphones on the network increased 25,8% to 25,8 million. At the end of the period, data revenue contributed 40,6% to total revenue while outgoing voice revenue contributed 38,5%.

Digital revenue contributed 32,6% to data revenue, supported by strong growth in local lifestyle content-based usage.

Results overview *(continued)*

The EBITDA margin decreased by 2,4 pp to 37,7% as a result of increased transmission costs associated with the data network expansion, rent and utilities as well as marketing costs related to 3G and LTE campaigns.

The operation increased capex by 24,8% to R4 721 million. During the period it added 1 783 co-located 3G sites and 851 LTE sites.

ANNEXURE

ZAR (million)	**Actual H1-16**	**(1) Hyper-inflation**	**(2) Tower profit**	**(3) Nigeria regula-tory fine**	**Actual 2016 adjusted**	Actual H1-15	(1) Hyper-inflation	(2) Tower profit	Actual 2015 adjusted	Adjusted change %
Revenue	**79 115**	**237**	**–**	**–**	**78 878**	69 304	94	–	69 210	14
Other income	**367**	**–**	**18**	**–**	**349**	411	–	352	59	492
EBITDA	**18 882**	**90**	**18**	**(10 499)**	**29 273**	30 675	49	352	30 274	(3)
Depreciation, amortisation and impairment of goodwill	**13 691**	**77**	**–**	**–**	**13 614**	10 750	35	–	10 715	27
Profit from operations	**5 191**	**13**	**18**	**(10 499)**	**15 659**	19 925	14	352	19 559	(20)
Net finance cost	**5 945**	**32**	**–**	**452**	**5 461**	2 319	(1)	–	2 320	135
Share of results of joint ventures and associates after tax	**(1 692)**	**(1 039)**	**–**	**–**	**(653)**	2 027	362	–	1 665	(139)
Net monetary gain	**919**	**919**	**–**	**–**	**–**	496	496	–	–	NM
(Loss)/profit before tax	**(1 527)**	**(139)**	**18**	**(10 951)**	**9 545**	20 129	873	352	18 904	(50)
Income tax expense	**4 726**	**32**	**–**	**–**	**4 694**	6 249	26	–	6 223	(25)
(Loss)/profit after tax	**(6 253)**	**(171)**	**18**	**(10 951)**	**4 851**	13 880	847	352	12 681	(62)
Non-controlling interests	**(764)**	**204**	**–**	**(2 319)**	**1 351**	1 980	105	75	1 800	(25)
Attributable (loss)/profit	**(5 489)**	**(375)**	**18**	**(8 632)**	**3 500**	11 900	742	277	10 881	(68)
EBITDA margin	**23,9%**				**37,1%**	44,3%			43,7%	(6,6) pp
Effective tax rate	**(309,6%)**				**49,2%**	31,0%			32,9%	16,3 pp

(1) Represents the exclusion of the impact of hyperinflation and the relating goodwill impairment 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 International Financial Reporting Standards (IFRS) on the respective financial statement line items affected. During 2015, the Iranian economy was assessed to no longer be hyperinflationary and hyperinflation accounting was discontinued effective 1 July 2015.

(2) Represents the exclusion of the financial impact relating to the sale of tower assets during the financial period on the respective financial line items impacted, which include:

- Tower sales profits for the period related to the Ghana release of deferred profit of R18 million (H1 15: The re-measurement of the contingent consideration receivable from the Nigeria tower transaction (tranche 1) of R339 million and the Ghana release of deferred profit of R13 million).

(3) Represents the impact of the Nigerian regulatory fine subsequent to conclusion of the settlement agreement on the respective financial line items impacted, which include:

- The re-measurement impact when the settlement agreement was entered into on 10 June 2016, constituting the difference between the balance of the provision recorded on this date (after taking into account interest accrued from the beginning of the financial period up to 9 June 2016) and the present value of the financial liability arising on this date in accordance with IFRS (included in the EBITDA line);
- The unwinding of the finance costs over the period due to the recognition of provision/financial liability at the present value of the future payments (included on the finance cost line);
- The minority impact on the items noted above.

Results overview *(continued)*

As the Group will continue in 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 certain of Group's operations are considered to be operating in hyperinflationary economies or the Group's net assets include historic adjustments for hyperinflation that have not yet been fully depreciated or amortised through profit or loss. Going forward, the impact of the Nigerian regulatory fine will be limited to the unwinding of the finance cost element of the future payments over the settlement period, net of minority interests.

DECLARATION OF INTERIM ORDINARY DIVIDEND

Notice is hereby given that a gross interim dividend of 250 cents per share for the period to 30 June 2016 has been declared payable to MTN shareholders. The number of ordinary shares in issue at the date of this declaration is 1 844 049 073 (including 10 206 255 treasury shares).

The dividend will be subject to a maximum local dividend tax rate of 15% which will result in a net dividend of 212,50 cents per share to those shareholders who bear the maximum rate of dividend withholding tax of 37,50 cents per share. The net dividend per share for the respective categories of shareholders for the different dividend tax rates is as follows:

0%	250 cents per share
5%	237,50 cents per share
7,5%	231,25 cents per share
10%	225,00 cents per share
12,5%	218,75 cents per share
15%	212,50 cents per share

These different dividend tax rates are a result of the application of tax rates in various double taxation agreements as well as exemptions from dividend tax.

MTN Group Limited's tax reference number is 9692/942/71/8. In compliance with the requirements of Strate, the electronic settlement and custody system used by the JSE Limited, the salient dates relating to the payment of the dividend are as follows:

Last day to trade cum dividend on the JSE	Tuesday, 23 August 2016
First trading day ex dividend on the JSE	Wednesday, 24 August 2016
Record date	Friday, 26 August 2016
Payment date	Monday, 29 August 2016

No share certificates may be dematerialised or rematerialised between Wednesday, 24 August 2016, and Friday, 26 August 2016, both days inclusive. On Monday, 29 August 2016, the dividend will be transferred electronically 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, 29 August 2016 will be posted on or about that date. Shareholders who hold dematerialised shares will have their accounts held by the Central Securities Depository Participant or broker credited on Monday, 29 August 2016.

The board of directors confirms that the Group will satisfy the solvency and liquidity test immediately after completion of the dividend distribution.

For and behalf of the Board

PF Nhleko
Executive Chairman

Fairland
4 August 2016

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MTN Group Limited

Reviewed condensed consolidated interim financial statements for the six months ended 30 June 2016

REVIEWED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARD (IAS) 34 INTERIM FINANCIAL REPORTING

The Group's reviewed condensed consolidated interim financial statements for the six months ended 30 June 2016 have been independently reviewed by the Group's external auditors. The preparation of the condensed consolidated interim financial statements was supervised by the Group chief financial officer, BD Goschen, BCom, BCompt (Hons), CA(SA).

The results were made available on 5 August 2016.

Independent auditors' review report on condensed consolidated interim financial statements

TO THE SHAREHOLDERS OF MTN GROUP LIMITED
We have reviewed the condensed consolidated interim financial statements of MTN Group Limited in the accompanying interim report, which comprise the condensed consolidated statement of financial position as at 30 June 2016 and the related condensed consolidated income statement, statements of comprehensive income, changes in equity and cash flows for the six months then ended, and selected explanatory notes.

Directors' responsibility for the interim financial statements
The directors are responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with the International Financial Reporting Standard, (IAS) *34 Interim Financial Reporting,* the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of interim financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility
Our responsibility is to express a conclusion on these interim financial statements. We conducted our review in accordance with International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* (ISRE 2410). ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the interim financial statements are not prepared in all material respects in accordance with the applicable financial reporting framework. This standard also requires us to comply with relevant ethical requirements.

A review of interim financial statements in accordance with ISRE 2410 is a limited assurance engagement. We perform procedures, primarily consisting of making enquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluate the evidence obtained.

The procedures in a review are substantially less than and differ in nature from those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these interim financial statements.

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements of MTN Group Limited for the six months ended 30 June 2016 are not prepared, in all material respects, in accordance with the International Financial Reporting Standard, (IAS) 34 *Interim Financial Reporting,* the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and the requirements of the Companies Act of South Africa.

PricewaterhouseCoopers Inc.
Director: JR van Huyssteen
Registered Auditor
Sunninghill
4 August 2016

SizweNtsalubaGobodo Inc.
Director: SY Lockhat
Registered Auditor
Woodmead
4 August 2016

Condensed consolidated income statement

for the

	Note	Six months ended 30 June 2016 Reviewed Rm	Six months ended 30 June 2015[1] Reviewed Rm	Financial year ended 31 December 2015 Audited Rm
Revenue		**79 115**	69 304	147 063
Other income		**367**	411	8 409
Direct network and technology operating costs[2]		**(12 291)**	(8 327)	(18 809)
Costs of handsets and other accessories		**(6 065)**	(4 449)	(10 829)
Interconnect and roaming costs		**(7 358)**	(6 330)	(13 102)
Staff costs		**(4 777)**	(4 155)	(8 587)
Selling, distribution and marketing expenses		**(9 624)**	(8 439)	(18 412)
Government and regulatory costs		**(2 982)**	(2 835)	(5 888)
Other operating expenses[3]		**(7 004)**	(4 505)	(11 433)
EBITDA before Nigeria regulatory fine		**29 381**	30 675	68 412
Nigeria regulatory fine	17	**(10 499)**	–	(9 287)
EBITDA		**18 882**	30 675	59 125
Depreciation of property, plant and equipment		**(10 913)**	(8 905)	(19 557)
Amortisation of intangible assets		**(2 174)**	(1 845)	(3 736)
Impairment of goodwill	8	**(604)**	–	(504)
Operating profit		**5 191**	19 925	35 328
Net finance costs		**(5 945)**	(2 319)	(3 010)
Net monetary gain		**919**	496	1 348
Share of results of joint ventures and associates after tax	9	**(1 692)**	2 027	1 226
(Loss)/profit before tax		**(1 527)**	20 129	34 892
Income tax expense		**(4 726)**	(6 249)	(11 322)
(Loss)/profit after tax		**(6 253)**	13 880	23 570
Attributable to:				
Equity holders of the Company		**(5 489)**	11 900	20 204
Non-controlling interests		**(764)**	1 980	3 366
		(6 253)	13 880	23 570
Basic (loss)/earnings per share (cents)	7	**(301)**	653	1 109
Diluted (loss)/earnings per share (cents)	7	**(301)**	650	1 106

[1] Restated, refer note 16.

[2] The increase in direct network and technology operating costs was mainly due to aggressive 3G and LTE network expansion in key markets, higher rent and utilities cost and foreign denominated expenses mainly in Nigeria.

[3] Including costs amounting to R1 324 million incurred on professional services relating to the negotiations that led to a reduction of R34 billion in the Nigeria regulatory fine (note 17).

Condensed consolidated statement of comprehensive income

for the

	Six months ended 30 June 2016 Reviewed Rm	Six months ended 30 June 2015 Reviewed Rm	Financial year ended 31 December 2015 Audited Rm
(Loss)/profit after tax	**(6 253)**	13 880	23 570
Other comprehensive (loss)/income after tax:			
Exchange differences on translating foreign operations including the effect of hyperinflation[1]	**(12 499)**	(3 273)	22 203
Equity holders of the Company	**(11 866)**	(3 181)	21 033
Non-controlling interests	**(633)**	(92)	1 170
Net change in fair value of available-for-sale investments[1,2]	**2 672**	–	–
Equity holders of the Company	**2 672**	–	–
Non-controlling interests	**–**	–	–
Total comprehensive (loss)/income	**(16 080)**	10 607	45 773
Attributable to:			
Equity holders of the Company	**(14 683)**	8 719	41 237
Non-controlling interests	**(1 397)**	1 888	4 536
	(16 080)	10 607	45 773

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

[2] *The available-for-sale investment relates to the Group's investment in IHS Holdings Limited (IHS).*

Condensed consolidated statement of financial position

as at

	Note	**30 June 2016 Reviewed Rm**	30 June 2015 Reviewed Rm	31 December 2015 Audited Rm
Non-current assets		**200 447**	161 219	218 435
Property, plant and equipment		**93 462**	85 501	106 702
Intangible assets and goodwill		**52 172**	37 484	55 887
Investment in joint ventures and associates[1]		**32 169**	24 978	35 552
Deferred tax and other non-current assets[2]		**22 644**	13 256	20 294
Current assets		**82 468**	85 269	95 432
Non-current assets held for sale	18	**466**	3 959	10
		82 002	81 310	95 422
Other current assets		**12 940**	12 292	15 940
Trade and other receivables		**41 470**	37 003	43 570
Restricted cash		**637**	1 001	1 735
Cash and cash equivalents		**26 955**	31 014	34 177
Total assets		**282 915**	246 488	313 867
Total equity		**119 796**	127 420	151 838
Attributable to equity holders of the Company		**116 669**	122 702	146 369
Non-controlling interests		**3 127**	4 718	5 469
Non-current liabilities		**84 000**	51 495	72 510
Interest-bearing liabilities	12	**64 190**	39 511	52 661
Deferred tax and other non-current liabilities		**19 810**	11 984	19 849
Current liabilities		**79 119**	67 573	89 519
Non-current liabilities held for sale	18	**208**	15	–
		78 911	67 558	89 519
Interest-bearing liabilities	12	**17 757**	16 548	22 510
Trade and other payables		**43 602**	31 896	40 484
Other current liabilities		**17 552**	19 114	26 525
Total equity and liabilities		**282 915**	246 488	313 867

[1] *The decrease in investment in joint ventures and associates since 31 December 2015 is mainly due to the Group's share of the attributable loss, amounting to R2,5 billion (note 9) and foreign currency translation loss amounting to R3,1 billion from its investment in Nigeria Tower InterCo B.V., offset by its increase in investment of R2 312 million in Africa Internet Holding GmbH (AIH) (note 14) during the period.*

[2] *Other non-current assets include the revaluation of the Group's Investment in IHS amounting to R2,7 billion.*

The strengthening of the rand, which is the presentation currency of the Group, against the functional currencies of the Group's largest operations contributed significantly to the decrease in assets and liabilities since 31 December 2015 which are translated into the Group's presentation currency at closing rates at the end of the reporting period.

Condensed consolidated statement of changes in equity

for the

	Six months ended 30 June 2016 Reviewed Rm	Six months ended 30 June 2015 Reviewed Rm	Financial year ended 31 December 2015 Audited Rm
Opening balance at 1 January	**146 369**	128 517	128 517
Total comprehensive (loss)/income	**(14 683)**	8 719	41 237
(Loss)/profit after tax	**(5 489)**	11 900	20 204
Other comprehensive (loss)/income after tax	**(9 194)**	(3 181)	21 033
Transactions with shareholders			
Shares issued	**^**	^	–
Shares cancelled	**–**	(^)	(^)
Decrease in treasury shares	**(^)**	–	69
Share buy-back	**–**	(^)	–
Share-based payment transactions	**130**	140	532
Settlement of vested equity rights	**–**	–	(288)
Dividends declared	**(15 231)**	(14 697)	(23 506)
Other movements	**84**	23	(192)
Attributable to equity holders of the Company	**116 669**	122 702	146 369
Non-controlling interests	**3 127**	4 718	5 469
Closing balance	**119 796**	127 420	151 838
Dividends declared during the period (cents per share)	**830**	800	1 280
Dividends declared after the period end (cents per share)	**250**	480	830

^ *Amount less than R1 million.*

Condensed consolidated statement of cash flows

for the

	Six months ended 30 June 2016 Reviewed Rm	Six months ended 30 June 2015[1] Reviewed Rm	Financial year ended 31 December 2015 Audited Rm
Net cash (used in)/generated from operating activities	**(436)**	1 432	13 122
Cash generated from operations	**23 870**	26 289	57 598
Dividends paid to equity holders of the Company	**(15 212)**	(14 697)	(23 506)
Dividends paid to non-controlling interests	**(790)**	(3 042)	(5 777)
Dividends received from associates and joint ventures	**426**	285	577
Other operating activities	**(8 730)**	(7 403)	(15 770)
Net cash used in investing activities	**(14 209)**	(14 471)	(34 290)
Acquisition of property, plant and equipment	**(10 134)**	(7 636)	(21 612)
Acquisition of intangible assets	**(3 890)**	(4 194)	(10 412)
Movement in investments and other investing activities	**(185)**	(2 641)	(2 266)
Net cash from financing activities	**13 608**	1 558	8 101
Proceeds from borrowings	**23 967**	9 711	23 384
Repayment of borrowings	**(10 363)**	(8 100)	(14 802)
Other financing activities	**4**	(53)	(481)
Net decrease in cash and cash equivalents	**(1 037)**	(11 481)	(13 067)
Cash and cash equivalents at beginning of the period	**34 139**	43 072	43 072
Exchange (losses)/gains on cash and cash equivalents	**(6 272)**	(787)	3 860
Net monetary gain on cash and cash equivalents	**107**	134	274
Net cash and cash equivalents at end of the period	**26 937**	30 938	34 139

[1] *Restated, refer note 16.*

Notes to the condensed consolidated interim financial statements

for the six months ended 30 June 2016

1. INDEPENDENT REVIEW

The directors of the Company take full responsibility for the preparation of the condensed consolidated interim financial statements.

The condensed consolidated interim financial statements have been reviewed by our joint independent auditors, PricewaterhouseCoopers Inc. and SizweNtsalubaGobodo Inc., who have expressed an unmodified conclusion. The joint external auditors have performed their review in accordance with International Standard on Review Engagements (ISRE) 2410. Constant currency and other *pro forma* financial information disclosure have not been reviewed by our joint external auditors.

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

These condensed consolidated interim financial statements for the six months ended 30 June 2016 have been prepared in accordance with International Financial Reporting Standard (IAS 34) *Interim Financial Reporting,* the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Pronouncements as issued by the Financial Reporting Standards Council (FRSC) and the requirements of the Companies Act of South Africa. The condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2015, which have been prepared in accordance with International Financial Reporting Standards (IFRS).

4. PRINCIPAL ACCOUNTING POLICIES

The Group has adopted all the new, revised or amended accounting pronouncements as issued by the International Accounting Standards Board (IASB) which were effective for the Group from 1 January 2016, none of which had a material impact on the Group.

The accounting policies applied in the preparation of the condensed consolidated interim financial statements are in terms of IFRS and are consistent with those accounting policies applied in the preparation of the consolidated financial statements for the year ended 31 December 2015.

5. FINANCIAL INSTRUMENTS

The Group has not disclosed the fair values of financial instruments measured at amortised cost except for its loans and borrowings set out below, as their carrying amounts closely approximate their fair values. Other than the equity investment in IHS, there were no financial instruments measured at fair value that were individually material at the end of the current reporting period.

Listed long-term borrowings

The Group has listed long-term fixed interest rate senior unsecured notes in issue with a carrying amount of R11 031 million (June 2015: R9 178 million, December 2015: R11 633 million) and a fair value of R10 731 million (June 2015: R9 263 million, December 2015: R10 268 million) at 30 June 2016. The fair value of these instruments is determined by reference to published market values on the relevant exchange.

Notes to the condensed consolidated interim financial statements *(continued)*

for the six months ended 30 June 2016

5. FINANCIAL INSTRUMENTS *(continued)*

Loan to Nigeria Tower InterCo B.V.

The Group has a loan to Nigeria Tower InterCo B.V. with a carrying amount of R2 877 million (June 2015: R1 092 million, December 2015: R2 704 million) and a fair value of R3 373 million as at 30 June 2016. The fair value of this instrument is determined using a discounted cash flow model. An external borrowing rate for funds advanced to the operating company, which has been adjusted for differences in risk, has been used as a proxy for a market rate.

Fair value measurement of investments

The Group holds an equity investment in IHS at fair value of R11 354 million at 30 June 2016 (June 2015: R7 259 million, December 2015: R9 250 million). The investment is classified as available for sale. The fair value of the investment at 30 June 2016 and 30 June 2015 was determined with reference to recent transactions between market participants and has consequently been transferred from level 3 to level 2 in the fair value hierarchy.

At 31 December 2015, the absence of transactions between market participants resulted in the fair value being determined using models considered to be appropriate by management. The fair value was calculated using an earnings multiple technique and was based on unobservable market inputs including average tower industry earnings multiples of between 10 – 14. Consequently, the investment was categorised within level 3 of the fair value hierarchy. An increase of one in the multiple would have resulted in an increase in the fair value of R792 million and a one decrease in the multiple would have resulted in a decrease in the fair value by R792 million as at 31 December 2015.

6. 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 grouped according to their geographic regions/locations.

The Group has changed the composition and presentation of its segment analysis following the announcement of a change in its operational structure subsequent to the 2015 year-end with a view to strengthen operational oversight, leadership, governance and regulatory compliance across the 22 operations in Africa and the Middle East.

The MTN Group is now clustered into the following three regions based on the decision taken:

- South and East Africa (SEA)
- West and Central Africa (WECA)
- Middle East and North Africa (MENA).

Comparative numbers for the segments have been restated accordingly.

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

EBITDA (earnings before interest, tax, depreciation, amortisation, goodwill impairment, tower sale profits and the Nigeria regulatory fine) is used as the measure of reporting profit or loss for each segment and has remained unchanged.

Notes to the condensed consolidated interim financial statements *(continued)*

for the six months ended 30 June 2016

		Six months ended 30 June 2016 Reviewed Rm	Six months ended 30 June 2015 Reviewed Rm	Financial year ended 31 December 2015 Audited Rm
6.	**SEGMENT ANALYSIS** *(continued)*			
	REVENUE			
	SEA	**25 156**	24 456	51 419
	South Africa	**19 841**	18 882	40 038
	Uganda	**2 804**	2 540	5 148
	Other SEA	**2 511**	3 034	6 233
	WECA	**46 347**	38 296	81 443
	Nigeria	**28 941**	24 649	51 942
	Ghana	**5 165**	3 496	7 903
	Cameroon	**3 202**	2 742	5 806
	Ivory Coast	**3 751**	3 081	6 424
	Other WECA	**5 288**	4 328	9 368
	MENA	**7 402**	6 569	13 766
	Syria[1]	**1 068**	1 329	2 605
	Sudan[1]	**2 345**	1 610	3 472
	Other MENA	**3 989**	3 630	7 689
	Major joint venture – Iran[2]	**8 324**	6 435	13 660
	Head office companies and eliminations	**(27)**	(111)	(275)
	Hyperinflation impact	**237**	94	710
	Iran revenue exclusion[2]	**(8 324)**	(6 435)	(13 660)
		79 115	69 304	147 063

[1] *Excludes the increase in revenue resulting from hyperinflation accounting of: Syria R103 million (June 2015: R28 million, December 2015: R391 million) and Sudan R134 million (June 2015: R66 million, December 2015: R319 million).*

[2] *Irancell Telecommunication Company Services (PJSC) proportionate revenue forms part of the MENA region but is reported separately 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 increase in revenue resulting from hyperinflation accounting (June 2015: R271 million and December 2015: R287 million). In 2015, the Iranian economy was assessed to no longer be hyperinflationary and hyperinflation accounting was discontinued effective 1 July 2015.*

Notes to the condensed consolidated interim financial statements *(continued)*

for the

	Six months ended 30 June 2016 Reviewed Rm	Six months ended 30 June 2015 Reviewed Rm	Financial year ended 31 December 2015 Audited Rm
6. SEGMENT ANALYSIS *(continued)*			
EBITDA			
SEA	**7 213**	8 555	16 903
South Africa	**5 979**	6 724	13 370
Uganda	**842**	915	1 775
Other SEA	**392**	916	1 758
WECA	**20 574**	19 303	38 116
Nigeria	**14 421**	14 132	27 504
Ghana	**2 004**	1 387	3 197
Cameroon	**1 218**	1 036	2 101
Ivory Coast	**1 349**	1 126	2 195
Other WECA	**1 582**	1 622	3 119
MENA	**2 359**	2 051	4 324
Syria[1]	**305**	215	460
Sudan[1]	**829**	539	1 216
Other MENA	**1 225**	1 297	2 648
Major joint venture – Iran[2]	**3 139**	2 582	5 665
Head office companies and eliminations	**(873)**	365	575
Hyperinflation impact	**90**	49	231
Nigeria regulatory fine[3]	**(10 499)**	–	(9 287)
Tower sale profits[3]	**18**	352	8 263
Iran EBITDA exclusion[2]	**(3 139)**	(2 582)	(5 665)
EBITDA	**18 882**	30 675	59 125
Depreciation, amortisation and impairment of goodwill	**(13 691)**	(10 750)	(23 797)
Net finance cost	**(5 945)**	(2 319)	(3 010)
Net monetary gain	**919**	496	1 348
Share of results of joint ventures and associates after tax	**(1 692)**	2 027	1 226
(Loss)/profit before tax	**(1 527)**	20 129	34 892

[1] *Excludes the increase in EBITDA resulting from hyperinflation accounting of: Syria R41 million (June 2015: R25 million, December 2015: R106 million) and Sudan R49 million (June 2015: R24 million, December 2015: R125 million).*

[2] *Irancell Telecommunication Company Services (PJSC) proportionate EBITDA forms part of the MENA region but is reported separately 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 increase in EBITDA resulting from hyperinflation accounting (June 2015: R141 million and December 2015: R215 million). During 2015, the Iranian economy was assessed to no longer be hyperinflationary and hyperinflation accounting was discontinued effective 1 July 2015. The Group's share of results from Irancell Telecommunication Company Services (PJSC) includes expenses resulting from discontinuation of hyperinflation accounting amounting to R1 039 million mainly relating to the subsequent depreciation and amortisation of previously hyper-inflated assets that were historically written up under hyperinflation reporting.*

[3] *Tower sale profit and the expense relating to the regulatory fine imposed by the Nigerian Communications Commission (NCC) are excluded as the CODM reviews segment results on this basis.*

Notes to the condensed consolidated interim financial statements *(continued)*

for the

	Six months ended 30 June 2016 Reviewed Rm	Six months ended 30 June 2015 Reviewed Rm	Financial year ended 31 December 2015 Audited Rm
7. (LOSS)/EARNINGS PER ORDINARY SHARE			
Number of ordinary shares in issue			
At end of the period (excluding MTN Zakhele and treasury shares[1])	**1 822 711 720**	1 822 473 178	1 822 517 914
Weighted average number of shares			
Shares for (loss)/earnings per share	**1 822 527 498**	1 821 338 035	1 822 453 695
Add: Dilutive shares[2]			
– MTN Zakhele shares issued	**–**	7 685 193	3 791 878
– Share schemes	**–**	1 333 429	965 612
Shares for dilutive (loss)/earnings per share	**1 822 527 498**	1 830 356 657	1 827 211 185
Reconciliation between (loss)/profit attributable to the equity holders of the Company and headline (loss)/earnings			
(Loss)/profit after tax	**(5 489)**	11 900	20 204
Net (profit)/loss on disposal of property, plant and equipment and intangible assets (IAS 16 and IAS 38)	**(15)**	6	(2)
Profit on dilution of investment in joint venture (IAS 28)	**(277)**	–	–
Net impairment loss on property, plant and equipment and intangible assets (IAS 36)	**265**	27	38
Impairment of goodwill (IAS 36)	**604**	–	504
Realisation of deferred gain on disposal of non-current assets held for sale (IFRS 5)	**(18)**	(13)	(30)
Profit on disposal of non-current assets held for sale (IFRS 5)	**–**	–	(8 264)
Total tax effect of adjustments	**1**	–	(702)
Total non-controlling interest effect of adjustments	**(2)**	(6)	1 852
Basic headline (loss)/earnings[3]	**(4 931)**	11 914	13 600
(Loss)/earnings per share (cents)			
– Basic	**(301)**	653	1 109
– Basic headline	**(271)**	654	746
Diluted (loss)/earnings per share (cents)			
– Diluted	**(301)**	650	1 106
– Diluted headline	**(271)**	651	744

[1] *Treasury shares of 10 206 255 (June 2015: 10 444 797 and December 2015: 11 844 233) are held by the Group and 11 131 098 (June 2015: 12 575 270; December 2015: 11 131 098) shares are held by MTN Zakhele. Due to the call option over notional vendor finance shares, the MTN Zakhele shares, although legally issued to MTN Zakhele, are not deemed to be issued from a Group perspective. These shares are therefore excluded from this reconciliation.*

[2] *The share options and share rights issued in terms of the Group's share schemes, performance share plan and the MTN Zakhele transaction would not have a dilutive effect on loss per share for the period ended 30 June 2016 and have therefore not been treated as dilutive.*

[3] *Headline (loss)/earnings is calculated in accordance with circular 2/2015 Headline Earnings as issued by the South African Institute of Chartered Accountants, as required by the JSE Limited.*

Notes to the condensed consolidated interim financial statements *(continued)*

for the six months ended 30 June 2016

8. GOODWILL IMPAIRMENT

Areeba Guinea S.A.

Areeba Guinea S.A. (Conakry) experienced a decline in EBITDA since 2013 and Guinea-Conakry has experienced poor economic performance countrywide. Consequently, a review of the recoverable amount of Conakry was undertaken during the period ended 30 June 2016 subsequent to which an impairment loss amounting to R402 million (June 2015: Rnil, December 2015: R504 million) was recognised. As at 30 June 2016, the goodwill balance relating to Conakry is fully impaired.

Afrihost

Based on an agreement concluded by the Group to sell its 50,02% investment in Afrihost Proprietary Limited (Afrihost) for R320 million (note 18), a goodwill impairment loss of R202 million was recognised at 30 June 2016 on the remeasurement of the assets to fair value less cost to sell in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

	Six months ended 30 June 2016 Reviewed Rm	Six months ended 30 June 2015 Reviewed Rm	Financial year ended 31 December 2015 Audited Rm
9. SHARE OF RESULTS OF JOINT VENTURES AND ASSOCIATES AFTER TAX	**(1 692)**	2 027	1 226
Irancell Telecommunication Company Services (PJSC)	**936**	2 099	1 903
Nigeria Tower InterCo. B.V.	**(2 463)**	63	(545)
Others	**(165)**	(135)	(132)
10. CAPITAL EXPENDITURE INCURRED	**13 850**	10 869	29 611
11. CONTINGENT LIABILITIES	**1 308**	287	875
12. INTEREST-BEARING LIABILITIES			
Bank overdrafts	**18**	76	38
Current borrowings	**17 739**	16 472	22 472
Current liabilities	**17 757**	16 548	22 510
Non-current borrowings	**64 190**	39 511	52 661
	81 947	56 059	75 171

13. ISSUE AND REPAYMENT OF DEBT AND EQUITY SECURITIES

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

- MTN Nigeria repaid R3,2 billion (June 2015: R1,3 billion) relating to long-term borrowings.
- MTN Mauritius raised R3,5 billion (June 2015: R5,9 billion) in debt.
- MTN Mauritius repaid R837 million in debt.
- MTN Holdings raised R9,7 billion additional debt relating to syndicated loan facilities, R2 billion (June 2015: R3 billion) relating to general banking facilities and R2 billion in terms of the Domestic Medium Term Programme.
- MTN Holdings repaid R800 million (December 2015: R500 million) relating to the syndicated loan facility and R1,2 billion (December 2015: R4,2 billion) relating to general banking facilities.
- MTN Uganda raised R1,2 billion relating to the draw down on a syndicated loan facility.
- Cameroon raised R775 million relating to the draw down on a syndicated loan facility.
- MTN Côte d'Ivoire raised R2,8 billion relating to a syndicated loan facility (December 2015: R1,8 billion relating to short-term borrowings).
- MTN Côte d'Ivoire repaid R1,8 billion relating to short-term borrowings and R992 million relating to a syndicated loan facility.

Notes to the condensed consolidated interim financial statements *(continued)*

for the six months ended 30 June 2016

14. BUSINESS COMBINATIONS AND ACQUISITION OF JOINT VENTURES AND OTHER INVESTMENTS

Investment in Africa Internet Holding GmbH (AIH)

The Group's investment of R2 312 million in AIH became effective during March 2016. This investment increased the Group's interest in the joint venture from 33,3% to 41,4%. AIH received additional investments from new investors which became effective during April, May and June 2016. These additional investments diluted the Group's investment in AIH to 31,28% and resulted in a profit on dilution of R277 million recorded during the current reporting period. The Group retains joint control over AIH.

Travelstart

On 22 January 2016, the MTN Group made an investment in TravelLab Global AB (Travelstart) amounting to US$27 million. Travelstart is an online travel agency focused on emerging markets. MTN Group jointly controls Travelstart indirectly through funds managed by its venture capital fund manager, Amadeus Capital Partners.

Altech Autopage subscriber base

In March 2016, the Group concluded the acquisition of its Altech Autopage subscriber base from Altron TMT Proprietary Limited for R678 million. The acquisition of the subscriber base will enable the Group to service and interact directly with its customers and will reduce future commission expenditure. The purchase price allocation has been finalised and the fair value of net identifiable assets acquired of R479 million resulted in goodwill of R199 million being recognised.

15. EVENTS AFTER REPORTING PERIOD

Dividends declared

Dividends declared at the board meeting held on 4 August 2016 amounted to 250 cents per share.

16. RESTATEMENTS

16.1 Reclassification of expenses

Following the restatement of expenses disclosed in the income statement for the year ended 31 December 2015, the expense categories included below have also been disclosed separately or reclassified between expense categories for the June 2015 reporting period to present the expenses in more appropriate categories in accordance with the classification in the current period.

Government and regulatory costs

Government and regulatory costs that had previously been included in direct network operating costs (R2 534 million) and other operating expenses (R301 million) have now been disclosed as a significant category of expense in the income statement.

Value-added services (VAS) costs

VAS costs amounting to R1 091 million were previously included in the costs of handsets and other accessories. Based on the underlying nature of these costs, this has now been reclassified and included in selling, distribution and marketing expenses.

16.2 Reclassification of cash used in investing activities

In line with the current year presentation, cash used in acquiring intangible assets of R4 194 million has now been disclosed as a significant item separately from cash used in other investing activities.

Notes to the condensed consolidated interim financial statements *(continued)*

for the six months ended 30 June 2016

17. NIGERIA REGULATORY FINE

On 10 June 2016, MTN Nigeria Communication Limited (MTN Nigeria) resolved the matter relating to the previously imposed regulatory fine with the Federal Government of Nigeria (FGN) after the completion of an extensive negotiation process.

In terms of the settlement agreement reached on 10 June 2016, MTN Nigeria has agreed to pay a total cash amount of Naira 330 billion over three years (the equivalent of R25,1 billion[1]) to the FGN as full and final settlement of the matter.

In addition to the monetary settlement set out above:

- MTN Nigeria subscribes to the voluntary observance of the Code of Corporate Governance for the Telecommunications Industry in Nigeria and will ensure compulsory compliance when the said Code is made mandatory for the Telecommunications Industry.
- MTN Nigeria undertakes to take immediate steps to ensure the listing of its shares on the Nigerian Stock Exchange as soon as commercially and legally possible after the date of execution of the settlement agreement; and
- MTN Nigeria shall always ensure full compliance with its licence terms and conditions as issued by the NCC.

The Naira 50 billion in good faith payment which was paid without prejudice by MTN Nigeria on 24 February 2016 forms part of the monetary component of the settlement. A further payment of Naira 30 billion was made on 24 June 2016 resulting in a remaining cash balance of Naira 250 billion (the equivalent of R12,9 billion[2]) outstanding at period end.

On 10 June 2016 the nature of the fine changed from a provision under IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* to that of a financial liability under IAS 39 *Financial Instruments: Recognition and Measurement*. As from this date onwards MTN Nigeria was contractually obliged to settle the fine in cash. Consequently, the outstanding balance ceased to be discounted at a pre-tax risk- free rate (in terms of IAS 37) and is instead discounted at MTN Nigeria's incremental borrowing rate for a liability with similar cash flows (in terms of IAS 39), which approximated 14,71% at the re-measurement date.

Professional services

During the period R1 324 million costs were incurred on professional services relating to the negotiations that led to a reduction of R34 billion in the Nigeria regulatory fine. The board has exercised its judgement and approved the quantum of the professional fees incurred taking into account global benchmarks and the value delivered culminating in the final settlement of the Nigeria fine.

[1] *Amount translated at the 10 June 2016 rate of R1 = N13,15.*

[2] *Amount translated at the 30 June 2016 closing rate of R1 = N19,33.*

18 . NON-CURRENT ASSETS HELD FOR SALE

During the period under review, the Group concluded an agreement to sell its 50,02% investment in Afrihost for R325 million. The transaction is subject to the fulfillment of applicable conditions relevant to the transaction.

Administration

Registration number: 1994/009584/06
ISIN: ZAE000042164
Share code: MTN

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BD Goschen*
PB Hanratty≈***
A Harper#***
KP Kalyan***
S Kheradpir††***
NP Mageza***
MLD Marole***
AT Mikati†**
SP Miller^***
KC Ramon***
NL Sowazi***
AF Van Biljon***
J Van Rooyen***

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† *Lebanese*
# *British*
≈ *Irish*
^ *Belgian*
* *Executive*
** *Non-executive*
*** *Independent non-executive director*

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American Depository Receipt (ADR) programme:
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