everywhere you go,
in life, we're with you...

MTN Group profile

MTN Group Limited (MTN Group or the Group) is a leading provider of communications services, offering cellular network access and business solutions. The MTN Group is listed on the JSE under the Industrial – Telecommunications – Mobile Telecommunications sector.

As at 31 December 2005, MTN Group had 23,2 million subscribers across its cellular network operations. Since inception in 1994 the MTN Group has invested R32,1 billion in telecommunications infrastructure.

MTN South Africa

MTN South Africa trades through MTN Network Operator, MTN Service Provider and MTN Network Solutions. Launched in 1994, MTN South Africa had 10,2 million subscribers on 31 December 2005. MTN South Africa's national GSM network is one of the largest networks in the world, with approximately 4 738 base station sites covering 19 200km of road and 900 000km^2 of land, and provides access to 94% of South Africa's population.

MTN Nigeria

A subsidiary of MTN International (Mauritius), MTN Nigeria was launched in 2001 and is the leading GSM operator in that country, with a subscriber base of 8,4 million at 31 December 2005. MTN Nigeria's GSM network currently comprises over 2 120 base stations and 348 900km^2 of transmission infrastructure, providing access to approximately 64% of Nigeria's population.

Other mobile operations

MTN International also offers cellular network access and associated services through its subsidiaries and joint ventures in Cameroon, Uganda, Rwanda, Swaziland, Zambia, Côte d'Ivoire, Botswana, Congo Brazzaville and Iran. These operations had a combined subscriber base of 4,6 million at 31 December 2005.

Our vision "To be the leading provider of telecommunications in developing markets"

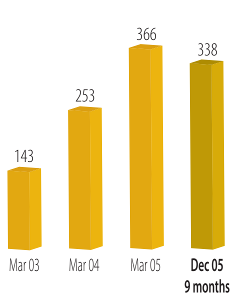
highlights

Total subscribers 23,2 million 48% increase on March 2005

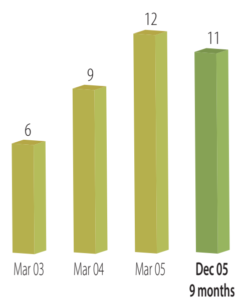
Revenue of R27,2 billion 26% increase on nine months ended December 2004†

New investments in Côte d'Ivoire (51%), **Zambia** (100%), **Botswana** (44%), **Congo Brazzaville** (100%) and **Iran** (49%)

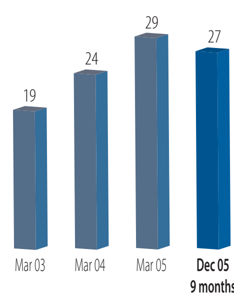
Adjusted headline EPS
(cents per share)



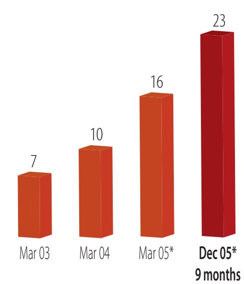
Group EBITDA
(R billion)



Group revenue
(R billion)

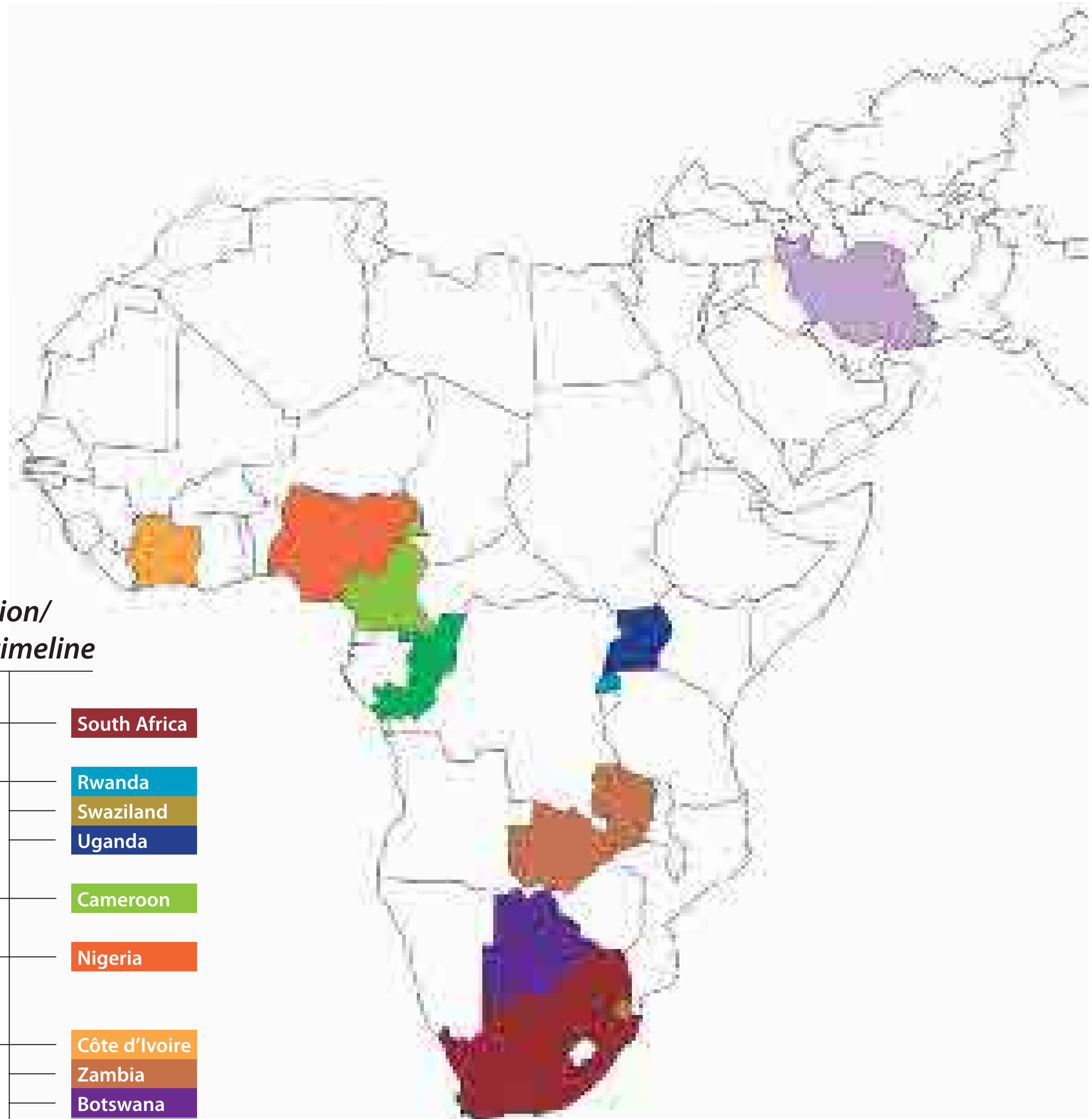


Subscribers
(million)



*All subscribers based on 90-day activity
†Unaudited

MTN footprint



Acquisition/ launch timeline

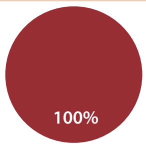
1994	South Africa
1998	Rwanda
	Swaziland
	Uganda
2000	Cameroon
2001	Nigeria
2005	Côte d'Ivoire
	Zambia
	Botswana
	Iran
	Congo Brazzaville

MTN Group at a glance

MTN shareholding

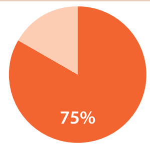
1. SOUTH AFRICA

Launch date: Jun 1994
Population: 47,2 million
Mobile penetration: 62%
MTN subscribers: 10 235 000



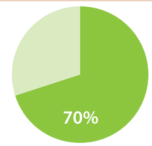
2. NIGERIA

Launch date: Aug 2001
Population: 138 million
Mobile penetration: 13%
MTN subscribers: 8 370 000



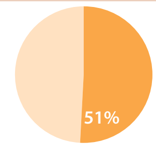
3. CAMEROON

Acquisition date: Feb 2000
Population: 16,9 million
Mobile penetration: 14%
MTN subscribers: 1 248 000



4. CÔTE D'IVOIRE

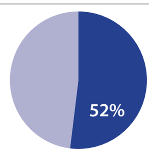
Acquisition date: Jul 2005
Population: 20 million
Mobile penetration: 11%
MTN subscribers: 1 080 000



MTN shareholding

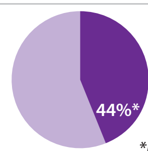
5. UGANDA

Launch date: Oct 1998
Population: 26,9 million
Mobile penetration: 6%
MTN mobile subscribers: 982 000



6. BOTSWANA

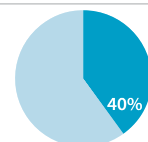
Acquisition date: Sept 2005
Population: 1,6 million
Mobile penetration: 45%
MTN subscribers: 479 000



**Indirect*

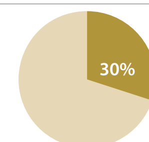
7. RWANDA

Launch date: Jul 1998
Population: 8,9 million
Mobile penetration: 3%
MTN subscribers: 275 000



8. SWAZILAND

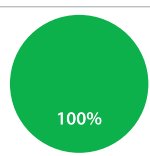
Launch date: Jul 1998
Population: 1,1 million
Mobile penetration: 19%
MTN subscribers: 213 000



MTN shareholding

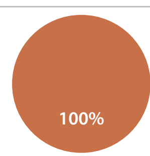
9. CONGO BRAZZAVILLE

Acquisition date: Dec 2005
Population: 3 million
Mobile penetration: 18%
MTN subscribers: 210 000



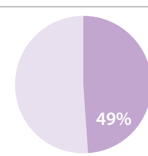
10. ZAMBIA

Acquisition date: Aug 2005
Population: 11 million
Mobile penetration: 4%
MTN subscribers: 97 000

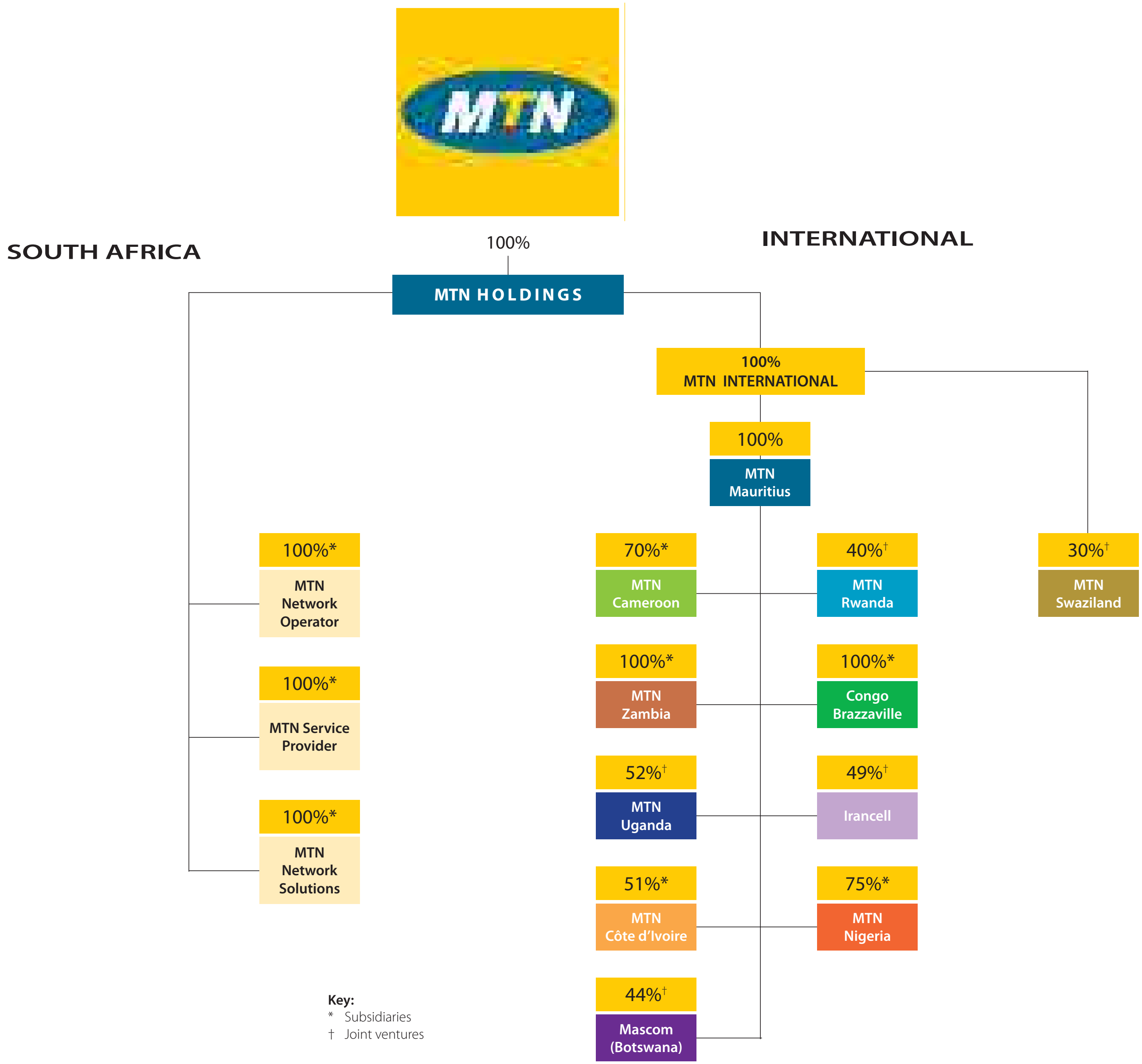


11. IRAN

Expected launch date: Aug 2006
Population: 69 million
Mobile penetration: 11%



MTN Group legal structure



contents

MTN continues to deliver strong financial results, creating value for shareholders while consolidating its position of leadership in developing markets

Chairman's report

DEAR STAKEHOLDER

The securing of new GSM mobile licences, a strong operational performance and a solid growth in subscriber numbers, makes it a pleasure to review MTN's past nine months. We acquired interests in operations in Côte d'Ivoire, Zambia, Botswana, the Republic of Congo (Brazzaville), and expanded to the Middle East through our interest in the Iranian greenfield opportunity. On 2 May 2006 the MTN Group announced an offer to acquire the entire share capital of Investcom LLC. This transaction is still subject to approval by the MTN shareholders and the fulfillment of certain regulatory pre-conditions. If successfully consumated the acquisition of Investcom LLC will expand the Group's footprint by an additional 10 countries primarily in Africa and the Middle East.

MTN's payoff line, ***Everywhere You Go,*** was launched uniformly across our operations during April 2005. This, together with the sponsorship of the recent MTN Africa Cup of Nations in Egypt, greatly elevated the prominence of our brand and focused our image across the continent. MTN is now synonymous with innovation, communication, and entrepreneurship.

Subscriber numbers continue to grow strongly, lifted primarily by organic growth and acquisitive growth, positioning MTN as a leading emerging market player with over 23,2 million customers on the African continent. As with any extremely competitive consumer market, market share remains a function of customer service. We emphasise customer centricity by providing a level of service that sets us apart.

FINANCIAL AND OPERATIONAL HIGHLIGHTS

MTN's year-end has changed to 31 December and so we report on a nine-month period, from 1 April 2005. During the period, MTN performed strongly, with consolidated revenue at R27,2 billion and adjusted headline earnings per share of 338,2 cents for the nine months, marginally down from R29 billion and 366 cents respectively for the previous 12 months.

INDUSTRY DEVELOPMENTS

MTN operates in a highly regulated sector that is increasingly being liberalised. This poses certain challenges but also presents opportunities.

Particular legislative developments during the year in South Africa relate to the Electronic Communications Bill, the licensing of a second national fixed-line operator and the ongoing enquiry into pricing structures in the mobile communications industry.

MTN fully supports legislation aimed at free-market competition in the best interests of consumers. This support extends to working closely with the regulatory authorities in developing appropriate legislation to achieve these objectives, and participating in industry bodies to develop codes of practice to support national goals.

In terms of our licence conditions in many of our operations, improving access to telecommunications is a near-term goal that we are incrementally achieving through the installation of public payphones, engaging in franchise opportunities and supporting entrepreneurs in developing their own telecommunications businesses. Tailoring products to suit the requirements of every market segment is also an important facet of the goal of improved access.

Telecommunications is a vibrant, developing and growing sector. Correctly priced and appropriately regulated, it can enhance the quality of life of millions of people. It is, therefore, important that the cost of complying with regulation does not detract from the creation of affordable access.

Other regulatory developments, more specific to the country of operation, are detailed in the review of operations.

CORPORATE GOVERNANCE

The MTN Group has adopted an overarching approach to corporate governance by benchmarking itself against global standards and implementing robust corporate governance structures in every operation to ensure impeccable governance standards.

The recommendations and requirements of the King II Report on Corporate Governance and the requirements of the JSE are an integral part of our corporate governance. We believe good governance results in disciplined business management, pervasive ethical standards and ultimately sustainable profitability across the organisation.

The MTN Group has transformed into a multinational company, with an ever diversifying revenue and profit base. Shareholders will be requested to approve the appointment of Ms K Kalyan, Dr CO Kolade, Mr MJN Njeke, Dr M Ramphele, Sheik A Sharbatley and Mr PL Woicke as directors of the MTN Group on 13 June 2006. These appointments are expected to further strengthen and diversify the composition of the Board.

SUSTAINABLE DEVELOPMENT

In recent years, MTN has published separate reports on financial and non-financial performance. This year, we present an integrated triple bottom-line report that spans our economic, social and environmental achievements, challenges and targets. All sustainable development initiatives are, however, guided by the Group policy. We highlight achievements of each operation in the operational review.

Maintaining the balance between our financial performance and social responsibility in 11 countries is a measured management indicator. In all operations, we aim to adhere to industry best practices in sustainable development.

This is reflected in our management practices relating to our own people, their working environment and personal development. We seek to ensure that our business has the pool of management skills necessary for future growth,

contribute to the quality of life of the communities from which we draw our business and conserve the natural heritage for future generations.

Africa's developmental challenges and capacity constraints are well known. As a major corporate on the continent, our commitment to addressing those challenges and alleviating those constraints is as much a factor in our business as erecting the individual masts that create our network. Long-term commercial success and sustainable development are, for us, simply flip sides of the same coin.

During the period, we received much recognition and several awards for our performance and reporting. While hugely encouraging, these fuel our determination to achieve even more, make a real difference, and give life to our promise that MTN is truly ***Everywhere You Go***.

APPRECIATION

The MTN Group today is a vastly different organisation to what it was in 1994. However, the passion that characterised those early days – the determination to expand, innovate and lead – remains a hallmark of our Group. We are a much larger organisation, with operations far afield, yet we remain a community. The skill and commitment of our management teams and staff and the loyalty of our customers and business partners are all ingredients of our success for which we are truly grateful.

I thank my fellow Board members for their counsel.

Cyril Ramaphosa

Chairman

22 March 2006

Directorate

Directorate

1. MC RAMAPHOSA (53)
BProc, LLD (hc)
CHAIRMAN
Non-Executive Director since 2001 (Independent)

Mr Ramaphosa is the Executive Chairman of Shanduka Group (Pty) Limited and serves as non-executive director to a number of other companies including SAB Miller plc, Standard Bank Group Limited and The Bidvest Group Limited. His previous positions include Chairperson of the Constitutional Assembly, Member of Parliament, Secretary General of the ANC and General Secretary of the National Union of Mineworkers.

2. PF NHLEKO (45)
BSc (Civil Eng), MBA
GROUP CHIEF EXECUTIVE OFFICER
Executive Director since 2002

Mr Nhleko currently serves on the board of Old Mutual Life Holdings (SA) Limited. He has been a director on various boards of listed companies which include among others: Johnnic Holdings Limited, Nedcor Limited, The Bidvest Group Limited and Alexander Forbes Limited.

Prior to joining MTN he served at Standard Corporate Merchant Bank as a senior member of the corporate finance team (1991 to 1994). He was also the Executive Chairman and one of the founding members of Worldwide African Investment Holdings (WAIH), an investment holding company with significant interests in the petroleum and telecommunications/IT industries.

3. DDB BAND (61)
BCom, CA(SA)
Non-Executive Director since 2001 (Independent)

Mr Band has had a varied business career rising to the position of Managing Director of CNA Gallo Limited in 1987. In 1990, he was appointed Chief Executive of The Argus Holdings Group, and in 1995 was appointed Chairman and Chief Executive Officer of the Premier Group Limited. In January 2000, he took up a position as a consultant to the Capital Investments Division of Standard Bank and he currently serves as a non-executive director on the boards of MNet/Supersport, Standard Bank Group, Tiger Brands Limited and The Bidvest Group Limited.

4. RS DABENGWA (47)
BSc (Eng), MBA
GROUP CHIEF OPERATING OFFICER
Executive Director since 2001

Mr Dabengwa currently has a dual role as Chief Operating Officer of the Group and Chief Executive Officer of MTN Nigeria. He also serves as a Non-Executive Director on the board of Peermont Global Limited.

Prior to joining MTN in 1999, he was employed by Eskom as Executive Director responsible for distribution. Before that he worked as a consulting electrical engineer in the building services and township development areas.

5. RD NISBET (50)
BCom, BAcc, CA(SA)
GROUP FINANCE DIRECTOR
Executive Director since 2001

Mr Nisbet has been with MTN since 1995. Prior to joining MTN, he held various positions which include financial directorships of both listed and non-listed companies.

6. SL BOTHA (41)
BEcon(Hons)
EXECUTIVE DIRECTOR MARKETING
Executive Director since 2003

Prior to joining MTN, Ms Botha was Group Executive Director at ABSA Bank. She was awarded Young Business Person of the Year 1998 and Marketer of the Year 2002. Prior to ABSA, she worked for Unilever (UK) for six years before returning to South Africa in 1996. She also serves on the board of Tiger Brands Limited.

7. JHN STRYDOM (67)
MCom(Acc), CA(SA)
Non-Executive Director since 2004

Mr Strydom is a registered practising Public Accountant and Auditor and a founding partner of Strydoms Incorporated, Chartered Accountants (SA), a firm specialising in business valuations, litigation support and forensic investigations. He serves on the board of Growth Point Properties Limited and he is a director of the Public Investment Corporation Limited and a senior member of the Special Income Tax Court for taxation appeals.

8. I CHARNLEY (45)
MAP
COMMERCIAL DIRECTOR
Executive Director since 2001

Subsequent to year-end Ms Charnley took up the position as the Executive Vice-President for the Middle East, North and East Africa region (MENEA).

She was awarded Business Woman of the Year in 2000 and nominated as one of the top 50 businesswomen outside of the USA. She serves as a non-executive director on numerous boards of listed companies including Metropolitan Life Limited, FirstRand Bank Limited and Johnnic Holdings Limited.

9. ZNA CINDI (55)
Non-Executive Director since 1999 (Independent)

Mr Cindi has 17 years of trade union background as an Educator, Trustee and Chief Administrator for the Black Electrical and Electronics Workers' Union and the Metal and Electrical Workers' Union of SA. Other directorships in major companies are Community Growth Management Company and Setsing Financial Services.

10. PL HEINAMANN (64)
AMP(INSEAD), FSRM (SA)
Non-Executive Director since 2001 (Independent)

Mr Heinamann started in the insurance broking industry in 1960. He is a past President of the South African Insurance Brokers Association and Insurance Institute of South Africa. In September 1976, he joined what is now Alexander Forbes. Other major directorships include Guardrisk Holdings Limited, and non-executive Chairman of Alexander Forbes Limited.

11. MA MOSES (41)
BA, MAP
Non-Executive Director since 2004 (Independent)

Ms Moses has extensive experience in the motor industry. She was Managing Director of the Premier Automotive Group, comprising Volvo, Jaguar and Land Rover. Prior to this she spent a number of years at BMW SA. She is an Executive of Transnet and is Chairperson of Viamax (Pty) Limited.

12. AF VAN BILJON (58)
BCom, CA(SA), MBA
Non-Executive Director since 2002 (Independent)

Mr van Biljon manages a specialised financial consultancy under the name of van Biljon and Associates.

Mr van Biljon served as Chief Financial Officer to the Standard Bank Group from 1996 to 2002. He is on the boards of Peermont Global Limited and Alexander Forbes Limited.

Group Chief Executive Officer's report

OVERVIEW

Subscribers surged 48% to 23,2 million, revenue increased to R27,2 billion and EBITDA margin was maintained at 41,3%. Our expansion strategy has borne fruit, yielding investments in five developing markets and paving the way for continued organic growth.

Throughout the African continent, mobile penetration continues its rapid increase as competition stiffens and the cost of entry for subscribers decreases.

As one of the most dynamic and challenging sectors worldwide, mobile telecommunications is an industry inherently subject to rapid change on a significant scale.

In South Africa, the telecommunications sector is undergoing significant changes with rising mobile penetration, increased regulatory pressure and an increasingly competitive market. Addressing these challenges requires focus, flexibility and detailed strategic planning. It also requires a continuous focus on ways to lower operational and capital expenditure while maintaining revenue streams.

KEY OBJECTIVES FOR THE PAST PERIOD

We set strategic Group objectives for the past period, which included:

Continue identifying and exploring growth opportunities – During the period, we acquired operations in Côte d'Ivoire (51%), Zambia (100%), Botswana (44%) and Republic of Congo (Brazzaville) (100%). We concluded a 49% investment in Irancell – the second, greenfield GSM licence in that country and our first investment outside the African continent. On 2 May 2006 the Group announced an offer to acquire the entire share capital of Investcom LLC, which operates in ten countries in Africa and the Middle East. This is subject to the fulfillment of certain regulatory pre-conditions and conditions precedent including MTN Group shareholder approval.

Maintain leadership position in innovation – In South Africa, we introduced MTN Banking in partnership with leading financial services group, Standard Bank of South Africa Limited. We remain confident of the need for accessible, affordable banking services that capitalise on technology. Following extensive trials, MTN launched commercial third-generation (3G) services to South African customers. Innovative products and services introduced in various markets – such as electronic voucher distribution in Cameroon and mCharge in South Africa, as well as GPRS and MMS in Nigeria and Uganda have exceeded expectations, again emphasising the importance of addressing real market needs.

Focus on customer centricity – The vast majority of our customers require basic, reliable and affordable telephony. Accordingly, across the Group, programmes are in place to further enhance customer service and performance is measured and monitored at every level. The rapid increase in the provision of service innovations such as low-denomination electronic airtime recharge facilities, underscores the Group's commitment to continually improving customer service and meeting customer needs. We have implemented a customer management assessment tool to measure and benchmark our effectiveness in customer centricity against international best practice.

Maintain Group EBITDA margin above 40% – MTN is a fully-fledged multinational with 43% of revenue and 49% of adjusted headline earnings per share (HEPS) being contributed by operations outside of South Africa. Across the Group, efficiencies continued to improve during the period, boosting the EBITDA margin to 41,3% against 39,8% for the nine months ending December 2004.

Improve operational efficiency – The Group continuously benchmarks its productivity and efficiency internally and against global peers. Targets are set and integrated into performance measurement and budgeting cycles.

MTN GROUP RESULTS

The MTN Group recorded a strong performance for the nine months ended 31 December 2005, with HEPS of 338,2 cents compared to 366 cents for the previous 12-month period. Consolidated Group revenue of R27,2 billion, EBITDA of R11,2 billion and profit after tax of R6,7 billion were recorded, compared to revenue of R29 billion (R21,5 billion December 2004), EBITDA of R12 billion (R8,6 billion December 2004) and adjusted profit after tax of R7,3 billion for the year ended March 2005.

Our international operations increased their contribution to Group results during the period and now account for 43% of revenue and 49% of adjusted HEPS, up from 40% and 43% respectively in the previous period. Given the portion of revenue generated outside South Africa, Group results are directly impacted by the fluctuation of the rand against the reporting currencies of our international operations. During the period, the average rand exchange rate depreciated by between 1% and 11% against the respective currencies of our operations. Importantly, the average rand:Nigerian naira exchange rate depreciated by 6%.

Group EBITDA rose by 31% compared to the nine months ended 31 December 2004, to R11,2 billion, of which 55% was generated from international operations. All operations contributed positively to EBITDA except for MTN Zambia.

Group total assets increased by 51% to R44,8 billion at 31 December 2005. Corporate activity during the year changed a net cash position at 31 March 2005 to a net debt position of R1 billion at the end of the period. The financial performance is discussed in more detail in the Group Financial Director's report on page 20.

OPERATIONAL OVERVIEW

Detailed results of our operations appear in the operational review from page 39. Some of the significant factors were:

- **Market conditions** – Favourable market conditions prevailed over the last nine months with the South African economy experiencing prodigious consumer spending led by low interest rates, a boom in the property market, strong currency and low inflation. In Nigeria, consumer spending has been encouraged by both a strong currency and record global oil prices.
- **Subscriber base** – MTN has recorded a surge in subscriber numbers during the period, with subscribers increasing to 23,2 million from 15,6 million at March 2005. Subscriber numbers were buoyed by increases of 50% and 28% in the Nigerian and South African operations respectively. Operations acquired during the nine months accounted for 8% of total subscribers at the end of the period.
- **Market share** – Fluctuations in market share are closely monitored in all operations and accordingly addressed through innovation, competitive pricing and customer service.
- **Average revenue per user** (ARPU) – ARPU in the prepaid market segment has decreased as a result of a redefinition of capable subscribers and deeper mobile penetration. In Nigeria, it is pleasing to note that although there was a 45% downturn in ARPU on the previous financial year, settling at about US$22 from June 2005 subscribers increased from 5,6 million to 8,4 million. Postpaid ARPU in South Africa decreased only marginally.
- **Capital expenditure** – Capital expenditure for the period was R6,7 billion, incurred largely by MTN Nigeria for network capacity augmentation and expansion. In South Africa R2 billion was spent, a significant portion of which relates to the 3G roll out. Across our operations, investment in network infrastructure is ongoing and funded internally from strong cash flows. In 2006, the MTN Group expects to invest R12,9 billion in the ongoing enhancement of its networks.
- **Regulatory pressures** – As the global telecommunications industry moves towards

liberalisation and convergence, the industry in Africa experiences similar, fundamental and structural challenges. The regulatory environment in South Africa is typical of this where a second fixed-line network operator (SNO) has been licensed, Mobile virtual network operators (MVNOs) are soon to enter the market, mobile number portability is imminent and a number of bills are to be tabled which may affect the industry.

INVESTMENT AND EXPANSION STRATEGY

Geographic expansion

During the period, the MTN Group concluded acquisitions in Côte d'Ivoire, Zambia, Botswana, the Republic of Congo and a licence agreement in Iran. This is in line with our strategy of consolidating our position as the leading provider of telecommunications services in developing markets. This has increased our geographic coverage by five countries with a combined population of 105 million and a relatively low combined mobile penetration of 9%.

- In Côte d'Ivoire, we acquired 51% of Telecel Côte d'Ivoire for R1,4 billion and rebranded it as MTN Côte d'Ivoire. This company had 1,1 million subscribers at 31 December 2005 and an estimated market share of 47%.
- In Zambia, MTN acquired 100% of Telecel Zambia, renamed MTN Zambia, for R347 million. In the near future, 10% of the equity in this business will be placed in the local market. MTN Zambia ended the period with 97 000 subscribers and an estimated market share of 19% in an underserved market.
- In Botswana, MTN indirectly acquired 44% of Mascom Wireless Botswana Limited for R846 million. The investment is accounted for as a joint venture. At 31 December 2005, this company had 479 000 subscribers and a 67% market share.
- In December 2005, MTN purchased 100% of the second largest mobile operator (Libertis) in the Republic of Congo (Brazzaville) for R656 million. This company has an estimated 39% share of a market with low penetration levels, and 210 000 subscribers at 31 December 2005.
- On 21 November 2005 the Minister of Communications and Information Technology of Iran issued the second GSM licence to Irancell; a company in which MTN has a 49% shareholding. MTN advanced USD89 million to outside shareholders for their share of Irancell's capitalisation in addition to providing EUR300 million for the licence through a long-term commerical arrangement with Irancell. With an estimated population of 69 million and current mobile penetration at 11%, the Iranian market presents a meaningful growth opportunity for MTN and marks the Group's entry into the Middle East.

On 2 May 2006, subsequent to the year-end, the MTN Group announced an offer to acquire the entire share capital of Investcom LLC for a total consideration of USD5,5 billion with between USD3,5 billion and USD3,7 billion expected to be settled in cash and the remainder in MTN Group shares. Investcom's largest shareholder, M1 Limited, which owns approximately 70,6% of its shares has given an irrevocable undertaking to accept the cash and shares offer and become a shareholder in the MTN Group.

Investcom currently has licences in 10 countries in Africa and the Middle East, covering an estimated population of 147 million and a weighted mobile penetration of about 9%. This transaction should enable the MTN Group to enhance its growth profile, diversify its financial profile and strengthen its operational capabilities.

This transaction is subject to the fulfillment of pre-conditions and conditions including the approval of the transaction by the MTN Group shareholders and regulatory approval in some of the countries in which Investcom operates.

The MTN Group has, and will continue to communicate developments regarding progress on the transaction to investors and shareholders.

Mobile banking

August 2005 saw the launch of MTN Banking with Standard Bank in South Africa. Capitalising on the strength of the MTN brand, MTN Banking extends banking services to an estimated 13 million people classified as "unbanked" by using SMS technology.

Network solutions

During the period under review, MTN acquired the remaining 40% in MTN Network Solutions, a first-tier internet service provider, for R40 million. This will enhance the Group's position in a converged telecommunications environment. Opportunities to expand our investments into other complementary businesses are ongoing.

Orbicom

MTN exited the non-core satellite broadcasting business through the sale of Orbicom after being granted regulatory and competition board approval for its disposal.

EXTERNAL IMPACT REVIEW

Mobile telecommunications is, by its nature, closely linked to quality of life. Our operations and business conduct, therefore, are just as closely linked to a variety of external factors predicated on improving quality of life. These include initiatives to extend economic prosperity to more citizens through empowerment criteria and sectoral charters in South Africa, increasing the percentage of local procurement in almost all areas of operation and our role as a corporate citizen.

While these initiatives are detailed elsewhere in this report, and highlighted in the operational review, I believe the contribution MTN is making at industry level in the development of appropriate regulations in different regions is noteworthy. We support liberalisation of the telecommunications sector, believing that free-market principles best apply and that corporate success depends largely on anticipating changing market needs with affordable, competitive services.

SUSTAINABLE DEVELOPMENT

Although MTN is relatively young in corporate terms, sustainable development has always been a cornerstone of our business and our approach. In the past, we have reported separately on issues relating to sustainable development. This year, however, these are integrated into our annual report to underline our belief that sustainable development and business development are inextricable, interdependent elements that determine our future. Currently the Group has MTN Foundations funded from after tax profits, in South Africa, Nigeria and Cameroon which address relevant social and educational upliftment initiatives in those countries. During January and February of this year, MTN sponsored the Africa Cup of Nations in Egypt. The title sponsorship entrenched MTN as the continental leader in football sponsorship and the success of the event brought awareness of our brand to the global community.

OUR PEOPLE

Since inception, MTN's people have characterised the Group – tenacity, expertise, enthusiasm and commitment combine to enable the Group to meet its operational and strategic objectives. MTN today employs 8 360 people of whom 4 036 are based in South Africa. To attract, retain and strengthen this team is an ongoing challenge that we address at multiple levels through attractive remuneration, career opportunities, succession planning and personal development.

Management changes for the period saw Ron Allard redeployed as CEO of MTN Côte d'Ivoire on 1 July 2005 from the position of CEO of MTN Cameroon. Mike Blackburn was appointed CEO for MTN Zambia from his position of CFO in Uganda as of September 2005. Mounise Quala takes up his appointment as CEO of MTN Congo Brazzaville in April 2006.

MTN has been restructured along regional lines with three executive vice-presidents reporting to the COO on West Africa, Southern Africa and Middle East, North and East Africa (MENEA). The CEOs of the operations will, in turn, report to these executive vice-presidents. These management clusters reflect the need for strategic, regional focus.

As much as our expansion strategy is founded on efficient network infrastructure, innovation and service, our business depends on people to implement every element of this strategy. I would like to take this opportunity to thank the staff, management and Board for their support and dedication during the period under review.

LOOKING AHEAD

As a Group, we believe in setting and achieving challenging targets. For 2006, our strategic priorities include:

- Continue to identify and pursue value-enhancing expansion opportunities to consolidate our position and diversify earnings;
- Improve operational cost efficiency and expand margins to take full advantage of scale across all our operations;
- Manage ambitious network roll-out in Iran; and
- Increase capacity through the management philosophy of "Just-in-time".

Phuthuma Nhleko
Group Chief Executive Officer
22 March 2006

Executive management

Executive management

1. PF NHLEKO (45)
BSc (Civil Eng), MBA
GROUP CHIEF EXECUTIVE OFFICER
since 2002

Refer to Directorate*

2. RS DABENGWA (47)
BSc (Eng), MBA
GROUP CHIEF OPERATING OFFICER
Executive director since 2001

Refer to Directorate*

3. SL BOTHA (41)
BEcon (Hons)
EXECUTIVE DIRECTOR MARKETING
Executive director since 2003

Refer to Directorate*

4. KW PIENAAR (41)
BSc (Electrical & Electronic Engineering), Pr Eng
GROUP CHIEF TECHNOLOGY AND INFORMATION OFFICER
since 2001

Mr Pienaar started his career at Telkom SA Limited and was involved in the full spectrum of telecommunication and technical management. Subsequent to Telkom, he held positions as Technical Director of Elex Electronic Limited, CRB Divisional Head Communications and Strategic Business Development Manager at MultiChoice Limited.

In 2001, after MTN won the licence for Nigeria, he was appointed CEO of MTN Nigeria for a year to manage the start-up of that operation.

5. RD NISBET (50)
BCom, BAcc, CA(SA)
GROUP FINANCE DIRECTOR
Executive director since 2001

Refer to Directorate*

6. I CHARNLEY (45)
MAP
COMMERCIAL DIRECTOR
Executive Director since 2001

Refer to Directorate*

7. PD NORMAN (40)
MA (Psychology)
GROUP EXECUTIVE: HUMAN RESOURCES

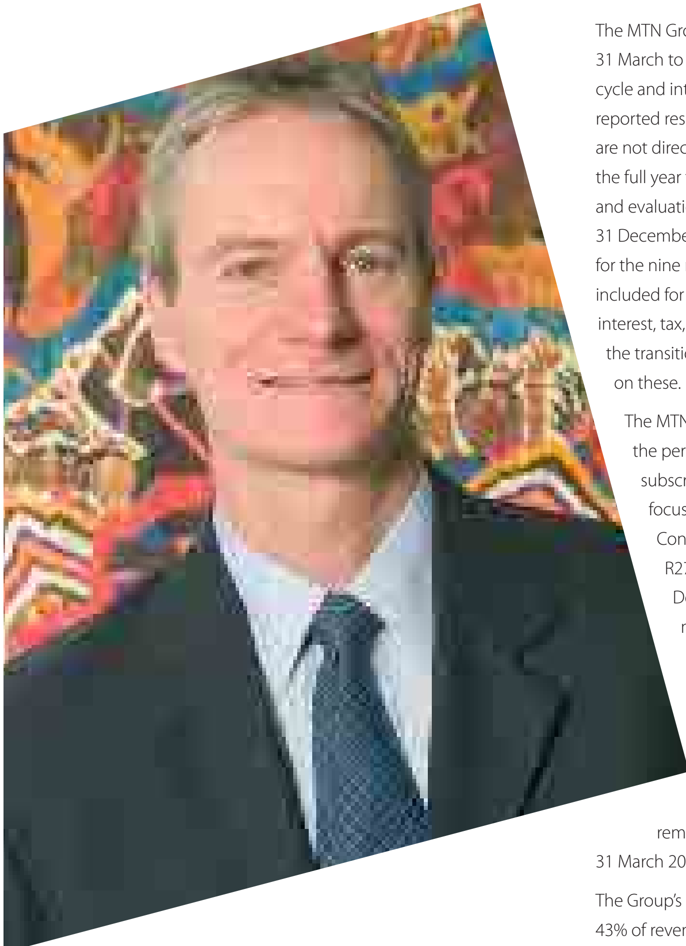
Mr Norman has spent more than 11 years in the field of human resources and has worked extensively in the transport and telecommunications industries.

He is a registered psychologist and has completed various executive development programmes at Wits Business School and IMD in Switzerland. He is a trustee of the Chartered Accountants Medical Aid Fund and was awarded HR Practitioner of the Year in 2003 by the Institute for People Management.

** Profiles of these executives can be viewed on page 13 of the report*

Group Finance Director's report

for the nine months ended 31 December 2005



INTRODUCTION

The MTN Group changed its financial year-end from 31 March to 31 December in line with its operating cycle and international peers. Consequently, the reported results cover a period of nine months and are not directly comparable to the audited results for the full year to 31 March 2005. To facilitate comparison and evaluation of the results for the period ended 31 December 2005, the unaudited operating results for the nine months ended 31 December 2004 are included for revenue, expenses and earnings before interest, tax, depreciation and amortisation (EBITDA), as the transition to IFRS did not have a significant impact on these.

The MTN Group recorded a strong performance for the period under review, driven mainly by mobile subscriber growth and improved customer focus in all the Group's established operations. Consolidated revenue increased by 26% to R27,2 billion for the nine months ended December 2005 from R21,5 billion for the nine months to December 2004. Adjusted HEPS was 338,2 cents for the current period, which compares favourably with the previous 12-month adjusted HEPS of 366 cents. The Group EBITDA margin was 41,3%, up from 39,8% for the nine months to December 2004, and remained virtually flat compared to 41,4% at 31 March 2005.

The Group's non-South African operations contributed 43% of revenue (March 2005: 40%), 55% of EBITDA (March 2005: 50%) and 55% of profit after tax (March 2005: 51%) (excluding MTN Nigeria's deferred tax credit) to Group results, with MTN Nigeria being the most significant of the international operations.

The Group's total asset base at 31 December 2005 was R44,8 billion, an increase of 51% on the total assets of R29,7 billion as adjusted for IFRS (previously disclosed as R29,3 billion) as at 31 March 2005. During the review period, the MTN Group successfully concluded acquisitions of MTN Côte d'Ivoire (51%), MTN Zambia (100%), Irancell (49%), MTN Congo Brazzaville (100%) and Mascom (44% indirect). These acquisitions have moved the Group's net debt to equity ratio to 4,5% and reversed the March 2005 position when the Group was holding more cash than debt. While we are pleased with the progress of our expansion strategy we will continue to pursue value-enhancing expansion opportunities supported by the Group's strong balance sheet.

MACROECONOMIC ENVIRONMENT

Economic conditions in the markets in which the Group operates were favourable during the period with interest rates remaining relatively low and the functional currencies, except for the rand, remaining stable against the US dollar. The telecommunications sector in most of the countries in which the Group operates has remained competitive, with mobile competition in Nigeria increasing considerably.

Exchange rates

Table 1 sets out movements in the closing and average exchange rates between the rand and the currencies of the Group's international operations.

Average exchange rates remained fairly stable during the period. While all the functional currencies of the Group's international operations strengthened slightly against the rand, only the 4% strengthening of the Nigerian naira had a noteworthy positive effect on Group revenues. On a weighted basis, average exchange rate movements between the rand and the functional currencies of the Group's international operations increased reported revenue by 2% compared to the nine months ended 31 December 2004.

Table 1: Current vs previous periods' exchange rates

Exchange rates per rand	Average exchange rates April 2005 – December 2005	April 2004 – December 2004	April 2004 – March 2005	December 2004 to 2005 %	Closing exchange rates December 2005	March 2005	% change
USD	6,47	6,33	6,15	(2)	6,32	6,21	(2)
NGN (Nigeria)	20,23	21,04	21,44	4	20,42	21,38	5
CFA (Cameroon)	84,77	85,99	86,17	1	89,94	83,89	(7)
UGX (Uganda)	277,59	281,81	284,29	1	287,30	280,08	(3)
SZL (Swaziland)	1,00	1,00	1,00	—	1,00	1,00	—
RWF (Rwanda)	87,18	93,27	94,33	7	90,23	92,33	2
PUL (Botswana)*	0,86	—	—	—	0,86	—	—
XOF (Côte d'Ivoire)*	84,52	—	—	—	87,68	—	—
ZMK (Zambia)*	570,71	—	—	—	577,76	—	—
CFCB (Congo Brazzaville)*	89,24	—	—	—	88,02	—	—
IRR (Iran)*	1 420,80	—	—	—	1 436,49	—	—

**Operation acquired during the period*

The effects of closing exchange rate movements on the consolidated balance sheet were minimal, as the 31 December 2005 rates were similar to those prevailing at 31 March 2005. The 5% strengthening of the naira increased the Group's period-end assets by approximately 1,3%.

SUBSCRIBERS

Table 2 shows double-digit subscriber growth rates across all MTN operations, with the total closing base (including acquisitions) reflecting more than 23 million subscribers. Since June 2005, ARPUs have remained relatively stable, with a marginal decline of USD1 in Nigeria, and South Africa remaining flat on the strength of good prepaid performance. ARPUs recorded for the current nine-month period are not directly comparable to those disclosed for 31 March 2005 as ARPUs for December 2005 are based on a 90-day activity subscriber definition. In the period up to March 2005 all ARPUs except MTN South Africa were based on 30-day activity.

INCOME STATEMENT

Group revenue

Revenue by operation

The 26% increase in the Group's revenue compared to the nine-month period ended 31 December 2004 was primarily attributable to the growth in subscriber bases across all operations.

As indicated in table 3 MTN South Africa and MTN Nigeria remain the most substantial contributors to total Group revenue and account for 94% of revenue growth, excluding new operations.

Revenue composition

Table 4 shows that revenue composition for the MTN Group did not vary significantly from March 2005 to December 2005. At 89% wireless communications continued to dominate Group consolidated revenue. Connection fee revenue decreased by 70% mainly due to the substantial reduction in connection fees charged by MTN Nigeria. The increase in telephones and accessory revenue of 41% was due to a 47%

Table 2: Subscriber growth per operation

	Subscribers			Average revenue per user (ARPU)		
Operation	December 2005	March 2005	% change	December 2005	September 2005	June 2005
South Africa	10 235 000	8 001 000	28	R169	R168	R169
– *Contract*	1 654 000	1 391 000	19	R541	R544	R555
– *Prepaid*	8 581 000	6 610 000	30	R93	R90	R88
Nigeria	8 370 000	5 574 000	50	$22	$23	$23
Cameroon	1 248 000	919 000	36	$16	$17	$18
Uganda	982 000	782 000	26	$15	$15	$15
Rwanda	275 000	209 000	32	$17	$17	$17
Swaziland	213 000	156 000	37	R149	R149	R152
Existing operations at 1 April 2005	**21 323 000**	**15 641 000**	**36**			
Côte d'Ivoire	1 080 000	—	—	$20	$19	—
Mascom (Botswana)	479 000	—	—	$21	$22	—
Congo Brazzaville	210 000	—	—	$21	—	—
Zambia	97 000	—	—	$20	$24	—
New operations	**1 866 000**	**—**	**—**			
TOTAL all operations	**23 189 000**	**15 641 000**	**48**			
Proportionate subscribers	**22 135 300**	**15 031 040**	**47**			

increase in handset revenue in South Africa, which is the only operation with significant telephone and accessories revenue. Data revenue increased to 5,2% of Group revenue excluding handsets.

Group EBITDA

Group EBITDA margin remained virtually unchanged at 41% since 31 March 2005. The EBITDA margin in MTN South Africa decreased by 1,8% to 32,3% compared to 31 March 2005 due to higher handset revenue during the nine-month period. Excluding acquisitions during the period, international operations contributed 49% of EBITDA. Of the acquisitions, MTN Zambia and Irancell reported negative EBITDA: MTN Zambia can be viewed as a startup, while Irancell is still to begin commercial operations. The most significant foreign exchange impact on EBITDA was the 2% strengthening of the naira.

Depreciation

The Group's depreciation and amortisation of R2,8 billion for the 12 month ended 31 March is slightly lower than the R3 billion for the 12 months ended 31 March 2005. The implementation of IFRS has led to a decrease of depreciation of R270 million for the nine-month period due to a revision of the useful lives of property plant and equipment by MTN South Africa. Due to the increased network roll out by MTN

Table 3: Analysis of MTN Group revenue by operation

	9 months to December 2005 Rm	*9 months to December 2004 Rm	12 months to March 2005 Rm	December 2004 to 2005 %	†December 2004 to 2005 %	% of total
MTN South Africa	15 507	13 086	17 673	19	19	57
MTN Nigeria	9 034	6 967	9 310	30	25	33
MTN Cameroon	1 037	897	1 218	16	15	4
MTN Uganda	453	386	520	17	15	2
MTN Rwanda	99	74	100	34	26	**
MTN Swaziland	77	58	76	33	33	**
Existing operations at 1 April 2005	**26 207**	**21 468**	**28 897**	**22**	—	**96**
MTN Côte d'Ivoire (6 months)	768	—	—	—	—	3
MTN Zambia (5 months)	75	—	—	—	—	**
Mascom (Botswana) (3 months)	82	—	—	—	—	**
MTN Congo Brazzaville (1 month)	29	—	—	—	—	**
Irancell	—	—	—	—	—	—
New operations	**954**	**—**	**—**	**—**	**—**	**4**
TOTAL wireless operations	**27 161**	**21 468**	**28 897**	**27**	**—**	**100**
Other operations	36	68	80	(47)	(47)	**
Head office companies	15	12	17	25	—	**
TOTAL	**27 212**	**21 548**	**28 994**	**26**	**—**	**100**

* *The revenue for the nine months ended December 2004 is for comparison purposes only and has not been audited.*

** *Less than 1%*

† *Local currency*

Table 4: MTN Group revenue composition

	9 months to December 2005 Rm	*9 months to December 2004 Rm	12 months to March 2005 Rm	December 2004 to 2005 %	% of total at December 2005	% of total at March 2005
Wireless telecommunications	24 157	19 440	26 179	24	89	91
Airtime and subscription	18 608	14 553	19 623	28	68	68
Interconnect	5 403	4 406	6 036	23	20	21
Connection fees	146	481	520	(70)	1	2
Cellular telephones and accessories	2 351	1 671	2 158	41	9	7
Satellite communications	36	68	80	(47)	**	**
Other	668	369	577	81	2	2
TOTAL	**27 212**	**21 548**	**28 994**	**26**	**100**	**100**

* *The results for the nine months ended December 2004 are for comparative purposes only and have not been audited.*

** *Less than 1%*

Nigeria, depreciation in this operation was slightly higher for the nine months than for the previous 12 months.

Amortisation of intangible assets has increased to R256 million for the nine-month period compared to R189 million for the 12 months ended 31 March 2005. IFRS 3: Business Combinations requires that when new businesses are acquired, the fair value of intangibles including subscriber bases and licences are recognised as assets. The amortisation of R54 million of these intangibles has had a limited impact on the current period as MTN Côte d'Ivoire has only been amortised for six months and Mascom for three months. The impact of the other acquisitions has been negligible. In the next financial year, this amortisation will, however, be accounted for on all new acquisitions for the full financial year.

Finance costs

The Group's EBITDA to net interest cover remains strong at 30 times.

The Group recorded net finance costs of R373 million for the nine months compared to R270 million for the previous 12 months. Net finance costs include non-cash charges of R330 million, mainly comprising fair value movements of minority put options of R124 million and unrealised foreign exchange losses of R181 million.

MTN South Africa continued to record net finance income due to strong cash flows and low average debt levels. Surplus cash decreased due to significant dividend payments to MTN Holdings during the latter part of the period. Net finance costs for MTN Nigeria decreased from the prior year as the operation moved from a net debt to a cash-positive position.

Taxation

The Group's effective tax rate remains low at 17,4%, which is similar to the effective tax rate of 17% for the previous financial period. The Group's effective tax rate would have been approximately 33,4% had MTN Nigeria been taxed at the Nigerian statutory tax rate of 30%. The tax charge includes STC of R135 million.

MTN Nigeria remains within its five-year tax holiday which expires on 1 April 2007. From 1 April 2007 onwards capital allowances on capital expenditure incurred during the five-year period may be claimed as deductions against taxable income.

According to IAS 12: Income Taxes, MTN Nigeria has been obliged to recognise a deferred tax asset representing the tax effect of the deductible temporary differences as depreciation has been

Table 5: MTN Group EBITDA analysis by operation

	9 months to December 2005 Rm	*9 months to December 2004 Rm	12 months to March 2005 Rm	December 2004 to 2005 %	**December 2004 to 2005 %	EBITDA Margin % 9 months to December 2005	EBITDA Margin % 9 months to December 2004	EBITDA Margin % †12 months to March 2005
MTN South Africa	5 009	4 154	6 018	21	21	32	32	34
MTN Nigeria	4 727	3 557	4 883	33	24	52	51	52
MTN Cameroon	498	391	520	28	27	48	44	43
MTN Uganda	226	195	264	16	14	50	51	51
MTN Rwanda	52	34	48	51	42	53	47	48
MTN Swaziland	42	35	39	22	29	55	59	51
Existing operations at 1 April 2005	**10 554**	**8 366**	**11 772**	**26**	—	**39**	**39**	**41**
MTN Côte d'Ivoire (6 months)	361	—	—	—	—	47	—	—
MTN Zambia (5 months)	(6)	—	—	—	—	(8)	—	—
Mascom (Botswana) (3 months)	44	—	—	—	—	53	—	—
MTN Congo Brazzaville (1 month)	13	—	—	—	—	45	—	—
Irancell (1 month)	(6)	—	—	—	—	0	—	—
New operations	**406**	**—**	**—**	**—**	**—**	**42**	**—**	**—**
TOTAL wireless operations	**10 960**	**8 366**	**11 772**	**31**	**—**	**40**	**39**	**41**
Other operations	—	11	14	(100)	(100)	—	—	—
Head office companies	271	190	214	43	43	—	—	—
TOTAL	**11 231**	**8 567**	**12 000**	**31**	**—**	**41**	**40**	**41**

* *The EBITDA for the nine months ended December 2004 is for comparison purposes only and has not been audited.*

** *Local currency*

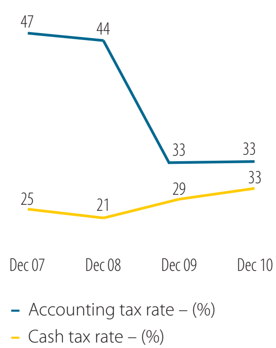
† *Restated*

recognised and capital allowances for tax purposes will only be recognised in the future. To date the Group has recognised a deferred tax asset of R1,1 billion in this regard, with R354 million of this recognised in the current year. The Group has adjusted its headline earnings to exclude this positive effect.

For the financial year ending 31 December 2007, MTN Nigeria will be required to pay tax as its Pioneer Status will have expired. As reflected in the graph below both the tax charge and cash tax payable will be significantly higher than Nigeria's statutory tax rate of 30% as:

- The commencement provisions of Nigerian tax law results in double taxation which leads to a higher tax charge, and
- A portion of the deferred tax asset is utilised during the period.

Expected trends in effective tax rates



Headline earnings per share

Adjusted HEPS of 338,2 cents was recorded for the nine months to 31 December 2005. This compares favourably with the adjusted HEPS of 366 cents for the 12 months to 31 March 2005.

The Board continues to report adjusted headline earnings in addition to basic headline earnings. Adjusted headline earnings have been adjusted for:

- The positive impact on earnings that the deferred tax credit had in Nigeria has been reversed. This decreased HEPS during the period by 20 cents.
- The implementation of IFRS requires the Group to account for a written put option held by a minority shareholder of one of the Group's subsidiaries, which gives the minority the right to require the subsidiary to acquire its shareholding at fair value. Prior to the implementation of IFRS, the shareholding was treated as a minority shareholder in the subsidiary as all risks and rewards associated with these shares, including dividends, accrued to the minority shareholder.

IAS 32 requires that under the circumstances described above, (a) the present value of the future redemption amount be reclassified from equity to financial liabilities and that the financial liability thus reclassified subsequently be measured in accordance with IAS 39; (b) in accordance with IAS 39, all subsequent changes in the fair value of the liability together with the related interest charges arising from present valuing the future liability, be recognised in the income statement and (c) the minority shareholder holding the put option no longer be regarded as a minority shareholder, but rather as a creditor from the date of entering into the put option.

The fair value movement on the financial instrument resulted in an increase in HEPS of 1,1 cents per share. The finance charges reflected as a result of this treatment had a negative impact of 5,8 cents and the Group's increased share in the results of the subsidiary, as a consequence of the minority shareholder being accounted for as a creditor, was 6,3 cents. This resulted in a net positive impact of 1,6 cents which has been reversed in the adjusted HEPS.

The Board believes that accounting for this put option as required by IAS 32 and IAS 39 does not adequately reflect the economic realities of the transaction in that the minority shareholder currently participates in the equity risks and rewards of the subsidiary. Accounting for changes in the fair value of the financial instrument in the income statement is misleading, because if the put option was excercised at fair value it stands to reason that these shares could be sold for the same price with no impact on profitability or cash flow. Inherently, a transaction at fair market value implies that one party receives an asset at fair value, and the other party pays for it at fair value. To suggest that a profit or loss is made on this transaction is, in the opinion of the directors, inherently misleading.

MTN South Africa

Revenue December 2004 vs 2005

MTN South Africa recorded revenues of R15,5 billion for the period, an increase of 19% driven by the 28% increase in subscribers and the 47% increase in handset revenue.

The 13% increase in airtime and subscription revenue and 16% increase in interconnect revenue was driven by the 19% and 30% respective increases in contract and prepaid subscriber bases. The contribution of prepaid subscribers to overall revenue continues to increase due to rapid growth in that segment.

The growth in interconnect revenue was as a result of increased minutes terminated from other mobile operators due to the growth of the mobile market while fixed-line interconnect revenue remained relatively static.

Handset revenue increased by 47% during the period, driven by high demand for more expensive handsets by both new and existing subscribers. The large increase in handset revenue had a positive impact on revenue growth as growth excluding handset revenue was 14%.

Data revenue amounted to 8,2% of total revenue excluding handsets, with SMS revenue still comprising the bulk of this. Data revenue now includes revenue relating to data and SMS included in bundled products. Previously this revenue was included in subscription revenue. Had this adjustment not been made, data as a percentage of revenue excluding handsets would have been 6,4%.

EBITDA and expenditure December 2004 vs 2005

MTN South Africa's EBITDA was 21% higher during the period, fuelled by solid revenue growth of 14% (excluding handsets), tight cost controls and efficiency improvements. EBITDA margin excluding handset revenue has increased by 2% to 38%.

Sales, distribution and marketing costs increased due to the additional costs associated with securing new distribution channels, as well as incremental costs associated with higher subscriber acquisition activity.

Handset costs were significantly higher than the previous year due to the increase in the volume and price of handsets sold.

Direct network operating costs increased by only 5,7% due to maintenance as well as rent and utilities-related efficiencies, while the limited increase in other expenses was due to the release of bad debt provisions during the period.

MTN Nigeria

Revenue December 2004 vs 2005

MTN Nigeria's revenue grew by 30%, mainly driven by the strong increase in subscribers over the nine months despite competitive market conditions. MTN Nigeria's subscriber base increased by 50% with connection fees dropping below 500 naira by the end of the period.

Table 6: MTN South Africa revenue and expense summary

	9 months to December 2005 Rm	*9 months to December 2004 Rm	12 months to March 2005 Rm	December 2005 vs 2004 %
Wireless telecommunications	**12 824**	**11 272**	**15 243**	**14**
Airtime and subscription fees	9 003	7 956	10 781	13,2
Interconnect fees	3 781	3 259	4 427	16,0
Connection fees	40	57	35	(29,8)
Cellular telephones and accessories	2 284	1 556	2 022	46,8
Other	399	262	408	52,3
Total revenue	**15 507**	**13 090**	**17 673**	**18,5**
Direct network operating costs	(1 042)	(986)	(1 264)	5,7
Cost of handsets and other accessories	(2 399)	(1 890)	(2 573)	27,0
Interconnect and roaming costs	(2 341)	(2 020)	(2 713)	15,9
Employee benefit and consulting expenses	(698)	(613)	(843)	14,0
Selling, distribution and marketing expenses	(3 457)	(2 901)	(3 637)	19,2
Other expenses (general and administration)	(561)	(526)	(625)	6,6
Total operating expenses	**(10 498)**	**(8 936)**	**(11 655)**	**17,5**
EBITDA	**5 009**	**4 154**	**6 018**	**20,6**

The results for the nine months ended December 2004 are for comparison purposes only and have not been audited.

Group Finance Director's report *continued*

for the nine months ended 31 December 2005

Revenue growth was lower than subscriber growth due to deeper penetration into the market. Furthermore, competitive pricing and attractive promotions by competitors have encouraged existing subscribers to subscribe to more than one mobile network thereby diminishing their average spend on the MTN network. ARPU of USD23 reported in June 2005 dropped slightly to USD22 for the nine-month period.

Connection fees decreased by 77% despite impressive growth in the subscriber base due to the highly competitive market resulting in much lower connection fees being charged to new subscribers. Connection fees now represent 1% of total revenue compared to 6% in the previous period.

Handset and accessories revenue decreased by 64% as MTN Nigeria exited the handset market and a similar decrease was experienced in related costs.

EBITDA and expenditure December 2004 vs 2005

MTN Nigeria's EBITDA margin of 52% increased from 51%, while EBITDA has increased by 33% to R4,7 billion.

Direct network operating costs rose to R739 million as a result of significant increases in rent, utilities and maintenance, related to the increasing network roll out; the rent and utility increase was compounded by increasing fuel costs following higher oil prices.

Handset, accessories, SIM and scratch card costs did not show a similar decline to handset revenue as the reduction in handset costs was offset by increased SIM and scratch card cost.

The increase in interconnect and roaming costs was due to the larger subscriber bases of our competitors and booster card offerings increasing outgoing traffic to other networks.

Sales, distribution and marketing expenses, as well as employee and consulting costs, increased by 34% and 33% respectively due to the expansion of operations.

Table 7: MTN Nigeria revenue and expense summmary

	9 months to December 2005 Rm	*9 months to December 2004 Rm	12 months to March 2005 Rm	December 2005 vs 2004 %
Wireless telecommunications	8 798	6 811	9 090	29
Airtime and subcription fees	7 450	5 421	7 251	37
Interconnect fees	1 254	974	1 365	29
Connection fees	94	416	474	(77)
Cellular telephones and accessories	31	86	95	(64)
Other	205	70	125	193
Total revenue	**9 034**	**6 967**	**9 310**	**30**
Direct network operating costs	(739)	(484)	(759)	53
Cost of handsets, accessories, SIM and scratch cards	(240)	(332)	(398)	(28)
Interconnect and roaming costs	(1 052)	(625)	(771)	68
Employee benefit and consulting expenses	(328)	(247)	(357)	33
Selling, distribution and marketing expenses	(821)	(611)	(766)	34
Other expenses (general and administration)	(1 127)	(1 111)	(1 376)	2
Total operating expenses	**(4 307)**	**(3 410)**	**(4 427)**	**26**
EBITDA	**4 727**	**3 557**	**4 883**	**33**

**The results for the nine months ended December 2004 are for comparison purposes only and have not been audited.*

The increase in other expenses was low following decreased provisions for bad debts, as Private Telephone Operators paid outstanding Interconnect balances previously provided for.

Rest of the operations

Revenue and EBITDA December 2004 vs 2005

MTN Cameroon's revenue increased by 16%, driven by strong growth in the subscriber base. EBITDA margin increased by 4% to 48% due to tight cost control and efficiency gains.

MTN Uganda maintained its EBITDA margin above 50%, while revenue and EBITDA increased by 17% and 16% respectively.

MTN Rwanda and **MTN Swaziland** recorded strong revenue growth of 34% and 33% respectively, based on similar increases in subscriber bases. This has translated into an improved EBITDA margin of 53% for MTN Rwanda, while Swaziland recorded an exceptional EBITDA margin of 55%.

The new operations being **MTN Côte d'Ivoire**, **MTN Zambia, Mascom (Botswana), MTN Congo Brazzaville** and **Irancell** contributed a combined R954 million to Group revenue and R406 million to Group EBITDA, representing 3,5% and 3,6% of the Group's revenue and EBITDA respectively.

Table 8: Balance sheet analysis

	Total 31 December 2005 Rm	South Africa 31 December 2005 Rm	Nigeria 31 December 2005 Rm	Other operations 31 December 2005 Rm	Total 31 March 2005 Rm	% change
Non-current assets	**31 136**	**7 315**	**13 778**	**10 043**	**19 151**	**63**
Tangible assets	20 676	6 740	11 347	2 589	15 787	31
Intangible assets (including goodwill)	6 707	362	1 188	5 157	1 879	257
Other non-current assets	3 753	213	1 243	2 297	1 485	153
Current assets	**13 676**	**7 105**	**3 968**	**2 603**	**10 579**	**29**
Bank balances and security cash deposits	7 560	2 582	3 341	1 637	6 429	18
Other current assets	6 116	4 523	627	966	4 150	47
Total assets	**44 812**	**14 420**	**17 746**	**12 646**	**29 730**	**51**
Capital, reserves and minority interests	**23 096**	**5 788**	**11 284**	**6 024**	**18 416**	**25**
Non-current liabilities	**9 765**	**2 152**	**3 860**	**3 753**	**3 715**	**163**
Long-term liabilities	8 912	1 453	3 860	3 599	3 019	195
Deferred taxation	853	699	—	154	696	23
Current liabilities	**11 951**	**6 480**	**2 602**	**2 869**	**7 599**	**57**
Other	10 851	6 083	2 483	1 974	7 378	47
Interest-bearing	1 100	397	119	895	221	398
Total equity and liabilities	**44 812**	**14 420**	**17 746**	**12 646**	**29 730**	**51**

Table 9: Acquisition of new operations

Impact of new acquisitions	Total Rm	MTN Côte d'Ivoire Rm	MTN Zambia Rm	Mascom Rm	MTN Congo Brazzaville Rm	Irancell Rm
Loans receivable	1 748	—	—	—	—	1 748
Net asset value	1 892	278	4	253	224	1 133
– Property, plant and equipment	965	621	85	172	87	—
– Intangible assets	1 964	602	14	93	122	1 133
– Other assets	383	198	53	80	52	—
– Liabilities	(1 430)	(1 143)	(148)	(92)	(47)	—
Goodwill	2 662	1 256	343	593	470	—
Minorities	136	136	—	—	—	—
Cash outflow	**6 166**	**1 398**	**347**	**846**	**694**	**2 881**
Shareholding		51%	100%	44%	100%	49%

BALANCE SHEET

The total assets for the Group increased by R15 billion to R44,8 billion at 31 December 2005 from a balance of R29,7 billion at 31 March 2005, as adjusted for the implementation of IFRS. This increase is mainly due to acquisitions concluded during the nine-month period, explained below. The closing balance sheet has also been affected by the South Africa rand weakening by 5% against the Nigerian naira; the value of the assets and liabilities of MTN Nigeria reflected in South African rand weakening would have therefore increased by 5% during the period.

The MTN Group balance sheet has changed significantly during the period due to the acquisition of operations in Côte d'Ivoire, Zambia, Botswana, Iran and the Republic of Congo. These acquisitions have had a significant impact on the balance sheet of the Group, resulting in a cash outflow of R6,2 billion, significant increases in intangible assets and increases in long-term borrowings.

Irancell has acquired the second GSM licence in Iran of EUR 300 million. The licence has been capitalised by Irancell and is amortised over the initial expected licence period of 15 years. In addition, the licence conditions specify that certain minimum fees, based on revenues, are guaranteed and will be paid annually. We believe these future fees do not meet the definition of a liability as they are not at present non-executory unconditional obligations. They become an obligation in the year in which they are due, as specified in the licence agreement.

Accordingly, Irancell has not raised a liability in this regard, nor included these fees as part of intangible assets. The gross value of these fees guaranteed by Irancell over 15 years is R39,2 billion at an exchange rate of 1 436 Iranian rials per rand, of which R0,5 billion will be due in the first year of operation, R1,4 billon in the second year of operation, R5,2 billion from the third to the fifth years of operation and R32,1 billion in the following years. The discounted obligation is R8,3 billion.

The Irancell agreements specify that 21% of the equity in Irancell should be listed during 2008/09. It should be assumed that the Group's shareholding will dilute proportionately to 38,7% when the listing occurs. Terms and conditions are still to be determined.

The conditions of the licence issued to MTN Zambia specify that 10% of the equity of MTN Zambia should be transferred to local shareholders. This is expected to be completed during the 2006 financial year.

Property, plant and equipment

Property, plant and equipment has increased by R4,9 billion during the nine months ended 31 December 2005. The acquisitions of MTN Côte d'Ivoire, MTN Zambia, Mascom and MTN Congo Brazzaville have resulted in property, plant and equipment at a fair value of R1 billion being added to the Group's balance sheet. Capital expenditure for the nine months ended 31 December 2005 amounted to R6,7 billion compared to R7,6 billion for the period ended 31 March 2005, with 57% of the expenditure relating to continued network roll out in Nigeria. Capital expenditure in South Africa was R2,3 billion during the period with 3G roll out contributing to capital expenditure incurred.

Intangible assets

Intangible assets have increased by R4,8 billion due to the acquisition of operations.

IFRS 3: Business Combinations requires that all intangible assets be fair valued on acquisition. This has resulted in the recognition of subscriber bases of R351 million which are amortised over their estimated useful lives of three to five years. In addition, licences to the value of R1,6 billion have been recognised, including R1,1 billion representing 49% of the Irancell licence.

Goodwill of R2,7 billion, representing the difference between the purchase consideration and the fair value of the assets and liabilities of the operations acquired, has been recognised. R1,3 billion represents goodwill on the acquisition of the 51% interest in MTN Côte d'Ivoire while the investments in MTN Zambia, Mascom and MTN Congo Brazzaville comprise the balance. In accordance with IAS 38 Intangible Assets, goodwill is not amortised but tested annually for impairment and no impairment provision was considered necessary for the current financial period in respect of any of the Group's cash generating units.

Loans and other non-current receivables have increased by R1,7 billion due to loans to Irancell, shareholders in Irancell and Mascom. Deferred income tax assets have increased by R0,6 billion largely due to the further recognition of the deferred tax asset by MTN Nigeria.

Current assets

The majority of the increase in current assets is due to higher trade receivables in MTN South Africa of R1,3 billion from higher trading activity. The new acquisitions have had a limited impact of R0,2 billion on the increase in current assets.

Despite the cash outflow of R6,2 billion for the acquisition of new operations and capital expenditure of R6,7 billion the Group's cash balance has increased by R1,1 billion to R7,6 billion. These balances include securitised cash deposits in MTN Nigeria of R0,3 billion.

Table 10: Analysis of capital expenditure (including software)

	December 2005 Rm	March 2005 Rm	% change	Capital commitment December 2006 Rm
MTN South Africa	2 256	1 745	29	3 641
MTN Nigeria	3 849	5 518	(30)	5 321
MTN Cameroon	198	194	2	195
MTN Uganda	123	88	40	162
MTN Rwanda	34	11	209	37
MTN Swaziland	12	17	(29)	17
Existing operations at 1 April 2005	**6 472**	**7 573**	**(15)**	**9 373**
MTN Côte d'Ivoire (6 months)	180	—	—	353
MTN Zambia (5 months)	4	—	—	401
MTN Congo Brazzaville (1 month)	1	—	—	—
Irancell	—	—	—	2 764
Mascom (Botswana) (3 months)	68	—	—	50
New operations	**253**	**—**	**—**	**3 568**
Head office companies	7	3	—	—
Total	**6 732**	**7 576**	**(11)**	**12 941**

Cash balances in MTN South Africa decreased by R1,8 billion to R2,4 billion due to cash outflows for dividends. This was offset by the strong cash generation of the operation. Cash in MTN Nigeria increased by R1,8 billion while our portion of the cash balance in Irancell is R0,5 billion.

Interest-bearing liabilities

Interest-bearing debt in the Group increased by R5,4 billion with MTN South Africa's debt increasing by R3,5 billion. MTN Nigeria's interest-bearing borrowings increased by R0,8 billion to fund network expansion during the period.

Net cash of R3,2 billion at 31 March 2005 reversed to net debt of R1 billion at 31 December 2005 due to the impact of acquisitions, comprising long-term borrowings of R7,5 billion, short-term borrowings of R1 billion, cash and cash equivalents of R7,2 billion and securitised letters of credit of R0,3 billion.

Other liabilities

Other liabilities consist of trade payables, accruals, taxation, provisions and revenue received in advance. These liabilities have increased by R4,4 billion and include the discounted fair value of put options held by minority shareholders of certain subsidiaries of R1,4 billion. MTN South Africa's tax liabilities have increased by R0,8 billion as R1 billion of tax was only paid in January 2006. Trade creditors increased by R1,1 billion following heightened activity during the festive season in South Africa. Other current liabilities increased due to the inclusion of the new operations.

CASH FLOW

Cash flow from operating activities

The MTN Group generated cash from operations of R11,4 billion for the nine months, a strong performance compared to R12,3 billion for the previous financial year. Payments of income tax decreased from R1,9 billion to R1,1 billion, the majority of which can be attributed to the South African operation where tax paid decreased by R0,9 billion as the payment was only made in January 2006.

Free cash flow

All the Group's established operations reported positive free cash flows. As Irancell is not yet operational, negative free cash flows, mainly representing the licence payment were reported.

Merger and acquisition activity has resulted in cash outflows of R6,2 billion.

Financing activities

Cash of R5,4 billion was generated by financing activities. South Africa raised R2,4 billion.

Table 11: MTN Group cash flow

	Total December 2005 Rm	South Africa December 2005 Rm	Nigeria December 2005 Rm	Other operations December 2005 Rm	Consolidation December 2005 Rm	Total March 2005 Rm
Cash generated from operations	**11 369**	**4 129**	**5 008**	**2 232**	**—**	**12 303**
Cash outflow for dividends paid	(1 081)	(5 088)	—	—	4 007	(680)
Cash outflow for interest and tax	(1 127)	(799)	(194)	(134)	—	(2 110)
Net cash/(used in) from operating activities	**9 161**	**(1 758)**	**4 814**	**2 098**	**4 007**	**9 513**
Cash flows from investing activities						
*Cash outflows for property, plant and equipment	(6 732)	(2 261)	(3 849)	(622)	—	(7 562)
Other investing acitivities	(6 190)	(2 100)	86	(169)	(4 007)	—
Net cash used in investing activities	**(12 922)**	**(4 361)**	**(3 763)**	**(791)**	**(4 007)**	**(7 562)**
Net cash generated from financing activities	**5 357**	**2 429**	**985**	**1 943**	**—**	**222**
Net increase/(decrease) in cash and cash equivalents	**1 596**	**(3 690)**	**2 036**	**3 250**	**—**	**2 173**

**Including software*

CAPITAL COMMITMENTS

The Group is expected to spend significant amounts on capital expenditure in the next financial year. MTN Nigeria has approved commitments of R5,3 billion, MTN South Africa has approved commitments of R3,6 billion while our share of the commitments for Irancell's network roll out is R2,8 billion. It is expected that MTN Nigeria and Irancell will only use between 80% and 85% of their respective commitments due to anticipated price reductions and project prioritisation. These commitments will be financed through cash flows from operations and raising debt facilities in greenfield operations where cash flows are not expected to be sufficient.

ACCOUNTING POLICIES AND INTERNATIONAL FINANCIAL REPORTING STANDARDS

IFRS compliance

In terms of the JSE Listings Requirements, compliance with IFRS is required for the financial years beginning on or after 1 January 2005.

Accordingly, Group financial statements for the nine months ended 31 December 2005, are our first IFRS compliant financial statements.

However, MTN had in the previous years already complied with the following SA GAAP standards which have identical requirements to corresponding IFRS standards with effect from 17 July 2000:

- IFRS 3 (AC 140) (issued 2004) – Business Combinations
- IAS 36 (AC 128) (revised 2004) – Impairment of Assets
- IAS 38 (AC 129) (revised 2004) – Intangible Assets
- IAS 27 (AC 132) (revised 2004) – Consolidation and Separate Financial Statements

Effects of transition from SA GAAP to IFRS

The effect of the transition to IFRS has not been significant. The impact on disclosed profit before tax for the 12 months ended 31 March 2005 was a reduction of R70 million. This comprised:

- A reduction of R78 million for depreciation of property, plant and equipment due to the componentisation, review of residual values and useful lives, implementation of decommissioning provisions and correction of depreciation commencement dates.
- An increase of R26 million due to the change of the functional currency of MTN Mauritius and the resulting exchange gains and losses on the revaluation of its dollar-denominated assets and liabilities being accounted for in the income statement.
- A reduction of R17 million due to the adoption of IFRS 2 (Share-based payments).
- A reduction of R1 million for other differences, the most significant being adjustments to operating leases as these are now accounted for on the straight line basis.

The most significant adjustment to the balance sheet at 31 March 2005 was the reclassification of the foreign currency translation reserve (FCTR) from other reserves to retained earnings as the company elected to set the FCTR to zero as part of the transitional elections.

Early Adoption of IAS 21

The Group has elected to early adopt IAS 21 (revised). This has been changed to allow exchange gains and losses on shareholder loans which are considered part of the net investment in a foreign operation and are denominated in a third-party currency to be reflected directly in equity rather than the income statement. This treatment is similar to the treatment of these loans when the functional currency of Mauritius was USD prior to the implementation of IFRS. As a result of this early adoption, a translation gain of R79 million, which was reflected in the first six months, was no longer recognised.

New accounting standards and IFRIC interpretations

The accounting standards and IFRIC interpretations below have been published and are mandatory for periods beginning on or after 1 January 2006. These standards are not expected to have an impact on Group's results:

- IFRS 6: Exploration for and Evaluation of Mineral Resources
- IFRIC 5: Rights to interest arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
- IFRIC 6: Liabilities from participating in a Specific Market – Waste Electrical and Electronic Equipment
- IFRIC 7: Applying the restatement approach under the IAS 29: Financial Reporting in Hyperinflationery Economics
- Circular 2/2006, clarification of certain sections of the Financial Intelligence Centre Act

IFRIC 4: Determining whether an asset contains a lease, will be applicable. The Group will apply IFRIC 4 in the 2006 financial year and this is not expected to change the accounting of any of the Group's current arrangements.

IFRS 7: Financial Instruments: Disclosure will be applied from January 2006. This is expected to result in additional disclosure regarding market risk as well as capital disclosures.

Group Finance Director's report *continued*

for the nine months ended 31 December 2005

DIVIDENDS

A dividend of 65 cents per share, in line with the dividend declared in June 2005, has been declared. The conservative dividend cover policy of five to six times has not been altered as the Group continues to explore expansion opportunities.

CONCLUSION

The Group's performance over the nine months was positive relative to the comparable period in the previous financial year. The results were, however, impacted by the tariff pressure experienced in Nigeria while the weakening of the rand against certain functional currencies of the operations had a positive impact on results.

Despite significant cash outflows due to acquisitions during the period the Group's net debt only increased by R4,2 billion. The net debt/equity ratio of 5% and net debt/EBITDA ratio annualised of 7% indicate that the Group still has significant capacity for further expansion. The acquisitions have positioned the Group well for additional growth in future.

IFRS impacted and will continue to impact the reported financial performance of the Group.

Rob Nisbet

Group Finance Director

22 March 2006

Five-year review

Financial information	December 2005*	March 2005*	March 2004*	March 2003	March 2002
Income statement – extracts (Rm)					
Revenue	**27 212**	28 994	23 871	19 405	12 432
EBITDA	**11 231**	12 000	9 055	6 126	3 626
Profit from operations	**8 478**	8 998	6 679	4 242	2 370
Net finance costs	**(373)**	(270)	(604)	(833)	(316)
Income tax expense	**(1 411)**	(1 494)	(1 101)	(687)	(908)
Minority interests	**(838)**	(895)	(612)	(289)	45
Attributable earnings	**5 866**	6 357	4 371	2 434	1 184
Basic headline earnings	**5 984**	6 339	4 370	2 483	1 184
Balance sheet – extracts (Rm)					
Property, plant and equipment	**20 676**	15 787	10 904	9 374	8 322
Goodwill	**2 650**	33	33	19	19
Intangible assets	**4 057**	1 846	1 784	2 263	3 685
Investments and loans	**2 367**	667	560	734	347
Deferred taxation	**1 386**	818	356	173	42
Bank balances, deposits and cash	**7 560**	6 429	5 336	2 128	1 568
Other current assets	**6 116**	4 150	3 307	3 186	2 646
Total assets	**44 812**	29 730	22 280	17 877	16 629
Ordinary shareholders' interest	**19 716**	16 083	10 128	6 784	5 132
Minority interests	**3 380**	2 333	1 418	882	820
Interest-bearing liabilities	**8 605**	3 240	4 149	4 835	5 776
Non-interest-bearing liabilities	**12 258**	7 378	5 919	4 569	3 997
Deferred taxation	**853**	696	666	807	904
Total liabilities	**21 716**	11 314	10 734	10 211	10 677
Total equity and liabilities	**44 812**	29 730	22 280	17 877	16 629
Cash flow statement – extracts (Rm)					
Net cash flow from operations	**11 367**	12 303	10 027	6 813	4 359
Cash inflows from operating activities	**9 159**	9 501	8 597	5 393	3 109
Cash outflows from investing activities	**(12 920)**	(7 551)	(4 898)	(4 391)	(3 502)
Cash inflows from financing activities	**5 357**	222	233	187	702
Cash and cash equivalents	**7 164**	5 772	5 231	1 931	1 230
Dividends paid	**(1 081)**	(680)	—	—	—
Capital expenditure	**6 732**	7 576	5 048	3 918	3 356
Performance per ordinary share					
Basic headline earnings (cents)	**359,8**	382,0	263,7	150,6	72,5
Adjusted headline earnings (cents)	**338,2**	366,0	253,1	143,3	72,5
Attributable earnings (cents)	**352,7**	383,0	253,1	147,6	72,5
Dividends (cents)	**65**	41	—	—	—
Net asset value – book value (rand)(1)	**11,84**	9,67	6,11	4,11	3,13
Returns and profitability ratios					
Return on assets (%)(2)***	**30,33**	34,6	33,3	24,6	17,2
Return on average shareholders' funds (%)(3)***	**44,57**	48,4	51,7	41,7	27,4
EBITDA margin (%)	**41,3**	41,4	37,9	31,6	29,2
Enterprise value/EBITDA multiple (times)(4)***	**7,2**	6,0	6,1	3,8	7,4
Effective taxation rate (%)	**17,4**	17,1	18,1	20,1	44,3
Solvency and liquidity ratios					
Gearing (%)(5)	**4,5**	(17,3)	(10,3)	35,4	70,9
Interest cover (times)(6)	**10,7**	15,3	8,9	4,4	5,3
Dividend cover (times)(7)	**5,2**	5,6	6,2	n/a	n/a
Net debt to EBITDA(8)***	**0,1**	(0,3)	(0,1)	0,4	1,2
Operating cash flow/revenue (%)	**41,8**	42,4	42,0	35,1	35,1
Share performance					
Number of ordinary shares in issue (million)					
– at year-end	**1 665,3**	1 662,5	1 658,8	1 652,1	1 640,4
– weighted average during the year	**1 663,2**	1 659,7	1 654,4	1 646,9	1 632,9
Closing price (cents per share)	**6 215**	4 400	3 296	1 198	1 330
Market capitalisation (Rm)	**103 498**	73 150	54 674	19 792	21 817

See overleaf for definitions

Operational information	December 2005	March 2005	March 2004	March 2003	March 2002
South Africa					
Average revenue per user (R)	**169**	184	203	206	208
Number of subscribers (million)	**10**	8	6	5	4
Mobile penetration of South African population (%)	**62**	44	36	29	21
Capital expenditure to revenue (%)	**15**	10	7	8	10
Nigeria					
Average revenue per user (USD)[10]	**22**	40	51	57	60
Number of subscribers (thousand)[9]	**8 370**	5 574	1 966	1037	327
Capital expenditure to revenue (%)	**43**	59	49	48	149
Cameroon					
Average revenue per user (USD)[10]	**16**	23	24	21	24
Number of subscribers (thousand)[9]	**1 248**	919	581	431	224
Capital expenditure to revenue (%)	**19**	16	38	50	34
Côte d'Ivoire**					
Average revenue per user (USD)	**20**				
Number of subscribers (thousand)	**1 080**				
Capital expenditure to revenue (%)	**23**				
Uganda					
Average revenue per user (USD)[10]	**15**	19	22	28	37
Number of subscribers (thousand)[9]	**982**	782	495	363	222
Capital expenditure to revenue (%)	**27**	17	27	28	43
Botswana**					
Average revenue per user (USD)	**21**				
Number of subscribers (thousand)	**479**				
Capital expenditure to revenue (%)	**83**				
Rwanda					
Average revenue per user (USD)[10]	**17**	19	22	27	38
Number of subscribers (thousand)[9]	**275**	209	146	105	69
Capital expenditure to revenue (%)	**34**	11	27	30	32
Swaziland					
Average revenue per user (USD)[10]	**23**	29	31	21	28
Number of subscribers (thousand)[9]	**213**	156	85	68	55
Capital expenditure to revenue (%)	**16**	22	16	21	26
Congo Brazzaville**					
Average revenue per user (USD)	**21**				
Number of subscribers (thousand)	**210**				
Capital expenditure to revenue (%)	**3**				
Zambia**					
Average revenue per user (USD)	**20**				
Number of subscribers (thousand)	**97**				
Capital expenditure to revenue (%)	**5**				

Definitions
(1) Ordinary shareholders' interest divided by the number of ordinary shares in issue at year-end
(2) Profit after taxation as a percentage of the average of the opening and closing balances of total assets
(3) Headline earnings as a percentage of the average of the opening and closing balances of ordinary shareholders' interest
(4) Market capitalisation less net debt (interest-bearing liabilities less bank balances, deposits and cash) divided by EBITDA
(5) Net debt as a percentage of total equity
(6) Profit from operations divided by finance costs
(7) Headline earnings divided by total dividend
(8) Interest-bearing liabilities less cash divided by EBITDA
(9) Subscribers based on 90-day activity from March 2005 onwards
(10) ARPU based on 90-day activity for December 2005
* *restated to comply with IFRS*
** *included from date of acquisition*
*** *annualised*


Y'ello

contents

MTN today is Africa's largest multinational telecommunications company operating in 11 countries and servicing 23,2 million subscribers

Non-South African operations contributed 43% of revenue and 49% of adjusted headline earnings per share. This contribution will continue to increase in line with our expansion strategy

Chief Operating Officer's report

OVERVIEW

MTN experienced tremendous subscriber growth of 48% for the nine months ended 31 December 2005. Mobile penetration varies in the different operational regions, with low penetration levels presenting opportunities for growth despite the associated decrease in ARPU. All operations focused on increasing market share, improving customer service and improving operational efficiency.

Our strategic objective of market expansion was achieved as we entered Côte d'Ivoire, Zambia, Botswana and the Republic of Congo (Brazzaville); the integration of these operations into MTN remains a focus for the year ahead. Iran poses a great opportunity with the installation and commissioning of a network in that country being a crucial challenge.

CORPORATE GOVERNANCE

As a multinational group, the MTN Group endeavours to apply global best practices in governance throughout its operations. In South Africa, MTN aims to comply with the requirements and recommendations of both King II and the JSE Limited and other applicable legislation. In addition, the MTN Group vigorously pursues corporate social investment activities in all territories of operation.

The Group has been restructured into three regions namely West Africa, Southern Africa and Middle East, North and East Africa each headed by an executive vice-president. The executive vice-presidents will ensure effective implementation of MTN's strategies and priorities.

HUMAN RESOURCES

MTN's 8 360-strong workforce reflects the demographic diversity of our markets. In South Africa, MTN is aligned with the requirements of the industry charter for economic empowerment, entrenching our status as a leading black economic empowerment company.

The continued availability of top people is vital for MTN to achieve its expansion targets. To this end, highly competitive remuneration structures and incentive schemes are in place. An aggressive succession strategy is being implemented across all operations, aligning resources with strategic objectives.

OPERATIONS

During the period MTN invested R6,7 billion in network infrastructure, upgrades and capacity expansion, providing 3G coverage in South Africa and GPRS and MMS capability in other markets. Capital expenditure is expected to increase to R12,9 billion in 2006.

In April 2005, MTN embarked on a global brand relaunch, positioning MTN as one of Africa's pre-eminent brands with the now familiar ***Everywhere You Go*** payoff line.

Legal and regulatory change defines the telecommunication industry in our markets. Our approach is a facilitative one – contributing to the development of appropriate frameworks that benefit the consumer and encourage fair competition. Key issues remain liberalisation and convergence.

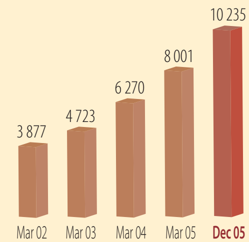
Sifiso Dabengwa
Group Chief Operating Officer
22 March 2006

MTN South Africa

South Africa financial results*	Dec 2005 Rm	Mar 2005 Rm
Revenue	**15 507**	17 628
EBITDA	**5 009**	6 018
PAT	**2 877**	3 408
Market information		
Population (million)	**47,2**	
Mobile penetration (%)	**62**	
Mobile market share (%)	**35**	
Number of mobile operators	**3**	
Operational information		
Prepaid/postpaid mix (%)	**84/16**	

Note: Financial data reflects 100% of the operation

**Includes MTN Network Solutions*



Total subscribers
('000)

COMPANY OVERVIEW

Launched in 1994, MTN South Africa is the second-largest of three mobile network operators in South Africa and is renowned for network excellence and product innovation. During the year, 3G and Blackberry were introduced and MTN Network Solutions became a wholly owned subsidiary, better positioning MTN in the evolving data services market.

Buoyed by a strong economy, subscriber growth continued to exceed expectations and in the period, MTN South Africa increased its prepaid subscriber base by 30% to 8,6 million, and its postpaid base by 19% to 1,6 million. MTN now has 10,2 million of South Africa's 30 million mobile subscribers – a penetration rate of 62%.

Market share decreased during the period to 35%. Competitive tariffs and attractive packages slowed the traditional rate of decline in blended ARPU to R169 per subscriber. Prepaid ARPU for the nine months ended 31 December 2005 was R93 compared to R97 for the 12 months in the previous financial year, the decrease being due to the deeper penetration of the addressable market. Postpaid ARPU decreased by 6% to R541. In line with the decrease in ARPU, average minutes of use (MOU) declined from 140 minutes to 129 minutes.

During the period under review, MTN South Africa restructured its operating model into three business units focusing on the consumer, corporate and reseller markets supported by a shared service model. The restructure is designed to meet the needs of a changing market, regulatory developments and a new competitive landscape with a focus on customer centricity.

CORPORATE GOVERNANCE

MTN's corporate governance philosophy, the composition of the Board of directors, Board structures and risk management activities are detailed on page 95.

NETWORK INFRASTRUCTURE

Although not directly comparable to the previous financial year, capital expenditure on the network for the period was up from R1,7 billion to R2,3 billion. MTN already covers more than 94% of the population. The network roll out was therefore mainly for capacity expansion, upgrades to cater for continued rapid subscriber growth and commensurate network traffic, and the ongoing 3G and EDGE network roll out. The new 3G network, which was installed in the record time of four months, currently consists of 431 base stations in metropolitan areas and roll out will continue to increase coverage.

MARKETING

Competition in the South African market remains fierce as international operators establish and consolidate their presence. This competition is expected to intensify as deregulation of the telecommunications sector continues. Marketing activities are therefore paramount in protecting market share.

PRODUCTS

MTN South Africa continued to innovate and evolve its products in response to technology changes and market needs; decreasing both prepaid and postpaid tariffs during the nine-month period. The timeous launch of 3G in June complemented the Blackberry offering and provided MTN South Africa with a competitive product suite. On a more fundamental level, there were improvements in the call-per-second prepaid offer combined with a R15 voucher, enabling the company to serve more customers at lower cost and establishing a critical foundation for subscriber growth.

MTN South Africa also launched the mobile bank MTN Banking and with MTN Network Solutions, a tier-one ISP, the company is establishing a strong position in the data and value-added services arena. Data revenue amounts to almost 8,2% of total revenue, excluding handsets. Approximately 87% of this revenue remains SMS based.

DISTRIBUTION

MTN South Africa sells its product through 70 000 formal and informal outlets and achieved the market share lead in formal retail chains.

To secure alternative distribution channels, mCharge was launched although the impact of electronic recharge vouchers is limited by the entrenched existing network of virtual distribution. MTN South Africa continues to develop new channels to market as part of the strong rural and emerging market focus, including a renewed emphasis on community payphones.

MTN South Africa currently has 17 service centres, across nine provinces, and is building another to enhance the footprint of its premier service delivery vehicle to its consumers. These centres are company-owned and operated and offer subscribers the full range of MTN products and services, resolving most customer queries on site and immediately.

LEGAL AND REGULATORY

The South African telecommunications sector has been undergoing structural changes for some time. Further to the liberalisation measures and proposed convergence regulations announced and reported early in 2005, the Electronic Communications Bill (previously the Convergence Bill) will have the effect of replacing current technology class licences with service class licences.

Mobile number portability is expected to be introduced in the second half of 2006 and will intensify the current competitive market. Revisions to the proposed Credit Bill may require MTN to amend subscriber agreements to meet the requirements of the bill.

In addition, the proposed Interception and Monitoring Bill will affect the operational requirement for selling cellular services to customers by mandating a register of identity documents for each SIM card sold.

The dti has recently published BEE codes of good practice and the ICT charter will only be concluded after the finalisation of the dti code. MTN South Africa is already well positioned to meet key targets contained in the draft ICT charter.

ADDING VALUE

MTN South Africa's BEE spend for the period was R1,2 billion, representing a third of total spend and exceeding the target of R750 million. For the coming year, a target of R1,3 billion (21% of total spend) has been set.

EMPLOYEES

As part of the corporate restructuring process, MTN South Africa concentrated on entrenching a culture to support business growth in a changing environment. Some 100 senior managers attended the Leader Academy which included five high-intensity sessions with a globally renowned panel of experts.

Recognition campaigns for employees who typify MTN brand values were well supported and comprehensive induction programmes, highlighting the MTN vision, mission and fundamental business philosophy, were held for all new staff members.

MTN South Africa *continued*

MTN South Africa provides numerous support services for its staff including financial fitness programmes, individual well-being initiatives and trade shows at the company's premises. Product and service training, experiential training and operational training courses are tailored to individual requirements.

MTN South Africa actively assists employees in the prevention and treatment of HIV/AIDS by providing:

- Anti retroviral (ARV) treatment through the company medical aid;
- Professional counselling for HIV-positive employees and their families;
- Disability pensions for employees unable to work;
- HIV/AIDS awareness campaigns; and
- Voluntary testing and free prophylactics.

CUSTOMERS

MTN South Africa operates two major call centres: the number 808 services postpaid customers and 173 prepaid customers. The postpaid call centre has over 200 agents managing 2,7 million calls monthly, while the prepaid call centre has some 500 agents managing 32,8 million calls monthly. In addition to service-related call centres, MTN South Africa operates a directory enquiries service with over 110 agents managing 6,4 million calls per month.

ENVIRONMENT

As part of its sustainability strategy, MTN South Africa complies with local environmental legislation in its environmental management plan and strives to address environmental issues as they arise. These can include issues as simple as leaves falling from a mast blocking a consumer's gutter, to more complex issues such as regulatory procedures for installing new infrastructure.

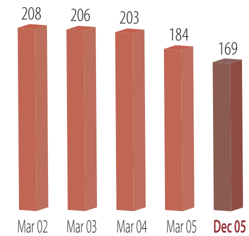
CORPORATE SOCIAL INVESTMENT

The MTN Foundation has been in existence for four years and during 2005 was integrated into MTN South Africa. A budget of up to 1% of after-tax profits, is allocated to the Foundation each year to ensure meaningful funding of supported activities. Particular focus is placed on social matters of importance in the South African context.

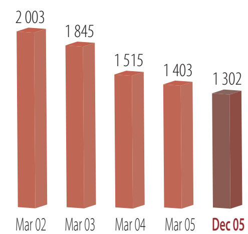
The MTN Foundation supports the establishment of ICT business centres in rural communities. These centres provide telecommunications, computing infrastructure and training to disadvantaged communities. Eighteen centres were completed in 2005 with training provided to over 550 rural women entrepreneurs. The MTN Foundation also supports schools connectivity and 40 schools were equipped with personal computers and internet services in 2005.

The MTN ScienCentres are places of learning for young South Africans. Here they can conduct scientific experiments first-hand and observe results that demonstrate the rules of physics in an entertaining way. Numerous initiatives and exhibitions are conducted through the MTN ScienCentre.

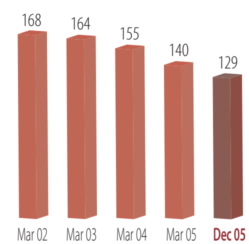
Given the gravity of HIV/AIDS in South African society, the Foundation supports numerous initiatives addressing the pandemic. *Siyayinqoba Beat It: HIV/AIDS* is an MTN Foundation-sponsored television programme flighted twice a week. Additionally, ongoing workshops titled *Dedelingoma,* are held for community workers and the MTN Foundation was instrumental in the *Sport Heroes Walk Against HIV and AIDS* held in November and December 2005.



Blended ARPU
(rand)



Cumulative capital expenditure
per subscriber
(rand)

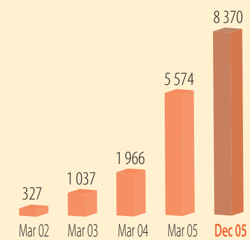


Average minutes of use
per subscriber
(minutes)

MTN Nigeria

Nigeria financial results	Dec 2005 Rm	Mar 2005 Rm
Revenue	9 034	9 310
EBITDA	4 727	4 883
PAT*	2 866	3 042
Market information		
Population (million)	138	
Mobile penetration (%)	13	
Mobile market share (%)	47	
Number of mobile operators	4	
Operational information		
Prepaid/postpaid mix (%)	99/1	

Note: Financial data reflects 100% of the operation
**Excluding deferred tax asset*



Total subscribers
('000)

COMPANY OVERVIEW

MTN Nigeria operates one of four GSM licences and has been in commercial operation since 2001. During the period under review, MTN Nigeria aggressively focused on subscriber growth, supported by rapid network roll out amid keen competition in the market. Consequently, the company significantly increased its subscriber base from 5,6 million to 8,4 million. Coming off a low base, mobile penetration again increased significantly during the period to 13%, reflecting continued demand and intense activity by mobile operators.

ARPU declined from USD40 at 31 March 2005 to approximately USD22 by June 2005 mostly as a result of a change in subscriber definition. From June, ARPU has been steady at USD22 despite strong subscriber acquisition at the low-usage end of the market.

CORPORATE GOVERNANCE

MTN Nigeria has 16 Board members, 14 of whom are non-executive directors. The Board has delegated certain responsibilities to three focused sub-committees: audit and conflicts; compensation, remuneration and human resources; and properties. In 2005, the Board approved revised policies covering ethics, business principles, whistle-blowing, document retention and guidelines for the conduct of governmental relations. Procurement standards, policies and processes were enhanced to enable more meaningful support of local suppliers.

Health and safety issues related to base stations and radio frequency are constantly monitored and mitigating steps taken where possible. In addition, MTN Nigeria applies international best practice in complying with local regulations. Specific issues raised by a broad spectrum of stakeholders include noise, air and ground pollution.

The company reaches its stakeholders through multiple communication strategies, from print and electronic media to direct engagement, briefings, symposiums and workshops.

NETWORK INFRASTRUCTURE

Capital expenditure during the period was USD582 million, resulting in further improvement in network quality and coverage. The number of base transceiver stations rose from 1 662 to 2 120 during the nine months, while switching centres increased from 30 to 35. This has increased MTN Nigeria's geographic coverage to 348 900km^2 or 38% (March 2005: 30%) and population coverage to 64% (March 2005: 58%). Network congestion improved to less than 6% (March 2005: 9%) during peak hour and network availability remained excellent at over 99%.

GPRS has been introduced on a trial basis, with trials expected to be completed in the first quarter of 2006. MTN Nigeria is deploying a national optic fibre backbone to supplement its microwave transmission system. The optic fibre backbone project will be complete by mid 2006 and result in significant improvements in network quality and reliability. During the period, the company installed sufficient core network capacity to comfortably support current strong subscriber acquisition. In line with the MTN Group's policy of maximising support for local suppliers, MTN Nigeria again increased the percentage of local participation in developing its network infrastructure. Procurement processes have been enhanced, providing a company-wide framework for consistent procurement standards and terms.

MARKETING

Continuing its recent growth trend, penetration in the Nigerian market again doubled during the period. In this highly competitive market, MTN Nigeria is making good progress towards its strategic objective of becoming the pace-setter for customer service in the country. The operation maintained its market share during the period at 47%, with the highest share of net connections. A strong improvement in customer satisfaction was underpinned by the introduction of a new billing system, intensive staff training and enhanced processes in all areas that affect customer service.

Competition intensified during the nine months, predominantly centred on pricing and resulted in high levels of churn between network operators. This impacted on margins in the first half of the period, with the benefits of marketing initiatives and product innovations reversing the trend in the second half.

The company managed to increase tariffs in the strategic reseller market segment without losing market share. Other operators have followed MTN Nigeria's lead by also increasing tariffs.

The MTN brand remains the strongest in its sector and one of the leaders in Nigeria. MTN Nigeria was voted telecommunications brand of the year by the National Institute of Marketing in October 2005, and enjoys top-of-mind awareness nearly four times greater than its nearest competitor. During the period, MTN Nigeria launched its ***Everywhere You Go*** and "friendship is beautiful" campaigns, which were well received. Popular Y'ello music festivals were held in Ibadan, Port Harcourt and Abuja, and the inaugural MTN Trader's Cup, a football tournament among the big informal trading community in major centres, has provided a new platform to build business relationships with this important market segment. MTN Nigeria also sponsored golf and polo tournaments and an international half-marathon to strengthen its presence in selected postpaid markets.

As a sponsor, MTN Nigeria participated in the International Nigerian Telecommunications Summit.

PRODUCTS

Several products and innovations were introduced during the period to meet customer demand. BizTime bundles stimulate usage and help postpaid customers control costs through more economical tariff options. GPRS enables mobile phones to send and receive data more efficiently. The very popular MMS enables customers to send messages with picture, sound, video and text. VPNs (virtual private networks) allow companies to optimise intra-group telecommunications costs while MTN Supa Booster offers reduced call rates. Vending Airtime Abroad is a convenient way for friends and family abroad to send MTN airtime from distributors in the UK to subscribers in Nigeria. Recharge incentives proved very successful as did the introduction of lower-denomination airtime cards.

DISTRIBUTION

MTN Nigeria has extensive wholesale and retail distribution channels supporting 21 distribution depots, 237 appointed distributors, over 7 600 second-tier points, and some 30 000 informal distributors.

Twelve strategically located service centres operate as retail and service points, providing the core infrastructure for after-sales service. Seventeen franchise Connect Stores were operating by period end, with eight new stores to be established in early 2006. The electronic recharging service introduced in 2004 has created an additional distribution channel and is being refined to offer customers more convenience and flexibility.

LEGAL AND REGULATORY

MTN Nigeria fully complies with local licence conditions and was allocated a new numbering range and additional frequency spectra during the period.

The dispute with the Nigerian Communication Commission on interconnect rates remained unresolved and prices were maintained pending litigation. The collection of interconnect debts from Nitel remains of concern.

The confirmation of MTN Nigeria's Pioneer Status early in the reporting period reinforces significant tax benefits.

EMPLOYEES

MTN Nigeria employs 1 836 nationals and 50 expatriates. The company has over 100 training programmes and invested R29,5 million on training in 2005, representing 7 666 training interventions or an average of five hours per employee. In line with the MTN Group policy of skilled employee retention, a phantom share option scheme has been implemented for senior staff. The company has policies governing all regulatory requirements for health and safety in the workplace.

CUSTOMERS

Service is an integral element in the MTN experience. MTN Nigeria addresses the quality of service through 12 service centres, a call centre facility with over 400 prepaid and postpaid customer agents, and specialised agents for electronic voucher distribution and dealers. The call centre handles 1,3 million calls monthly, ranging from enquiries on products and services, promotions, pricing and tariffs, to complaints on network quality, failures, billing and technical support.

ENVIRONMENT

MTN Nigeria's operations have minimal environmental impact: using biodegradable recharge cards and initiating mobile phone waste recycling. The company has environmental management procedures covering general environmental practices, waste minimisation and recycling, energy efficiency and conservation, environmental claims and audits, water management and management of emissions.

CORPORATE SOCIAL INVESTMENT

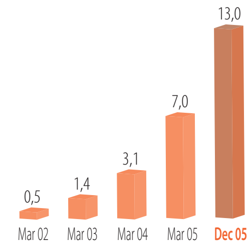
The MTN Nigeria Foundation was formally launched in May 2005 and invests up to 1% of MTN Nigeria's after-tax profits in corporate social responsibility initiatives. With projects in 19 of 36 states and the federal capital, MTN Nigeria was named the THISDAY Corporate Socially Responsible Company of the Year 2005 and its rural telephone project nominated for Best Mobile Community Service Award by the GSM Association in Barcelona, Spain. With focal areas in economic empowerment, education and health, MTN Nigeria is becoming a reference point for government and private-sector sustainability initiatives.

During the period, the rural women's empowerment telephone project, *Phone Ladies,* established phone businesses that have benefited 167 women; Phase 2 is expected to involve an additional 220 women.

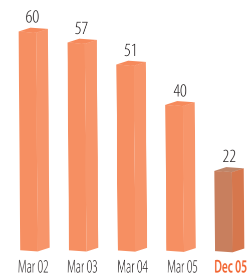
Working with Habitat for Humanity, MTN Nigeria's low-cost rural housing project has provided 600 new homes.

In its education portfolio, the MTN Foundation has worked with UNICEF to provide basic primary school infrastructure for three primary schools. Twenty four secondary schools in six states have been equipped with computers, servers, internet connectivity, teaching aid software and hands-on teacher training. The MTN SchoolsConnect project has had a direct impact on nearly 50 000 students and over 2 400 teachers. The next phase has already started to benefit 13 additional schools. The foundation's UniversitiesConnect project in partnership with NetLibrary is providing a digital research library with 125 computers, servers and printers. The first beneficiary was the University of Lagos and the project is set to have nationwide coverage.

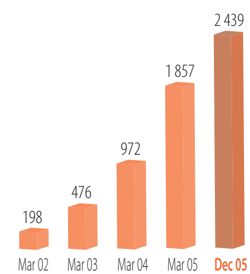
In the health sector, the MTN Foundation is working with partners in implementing HIV/AIDS projects on awareness, prevention, voluntary counselling and testing (VCT) and prevention of mother-to-child transmission. Six VCT centres have been established and viable income-generating businesses for people living with HIV/AIDS developed.



Mobile penetration (%)



Blended ARPU
(USD)

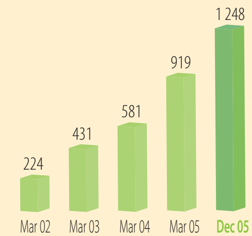


Cumulative capital expenditure
(USD '000)

MTN Cameroon

Cameroon financial results	Dec 2005 Rm	Mar 2005 Rm
Revenue	1 037	1 218
EBITDA	498	520
PAT	172	192
Market information		
Population (million)	16,9	
Mobile penetration (%)	14	
Mobile market share (%)	54	
Number of mobile operators	2	
Operational information		
Prepaid/postpaid mix (%)	98/2	

Note: Financial data reflects 100% of the operation



Total subscribers
('000)

COMPANY OVERVIEW

Celebrating its fifth anniversary, MTN Cameroon performed ahead of target in most key areas. The company operates in a predominantly French-speaking market with a population of approximately 16,9 million and mobile penetration estimated at 14,8% in December 2005.

MTN Cameroon recorded 329 000 net connections for the period, passing the one million milestone to achieve 1,25 million subscribers, and maintaining its market share at 54% despite intense competition. As expected, ARPU declined to USD16 during the period, due to higher penetration rates and the addition of low-usage subscribers, as well as the change in subscriber definitions.

CORPORATE GOVERNANCE

MTN Cameroon has six non-executive board members. During the period, several policies were refined including procurement, conflicts of interest, fraud prevention and disciplinary procedures.

A commercial legal services department has been established to entrench the culture and practice of compliance with local regulations, and provide quality advisory services to the company.

Campbell Utton was appointed CEO in May 2005.

NETWORK INFRASTRUCTURE

During the last quarter of the review period the sharp increase in subscriber numbers and peak-hour traffic, coupled with rapid technological development, resulted in pressure on the network. To alleviate this, MTN Cameroon invested USD29 million in infrastructure development, upgrading its network and expanding the number of base transceiver stations to 284. Population coverage was increased from 73% to 78%.

Further upgrades will be undertaken in 2006 to maintain the company's infrastructure and technology advantage.

MARKETING

MTN Cameroon continues to enjoy strong brand awareness and affinity in the marketplace. A considerable investment in the new payoff line

Everywhere You Go and successful participation in the 2005 Yaounde Trade Fair and MTN Africa Cup of Nations 2006 reinforced this brand strength.

During 2005, MTN Cameroon was awarded Best Telecommunications Company, Best Product Innovation for Me2U, Best Sports Sponsorship and Best Corporate Citizen in Cameroon.

Competition in the two-player market remains fierce.

PRODUCTS

During the period, MTN Cameroon launched Payback, a product to prolong the tenure of high-end prepaid users which has been well received. The Me2U product, a value-added service to transfer airtime to other parties, has succeeded in stimulating usage.

DISTRIBUTION

In line with the rapid increase in electronic distribution during the period, MTN Cameroon is streamlining its distribution channel while improving incentive plans for major distributors.

In December 2005, MTN Cameroon introduced the electronic voucher distribution concept, capturing 8% of distribution activity in that month. Coupled with Me2U, around 60% of all distribution for MTN Cameroon is electronic.

LEGAL AND REGULATORY

MTN Cameroon complies fully with its licence obligations. The company has applied for an internet service provider licence following its acquisition of a local operator, Globalnet.

ADDING VALUE

MTN Cameroon spent CFA20 billion during the period on local procurement, across a broad spectrum of businesses including advertising and promotional materials, media, furniture, maintenance services, stationery, computer equipment, fuel and oil.

EMPLOYEES

As part of its drive to be the employer of choice, MTN Cameroon is strengthening its management structures and recruiting and developing staff to retain people with the qualities, knowledge and skills it requires. The company ended the period with 468 full-time employees.

Among the numerous functional training programmes conducted during the period, the company focused on leadership and managerial training programmes aimed at enhancing internal capabilities. Six programmes were carried out for senior and middle management ranging from business strategy and project management to change management facilitation.

Over 340 employees were involved in these programmes, averaging about 23 hours per employee over the period. In total, USD454 000 was spent on training and development.

MTN Cameroon's internal HIV/AIDS programme is based on four areas: awareness/prevention, training, treatment, and protecting the rights of people living with HIV/AIDS. During the period, the company conducted a far-reaching awareness campaign, as well as identifying and training peer educators.

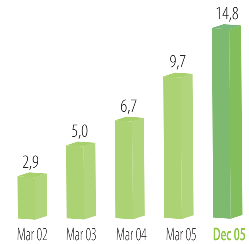
CUSTOMERS

MTN Cameroon has seven service centres in the main cities and two call centres to accommodate a growing customer base. The call centres employ 91 agents to manage a range of customer queries.

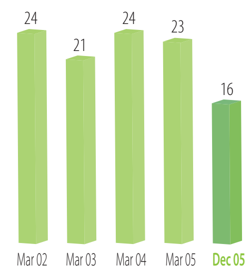
CORPORATE SOCIAL INVESTMENT

MTN Cameroon's social investments are aimed at ensuring social recovery, knowledge transfer and socio-economic development.

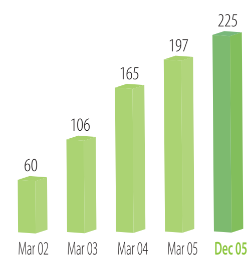
Focus areas include health and HIV/AIDS, community development, environment and education.



Mobile penetration (%)



Blended ARPU
(USD)

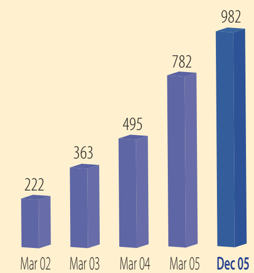


Cumulative capital expenditure
(USD '000)

MTN Uganda

Uganda financial results	Dec 2005 Rm	Mar 2005 Rm
Revenue	**868**	999
EBITDA	**434**	507
PAT	**187**	226
Market information		
Population (million)	**26,9**	
Mobile penetration (%)	**6**	
Mobile market share (%)	**63**	
Number of mobile operators	**3**	
Operational information		
Prepaid/postpaid mix (%)	**99/1**	

Note: Financial data reflects 100% of the operation



Total mobile subscribers
('000)

COMPANY OVERVIEW

Launched in 1998 as the country's second national operator, MTN Uganda again recorded strong growth and reached a significant milestone in the period by reaching the one-million subscriber mark (including fixed-line subscribers). At 31 December 2005, mobile subscribers had exceeded 982 000 and fixed-line subscribers at 17 000, showing increases of 26% and 54% respectively. MTN Uganda's mobile market share declined slightly during the period from 66% to 63% with total market share (including fixed-line) at 62%.

With a population of 26,9 million, mobile penetration is estimated at 6%. Current coverage of the population is estimated at 73% and geographic coverage at 59%.

ARPU at USD15 against USD19 for the financial year ended 31 March 2005 was lower than expected, but in keeping with subscriber growth at the lower end of the market.

CORPORATE GOVERNANCE

MTN Uganda has one non-executive and four executive board members. The company subscribes to the MTN Group sustainability framework with guidelines on sustainability management. In addition, MTN Uganda reviews its social responsibility, environmental compliance, regulatory compliance and customer perception and satisfaction levels annually.

To ensure continuous improvement in the workplace and comply with local legislation, MTN Uganda has a risk control management process encompassing training, risk assessments, audits and procedures and controlling techniques.

NETWORK INFRASTRUCTURE

Investment in network infrastructure during the period was USD36 million; this included commissioning 27 base transceiver stations and expanding of the core network infrastructure to enhance capacity. Reflecting the extent and stability of its infrastructure, MTN Uganda was awarded tenders to provide infrastructure for universal service in the eastern and western regions of the country. These initiatives will see internet access in some of the most rural areas of Uganda.

MARKETING

MTN Uganda has remained the dominant brand in Uganda, with brand affinity largely driven by functional attributes such as coverage, proximity of distribution outlets and sustainability initiatives. The new slogan ***Everywhere You Go*** was launched in April 2005, adding a fresh look, feel and appeal to the market and securing for MTN Uganda an award for best execution and activation.

Uganda remains a fiercely competitive market, with all participants focused on building dominant positions in selected segments.

In December 2005, the company received the PriceWaterhouseCoopers award for most respected company in Uganda and second-most respected ICT company in the East African region.

MTN Uganda's brand-building sponsorships included the flagship MTN Kampala Marathon, national athletics championships, national basketball league and several music festivals. Y'elloRose – an MTN women's initiative that aims to empower and recognise the contribution of women to society – was very well supported.

PRODUCTS

As mobile market penetration deepens in Uganda, the acquisition of new subscribers is mainly from sections of the population with relatively low disposable incomes. To cater for this important segment, MTN Uganda introduced its per-second billing package in April 2005. The real need in the market for this type of product was soon reflected in 20% of the prepaid mobile subscriber base migrating to this product.

MTN Uganda also introduced a low-denomination voucher in October 2005 which accounted for 60% of the volume of airtime cards and 33% of revenue in two months. Approximately 77% of revenue is now driven by low-denomination vouchers, reflecting the changing profile of the company's subscribers.

GPRS network implementation was also completed during the period and MMS and mobile internet browsing were successfully launched in July 2005. In December 2005, the company launched MTN Loaded, an interactive portal offering superior multimedia content. These products have all been well received, reinforcing the company's reputation for innovation and are expected to increase tenure of postpaid subscribers.

DISTRIBUTION

MTN Uganda has the most extensive distribution network in the country, covering all major areas. Total distribution outlets increased from 4 664 to 5 321 at the end of December 2005. This includes five service centres, a number of franchise principal dealers and sub-dealer outlets.

MTN VillagePhone is a rural communications scheme that MTN Uganda operates in partnership with microfinance institutions. MTN VillagePhone creates opportunities for poor rural individuals to become VillagePhone operators even in areas where electricity is unavailable and in areas where the MTN network can only be accessed with a booster antenna. MTN VillagePhone achieved the 2000 VillagePhone operators' milestone in August 2005.

LEGAL AND REGULATORY

The exclusivity period that restricted major service provision to the two national operators ended in July 2005 and the proposed telecommunications policy to replace the duopoly has not been finalised. A public-private partnership model to achieve government's communications targets is under discussion. This is a departure from the regulator's proposed policy of creating two licensing categories: infrastructure provision (potentially issued to three major operators) and service provision (fully liberalised).

ADDING VALUE

MTN Uganda spent UGX63 billion during the period on local procurement, across a broad spectrum of businesses.

EMPLOYEES

MTN Uganda employs 430 people including eight expatriates. During the period, some 680 training days were completed, a major portion of which focused on information technology and network skills. Other key areas for training included customer service, channel and distribution processes. Employees received an average of 13 hours training during the period at an investment of UGX648 million.

Thirty HIV/AIDS peer counsellors, drawn from employees, were trained as a proactive measure to increase awareness and address risks related with the disease. In 2006, another 30 peer counsellors will be trained. Free anti retroviral treatment is offered to staff. The company intends to extend the provision of anti retroviral treatment to employees' dependants in the near future as part of a holistic approach to treatment.

CUSTOMERS

MTN Uganda has five service centres and a call centre, and expects to open the sixth in the eastern region of the country during 2006. These centres support both fixed and mobile services virtually around the clock and have multilingual routing capabilities. There are separate helplines for fixed-line, postpaid and prepaid customers. Call centre technology is currently being upgraded to a multimedia platform to enable SMS and web-chat services.

ENVIRONMENT

MTN Uganda has a number of sites in biodiversity-rich habitats of Rwebisengo swamp, Paraa National Park, Mpanga Forest and Laura Forest. In line with a formal environmental policy, these habitats are safeguarded through a comprehensive online environmental management system being implemented. The programme includes waste minimisation, prevention of pollution, management of land, unique flora, forests, water and wildlife. Its primary focus is ensuring a clean and healthy environment for employees, shareholders, customers, contractors, suppliers, communities and other interested stakeholders.

MTN Uganda strives to use energy efficiently, recycle whenever possible, use environmentally friendly materials and work co-operatively with partners to enhance common environmental objectives.

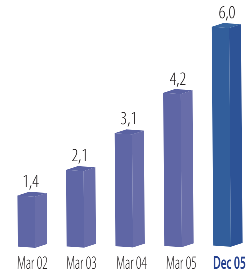
CORPORATE SOCIAL INVESTMENT

Although MTN Uganda has not yet formally established a Foundation to integrate its social responsibility initiatives, it continues with a focused programme to enhance the quality of life of the communities in which it operates. During the period, it invested USD122 000 in several projects.

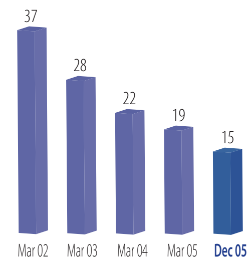
The company has a partnership with Habitat for Humanity to provide low-cost housing for the rural underprivileged, building 20 houses in 2005.

The company also installed infrastructure in two schools last year totalling USD39 000 and has initiated schools connectivity projects in partnership with the Ministry of Education. Nine schools will be connected in the first phase to June 2006.

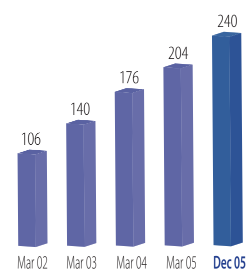
In line with the MTN Group approach, MTN Uganda is a NEPAD partner in the launch of the first e-school in the country, a project commended by the President of Uganda.



Mobile penetration (%)

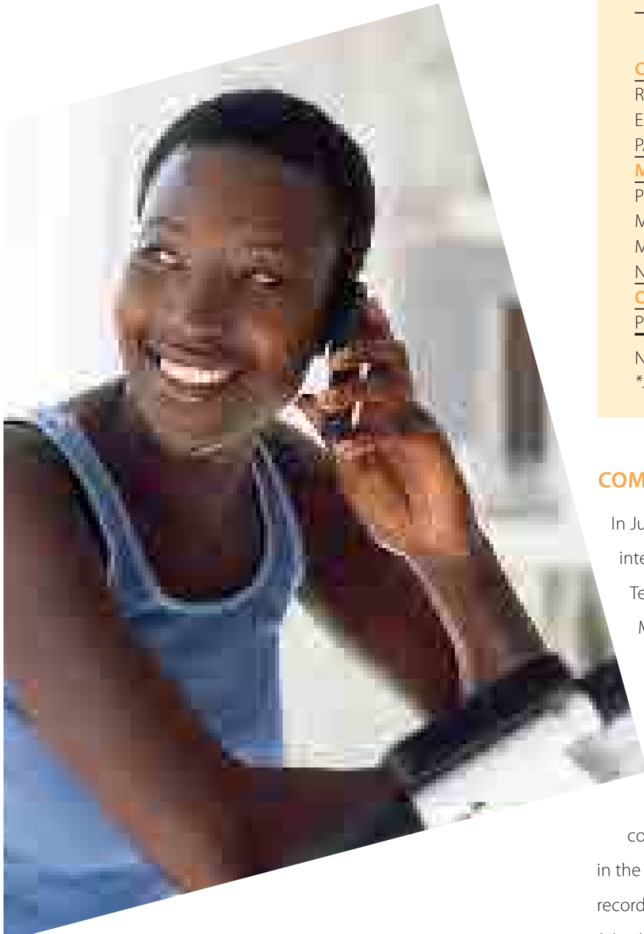


Blended ARPU
(USD)



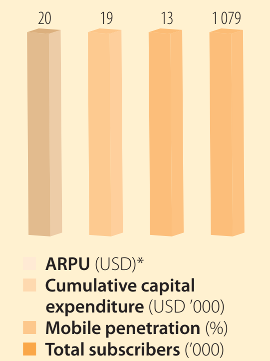
Cumulative capital expenditure
(USD '000)

MTN Côte d'Ivoire



Côte d'Ivoire financial results	Dec 2005 Rm
Revenue*	768
EBITDA*	361
PAT*	164
Market information	
Population (million)	20
Mobile penetration (%)	11
Mobile market share (%)	47
Number of mobile operators	2
Operational information	
Prepaid/postpaid mix (%)	98/2

Note: Financial data reflects 100% of the operation
**Six month from July – December 2005*



COMPANY OVERVIEW

In June 2005, the MTN Group acquired a 51% interest in one of two operators in the country, Telecel Côte d'Ivoire, which was renamed MTN Côte d'Ivoire. Côte d'Ivoire was one of the first African countries to liberalise the telecommunications sector by privatising the state-owned company. The total population is estimated at 20 million with mobile penetration at 11% and competition expected to increase significantly in the near future. Since acquisition, the company recorded excellent subscriber growth of 16% to over 1,1 million, giving the company an estimated market share of 47%.

ARPU of USD20 was reported for the six-month period.

CORPORATE GOVERNANCE

MTN Côte d'Ivoire has seven non-executive and one executive director, Ron Allard, who is the CEO. Governance structures have been enhanced subsequent to the acquisition.

NETWORK INFRASTRUCTURE

A sizeable capital expenditure investment of USD20 million during the period was made, predominantly on network equipment and information technology systems to support anticipated rapid subscriber growth in this under-served market.

MARKETING

The MTN brand was launched to the Ivorian market on 30 December 2005. In 2006 the focus will be on rolling out the brand through targeted marketing initiatives and carefully selected sponsorships.

MTN Côte d'Ivoire continues to face stern competition from the current market leader which is merging with a fixed-line operator to provide aggressive fixed-wireless solutions. A new fixed-line operator was launched in the last quarter of the period, positioning itself as a national low-cost operator. In 2006, a fourth mobile operator is anticipated.

PRODUCTS

A comprehensive product review is under way to align offerings to the different needs of specific customer segments.

DISTRIBUTION

The distribution channel is being reviewed to enhance its competitiveness and make the entire supply chain an integral part of the competitive offer to customers and partners.

LEGAL AND REGULATORY

Licence conditions in the Ivorian market are stringent and closely monitored, extending to the quality of services offered by operators. MTN Côte d'Ivoire is addressing identified network deficiencies as rapidly as possible. Licences for new fixed-line operators allow limited mobility and therefore will permit competition with traditional mobile licences. Rate harmonisation is the target set by the regulator and agreed to by the various operators of fixed and mobile services.

EMPLOYEES

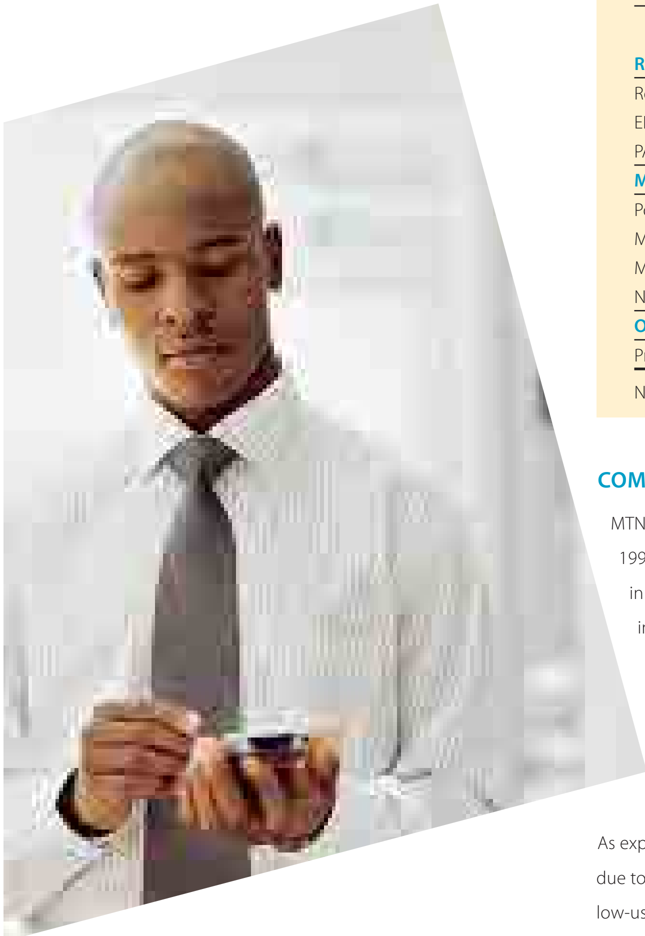
The key focus in 2005 was to internally mobilise our 699 employees on the MTN way, through a vision and values programme.

SOCIO-POLITICAL

Political and social instability in the country since 2002 have hampered economic growth.

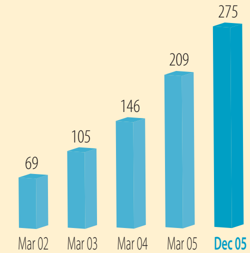
Despite international mediation efforts and the appointment of a new prime minister and government, there has been little progress towards peace in Côte d'Ivoire. Presidential elections are to be held in October 2006. In the meantime, the disarmament timetable awaits validation from all political parties.

MTN Rwanda



Rwanda financial results	Dec 2005 Rm	Mar 2005 Rm
Revenue	**247**	250
EBITDA	**130**	120
PAT	**68**	56
Market information		
Population (million)	**8,9**	
Mobile penetration (%)	**3**	
Mobile market share (%)	**100**	
Number of mobile operators	**1**	
Operational information		
Prepaid/postpaid mix (%)	**99/1**	

Note: Financial data reflects 100% of the operation



Total subscribers
('000)

COMPANY OVERVIEW

MTN Rwanda received its national GSM licence in 1998 and currently dominates the mobile market in Rwanda. Competition in the sector is likely to increase with the privatisation of the state fixed-line company. MTN Rwanda recorded strong growth in prepaid subscribers during the period from 209 000 to over 275 000.

Rwanda's population is estimated at 8,9 million with mobile penetration at 3%. As expected, ARPU declined from USD19 to USD17 due to higher penetration rates and the addition of low-usage subscribers.

CORPORATE GOVERNANCE

MTN Rwanda has three executive directors and one independent non-executive director.

NETWORK INFRASTRUCTURE

During the period, capital expenditure of USD13 million was geared towards the redundancy project. MTN Rwanda also increased its geographic coverage from 64% to 80%. A third switch was commissioned in October 2005 with initial congestion problems resolved and network performance restored. The company remains heavily dependent on generators for power, given persistent power outages in the country which also affect minutes of use.

MARKETING

MTN is the leading and most-recognised brand in Rwanda, through key sponsorships and marketing initiatives. In the period, MTN Rwanda was the official sponsor of the International Exposition in Kigali, and supported sports tournaments and music festivals.

MTN Rwanda *continued*

PRODUCTS

During the period, MTN Rwanda introduced several product enhancements and special offers to meet market needs, and continued preparations for the introduction of per-second billing. The launch of the one-card system and multi-PIN voucher, specifically for lower-income prepaid subscribers, have been extremely well received.

Continuing the drive to increase teledensity in rural areas and provide access to telecommunications for the marginalised, the popular community payphone initiative, Tuvugane, now has over 3 300 active subscribers.

DISTRIBUTION

At the end of the period, MTN Rwanda had almost doubled its distribution network, from 2 000 in the previous year to over 3 700. There are now over 2 800 dealer outlets, supplemented by franchise shops, distributorships, retailers and other assorted vendors.

LEGAL AND REGULATORY

MTN Rwanda fully complies with its licence conditions. The liberalisation of the telecommunications industry is under way and MTN Rwanda is an active participant in developing appropriate structures ahead of increased competition.

EMPLOYEES

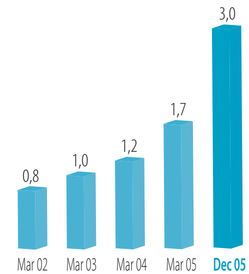
MTN Rwanda has 173 employees. The company recently implemented an HIV/AIDS policy, which provides for anti retroviral medication and encourages testing, with all costs borne by the company.

CUSTOMERS

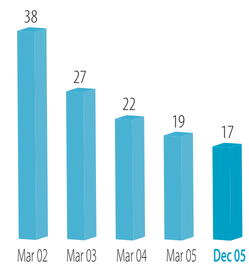
MTN Rwanda has achieved significant improvement in call centre service levels, with 82% of calls being answered within 30 seconds. The target for the period was 79%. The call centre receives, on average, 182 000 calls a month.

CORPORATE SOCIAL INVESTMENT

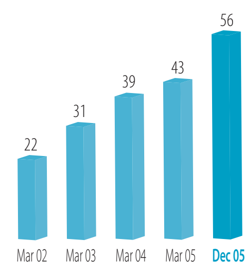
MTN Rwanda continues to participate in the fight against HIV/AIDS by providing two toll-free numbers to the HIV/AIDS Commission and donating RWF3 million to women living with AIDS.



Mobile penetration (%)

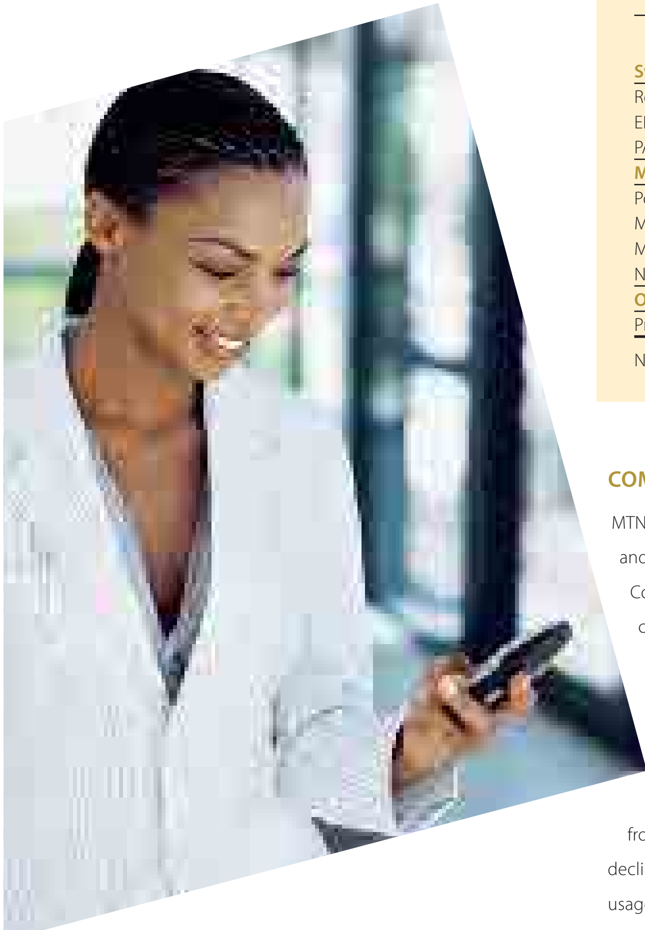


Blended ARPU
(USD)



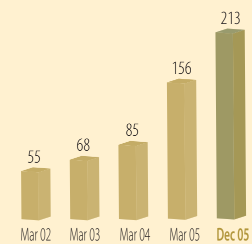
Cumulative capital expenditure
(USD '000)

MTN Swaziland



Swaziland financial results	Dec 2005 Rm	Mar 2005 Rm
Revenue	**257**	254
EBITDA	**138**	131
PAT	**78**	73
Market information		
Population (million)	**1,1**	
Mobile penetration (%)	**19**	
Mobile market share (%)	**100**	
Number of mobile operators	**1**	
Operational information		
Prepaid/postpaid mix (%)	**98/2**	

Note: Financial data reflects 100% of the operation



Total subscribers
('000)

COMPANY OVERVIEW

MTN Swaziland is a partnership between MTN and Swaziland Post and Telecommunications Corporation (SPTC) and has been operating commercially since 1998. The board consists of nine members. MTN Swaziland added over 57 000 subscribers during the period, taking its total to 213 000. Swaziland has a population of 1,1 million with estimated mobile penetration of almost 19%, up from 13% in the previous financial year. ARPU declined to USD23 in line with growth in lower-usage prepaid customers.

NETWORK INFRASTRUCTURE

Total capital expenditure was USD3 million with geographical coverage at 79% and population coverage of 89%. The additional mobile switch centre and base station controller commissioned in the previous financial year are fully operational.

MARKETING

MTN Swaziland continued its sponsorship of the Premier League of Swaziland, a significant brand-building opportunity in a country with a large contingent of football supporters. The company also sponsors the Entrepreneur of the Year Award and the King Cup Golf event.

PRODUCTS

During the period, MTN Swaziland increased its off-peak offerings and enhanced two postpaid packages to stimulate usage. GPRS was made available to subscribers by exploiting MTN South Africa's proximity.

DISTRIBUTION

MTN Swaziland completed the restructuring of its distribution network during the period and now has 850 distribution points countrywide, serviced by wholesalers. Direct distribution is managed through two MTN service centres. There are 100 payphones strategically located around the country where there are limited or no telecommunication services.

LEGAL AND REGULATORY

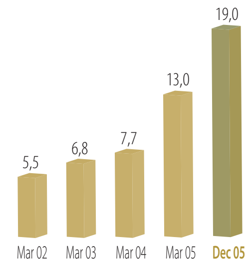
The establishment of an independent regulator is still pending as is the finalisation of a new telecommunications bill which could liberalise the industry.

EMPLOYEES

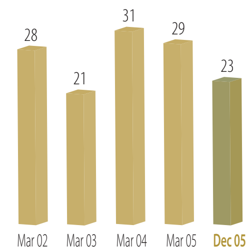
MTN Swaziland has 105 staff members, an increase of 25% over the previous financial year.

CORPORATE SOCIAL INVESTMENT

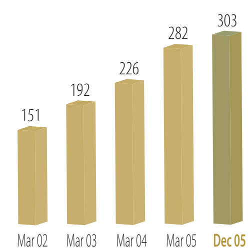
MTN Swaziland makes regular donations to social welfare organisations, including the Swaziland Action Group Against Abuse.



Mobile penetration (%)



Blended ARPU
(USD)



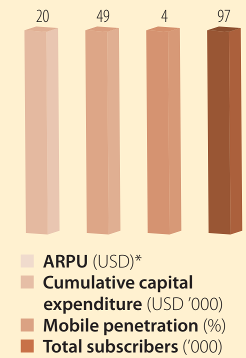
Cumulative capital expenditure
(Rm)

MTN Zambia

Zambia financial results	Dec 2005 Rm
Revenue*	75
EBITDA*	-6
PAT*	-33
Market information	
Population (million)	11
Mobile penetration (%)	4
Mobile market share (%)	19
Number of mobile operators	3
Operational information	
Prepaid/postpaid mix (%)	97/3

Note: Financial data reflects 100% of the operation

**Five months, from August – December 2005*



COMPANY OVERVIEW

In August 2005, the MTN Group acquired 100% of Telecel Zambia, the second-largest of three network operators in Zambia with an established GSM network. It was successfully relaunched as MTN Zambia in August 2005.

The Zambian mobile market is estimated at over 660 000 subscribers – a penetration of 4% – in a population of over 11 million. MTN Zambia recorded 97 000 subscribers at 31 December 2005. ARPU of USD20 was recorded for the five-month period.

CORPORATE GOVERNANCE

The company has four executive directors and one non-executive director. Governance structures were enhanced and key departments and committees established.

A new permanent management team was appointed to head up the staff complement of 134, with temporary secondments assigned to support the permanent team.

NETWORK INFRASTRUCTURE

Since acquisition, the focus has been on upgrading the existing core network to accommodate growth in subscribers, including more than doubling the mobile switching centre's capacity.

MARKETING

The MTN brand was successfully launched and distribution channels and outdoor media rebranded. These activities resulted in good market awareness of MTN's arrival in Zambia with the objective of operating a high-quality network, and expectations of innovative products and services in the future.

PRODUCTS

Capitalising on the rebranding campaign, MTN Zambia launched the pay-as-you-go flat rate tariff plan and access-for-life campaign, aimed at growing market share in the small and medium enterprise market. Both products were well received. A highly successful public access tariff was piloted to extend telecommunications services to more citizens.

DISTRIBUTION

MTN Zambia has increased its distribution points to 699 in key strategic areas by zoning areas to manage and control the distribution chain. Seven MTN Connect Stores were commissioned.

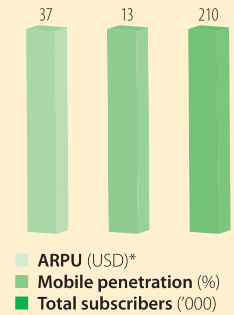
LEGAL AND REGULATORY

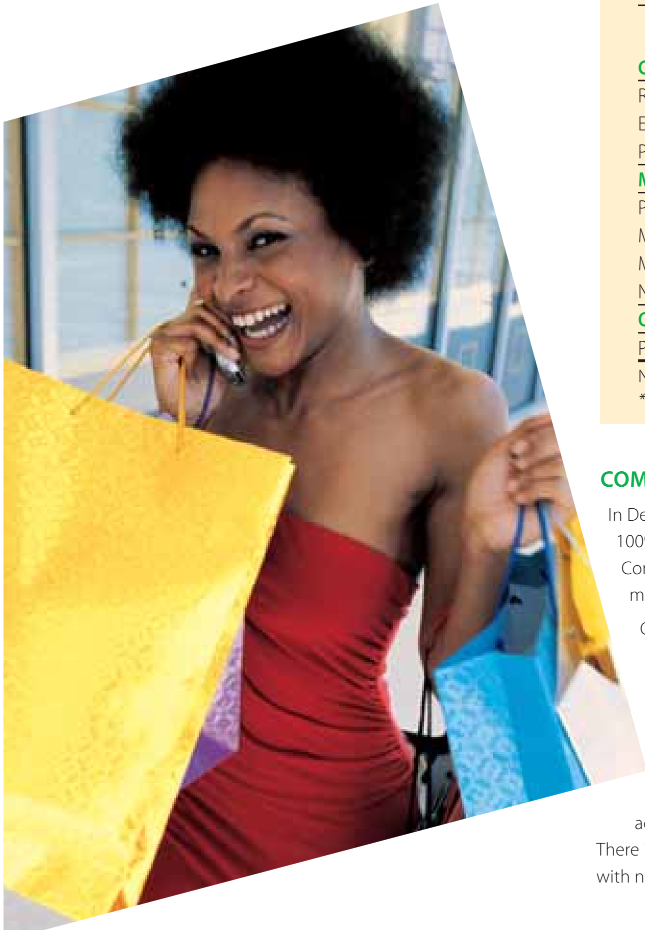
MTN Zambia is committed to place 10% of the company's shares with the Zambian public as required by its licence and a proposal in this regard has been submitted to the Zambian authorities. A new telecommunications act is expected to be introduced in 2006 and management has been actively participating in its development.

MTN Congo Brazzaville

Congo Brazzaville financial results	Dec 2005 Rm
Revenue*	29
EBITDA*	13
PAT*	8
Market information	
Population (million)	3
Mobile penetration (%)	18
Mobile market share (%)	39
Number of mobile operators	2
Operational information	
Prepaid/postpaid mix (%)	99/1

Note: Financial data reflects 100% of the operation
December 2005





COMPANY OVERVIEW

In December 2005, the MTN Group acquired 100% of the second-largest operator, Libertis, in Congo Brazzaville. Libertis has an estimated 39% market share with 210 000 subscribers.

Congo Brazzaville is adjacent to the Democratic Republic of Congo, and Cameroon, where MTN already has successful mobile operations. Current penetration is 18% or 540 000 subscribers in a market of three million people.

Although the operation is small, it will add incrementally to the Group's bottom line. There is also the potential for regional synergies with nearby MTN operations.

contents

MTN sets high standards for corporate citizenship, generously investing in significant social initiatives in our operational territories

We balance our commercial focus with our responsibility to stakeholders to create and sustain long-term mutual value

MESSAGE FROM THE GROUP CHIEF EXECUTIVE OFFICER

We recognise that the essential infrastructure and related mobile telephony services we provide in the course of our business generates broad commercial and socio-economic development opportunities for the communities in which we operate.

While our long-term goal remains value generation for our shareholders, we continuously aspire to balance this commercial focus with the responsibility we have towards all of our stakeholders to create and sustain long-term mutual value. We believe there are two main components to creating this value: firstly, the quality of our network infrastructure and services we provide to our customers; and secondly the social and commercial development of communities in our operational territories.

Our efforts to promote responsible corporate citizenship in each of our operating territories are manifest in:

- The measurable outcomes of our MTN Foundations and ancillary community upliftment programmes.
- Stakeholder engagement and support initiatives. In this way MTN is making a meaningful contribution to sustainable development in these countries.

In our sustainability report we consider our progress and achievements of the past period.

Our progress in the shortened reporting period is highlighted by the following notable achievements:

- Our BEE spend in South Africa exceeded R1 billion or 33% of our total spend.
- We have developed a comprehensive sustainability framework that will be applied in each of our operations and replicated in new operations that are acquired.
- Our practice of active support for local suppliers has become entrenched in each operation and our total spend across the Group amounts to R5 billion.
- Our tariffs have remained constant over the reporting period, and even decreased in some countries despite inflationary pressures. While tariffs are largely market driven, we believe our tariff structures are fair and competitive.
- We have responded to the challenge of universal connectivity by pursuing a strategy of broad geographic and population coverage through enhanced network infrastructure, catering for our low-income market segments through the introduction of low-denomination recharge vouchers and per-second billing in some markets, thereby further reducing economic barriers to communication access.
- We are creating a customer-centric culture within our organisation by training, developing, growing and rewarding our employees. Three specific programmes aimed at reinforcing our customer

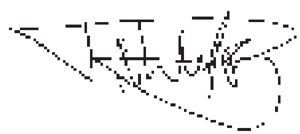
focus are (1) The annual MTN Group leadership conference (2) The Y'ello Leader Academy and (3) The Y'ello Stars employee recognition and reward programme, that culminates in a Y'ello Stars gala event.

- Our corporate social investment (CSI) philosophy is well entrenched in each country of operation with formally established Foundations in South Africa, Nigeria and Cameroon. Each operation is committed to spending up to 1% of profit after tax on CSI projects. Among our Group's successful projects are the partnership with Schoolnet in Nigeria, which has impacted nearly 50 000 learners and the ICT and Rural Entrepreneurship Programme in South Africa, which has trained and supported over 500 women entrepreneurs.

We do, however, acknowledge the following key areas for improvement:

- Our growing subscriber base has increased pressure on our call centres' service quality across all operations. This is as a result of new market expansion and the introduction of a growing range of services. Our response is to increase the number of call centre agents and to implement new technology to respond to routine enquiries.
- To build a sustainable business for the benefit of all stakeholders, we are continuously strengthening our risk management structures and establishing fraud hotlines and forensic capabilities in our maturing continental operations. We have made significant progress towards enhanced reporting mechanisms at the business level, structuring key performance areas for risk managers and ensuring the overall integration of risk reporting into business reporting. We will continue to work towards further progress in line with this objective.
- The extension of ISO and Occupational Health and Safety Assessment Series (OHSAS) certification to all operations is taking longer than we anticipated but we are committed to achieving this accreditation within the next two years.

Beneath our economic headlines lie the social and development impact that will help us sustain long-term value for all our stakeholders. We are constantly learning where we can make the most pertinent impact. Overall, we are encouraged that we have met most of our sustainability objectives during the past period and we have set additional goals for the coming year. We are creating a strong platform from which to monitor and measure our impact going forward and aim to create an integrated and interlinking stakeholder value as we progress.



Phuthuma Nhleko

Group Chief Executive Officer

22 March 2006

BUSINESS CASE

Our brand promise is ***Everywhere You Go***. To deliver on this promise, we need to create the infrastructure required to ensure continuous and reliable mobile communication access to our customers wherever they go. This is only possible if we remain a profitable company and can deliver meaningful returns to our stakeholders. Our stakeholders include shareholders, employees, customers, communities surrounding our businesses as well as the public sector that has supported the Group in its journey from a fledgling telecommunications operator in an emerging economy to becoming a global player in a connected world.

However, we endeavour to balance profit with the need to act in a socially responsible way and to invest in the required infrastructure to expand our reach to a wide customer base and to meet our contractual obligations as a mobile telecoms operator promoting universal access in each country of operation. We understand that profit can also be enhanced by improved management systems and greater efficiencies within our daily operations.

The infinite service possibilities enabled by technological advancements, such as wireless and high-speed data access, coupled with the commercial expansiveness of today's global economy, need to be balanced with environmental pressures and social sustainability concerns. Delivering a brand promise depends on our success in bridging the gaps through the creation of meaningful value for all our stakeholders wherever we go.

We aim to create this value in four ways.

Firstly, through constantly enhancing our connectivity and services to meet the communication needs of our customers at all income levels and by enabling genuine localised economic development and social upliftment. This allows us to constructively expand our market through positive initiatives that simultaneously enhance the lives of local populations.

Secondly, by creating interlinking value between stakeholder groups as well as establishing the systems to measure and monitor our performance against their expectations, we are able to manage our risks more effectively and identify opportunities timeously. This in turn enables us to enhance our service offerings and growth.

Thirdly, by acting in a sustainable way in our daily business practices through the promotion of operational efficiencies, we comply with our own environmental philosophies and are able to effect meaningful savings within the Group. We continually focus on new and innovative ways to create value – be it through making or saving money. Where possible, we recycle, use environmentally friendly materials and co-ordinate activities more efficiently.

Fourthly, by attracting and cultivating a highly skilled and motivated workforce as well as focusing on skills development and local skills transfer, we are able to deliver superior service to our customers. In the past year, we have focused increasingly on strengthening a customer-centric culture within our operations. We have done this through promoting an employee-centric environment for our staff. To achieve this has meant considering their health and wellbeing, their skills, talents and career aspirations, while enabling their performance through effective processes and organisational tools.

It is almost impossible to measure the intangible value created through our operational philosophies, efficiencies and CSI programmes. However, there are indeed two intangible benchmarks for creating stakeholder value: reputation and brand recognition. This is true for any organisation operating in a highly competitive, technologically advanced and fast-paced industry. With our brand promise consolidated across all our operational territories, our market reputation becomes a single point of reference. This means that we are now singularly branded by stakeholders, both continentally and globally, according to the way we do business in any one of our operational territories.

For this reason, we endeavour to maintain the same quality of service delivery in all regions, standardise and embed operational processes across all operations and ensure a global reputation that is associated with trust in quality service delivery, territorial commitment and the creation of positive stakeholder value in everything we do.

SCOPE AND USE OF THE SUSTAINABILITY REPORTING SECTION

With the change in the Group's financial year-end – from March to December – the report covers the nine months to 31 December 2005. The targets and objectives set in the previous report were intended for a 12-month period and, where applicable, have been adjusted to reflect target status for the nine-month period. At times, the shortened reporting period may have contributed to our objectives not being fully realised.

This year, we have integrated our business report and sustainability report into one annual report. Hence, this section on corporate sustainability should be read in the context of the full annual report. The content and structure of the section has been guided by the Global Reporting Initiative (GRI) on Sustainable Development. The GRI content index is available on our website – www.mtn.co.za.

This section only covers the MTN Group's six established operations – South Africa, Nigeria, Cameroon, Rwanda, Uganda and Swaziland. The Group's new operations will be included in future reviews as the concept and framework for sustainability management are understood and embedded.

Further details of operational performance are given in the individual operational performance review sections of this annual report.

For brevity and ease of access, we have again used our website to publish standard policies and procedures. We refer the reader to this site.

This section of the integrated annual report aims to highlight achievements in our performance and the impact of the Group's sustainability practices in the past year. We do this by referencing various Group activities at selected operations. We also aim to give the reader some insight into our future sustainability goals as well as the potential challenges we face in achieving these.

While we are unable to refer to every country when referencing our performance and impact, each operation is committed to following Group practices and standards.

As always, we would appreciate your feedback on this report, as well as the process that was adopted in developing it. For further information on how to engage the Group or to give comments, kindly visit the Group website and send comments via fax or e-mail to:

Contact
Mr T Ramodibe

Telephone
+27 11 912 3000

Facsimile
+27 11 912 4341

E-mail
sustainability@mtn.co.za

Website
www.mtn.co.za

TARGETS AND ACHIEVEMENTS

Economic and governance structures

Target 2005	Progress	Target 2006
An improvement of CRI (Corporate Reputation Index) scores in all operations by 2% each year.	CRI ratings have increased in Rwanda (4%) and Cameroon (3%), elsewhere they remained constant or decreased.	An improvement of CRI scores in all operations by 2% each year.
Refine our management information systems to include both financial and sustainability indicators.	The management information reporting system has been refined to include financial and non-financial indicators.	
Increase fraud prevention and detection throughout the Group through: • Fraud awareness training • Forensic capabilities • A whistle-blowing function	A whistle-blowing function has been established in six group operations.	A whistle-blowing function to be extended to the new operations. Further fraud awareness training and forensic capabilities will be deployed in each operation.
BEE procurement target South Africa of R750 million.	BEE procurement in South Africa exceeded R1 billion.	BEE spend in South Africa of R1,3 billion.
Embed sustainability practices, measures and targets across the Group as a part of the performance monitoring process.	Sustainability practices still need to be further embedded within all operations. This will be achieved through the implementation of the developed integrated sustainability framework.	Embed our sustainability framework and performance indicators into each operation with a view to performing internal audits and compliance reviews in 2007.
Enhance assurance on our sustainability practices and framework, by addressing the internal audit report findings on sustainability.	Internal audit findings addressed by: • developing a sustainability framework • assessing each operation in relation to KPI management.	Further assurance over sustainability performance is required and will be achieved when the operations adopt the sustainability framework.
Embed business level risk management procedures by June 2006.	Risk management procedures continue to be extended to the organisation.	Embed business level risk management procedures further.
Conduct an annual corporate reputation audit.	The annual corporate reputation audit has been conducted this year across all existing operations.	Conduct annual reputation review and consistently improve scores for the Group and individual operations.
Extend ISO health and safety certification across all operations.	The extension of ISO health and safety accreditation to other operations has not been achieved.	Obtain ISO health and safety certification across all operations within the next two years.

TARGETS AND ACHIEVEMENTS *(continued)*

Social

Target 2005	Progress	Target 2006
Annual independent assessments of CSI projects and extension to all operations.	Further progress is required to ensure that independent assessments of CSI projects are done annually.	Allocate up to 1% of profit after tax to CSI in each operation and establish Foundations where appropriate.
Maintain a staff turnover rate between 3% and 5%.	Our staff turnover rate was 2,2%.	Maintain a staff turnover rate of between 5% and 7%.
Submit an employment equity (EE) plan for increased employee equity by 2006 in South Africa.	A revised EE plan was submitted in 2005 and MTN South Africa is fully compliant with the Employment Equity Act of 1998.	Retain and maintain compliance with EE legislation.
Build increased leadership to support growth for the Group.	Continued development of leadership capabilities across all operations through training and development programmes.	
Complete management training through Y'ello Leader Academy.	Y'ello Leader Academy in South Africa and Swaziland will be completed by end 2006.	Extend the Y'ello Leader Academy to all operations by the end of 2007 and to middle management in South Africa.
		Proactively communicate with and engage all stakeholders.
		Improve call centre response rates across operations and improve systems in the South African call centres.

Environmental

Target 2005	Progress	Target 2006
Consistently implement training and instruction pertaining to the Group-wide EMS across all operations.	Further training across all operations on the EMS and streamlining the operational implementation.	Refine the reporting structures of our EMS to match the organisation's electronic risk management system.
Extend ISO 14001 certification to other operations.	Limited success in ISO certification.	Extend ISO 14001 certification across the Group in the next two to three years.
Promote awareness amongst consumers to recycle phones and batteries.	The need to recycle phones and phone batteries has been highlighted and plans are in place to enhance recycling efforts.	Intensify consumer awareness of used handset recycling and the use of biodegradable recharge-cards.
		Promote a Group culture of efficiency for greater environmental awareness.
		Train suppliers on the handling of electromagnetic fields, particularly those working on our towers.

STAKEHOLDER ENGAGEMENT

Our stakeholders are crucial to the long-term success and sustainability of our organisation. We endeavour to engage key stakeholders in coherent and meaningful ways while identifying opportunities to work together for mutual value.

Each operation is charged with engaging with its specific stakeholders. This principle has been made central to our newly developed sustainability framework.

The table overleaf identifies our key stakeholders and summarises their specific areas of interest while referencing the sections of the report where we have responded to these issues.

We also report on highlights from our annual corporate reputation audit. This process is a key measure in assisting us to monitor our performance against various reputation indices and guides us on the progress we have made in responding to the challenges set by our stakeholders.

A key component of our stakeholder engagement approach is the use of an external service provider to conduct independent annual stakeholder interviews in each operational territory. The primary objectives of these interviews are to understand our performance in terms of stakeholder issues and expectations and to identify areas of possible improvement in our stakeholder communications.

We have received detailed questionnaire results from each region to guide us in our understanding of where we do well and where we need to improve. We respond to these issues through this report.

Stakeholder engagements

Our stakeholders	Employees	Regulators	Shareholders
Frequency and type of interaction	• Annual corporate reputation audit • Monthly magazines • Staff meetings • Communication from management • Annual culture survey	• Annual corporate reputation audit • Annual interviews conducted by an external service provider • Our legal and regulatory teams have continuous interaction with telecoms regulators in terms of understanding and clarifying new regulations	• Annual corporate reputation audit • Annual interviews conducted by an external service provider • Quarterly updates and releases through the JSE • Results presentations • Investor road shows • Business and sustainability reports • Investor centre on website
Key issues faced by stakeholders	a. Career development, job security and plans to ensure staff retention b. Promotion of diversity c. Policies and practices on HIV/AIDS d. Workplace non-discrimination e. Monetary and non-monetary benefits f. Fair treatment and open communication g. Network coverage	a. Network coverage and quality communication b. Fair tariffs c. Respect for the current regulations, compliance with licence conditions and payment of regulatory fees d. HIV/AIDS e. Mast siting and mast sharing f. Financial performance	a. Timely receipt and provision of information b. Improved shareholder value c. HIV/AIDS d. Education and skills development e. Tariffs f. Access to communication for the mass market g. Environmental effects of base stations h. Coverage i. Employee satisfaction
Our responses to your issues	a. Page 80 to 85 b. Page 83 c. Page 84 d. Page 81 e. Page 82 to 83 f. Page 81 g. Page 75	a. Page 75 b. Page 74 c. Page 75 d. Page 84 e. Page 89 f. Page 20 to 34	a. Page 40 to 58 b. Page 72 c. Page 84 d. Page 83 and 84 e. Page 74 f. Page 75 g. Page 89 h. Page 75 i. Page 80

Our stakeholders	Customers	Communities, public interest groups and the media	Government
Frequency and type of interaction	• Annual corporate reputation audit • Customer focus groups • Corporate customers are contacted personally to update them on latest service offerings • Annual interviews conducted by an external service provider	• Annual corporate reputation audit • Community and public interest focus groups • Press conferences and media responses • Annual interviews conducted by an external service provider	• Annual corporate reputation audit • Government focus groups • Annual interviews conducted by an external service provider
Key issues faced by stakeholders	a. Financial performance b. Employee satisfaction c. Compliance with legislation d. Network coverage, particularly in rural areas e. Tariffs f. HIV/AIDS g. Contribution to society h. Employee rights i. Network reliability	a. Consistent communication and frequent visits b. More consistency in funding c. Poverty alleviation d. HIV/AIDS e. Education f. Coverage g. Knowledge transfer h. Tariffs	a. Continued investments b. Continue advising the authority in terms of investment policies c. Coverage d. Licence obligations and regulations e. Improved service f. Tariffs g. Respect for the regulator and partnership with government h. HIV/AIDS i. Employee satisfaction j. BEE/local knowledge transfer
Our responses to your issues	a. Page 20 to 34 b. Page 80 c. Page 75 d. Page 75 and 88 e. Page 74 f. Page 81 g. Page 75	a. Page 67 b. Page 85 to 87 c. Page 77, 78 and 91 d. Page 84 e. Page 75 f. Page 75 g. Page 83 and 84 h. Page 74	a. Page 75 b. Not addressed in this report c. Page 75 d. Page 75 e. Page 74 f. Page 74 g. Page 75 h. Page 84 i. Page 80 j. Page 73

CORPORATE REPUTATION

The process

The objective of the corporate reputation audit is to obtain stakeholders' perspectives of MTN's reputation in South Africa, Nigeria, Cameroon, Rwanda, Swaziland and Uganda.

MTN's key stakeholders consist of customers, special publics (which include corporates and SMEs) as well as employees. The corporate reputation audit tracks stakeholder attitudes toward key issues that drive MTN's reputation as well as indicators such as favourability, communication effectiveness and social responsibility. The reputation drivers have been identified as:

- Industry leadership
- Social performance
- Employee focus
- Financial performance
- Product/service quality
- Community
- Management quality
- Customer focus

In addition, the process considers the behavioural impacts that stem from these reputation drivers. These include:

- Whether stakeholders would invest their money in the company
- Whether they would recommend the services of MTN
- Whether they would be willing to work for the company
- Whether they would believe any negative information on the company
- Whether they would support the company in a crisis
- If they are existing employees, whether they would continue working for the company
- Whether they would support the company on key issues
- Whether they would purchase products or services from the company

Group results

MTN conducted its fourth Group-wide corporate reputation audit between May and July 2005. The overall Group findings (indexed score[1]) reveal a consolidation of the Group's performance at levels similar to those achieved over the previous two years.

The table below summarises the results of our annual corporate reputation review for 2005 compared to the results of the previous two years. Ratings are scored below:

	2005 %	2004 %	2003 %
Industry leadership	**75**	75	74
Product service/quality	**68**	68	70
Social performance	**67**	67	67
Community	**64**	65	67
Employee focus	**64**	65	67
Management quality	**68**	68	69
Financial	**75**	76	76
Customer	**67**	67	63

Each operation implements measures to address issues highlighted in the review.

[1]*Corporate reputation index is a composite measure comprising the reputation drivers as well as indicators of favourability, communication effectiveness and social responsibility.*

Operation results December 2005

South Africa

- Of all the leading companies referenced in the South African survey, MTN rates as the company with the best overall reputation. That said, if employees were excluded from the corporate reputation audit, MTN would slip down to fourth place in the survey.
- The company's performance against the eight reputation drivers shows slight declines in all ratings between 2003 and 2005, albeit within a narrow margin. Overall, all reputation driver scores for the South African operation reflect healthy and consistent levels.
- In terms of the company's overall performance per stakeholder group:
  - The customer index score is down 5%
  - The employee index score is 59%
  - The special publics index score is down 9%

Cameroon

- MTN Cameroon far outperforms all other companies referenced in the survey in terms of best overall reputation – both including and excluding the participation of employees.
- MTN Cameroon reflects ongoing improvements in terms of performance against most reputation drivers, affirming its strong competitive reputation position. The company's social performance reflects particularly strong growth over the past three years.
- In terms of the company's overall performance per stakeholder group:
  - The customer index score is up 3%
  - The employee index score is 72%
  - The special publics index score is up 4%

Nigeria

- MTN rates a joint second place as the company with the best overall reputation compared to leading Nigerian companies. This rating excludes employees. With employees included, MTN rates joint third in the survey.
- MTN Nigeria's performance against the eight reputation drivers reflects a tapering off in 2005 compared to the marked improvement shown in 2004. However, 2005 score levels are still above 2003 levels, which were notably low. Financial performance and industry leadership scores are high, while employee focus scores are low.
- In terms of the company's overall performance per stakeholder group:
  - The customer index score has increased by 1%
  - The employee index score is 53%
  - The special publics index score is down 10%

Rwanda

- MTN rates second as the company with the best overall reputation compared to leading companies in Rwanda. This rating includes employees.
- MTN Rwanda's performance against the eight reputation drivers shows upward movement compared to 2004. Industry leadership and product/service quality are up and compare favourably with the previous high score reflected in 2003.
- In terms of the company's overall performance per stakeholder group:
  - The customer index score is up 2%
  - The employee index score is 70%
  - The special publics index score is up 2%

Uganda

- MTN Uganda rates second as the company with the best overall reputation compared to leading companies in Uganda, be it including or excluding employees.
- The company's performance against the eight reputation drivers reflects an improvement in 2005, in five out of eight reputation drivers. This follows a decline in 2004. However, 2003 scores remain higher. The financial rating is strong but the employee rating is notably low, showing a consistent downward movement since 2003.
- In terms of the company's overall performance per stakeholder group:
  - The customer index score is down 2%
  - The employee index score is 72%
  - The special publics index score is up 4%

Swaziland

- MTN rates third as the company with the best overall reputation compared to other leading Swazi companies – including or excluding employees.
- The company's performance against the eight reputation drivers reflects a consistent reduction – except for customer focus – since 2003. Customer focus has improved significantly but ratings for community involvement and employee focus are notably poorer.
- In terms of the company's overall performance per stakeholder group:
  - The customer index score is up 4%
  - The employee index score is 41%
  - The special publics index score is down 8%

Growing reputation management in the Group

As a global technology company, MTN continues to broaden and refine its understanding and management of corporate reputation. As the number of MTN operations has increased the corporate reputation review will be further developed to provide more specific insights for each operation, thereby enhancing the utility of the review for management decision-making purposes.

ECONOMIC PERFORMANCE AND GOVERNANCE STRUCTURES

Governance structures

Group-wide governance structures are detailed on page 95 of this integrated report. This section of the report specifically addresses the governance and management structures relating to the management of sustainability across the Group. The responsibility for managing sustainability has been allocated to the business risk management department. The board has delegated responsibility for monitoring sustainability issues to the risk and corporate governance committee.

Using last year's internal sustainability audit findings as a guide, we have developed a sustainability framework that includes key performance indicators (KPIs) for the Group.

From the Group's perspective, many issues around sustainability are being addressed, but not in a co-ordinated and targeted way. We therefore conducted a "current state analysis" against the Group's "desired future state". Scoring for the current state assessment ranged from (a) nothing in place; (b) informal activities, but no monitoring; (c) processes in place but no performance measurement to (d) processes in place and KPIs set for the responsible person.

Overall, we found economic indicators to be well embedded but other aspects around sustainability management were less so.

We have identified 20 key areas within the framework that need to be addressed in the coming year. We plan to implement the management structures needed to monitor and measure these areas in each operation. Until this is suitably achieved, no further internal audits will be performed around sustainability management. The envisaged assurance path will include a phased approach, with defined assurance of selected elements. The process will be incrementally improved each year, culminating in full assurance of sustainability management within the Group.

Admittedly, our existing sustainability framework should have been further integrated into operational business practices. Our challenge remains the flow of information and the streamlined implementation of localised processes and procedures in each operation. However, with the sustainability framework now accepted and included in the mandate of our business risk management team, we are confident that we will make progress in integrating sustainability issues into our daily activities, management systems and reporting practices in the coming year.

Returns to stakeholders

A detailed analysis of our financial performance for the period appears in the Chief Financial Officer's report (page 20). Our value added statement is detailed on page 76. However, the economic returns to our stakeholders go beyond pure financial performance and include considerations such as:

- The number of subscribers and the benefits they gain from being connected – be it for work, leisure or safety. Our total subscriber base has increased from 15,6 million in March 2005 to 23,2 million at the end of December 2005.
- Capital investment in our countries of operation have created local jobs and entrepreneurial opportunities. This has a ripple effect that creates more spending power and more jobs. Our capital investment during the period was R6,7 billion (March 2005: R7,6 billion).
- Licence fees and taxes paid to regulators and governments facilitate further investments and social upliftment initiatives by the authorities. Our total contribution to government was R2,9 billion compared to R4,3 billion in the previous reporting period.

- Our shareholders received R1,2 billion (March 2005: R680 million) which was returned to individuals – including our own employees – though private investments and pension funds.
- Our CSI programmes have a broad-based impact through the work of the MTN foundations in South Africa, Nigeria and Cameroon and targeted social investments in our other operating units. However, the social impact on – and long-term economic growth in – our operational countries is far greater than the immediate investment potential: local jobs and entrepreneurial opportunities are created, healthcare is improved and educational standards are raised through our CSI initiatives, often in partnership with other reputable organisations and local companies.
- MTN employee pay levels and benefits as well as training and development initiatives attract and create a high standard of skill within our countries of operation. This also benefits other organisations in the territories as people move out of the Group and contribute to other aspects of the economy.

Further details on our performances in the regions are provided in the sections that follow. However, the true economic impact and performance of the company are difficult to measure as its deliverables extend beyond the direct recipient.

The table below outlines purchases from local suppliers in our different operations.

	9 months to December 2005 Rm	12 months to March 2005 Rm
South Africa	**1 174**	936
Nigeria	**3 360**	5 017
Cameroon	**217**	551
Uganda	**227**	420
Rwanda	**14**	14
Swaziland	**17**	29
Total	**5 009**	6 964

Ultimately, the impact of our participation in regional economies and communities will only be understood in the context of each country's ability to develop and secure its own economic growth and sustainability.

Local supplier support

MTN strongly supports and partners local suppliers in each of its countries of operation to achieve genuine economic growth. These local suppliers are typically SMEs that meet operational office requirements (ie computer services and stationery) and retailers in the handset distribution and airtime recharge cards chain. The Group's network equipment and handsets, which constitute a significant portion of our purchases, are sourced from global suppliers.

Various initiatives exist to encourage supplier loyalty, such as the support given to informal mobile phone distribution sectors in our operational regions (see case study on page 78). In South Africa our procurement practices are focused on supporting SMMEs and empowered suppliers. Our preferential procurement philosophy and approach to SMME support in South Africa is detailed below.

BEE performance in South Africa

MTN forms partnerships with suppliers with a focus on genuine local economic and enterprise development and commercial empowerment. For this reason, we have a formalised and frequently updated black economic empowerment (BEE) policy (available on www.mtn.co.za) and we contract with suppliers according to a stringent BEE procurement scorecard. Our BEE scorecard and associated questionnaire are aligned directly to both the ICT charter and the Good Codes of Practice as set out by the Department of Trade and Industry (the dti) in terms of the Broad-Based Black Economic Empowerment Act (BBBEE Act).

In 2006, we will be focusing on supplier and enterprise development initiatives to ensure that our suppliers and our internal procurement processes support the SMME sector.

MTN's procurement policies and procedures require that all our suppliers comply with our requirements, such as active involvement in human resource development (ie transfer of skills), economic participation, enterprise development, procurement and corporate social investment. These activities enable MTN to support local industry and facilitate wider economic development and commercial participation in historically disadvantaged communities.

Our vendors are required to complete a detailed questionnaire and we discard any supplier that does not meet the 35% BEE rating required by the ICT charter. We are always prepared to assist a company in becoming compliant, particularly if that company is strategic in its service offering to MTN. Typically, we do this by introducing them to our larger suppliers for managerial assistance or offer them our approved vendor list if theirs falls short of our scorecard requirements. In addition, we record their "weaknesses" in their supplier contracts and request a written plan of action. Some SMMEs we have worked with in this way have become very successful. To further encourage this way of working with our suppliers, we plan to implement a supplier programme in future to reward loyalty, excellence and growth.

Customer satisfaction

Delivering the best customer experience is at the heart of everything we do and the results of customer satisfaction-related surveys and reputation audits are viewed as key measures of our success. Our promise to our customers can be summarised as: reliability, uninterrupted service and prompt response to complaints.

Key points of customer communication are our operational customer call centres. Our main challenge over the period, as our subscriber base has grown, has been to maintain the quality and standards of response in view of increased customer interactions. The main issues dealt with by our call centres include elementary customer education and basic functionality instructions, technical issues and directory enquiries.

All customer interfaces must correspond to the brand image the Group seeks to project through both promises and delivery.

In addition, the Group's strategy and view of the upcoming mobile number portability (in South Africa: for further details see the compliance section) goes beyond statutory requirement to an opportunity for adding-value to MTN's customers.

A specific challenge faced by our call centres during the past year was that numbers on our new biodegradable recharge vouchers were erased when scratched too hard, resulting in customer frustration. This dramatically increased our call volume. However, our response, which has been highly effective, was to initiate an education campaign to guide subscribers in using the new recharge cards appropriately.

As many calls are not of a technical nature, it is clear that increased customer education is required, specifically at points of sale. We will embark on an education campaign in the coming year to enhance customer knowledge.

We will also be expanding our call centre technology infrastructure to handle more calls related to basic phone usage issues and directory enquiries, thereby freeing up our agents to attend to more complex customer queries.

Tariff structure

Tariff structures and rates are important to all our stakeholders, specifically when attempting to extend the many varied benefits of mobile telephony to the widest possible community markets. Tariffs affect our entire stakeholder base: from the individual customer on a pay-as-you-go scheme; the many entrepreneurs who make a living by selling phone services to villagers; our commercial users of high-end mobile functionality; the governments of countries in which we operate that aim to bring universal access to all; and our financial investors, who require a reasonable return on their investment in a competitive and capital-intensive industry.

Various factors dictate and influence tariff structures. Tariff changes are approved by the regulator in each country of operation and are generally guided by local inflation rates. Tariff adjustments are influenced by a number of dynamic conditions such as:

- Capital investment in a territory
- International benchmarks of reception, coverage, and access to international roaming
- Regulatory factors and universal service obligations enforced contractually with each operator
- Macroeconomic conditions, such as interest rates, exchange rates and taxation

On the whole, the Group has been able to keep tariff increases below inflation, as the summary below indicates:

- South African tariffs have decreased overall by between 1% and 2%
- Nigerian tariffs have remained constant and the connection fee has been reduced
- Cameroon has had no tariff increases
- Ugandan tariffs have remained constant for two years
- Rwanda tariffs increased by 5%. Inflation in the country is 9,1%
- Swaziland had no tariff increases

Moreover, we have responded to tariff issues at the lower-income group level by introducing per-second billing and low-denomination recharge vouchers. This has expanded our service reach to an even broader customer base.

Tariffs are under constant scrutiny by stakeholders, with the common perception that telecoms companies are profiteering from excessive tariffs. Often, our local tariff structures are compared to global prices. However, the comparisons have to be understood in the context of variable conditions such as:

- The size of a population and the number of subscribers in a territory
- The reliance of a market on mobile services over fixed lines and how this contributes to the effectiveness of a country's economy
- The reliability of electricity networks and/or reliance on diesel-fuelled generators
- Rural coverage, which in turn depends on geographic size, spread and number of cities and towns covered by the network
- Entrepreneurial development through access to mobile telephony services.

In light of significant capital investments required to implement and maintain mobile infrastructure sometimes against the backdrop of harsh social and economic conditions – balancing investment and pricing remains a constant challenge.

The table below illustrates the investment made in our six existing operations during the period:

	9 months Dec 2005 Rm	12 months Mar 2005 Rm
South Africa	**2 256**	1 745
Nigeria	**3 849**	5 518
Cameroon	**198**	194
Uganda	**123**	88
Rwanda	**34**	11
Swaziland	**12**	17
Total capital investment	**6 472**	7 573

Network coverage: quality, reliability, consistency and support

The quality and reliability of our network coverage is central to customer satisfaction. We are also compelled by our licensing obligations to promote universal access to as broad a community base as possible through adequate and reliable network connectivity.

Compliance with legislation, licence obligations and licence fees

MTN strives to comply with all legislation and to fulfil all its licence obligations. These typically encompass universal service access and annual licence fees. Our strategies, risk frameworks, policies and procedures and internal controls are designed to ensure high levels of regulatory compliance in each of our operations. During the period under review, there were no material instances of non-compliance.

The telecommunications legislative environment is particularly dynamic, with constant changes made to regulations and associated contractual obligations on operators. However, our compliance structures are designed to identify, understand and align with these changing requirements. We work with governments and regulators to develop regulatory environments where the final rules of operation are practical and achievable for the entire industry.

The most noteworthy current and known future developments are:

- The Electronic Communications Bill (previously the Convergence Bill), mobile number portability and the Monitoring and Interception Act (all in South Africa)
- The "Lawful interception" initiative in Nigeria
- ICT charter

Technology: developments, initiatives and plans

With wireless and high-speed data access becoming available at lower cost, we have been able to enhance our mobile communication services substantially during the past period. We launched our 3G services in 2005 and prior to this we offered our data services on our GPRS and EDGE platforms. MTN remains committed to providing its customers with a seamless broadband experience by further investing in its network and developing tailor-made wireless broadband solutions for customers in both rural and urban areas. By using 3G-enabled phones, customers can make video phone calls, use the high-speed access to enhance their web-browsing and receive e-mails containing large attachments.

Highlights of operating units' technology and service developments during the review period are reflected in the individual operations reviews (pages 40 – 58).

Communication: promoting universal service

Ensuring reliable and consistent mobile access to as wide and diverse a community base as possible is not only an obligation of our licence agreements but we view the promotion of universal access as key to our own sustainability as an organisation. We consistently explore and develop new and innovative ways to promote universal service and to increase public awareness of the benefits of mobile telecommunications. We do this not only through the expansion of our network connectivity capabilities but also through targeted efforts to keep our tariff structures competitive. For instance, our per-second billing and low-denomination vouchers are specifically beneficial for our lowest income group customers.

Our key performance indicators in this area are:

	South Africa		Nigeria		Cameroon		Uganda		Rwanda		Swaziland	
	Dec 2005	Mar 2005	**Dec 2005**	Mar 2005	**Dec 2005**	Mar 2005	**Dec 2005**	Mar 2005	**Dec 2005**	Mar 2005	**Dec 2005**	Mar 2005
Geographic coverage (%)	**70**	69	**38**	30	**15**	15	**59**	56	**80**	64	**79**	79
Population coverage (%)	**94**	92	**64**	58	**75**	72	**73**	71	**3**	3	**89**	89
Base stations (number)	**4 738**	4 539	**2 120**	1 662	**284**	267	**312**	283	**89**	78	**76**	74
Switches (number)	**48**	45	**35**	30	**3**	3	**4**	4	**2**	2	**2**	2
Network capacity utilisation (%)	**86**	80	**75**	89	**88**	62	**65**	68	**76**	95	**51**	56

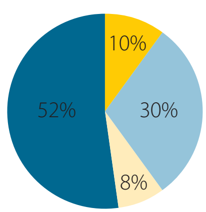
Commentary on the overall network performance of the Group's operating units is detailed in the operations review section of the report starting on page 40.

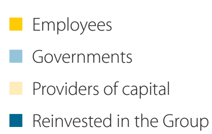
Group cash value added statement

for the nine months ended 31 December 2005

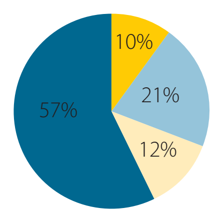
	9 months ended December 2005 Rm	12 months ended March 2005 Rm
Cash value added		
Cash value generated from revenue	**25 932**	28 045
Cost of materials and services	**(12 548)**	(13 774)
Cash value added by operations	**13 384**	14 271
Finance income	**371**	258
	13 755	14 529
Cash value distributed		
Employees	**1 428**	1 411
Salaries, wages and other benefits	**1 181**	1 181
Employees' tax	**247**	230
Governments	**2 939**	4 305
Corporate and indirect taxation	**2 350**	3 744
Licence fees	**589**	561
Providers of capital	**1 568**	1 201
Finance costs	**487**	521
Dividends	**1 081**	680
Total cash value distributed	**5 935**	6 917
Reinvested in the Group	**7 820**	7 612
	13 755	14 529

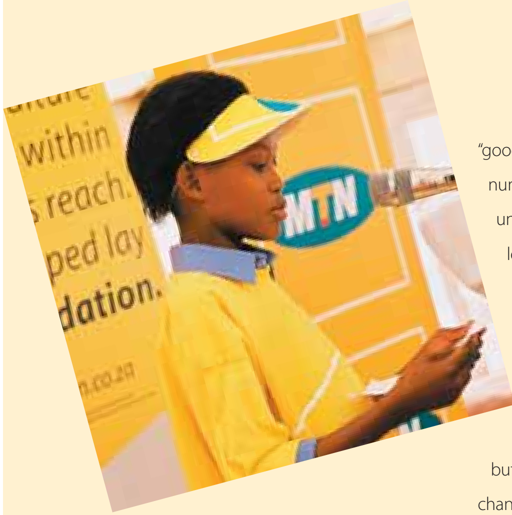
Wealth distribution for the 12 month period ended 31 March 2005





Wealth distribution for the 9 month period ended 31 December 2005





Setting the CSR bar in African countries:

Leading by example

Corporate social responsibility (CSR) and corporate social investment (CSI) are still frequently perceived to be nothing more than a series of philanthropic donations and "good deeds" in the communities existing in and around a company's areas of operation. Few companies participate practically in the activities of their partner agencies, and the relationship almost always ends with the proverbial cheque being handed over at a gala media launch.

In Africa, the very depth and breadth of the social, economic and environmental challenges call for more than CSR "showmanship", a short-term once-off grant to long-term perspective to social interventions. To be a "good corporate citizen" a company must engage with numerous stakeholders to get a sensible and realistic understanding of the most pressing needs in their local communities, and to find meaningful, as well as sustainable, solutions to local development challenges.

In all countries in which it operates, MTN recognises that its role is not only to assist organisations with monetary sponsorships but rather to work with civil society to affect positive change.

Amid an apparent lack of CSR focus and effort in Africa, MTN perceives a real and practicable benefit in promoting partnerships. All MTN Foundations' projects and targeted CSI programmes are informed by a commitment to collaborative partnerships and ensuring sustainability and long-term impact.

Through purposeful investments and partnerships with NGO's, government agencies and related capacity-building organisations, MTN has created empowerment opportunities and contributed to socio-economic development.

In Nigeria, for instance, MTN has partnered with School Net Nigeria (an ICT in Education NGO) and State governments to provide 24 public secondary schools with fully operational computer laboratories. In Cameroon, the same ethos underpins MTN's relationship with organisations such as the World Wildlife Fund for Nature (WWF) and the International Committee of the Red Cross (ICRC).

We are committed to promoting increased levels of CSR in the countries in which we operate. Our partners have commended the impacts of our relationship on their ability to interact with other companies. In turn, we will continue to find new and innovative ways to encourage the development of more partnerships in our operational territories and to lead by example in participating in practical, measurable ways to further CSR in the countries in which we operate.

Expanding entrepreneurship opportunities in Uganda

MTN Uganda has made a significant contribution towards local job creation and the promotion of local SMEs through its support of informal mobile distribution channels. Local start-up entrepreneurs who set up small mobile telecoms distribution outlets receive initial training and assistance from MTN and discounts on equipment.

However, the informal mobile distribution structure in Uganda is not only expanding the mobile telephony market to lower income groups but is also creating a wider informal business sector that is beginning to spawn new local jobs. MTN recognises the sustainable benefits accruing to this sector through its continuous use and support of informal distribution channels.

Three main distribution dealership models have burgeoned in the region:

- Manned public payphones: Resellers buy public phones and purchase airtime at discounted prices from MTN to enhance their profitability. Nation-wide there are about 12 000 manned payphones.
- Call boxes: MTN sets up the public call boxes and allocates them to local entrepreneurs to manage. The entrepreneur can purchase recharge vouchers at reseller tariffs and charge the customer for time spent on the phone. Country-wide, there are more than 2 400 call boxes.
- Village phones: Through a partnership with a micro financing institution, MTN assists village entrepreneurs to purchase a phone, solar panel and signage. They can purchase recharge vouchers from MTN at reseller rates and charge customers according to time spent on the phone. There are approximately 3 300 village phones in the region.

Through MTN's ongoing support of this informal distribution channel, small entrepreneurial distributors are becoming well-established businesses in the region. Moreover, they are no longer confining their services to telecoms access but are beginning to diversify their goods and services to cater for the wider consumer needs of their community markets.

This informal distribution sector has created more than 17 000 local jobs to date. This has closed some of the gap in delivering communication access to rural outlying areas and is beginning to empower suppliers and distributors of other consumer goods and services. This, in turn, is creating many more local jobs and entrepreneurial opportunities through the ripple effect of sustaining and growing their wider business networks.

MTN Group values

The MTN Group is a multinational company operating in a wide range of countries and cultures. The Group has, at its core, five shared values that address our business principles, conduct and interaction with all our stakeholders

Leadership

Ingredients – Foresight, Commitment, Guidance

- Building a future for our people and the customers we serve
- Leading the way in connectivity enablement

Integrity

Ingredients – Solid principles, Trusted, Togetherness

- We are, because of you our customer
- We are, because of you our employee
- With your trust and belief we will always succeed

Can-Do

Ingredients – Optimism, Future focus, Passionate, Happening

- Creating brighter futures, for everyone whose life we touch
- Empowering people, communities and countries
- Creating possibility

Innovation

Ingredients – Simplicity, Imagination, Insight, Creativity

- Doing things differently
- Making unlikely connections
- The unexpected exceeds expectations

Relationships

Ingredients – Teamwork, Friendly, Personal, Warm and caring

- Connecting with people on "their level"
- Having empathy for their unique situations
- Building relationships with our customers (internal and external)

SOCIAL PERFORMANCE

Employees

Our continued success depends on the social and economic well-being and development of our employees and the application of their skills and talents in the business. As our customer base expanded during the past period, both through the introduction of new services as well as our acquisition of new operations, the Group's focus has been on capacity building. Strong emphasis has been placed on ongoing succession planning and skills development as well as the integration of all new operations. This includes the standardisation of processes across the Group.

Two additional key focus areas for the Group have been customer centricity at every point of contact and becoming the least-cost operator. Both focus areas must be enabled through effective employee management.

The Group has introduced a number of employee-motivated initiatives to enhance our people's potential to grow as future leaders and responsible individuals – in terms of their interaction with customers, other employees and community participation. Among these is the Y'ello Stars initiative, an employee recognition programme aimed at embedding employee recognition into the culture of the organisation. The programme is informed by feedback from employees on how they wish to be recognised for their efforts. Y'ello Stars winners are selected in four categories from each operation and will be invited to the 2006 gala event (to become an annual event) to receive their awards. The four categories are: Competence, Star Performance, Customer Service and Living our Values. An overall winner for each category will be announced at the event.

Culture

The Group has been actively promoting a shift in the organisational culture to become increasingly more customer centric. However, we also recognise that to be focused on the customer, we must empower our employees.

To further understand the thoughts, ideas and issues facing our employees, we conduct an annual Group-wide culture survey. The most recent survey was conducted in October 2005 and covered 7 100 staff with a 56% response rate. The survey captures the personal opinions and organisational perspectives of employees.

Survey questions were structured in 12 categories, including: employee diversity, customer focus, values, recognition and reward. We compared survey responses against last year's responses as well as similar survey results from global telecoms and high-performing companies. Some of the strengths identified were:

- Top management does a good job at clearly stating objectives, establishing priorities, making decisions, providing leadership and communicating with employees
- Supervisors do a good job of building teamwork
- MTN performs well in matching pay to performance
- MTN compares well with global telecoms and high performers with regard to the quality of its products

The survey also identified areas for improvement. These centered on pay levels, respect, promotional prospects, work-life balance and concerns relating to the quality of customer service. Perceptions of pay levels did not compare well to other organisations or among the Group's operating units.

In response to the detailed results of the survey, we have engaged in high-level communications with employees in each country. We are also in the process of co-ordinating road shows to deliver the results to employees in each operation and to gather further information in support of the results as well as suggestions on how to improve on them. We recognise that any plans for improving employee well-being, skills and morale in any of the operations will need to follow Group policy guidelines.

To date, we have completed the roll out of the programme to senior levels of our organisation in South Africa and Swaziland and will be rolling it out to other operations as well as additional levels of our South African operation in the coming year.

Conditions of employment

MTN aims to attract top-quality employees and understands the need to create work conditions that both promote and retain these individuals. We have developed a performance-based culture that identifies, develops and rewards employees for their work and loyalty. We have also implemented a standardised performance management system across the Group. A staff shareholder scheme has been introduced in our South African operation and long-term incentives are being extended to all operations.

We have disciplinary procedures in place that include guidelines on dealing with bribery and corruption as well as whistle-blowing procedures. These are monitored by the internal audit functions.

While we have no formal agreement with any recognised trade unions, we are committed to freedom of association and collective bargaining. To this end, we promote consistent and open dialogue with our employees.

The total payroll spend across the Group is summarised in the table below:

	South Africa Rm	Nigeria Rm	Cameroon Rm	Uganda Rm	Rwanda Rm	Swaziland Rm
Dec 2005 (9 months)	689	328	51	50	19	21
Mar 2005 (12 months)	993	298	67	67	30	20
Mar 2004 (12 months)	764	241	51	56	23	21

Remuneration

Remuneration philosophy

MTN recognises that we compete in both the consumer market as well as the talent market, and that we need a brand that addresses both markets. We have therefore formulated an integrated employee value proposition (EVP) that consists of features and benefits. MTN's EVP uniquely positions the company for a specific target market – the talent market.

The company understands that for the reward philosophy to be truly effective, it needs to fit both the needs of the company as well as its people. MTN subscribes to the "total rewards" approach, which means understanding the person in a business context.

The company is cognisant of the fact that each employee's work experiences are different from each other. Therefore, our approach to total rewards addresses a variety of employees' needs, aspirations and expectations, while being almost singular in its focus on positioning total rewards as an effective motivator of those behaviours that will lead to our continued business success.

Remuneration structure

The Group remunerates executive directors, senior management and staff on a guaranteed package basis. In addition, incentives, both short term and long term, are provided to ensure alignment of both the executive directors' and the Group's objectives.

The guaranteed package of executive directors, senior management and staff consists of a flexible component and benefits. The flexible component may be structured in accordance with the specific requirements of the position and may include, apart from a basic salary, a travel allowance or a notional company car.

Benefits include the company's contributions to a defined contribution retirement fund and to a medical scheme.

The guaranteed package less the company contributions to benefit funds is subjected to an annual review, taking into consideration internal equity and external competitiveness.

Short-term incentive scheme

Performance bonuses for executive directors, senior management and staff are linked to operational and financial value drivers of business performance against budget for individual operations and the MTN Group as a whole. These value drivers are determined by the board every year for the next financial year. Each executive director's performance bonus is conditional on the achievement of their specific value drivers and key performance indicators, which are structured to retain a balance between the performance of entities for which they are directly responsible, and that of the Group. To align incentive awards with the performance to which they relate, bonuses as disclosed in the directors' report reflect the amounts accrued in respect of each year and not the amounts paid in that year. The bonuses are approved by the Group Nominations, Remuneration and Human Resources Committee, after independent verification, and approved by the board.

Long-term incentive scheme

Objective

The scheme encourages an alignment between the individual interests of senior MTN employees and that of the long-term MTN Group success and allows for significant upside potential over the medium to long term and is therefore a compelling retention mechanism. The scheme provides an opportunity for the eligible employee to share in the value enhancement of the Group and thereby give an eligible employee an incentive to invest their energy, creativity and dynamism in their daily work.

MTN share incentive scheme

All eligible employees in South Africa participate in the MTN Group Limited Share Incentive Scheme. Eligible employees include employees classified as senior managers and higher.

The value of the actual performance bonus amount payable to an executive director is the result of:

• Element 1	**financial achievement**	(percentage)	multiplied by
• Element 2	**value driver achievement**	(percentage)	multiplied by
• Element 3	**on-target bonus percentage**	(percentage)	multiplied by
• **Year-to-date salary**		(rand amount)	

The measurements of each of these elements are restricted within parameters representing both a minimum achievable target and a capped ceiling.

Allocations are based on percentages and multiples of the employee's guaranteed package less company contributions to medical aid.

Employees not participating in the share incentive scheme participate in a super bonus scheme.

MTN notional share option scheme

In accordance with the objectives of the Group, a notional share option scheme has been introduced within the various operations of the Group (excluding South Africa). The purpose of this scheme is to promote alignment between the interests of the various operations and the Group.

In accordance with the allocation principles of South Africa, allocations are based on percentages and multiples of the employee's guaranteed package less company contributions to medical aid. Employees not participating in the notional share option scheme participate in a super bonus scheme.

LifeStyle Benefits

The MTN Executive LifeStyle Benefits policy offers (in addition to the noted benefits and schemes) the following lifestyle benefits:

- Overseas business travel
- Financial advice
- Club membership

The policy takes cognisance of the specific lifestyles and circumstances of MTN Group executives and general managers and makes provision to adequately cater for some of the demands of their lifestyles and circumstances.

Net employment creation

During the past period 1 320 new staff members were employed by the Group, 299 from organic growth and 1 021 from acquisitions. The percentage of staff turnover in the year was 2,2%. Our target for the coming year is 5% to 7%.

	9 months Dec 2005 %	12 months Mar 2005 %
Permanent employees	**80**	75
Contractors	**19**	23
Expatriates	**1**	2

Training and development

MTN is committed to the training and development of its employees. We work with employees to identify career development opportunities and conduct a quarterly succession planning review. The training offered by the Group includes management and business development, telecommunications technical skills training, IT development and support, project management and customer care.

Employment equity in South Africa

MTN is committed to employment equity in South Africa, where issues of employment fairness and employee benefits are legislated. The Group institutionalises this commitment through employment equity plans and targets that comply fully with the Employment Equity Act of 1998. Our employee equity performance in the past period improved in both management and operational staff levels. We achieved 42,6% and 73,4%, up from 37% and 68% respectively as at 31 March 2005. A numerical record of the Group's employment equity performance in South Africa is detailed on page 85.

A further challenge during the reporting period has been the limited increase in overall headcount and low staff turnover. The Group has elected to achieve compliance with the Act through resignations, retirements and the creation of new positions.

Succession planning is in place to assist with employment equity drives within the organisation.

Our updated employment equity plan was submitted to government in October 2005. We have also considered and addressed remuneration inequalities as far as possible and have given special consideration to people with disabilities. In addition, we recognise the importance of promoting women within the organisation.

Approximately two thirds of our training is focused on the needs of previously disadvantaged employees and we have a comprehensive bursary programme in place for MTN employees' family members. In addition to our standard training programmes, we administer a talent initiative comprising approximately 45 employees who form part of a mentorship programme in which their career paths are considered and they are selected to "shadow" senior employees.

Employee mobility and expatriates

The Group is moving away from the tendency to view employees as either local or expatriate. Instead, we are promoting the concept of MTN people, which views MTN employees as individuals who have opportunities to work in various operations.

The emphasis, however, is always on the transfer and development of skills at a local level. This priority is underscored by the Group's commitment to training and development, standardised performance management practices across the Group and well co-ordinated succession planning initiatives.

MTN is encouraging global thinking and local action by promoting the mobility of employees through the repatriation of people; both within the context of African countries and people of African descent from other parts of the world. For instance, the newly appointed Chief Technical Officer of the Nigerian operation has been repatriated from the US. While she brings skills gained on another continent, we encourage local continental staff to move and spread their skills within the Group. Hence, our expatriates are not all South Africans moving northward, but include whole groupings of employees moving in between territories.

In future, this trend will help to integrate employees and employee cultures in new foreign operations. Recent acquisitions in foreign territories pose the specific challenge of overcoming language and cultural barriers – for instance, on the French-speaking west coast of Africa and the Middle East. MTN follows a process of staffing up and integrating employees into the Group following acquisitions. The move to repatriate and mobilise whole groupings of employees will assist in speeding up future staff integration processes.

Key data on employee mobility is shown below.

	Expats as % of total		Number of expats	
	Dec 2005	Mar 2005	**Dec 2005**	Mar 2005
Nigeria	**3**	5	**56**	86
Cameroon	**1**	3	**6**	12
Uganda	**2**	2	**8**	8
Rwanda	**1**	1	**2**	1
Swaziland	**1**	—	**1**	—

HIV/AIDS

MTN recognises the potential effects of HIV/AIDS on its employees and their families as well as on the wider communities. The Group's policy on HIV/AIDS is available on the MTN website at www.mtn.co.za.

The policy guides employees on important issues such as prevention of the disease; elimination of unfair discrimination in the workplace of those who may be infected; assisting infected employees to obtain care and support; and generally fostering a spirit of openness, support and co-operation within MTN on the spread of the disease.

Each operation localises the Group policy on HIV/AIDS to align with local conditions and cultural dynamics.

While the costs of the disease to the organisation are not formally known, mortality rates do not currently impact operational productivity in any of our operations.

Health and safety

MTN is committed to the proactive management of health and safety throughout the Group. We have a comprehensive health and safety policy, which is available on the MTN website.

During the past year, we began the process of integrating our health and safety risks into our electronic enterprise-wide risk management system to enable better identification and mitigation of these risks.

Our main health and safety risks are associated with routine base station maintenance activities such as working on towers and long-distance driving. To address these specific risks, all engineers have to obtain the correct equipment (such as hard hat and boots) and undergo abseiling training for certification. Additional training, such as fire fighting and first aid, is offered where appropriate. In addition, health and safety procedures are extended to contractors and specific requirements are included in their contracts.

The challenge for the coming year is to extend health and safety procedures to all new operations and to provide assistance in implementing and monitoring their progress.

MTN is confident that the South African operation will receive OHSAS 18000 accreditation during 2006. All operations will be aiming for this certification over time.

There were no fatalities during the past period.

	South Africa		Nigeria		Cameroon		Uganda		Rwanda		Swaziland	
	Dec 2005	Mar 2005	**Dec 2005**	Mar 2005	**Dec 2005**	Mar 2005	**Dec 2005**	Mar 2005	**Dec 2005**	Mar 2005	**Dec 2005**	Mar 2005
Training spend (Rm)	**23,0**	37,6	**29,5**	29,1	**2,8**	6,5	**2,3**	3,5	**0,7**	0,9	**1,2**	1,1
As a % of total payroll	**3,4**	4,5	**9,0**	9,8	**5,5**	9,7	**4,6**	5,2	**3,7**	3,0	**5,7**	5,5

Corporate social investment – MTN Foundation

The Group conducts its CSI – and mobilises its socio-economic development objectives – through the MTN Foundation, now in its fourth year in South Africa.

Though the Foundation was first launched in South Africa, with the local foundation acting as a catalyst for the other operations, the Group has placed a strong emphasis on the alignment of its local strategies with those of its regional operations. Consequently, the Group has aligned its CSI programme throughout its operations, with each operation now managing its own regionalised Foundation or CSI programmes.

The MTN board continues to mandate each operation to allocate up to 1% of profit after tax to facilitate its CSI programmes. The operations, responsive to the priorities and social contexts of their specific regions, localise their CSI programmes accordingly.

Although not all operations have launched formal Foundations, they maintain deliberate CSI programmes to uplift the communities in which they operate. MTN Cameroon launched its Foundation in February 2006, it has already been fully constituted, with a board of patrons appointed.

MTN Nigeria launched its Foundation in May 2005. While other operations do not currently have formalised foundations, their CSI programmes adhere to the MTN Group Foundation's codes of practice, which include: aligning with social development priorities; following global sustainability practices; engaging civil society priorities; and aligning programmes to the Group's overall business objectives, values, policies and guidelines.

Measuring success

We measure the success of our CSI programmes in four ways:

- By looking at the number of people affected and the number and nature of communities reached
- By considering to what extent we have attracted additional partners to invest in a particular programme or project
- By considering how soon, and to what extent, the project will become – and remain – sustainable when we ultimately end our own practical contribution
- By taking account of the value CSI programmes add to MTN's overall business

Philosophy of partnerships

We are aware of the extent to which local governments and municipalities are to be consulted and involved in local projects – particularly community and rural initiatives. We therefore take great care in partnering with appropriate regional authorities to approve and promote CSI projects. On several occasions, South Africa's former president, Nelson Mandela, and several key cabinet ministers launched projects. These goodwill acts not only affirm that we are adding value to people's lives but also confirm their confidence in our ability to change people's lives for the better and make a positive, sustainable impact.

Lessons learned

A principal lesson learned from our most recent series of stakeholder engagements is that despite the significant progress we have made, we still need to develop a more strategic approach to our CSI projects.

One of our most material successes in recent years has been the introduction of computers and internet access in several schools in our countries of operation. The most important factor has been our ability to identify an appropriate partner agency, or agencies, to manage the

The table below reflects our progress in meeting employment equity targets in South Africa for the period:

	Board members			Group executives			General managers			Management and consultants			General staff		
	Dec 2005	Mar 2005	Mar 2004	**Dec 2005**	Mar 2005	Mar 2004	**Dec 2005**	Mar 2005	Mar 2004	**Dec 2005**	Mar 2005	Mar 2004	**Dec 2005**	Mar 2005	Mar 2004
Black – Number	**5**	5	6	**8**	10	19	**20**	17	16	**146**	136	106	**1 099**	906	1315
Black – % of total	**42**	42	46	**50**	58	53	**51**	44	42	**41**	40	35	**86**	82	68
Women – Number	**3**	3	3	**2**	3	4	**10**	7	8	**100**	91	77	**722**	630	852
Women – % of total	**25**	25	23	**13**	17	24	**25**	17	22	**28**	27	25	**56**	57	44

**Table includes statistics from all MTN Group South Africa based entities*

Responsible use of cellular phones

In support of responsible driving

Holding a mobile phone against any part of the body while driving has been prohibited since 1 August 2000. In South Africa, MTN is a key provider of current research and information on the safe and responsible use of mobile phones to the South African Cellular Telecommunication Association (SACTA). During the past period MTN, in collaboration with SACTA, has contributed to the generation and distribution of documentation to stakeholders regarding the safe and responsible use of mobile phones. MTN encourages subscribers to put their safety first and nowhere more so than while behind the wheel of a motor vehicle.

MTN offers subscribers the following guidelines when using a mobile phone while driving:

- Use a mobile hands-free kit or car kit device while talking and driving
- Check that the hands-free set is on and working before starting to drive
- Ensure the hands-free set is securely mounted and not detachable while driving
- Understand all the features of the mobile phone, particularly speed/voice dial and redial function
- Only dial when the vehicle is stationary
- Tell the person on the line that you are driving or suspend the call in heavy traffic or harsh weather
- Refrain from note-taking or searching for numbers while driving – rather bring the vehicle to a halt, although not in an emergency lane or on a freeway
- Instead of writing down information or telephone numbers, request these details in SMS form for later use

projects. These partners are responsible for identifying several suitable schools for the introduction of a computer laboratory. They consider the following key criteria:

- The availability of adequate learning facilities such as a classroom
- Access to a reliable source of electricity (or adequate back-up system) in the facility
- The availability of reliable air-conditioning
- Adequate security to protect the computers and the learners who will be using the computers, particularly after hours
- The existence of a well-managed parent-teacher association (PTA): this includes the capacity of the PTA and school governing bodies to raise a portion of the project's costs and its ability to manage the ongoing maintenance of the computer laboratory

In most cases, our partners have fared well in recommending potential School Connect project recipients, and overseeing the development of computer laboratories at schools selected by the MTN Foundation. However, a recent review of our project has identified at least two schools that have been unable to reap the benefits of the School Connect project after only a few months of operation due to factors such as technical malfunction and their infrastructure being hit by lightning. In such cases, warranties and guarantees provide for replacement of default equipment. It has, nonetheless, become clear that we need to implement more stringent mechanisms to monitor the ongoing success of our CSI initiatives.

In future, we hope to report back to our stakeholders that all our projects are operating all the time by developing appropriate systems to track our return on corporate social investment (ROCSI), just as we would monitor other returns on investments (ROI).

Corporate social investment: performance highlights

Healthcare:

HIV/AIDS

- In 2005, MTN South Africa launched a 26-episode programme on national television, called "Beat It", dealing primarily with HIV/AIDS-related media content. The programme is typically flighted twice a week, reaching an audience in excess of 350 000 young viewers. Each episode deals with additional themes of health, education and enterprise development.
- As part of its HIV/AIDS job creation programme, MTN South Africa selected 24 HIV-positive individuals and others affected by the disease to be trained in basic business skills by agencies accredited by MTN. In the North-West Province, four young people living with HIV/AIDS are currently generating income from MTN payphone initiatives.
- MTN Cameroon, in collaboration with the Red Cross, has embarked on a programme of training first-aid workers and sensitisation on HIV/AIDS issues.
- MTN Rwanda has offered two toll-free lines to the National Commission in charge of fighting HIV/AIDS in the territory. The company has also donated cash to women living with HIV/AIDS.

Educational:

Schools connectivity programme

- In 2005, MTN South Africa added 35 media centres to the existing 110 centres. By the end of 2005, 145 000 South African learners and educators had already directly benefited from the project and MTN has to date partnered with all nine provincial education departments on the programme.

- In Cameroon, the newly launched MTN Foundation's school connectivity programme had registered 10 schools by the end of 2005, with approximately 25 000 students as beneficiaries.
- MTN Nigeria, in partnership with Schoolnet, has equipped 24 schools in six states with an average of 21 computers, services, VSAT internet connectivity, teaching aid software and hands-on teacher training. The project has directly impacted 49 524 learners and 2 412 teachers. Phase three commenced in October 2005 and will benefit 13 additional schools.

Cultural:
MTN art collection

- In 2005, MTN participated in the groundbreaking find of Shilakoe artworks.
- MTN received a record number of entries – 75 schools – in its MTN School Art Awards in 2005.
- The Dumile Feni Retrospective posthumous exhibition was a historical showcasing of some 300 artworks by exiled legend Dumile Feni, the majority of which were unknown to the public. This exhibition toured seven South African cities.

Technological:
MTN ScienCentres

- MTN's ScienCentres hosted National Science Week 2005 as well as activities associated with themed months on Antarctica, biodiversity, African origins and astronomy, sponsored by the Department of Science and Technology.
- The MTN ScienCentre participated in the fourth Science Centre World Congress in Brazil in 2005.
- The MTN ScienCentre in Cape Town assisted government in setting up three additional science centres that are operated by government and other corporates.

Entrepreneurial:
ICTs and rural entrepreneurship programme

- MTN South Africa established 18 ICT centres during 2005 as part of its ICTs and rural entrepreneurship project, launched in August 2005. The project aims to establish 50 business centres throughout the country to benefit approximately 1 500 rural women entrepreneurs over the next three years.

Community upliftment projects

- While MTN Uganda has not officially established a Foundation, the operation maintains a host of deliberate social responsibility programmes that aim to enhance the quality of life for local communities. In the past year, these initiatives have included collaborative low-cost housing projects – such as the joint project with Habitat for Humanity, which to date has resulted in building 20 low-cost houses in rural communities
- MTN Uganda has actively promoted educational programmes, and has become a NEPAD partner by supporting the launch of the first e-school in Uganda
- MTN Nigeria's "phone ladies" project has to date empowered 167 women in over 30 communities across Nigeria. Phase two of the project is set to benefit a minimum of 220 women

- MTN Rwanda has invested USD50 000 in adopting a baby mountain gorilla for five years. This is part of an initiative by the Rwanda Parks and Tourism Board to raise money for gorilla conservation projects. Along similar lines, the company is sponsoring an "adopt a tree" project

Maintaining the theme: Bridging the digital divide

All MTN foundations' programmes embrace, in some form, the common theme of "bridging the digital divide". It is the reason we operate in this market and our programmes have to clearly reflect this objective. The multimedia centres, school connectivity programmes as well as the technological and entrepreneurial programmes, fulfil the educational and entrepreneurial development components, while the healthcare and social upliftment programmes emphasise the need to ensure there is a long-term market, aware and intact, to do business with in future.

Our CSI priorities have not changed significantly over the past five years, except that we have begun to place more emphasis on our vision of national and regional development.

ENVIRONMENTAL PERFORMANCE

Our environmental impacts include:

- Emissions, including electromagnetic fields and carbon dioxide, from base stations, handsets and vehicles
- Noise pollution from base station generators
- Visual impact and aesthetic issues around base station sites
- Recycling phones and recharge vouchers
- Direct energy, water use and waste generation

Our environmental policy is available on www.mtn.co.za. In this section, we emphasise key areas of the policy and highlight a number of our environmental initiatives.

Environmental policy, programmes and systems

MTN's environmental policy underscores the Group's total commitment to the implementation of a programme that identifies significant aspects and ensures low environmental impact. The programme is documented in an online environmental management system (EMS) and includes best practice for building MTN's infrastructure. The programme includes the minimisation of waste, prevention of pollution and responsible land management, including managing the impact on flora, fauna, water and wildlife. This commitment to responsible environmental impact management ensures a clean and healthy environment for all stakeholders.

In addition, MTN undertakes to use energy efficiently – both in terms of its infrastructure requirements and in the daily running of its operations – and to re-use and recycle where possible. This includes the use of environmentally preferred materials and the philosophy of collaborating with all stakeholders to enhance common environmental objectives.

MTN has implemented procedures to ensure compliance with all applicable environmental legislation. Where legislation may be inadequate in any region of operation, the Group has appointed functions within the company to establish reasonable standards to manage human health and safety and to ensure that these standards are met by all operations.

MTN South Africa is ISO 14001 certified. The Group aims to obtain certification for all operations over time.

In the year ahead, the Group will strive for the following targets as per the environmental impact analysis:

- Reduce paper usage by recycling
- Recycle toner ink cartridges
- Recycle obsolete cellphones, cellphone batteries and network infrastructure equipment
- Use only environmentally friendly and non-hazardous materials, avoiding hazardous materials where possible
- Create stakeholder awareness on environmental issues
- Build and maintain sites in compliance with applicable environmental legislation and procedures
- Collate information sources on radio waves associated with mobile telecommunications
- Create awareness on electromagnetic field compliance and assist where possible in disseminating information on this issue

Compliance

There were no prosecutions brought against or fines paid by the Group in the period for contravening any environmental laws.

Emissions

The Group's activities result in limited emissions to air or water. Emissions are generated mainly from base stations and mobile phone handsets.

As the issue of base station emissions and the potential harmful effects of cellphone use are of particular importance to our customers, regional communities, infrastructure suppliers and contractors, we are committed to ensuring that radio frequency (RF) exposures generated by our infrastructure and services comply strictly with international and national safety guidelines. Guidelines on acceptable levels of emissions are issued by the Department of Health, based on the guiding principles set by the International Commission for Non-Ionising Radiation Protection (ICNIRP).

We engage in dialogue with communities where base stations are to be located. Should any member of the community have concerns regarding a specific site, we will test the levels of emissions and make the readings available.

We keep track of global research, specifically the GSM Association' and receive weekly updates on research and findings. Research on the potentially negative effects of radio frequency exposures emitted from handsets is not yet conclusive.

Base stations

The Group follows a number of procedures relating to building base station sites, giving due consideration to their impact on the environment and surrounding communities. These procedures prescribe necessary actions to be taken before and after the erection of masts. These include:

- Identifying the need for new base stations and specifying their locations while also considering possible alternative sites
- Considering the visual impact of the proposed masts – including selecting the appropriate colour that matches the immediate environment, building masts away from places of residence and ensuring the appropriate concealment of masts
- Ensuring that all required approvals have been obtained and that the requisite environmental impact assessments have been undertaken where necessary
- Consulting with relevant stakeholders when required
- Managing and monitoring contractors' and suppliers' activities during and after the construction process. This includes obligations on the part of contractors and suppliers to dispose of rubble and to protect fauna and flora in areas surrounding masts
- Managing and monitoring the rehabilitation of sites before, during and after the construction process by taking photographs of the area and ensuring it is returned to its original condition
- Obtaining the requisite certification of compliance for base station sites, without which contractors will not be paid
- Visiting each base station every four months to capture possible environmental issues and to actively monitor waste generation and clean-up requirements

Product stewardship

MTN understands the importance of preserving the environment and has embarked on a number of recycling and clean-up campaigns during the past period, one of which included the safe disposal of cellphone waste. MTN South Africa, for instance, is encouraging consumers to drop off their unused handsets and old batteries for recycling, irrespective of make or model, at any MTN dealership or franchise outlet, nationwide.

While some handset suppliers, such as Ericsson, will reclaim their batteries for remanufacture and dispose of their handsets effectively, all other cellphone batteries are deposited into a specially designated drum at MTN's warehouse. Once full, the drum is transported as a solid pollutant by a chemical waste vehicle to an authorised landfill site.

ICTs and rural entrepreneurship programme

One of the challenges facing remote communities today is communication – physical, human or digital. It is a driver of development and it represents a cornerstone of modern society. We know – and often take for granted – so many ways of communication. Communication means integration, negotiation and access. It connects cities, continents and individuals and empowers remote communities by bridging the difference and the divergence that remove them from learning facilities and prevent them from actively participating in meaningful commerce.

In August 2005, the MTN Foundation in South Africa launched its ICTs and rural entrepreneurship programme, designed specifically to create environments within which rural entrepreneurs – specifically rural women – will have access to the communication infrastructure that facilitates economic entrepreneurial opportunities and to address the challenge of business isolation faced by the majority of rural women entrepreneurs.

In designing the scope and agenda for the programme, the Foundation collaborated with the Presidency, the Department of Local and Provincial Government and all nine provincial education departments.

The setting-up process for each of the initial 18 projects comprised a comprehensive business profile of each of the areas including the identification of available business services, and local economic development (LED) plans as well as considering the current regional presence of women-owned businesses.

The most desirable and effective sites have been multi-purpose community centres which have been established by government under the auspices of Government Communication and Information System. They are typically centrally located, easily accessible and have some degree of infrastructure in place already.

Each centre contains 10 PCs, a printer, server, fax machine, a phone-shop and GPRS, providing internet access. To date, 550 women entrepreneurs in six provinces have been trained and mentored on the equipment, basic business skills, general ICT principles and marketing since April 2005. Within the next three years, the Foundation aims to establish 50 business centres across six provinces that will benefit 1 500 rural women entrepreneurs.

The Foundation further aims to empower local communities, by identifying local business partners and women "champions" to manage the existing centres and to ensure sustainability of the centres once MTN Foundation staff extricate themselves from each project. Moreover, the programme's beneficiaries include women across the generation spectrum as well as women infected with HIV/AIDS.

Strategic partners supporting the programme alongside the Foundation include the Presidency, WDB Trust, Rural Women's Movement, SEDA, the dti, district and local municipalities, Microsoft, and Mindset (USA). The Foundation ensures that service vendors helping to implement the project consist of mainly BEE companies and local suppliers, thereby fulfilling the BEE supplier requirements set by the ICT charter.

Two of the most significant commitments to responsible product stewardship in the past year have been the introduction of biodegradable scratch cards and the introduction of virtual air time systems in most regions, reducing the need for recharge cards.

Energy, waste and material use

The Group is developing a "culture of being efficient" across all its operations thereby creating awareness for environmental and green issues throughout the regions.

MTN's energy usage is associated with the following key areas:

- Servicing office buildings
- The supply of power to switches and base station sites – including associated air-conditioning to base stations
- The use of diesel and petrol in network vehicles, base station site generators and switch standby generators

Water use in the Group is minimal and limited primarily to:

- Consumption at corporate offices
- Minor applications within network operations, such as cleaning vehicles at warehouse sites

During the past year, the Group has placed particular emphasis on energy and water conservation through efficient and cost-effective material use initiatives. These include:

- Constructing buildings that are energy efficient and comply as far possible with the "green building" concept
- The use of a "battery first" back-up system to manage electricity failures, thereby decreasing diesel consumption in base station generators
- The use of low-voltage globes in buildings across the Group
- Building switches that are remotely monitored and change controlled by a central, in-house service centre
- Saving electricity on actual base station sites by using one rather than two air-conditioners
- The installation of a water purification plant at the South African facility where water is recycled and then re-used to water office gardens and for in-house cleaning activities

Emphasis has also been placed on other recycling and clean-up campaigns including:

- The toner cartridges disposal project
- The indoor air quality and environment project
- Hazardous materials awareness drive
- The municipal waste collection project

THE WAY FORWARD

The Group experienced various changes and expansions during the past year. Firstly, our year-end is now December as opposed to March and, secondly, we are now operating in 11 countries. These operational changes, coupled with the increase in our customer base as a result of both market expansion and new services, have placed significant pressure on our employees and their ability to meet our sustainability targets and objectives set in March 2005.

However, we have progressed on all of our targets and achieved some. Our sustainability management framework has been developed and approved by our board and we have performed a "status check" in terms of where we want to be, where we currently are and what we need to do to progress.

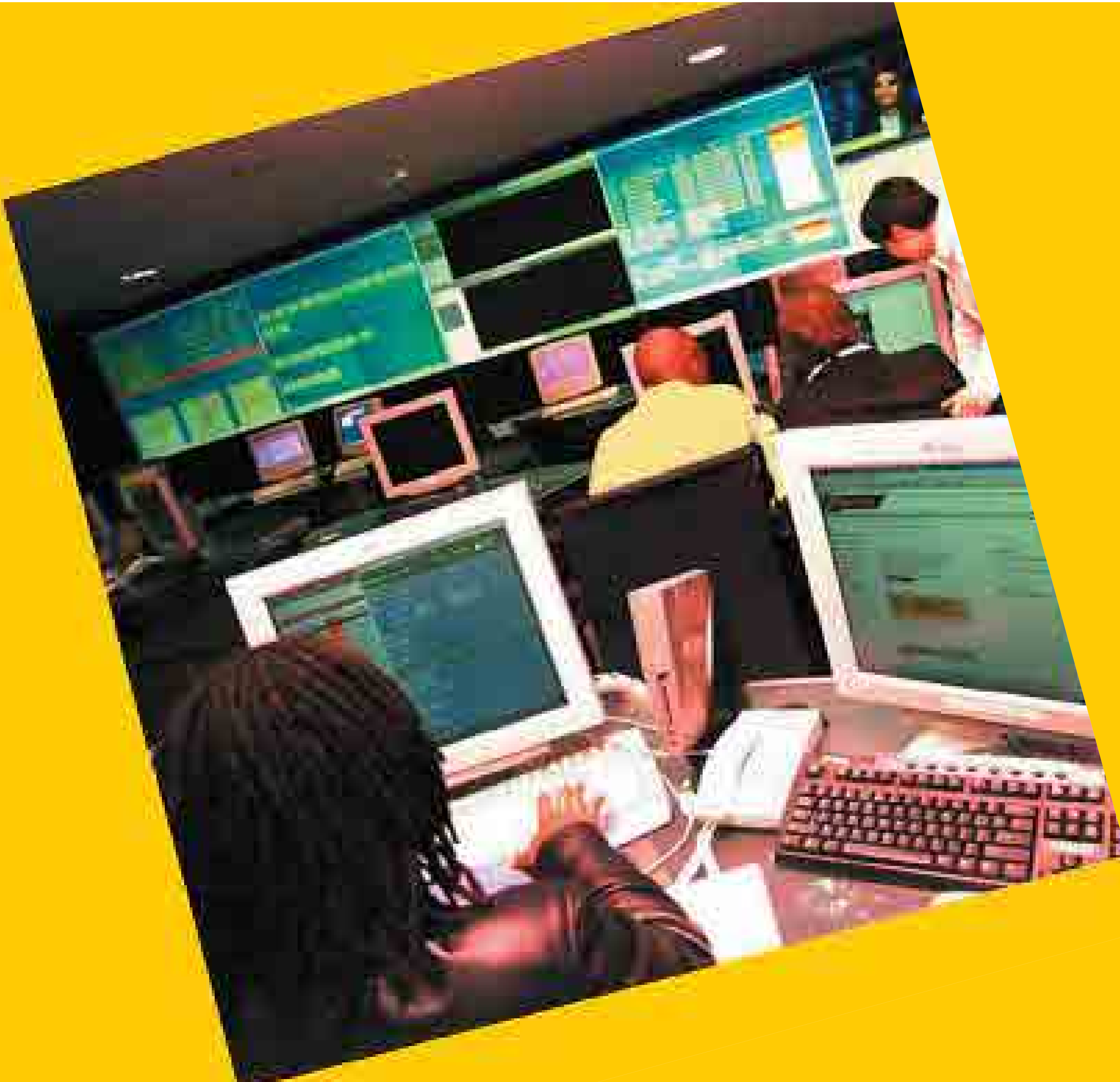
Now that the framework is in place, we are focusing on implementing the requisite management systems to measure and monitor our progress. Only then can we set ourselves meaningful targets to improve our performance. This will be a key focus area for the Group in the coming year.

While we have earlier committed to achieving higher levels of sustainability reporting and management, we are confident that the joint efforts of the business risk management department – with its newly defined responsibility of embedding and advising operations on sustainability management – and Corporate Affairs' responsibility for external reporting will achieve meaningful progress in the year ahead.

The results of our corporate reputation audit and stakeholder survey show that we are active – and recognised by stakeholders – in many material areas of our sustainability management. However, our efforts are not necessarily co-ordinated in a formalised way. While we operate in socially responsible ways and create value for many stakeholder groups, this value cannot be tangibly measured and targets cannot be meaningfully set, visibly achieved and practically surpassed.

With the Group expanding into additional territories, we face a further challenge of implementing and embedding the sustainability framework into these new operations as soon as possible. We are confident that we will make significant progress in this area in the coming year.

Embedding sustainabiliy takes time and a level of organisational understanding that accepts sustainability issues and stakeholder interests as forming part of the business and not existing separate from it. Only once this principle is filtered through to all our operations and a solid Group-wide basis is built from which to launch new and innovative sustainability initiatives, will we be able to define a holistic vision for the future which incorporates the interests of all stakeholders in a measurable way.



contents

By adhering to the guidelines of the King II report, the board has set a corporate governance framework that consolidates our position in Africa and abroad, mitigating economic and political risk

Corporate governance

The board, recognising the rapid growth of the MTN Group over the past financial period, is fully committed to ensure that best practice and corporate governance standards are implemented throughout the Group. The MTN Group will continue to benchmark its governance against local and international standards to ensure it keeps abreast of corporate governance trends.

THE BOARD

MTN Group has become a multinational corporation and it has therefore become necessary to review the constitution of the board and its committees including representation on the boards and committees of subsidiary companies, associated companies and joint ventures.

All boards and committees within the company have access to professional external advice if required, provided that established procedures are followed in obtaining such services.

The board and its committees operate under the guidance of their respective charters which determine the role these entities play in the governance structure of the organisation.

The board is responsible for giving strategic direction to the organisation. To this effect a strategic session is held annually. The board ensures that the necessary delegated authorities to management are reviewed and updated periodically. The board is responsible to evaluate at least annually the Group Chief Executive Officer's performance.

The board reviews the going concern status of the Group at year end and at the interim period and also reviews non-financial matters at other scheduled board meetings.

A total review of all Group policies has also been undertaken to ensure that policies are relevant and in compliance with most-recent best practice and applicable legislation.

Board members, in terms of the company's articles of association, retire by rotation and one quarter of the directors are to be re-elected at least every three years.

Further details on the board's composition are on page 13.

BOARD EVALUATION

The board and its committees are evaluated annually.

INDUCTION PROGRAMME

The induction programme is currently being reviewed and a more comprehensive programme is being implemented across all operations.

GROUP SECRETARY

Ms SB Msthali was appointed Group Secretary with effect from 1 August 2005 and the board is aware of her duties in fulfilling her role as both compliance and governance officer of the Group.

New directors are inducted into the organisation via the group secretariat office. The group secretariat office also communicates and monitors compliance with the Group trade embargo policy, among others, ensuring that no employee is allowed to deal in the company's securities during prohibited periods.

REMUNERATION PHILOSOPHY

Details on the remuneration philosophy appear on page 82. However, the Nomination, Remuneration and Human Resources Committee is responsible for the remuneration framework of the Group and recommends to the board for approval strategic matters relating to nomination, remuneration and human resource policies. This includes non-executive directors' fees, among others, which ultimately are approved by shareholders. Details of directors' emoluments appear on page 143.

QUARTERLY BOARD MEETINGS

The following tables report the various board and committee meetings scheduled during the period under review and details the attendance of members.

Details of attendance by directors at quarterly board meetings for the period under review are set out below:

Names	18/3/2005	9/6/2005	24/8/2005	23/11/2005
MC Ramaphosa***	P	P	P	P
PF Nhleko*	P	P	P	P
DDB Band***	P	P	P	P
SL Botha*	P	P	P	P
I Charnley*	P	P	P	P
ZNA Cindi***	P	P	P	P
RS Dabengwa*	P	P	P	P
PL Heinamann***	P	P	P	P
MA Moses**	P	P	P	P
RD Nisbet*	P	P	P	P
JHN Strydom**	P	P	P	P
AF van Biljon***	P	P	P	P

In-camera meeting

The following quarterly board meeting held after 31 December 2005 was preceded by an in-camera meeting of non-executive directors only:

Names	22/3/2006
MC Ramaphosa***	P
PF Nhleko*	P
DDB Band***	P
SL Botha*	P
I Charnley*	P
ZNA Cindi***	P
RS Dabengwa*	P
PL Heinamann***	P
MA Moses**	P
RD Nisbet*	P
JHN Strydom**	P
AF van Biljon***	P

A = Apologies P = Present

*Executive **Non-executive ***Independent non-executive

SPECIAL BOARD MEETINGS

Special board meetings *(these meetings scheduled outside the normal pre-determined meeting dates are called at short notice to deliberate on special business)*

Names	21/4/2005	6/5/2005	10/7/2005	1/8/2005	18/12/2005
MC Ramaphosa***	P	P	A	P	P
PF Nhleko*	P	P	P	P	P
DDB Band***	P	P	P	P	P
SL Botha *	P	P	P	P	P
I Charnley *	P	P	P	P	P
ZNA Cindi ***	P	P	P	P	P
RS Dabengwa*	P	P	P	P	P
PL Heinamann***	P	P	P	P	P
MA Moses**	P	P	P	P	P
RD Nisbet*	P	P	P	P	P
JHN Strydom**	P	A	P	P	P
AF van Biljon***	P	P	P	P	P

In-camera meeting

The following special board meeting was preceded by an in-camera meeting of non-executive directors only.

Names	5/12/2005
MC Ramaphosa***	P
PF Nhleko*	P
DDB Band***	P
SL Botha*	P
I Charnley*	P
ZNA Cindi***	P
RS Dabengwa*	P
PL Heinamann***	P
MA Moses**	P
RD Nisbet*	P
JHN Strydom**	P
AF van Biljon***	P

A = Apologies P = Present

*Executive **Non-executive ***Independent non-executive

SPECIAL INVESTMENT COMMITTEE

A special committee of the board was established to review and analyse specific acquisition opportunities and recommend to the board for consideration and approval those acquisitions or opportunities which best complement the MTN Group.

The committee is led by Mr Band and met on 7 August 2005 with all members present. The committee consists of three non-executive directors including the Chairman and two executive directors.

Members

DDB Band ***(Chairman)***
PF Nhleko
RD Nisbet
AF van Biljon
JHN Strydom

EXECUTIVE AND STEERING COMMITTEE

The committee is responsible for strategic operational matters including the day-to-day management of the business of the Group. The committee is led by the Group Chief Executive Officer. The committee facilitates the effective control of all the Group's operational activities, acting as a medium of communication and co-ordination between all the various business units, group subsidiary companies and the board. The committee is also responsible for recommendations to the board on the Groups' policies and strategies and monitoring implementation according to the board's mandate. The committee also reviews potential investment opportunities. The committee currently consists of seven members, all executive members of the Group.

Members

PF Nhleko ***(Chairman)***
SL Botha
I Charnley
RS Dabengwa
MB Manyatshe**
Y Muthien*
RD Nisbet
PD Norman
KW Pienaar
CS Wheeler**

* Withdrawn with effect from 8 November 2005

** Withdrawn from the committee with effect from 1 January 2006

BOARD STATUTORY COMMITTEES

Specific responsibilities have been delegated to several board committees with defined charters approved by the board. The committees' profiles are detailed as follows:

GROUP AUDIT COMMITTEE

The Group audit committee has adopted a formal written charter dealing with membership, structure and levels of authority and its duties and responsibilities. The committee assists the board in discharging its responsibilities to safeguard the Group's assets and to ensure that proper accounting records are maintained. It also oversees the financial reporting process and ensures compliance with accounting policies, Group policies, legal requirements and reviews internal controls. It interacts with and evaluates the effectiveness of the external and internal audit processes and reviews compliance with the Group's code of ethics in conjunction with the Group risk management and corporate governance committee.

The committee is led by Mr van Biljon and consists of four non-executive directors. It meets with senior management, including the Group Chief Executive Officer and the Group Financial Director, internal and external audit representatives, at least four times a year. The head of internal audit and the external auditors have unrestricted access to the committee and its chairman. Audit committees exist in each of the Group's operations and report significant risk and audit matters for their operations to the Group audit committee on a regular basis. The committee also recommends to the board the appointment of external auditors and reviews and approves non-audit work performed by the external auditors.

Members

AF van Biljon ***(Chairman)***
DDB Band
PL Heinamann
JHN Strydom

In-camera meeting

Separate in-camera meetings of non-executive directors together with the external and internal auditors are held immediately after each meeting of the Group audit committee.

Names	14/4/2005	16/5/2005	02/6/2005	10/8/2005	7/9/2005	28/10/2005	21/11/2005	2/12/2005
AF van Biljon	P	P	P	P	P	P	P	P
DDB Band	P	P	P	P	P	P	P	P
PL Heinamann	P	P	P	P	P	P	P	P
JHN Strydom	P	P	P	P	P	P	P	P

Details of attendance by members of the committee at meetings held after 31 December 2005, which were followed by in-camera meetings of non-executive directors are set out below:

Names	16/2/2006	28/2/2006	13/3/2006
AF van Biljon	P	P	P
DDB Band	P	P	P
PL Heinamann	P	P	P
JHN Strydom	P	P	P

A = Apologies P = Present

GROUP RISK MANAGEMENT AND CORPORATE GOVERNANCE COMMITTEE

The Group risk management and corporate governance committee's primary task is to ensure that the risk management framework is implemented and monitored regularly. Significant risk, corporate governance and compliance matters are identified and managed through the committee which provides strategic direction. The committee is also responsible for the sustainability framework and sustainability reporting. The committee consists of three non-executive directors and two executive directors.

Members

PL Heinamann ***(Chairman)***

ZNA Cindi

RS Dabengwa

PF Nhleko

AF van Biljon

Details of attendance by members of the committee during the period under review are set out below:

Names of members	5/7/2005	7/11/2005
PL Heinamann	P	P
ZNA Cindi	P	P
RS Dabengwa	A	A
PF Nhleko	P	P
AF van Biljon	P	P

Details of attendance by members of the committee at a meeting held after 31 December 2005 are set out below:

Names of members	7/3/2006
PL Heinamann	P
ZNA Cindi	P
RS Dabengwa	A
PF Nhleko	P
AF van Biljon	P

A = Apologies P = Present

GROUP NOMINATIONS, REMUNERATION AND HUMAN RESOURCES COMMITTEE

The mandate of this committee is to:

- Review the size, structure and composition of the board
- Conduct an annual assessment of the board's performance
- Set criteria for the nomination of directors and committee members of the board
- Identify, evaluate and nominate candidates for appointment to the board to fill any vacancies
- Determine the remuneration of executive directors, consider, review and approve the Group's policy on executive remuneration and communicate this policy to stakeholders
- Make recommendations to the board on annual salary increases and performance-related bonus awards
- Review and approve performance-related incentive schemes, performance criteria and measurements, including share option allocations to executive directors and staff
- Review and approve new remuneration methodologies for the management team
- Review philosophy regarding fees payable to non-executive directors (as a separate process from executive remuneration reviews) which is for confirmation by the board and ratified by shareholders
- Monitor and review compliance on employment equity practices.

The committee operates within the parameters of a charter approved by the board. The committee is led by Mr Band and consists of three independent non-executive directors.

Members

DDB Band ***(Chairman)***
PL Heinamann
MC Ramaphosa

Details of attendance by members of the committee during the period under review are set out below:

Names of members	2/6/2005	28/10/2005
DDB Band	P	P
PL Heinamann	P	P
MC Ramaphosa	A	A

In-camera meeting

The following committee meeting was preceded by an in-camera meeting of committee members.
Details of attendance by members of the committee at a meeting held after 31 December 2005 is set out below:

Names of members	15/3/2006
DDB Band	P
PL Heinamann	P
MC Ramaphosa	P

A = Apologies P = Present

GROUP TENDER COMMITTEE

The Group tender committee's primary objective is to promote a sustainable and fair tender culture and to ensure that tender policies are applied consistently; always bearing in mind best business practice to develop all markets and promote economic development. Similar tender committees exist in all operations throughout Africa. The committee's charter approved by the board, aims to promote effective and transparent procurement and tender evaluation processes. The committee only reviews high-level tenders when the need arises. Various lower-level tender committees are in place to ensure that all other tenders are reviewed with the same level of efficiency. The committee consists of one independent non-executive Chairman and four Group executives.

Members

D Marole ***(Chairman)*****
I Charnley
RS Dabengwa
I Hassen*
RD Nisbet
CS Wheeler

Alternate members

A Githiari
A Hussain
R Madzonga

*I Hassen was withdrawn as a member of the committee
**D Marole is an independent non-executive Chairman.

Details of attendance by members of the committee during the period under review are set out below:

Names of members	8/4/2005	1/7/2005
D Marole	P	P
I Charnley	A	A
RS Dabengwa	P	A
I Hassen	R	P
RD Nisbet	A	P
CS Wheeler	A	A
A Githiari (alt)	P	A
A Hussain (alt)	A	A
R Madzonga (alt)	P	P

A = Apologies P = Present R = Recused

CODE OF ETHICS

The Group is committed to promoting the highest standards of ethical behaviour among its directors, management and employees. Accordingly, the code of ethics is reviewed annually.

SHAREHOLDER COMMUNICATION

Material information is timeously and accurately disseminated. The Group encourages shareholders to attend its annual general meetings and to raise questions.

Regular presentations by executive directors and senior management are made to institutional investors, analysts and the media to communicate strategy and performance.

A corporate website (www.mtn.co.za) contains the latest Group financial and operational data, as well as relevant historical information.

The Group is currently investigating various initiatives to improve services to shareholders especially on effective communication for the annual general meeting.

MARKET REVIEW OF NON-EXECUTIVE DIRECTORS' FEES

With the assistance of independent remuneration surveys, directors' fees were benchmarked to the market during the last quarter of the period by executive management. This resulted in an increase in amounts paid to non-executive directors as set fees were last adjusted in 2004.

An ordinary resolution to this effect is proposed to adjust fees paid to non-executive directors with effect from 1 April 2006. Details are contained in the notice to shareholders on page 232.

CORPORATE CODE OF CONDUCT

To comply with the company's code of conduct and in the interest of good corporate governance, the code of conduct is continually reviewed and enhanced. The company has also implemented other policies which complement the code of conduct, such as the gift policy and trade embargo policy on MTN Group shares. A whistle-blowing policy enables employees to report any misconduct.

ENVIRONMENTAL CODE

The Group is committed to and endeavours to comply in all respects with applicable environmental legislation. The Group also ensures that all legislation and compliance matters are adhered to. The code of conduct prescribes strict policies on environmental matters.

INTERNAL AUDIT AND FORENSIC SERVICES

The Group internal audit function is supported by similar audit functions in each operation. The internal audit function is mainly responsible for providing assurance on the adequacy and effectiveness of internal controls within the Group. It reports to the Group Chief Executive Officer and the Chairman of the Group audit committee.

Subsidiary audit committees are similarly structured and have access to the chairman of the Group audit committee. Key issues falling under the scope of the audit committee or internal audit are also reviewed at Group level if required.

Internal audits are performed on a risk-based audit approach to ensure that assurances can be given on inherently high risks.

EXTERNAL AUDIT

The joint external auditors express an independent opinion on the annual financial statements. The auditors are appointed by the board on the recommendation of the audit committee. The external auditors' performance and independence are regularly monitored by the audit committee. Non-audit work performed is pre-approved to ensure that no conflict of interest exists.

SUSTAINABILITY REPORTING

A comprehensive sustainability section is integrated into the business report.

SPONSOR

The corporate sponsor is Merrill Lynch, appointed in compliance with the listings requirements of the JSE Limited.

GOING CONCERN

The board has considered and recorded the facts and assumptions on which it relies to conclude that the Group will continue to operate as a going concern. This status is reviewed regularly by the Group audit committee.

Risk management

RISK PHILOSOPHY

"Enterprise is the undertaking of risk for reward. A thorough understanding of the risks accepted by a company in the pursuance of its objectives, together with those strategies employed to mitigate those risks, is thus essential for a proper appreciation of the company's affairs by the board and stakeholders."

King II Report on Corporate Governance

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

MTN's overall governance structure and integrated risk management framework guides the operations of our business units, which are primarily responsible and accountable for risk management.

RISK MANAGEMENT OBJECTIVES

We focus on improving our risk management process and embedding this into the business.

To manage the Group's key risks, measurable objectives have been defined. They are:

- Proactively identifying and understanding the risk factors and events that may have an impact on our business objectives.
- Developing appropriate response strategies for risks, including taking calculated risks or managing risk through various initiatives.
- Continuously monitoring and reporting risks.
- Ensuring that risk management is a performance measurement for all managers.
- Continually striving to embed risk management in day-to-day activities and Group values.

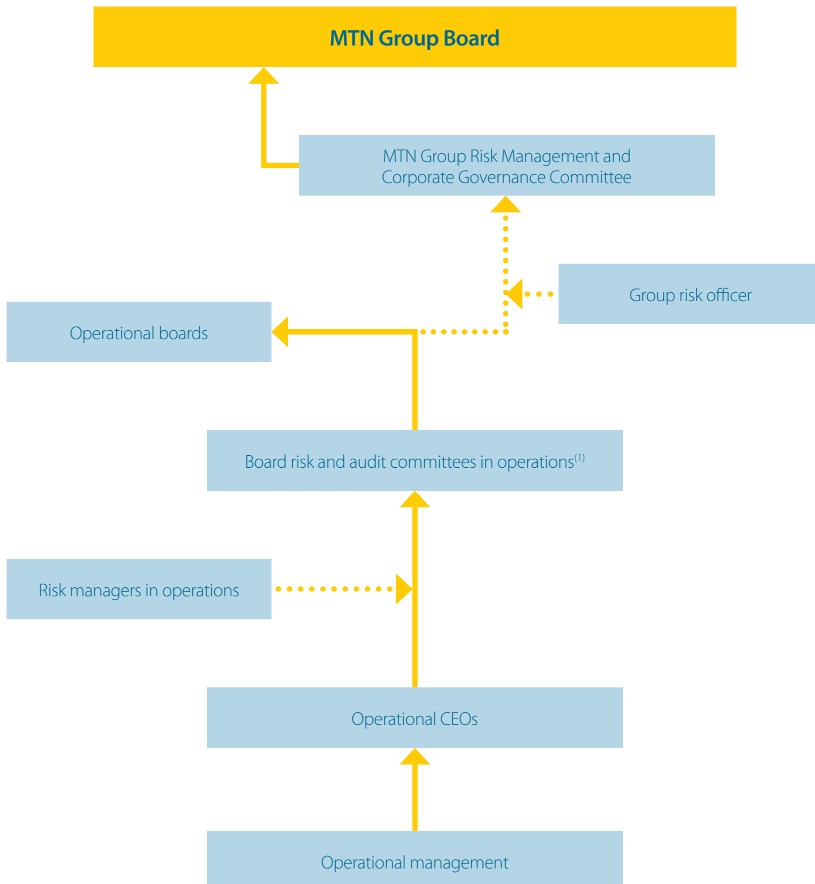
In the reporting period, MTN has continued to make progress towards achieving these objectives.

RISK MANAGEMENT FRAMEWORK

Our board-approved framework is the foundation of Group risk management, and is guided by the risk philosophy and objectives. The framework is constantly revised to ensure alignment with industry developments on risk management.

- Roles and responsibilities for risk management have been defined.
- Appropriate structures ensure a continuous focus on risk management which is supported by an escalation structure for appropriate action and monitoring.
- A defined process facilitates the identification, evaluation and reporting of risks and ensures appropriate responses.
- Current focus in the Group is to embed the risk management process into the operational management of the Group.

RISK MANAGEMENT INFORMATION FLOW



(1) *The role of the risk committees in most of our operations is fulfilled by the audit committee of the respective operations*

Risk management *continued*

ROLES AND RESPONSIBILITIES

By devolving risk management to every level of the Group, we are developing an awareness about risk that is fundamental to our business operations.

- **Group board:** The board has the ultimate responsibility for risk management. It considers risk reports from the group risk management and corporate governance committee and input from the group audit committee in assessing the effectiveness of MTN's risk management.
- **Risk management and corporate governance committee:** This board sub-committee is the oversight body for risk management. It sets and approves the Group risk management framework, and reviews the overall effectiveness of risk management structures and practices. It reviews the Group risk profile and management's reports on the mitigation of key risks, and oversees reporting on risk matters to stakeholders. This committee and those for each country operation meet regularly.
- **Group risk officer:** The Group risk officer reports to the Group CEO, risk management and corporate governance committee and group audit committee. The risk management function is an independent specialist function that ensures an effective framework is maintained throughout the Group. This includes:
  - Assisting executive management and operating committees to perform risk management processes.
  - Providing a central source of information and guidance on risk management.
  - Heightening awareness of risk management throughout the Group.
  - Ensuring consistency in evaluating and reporting risks to facilitate comparison at organisational level.
  - Co-ordinating and collating risk reports for assessment by management and board committees.
- **Operational risk and audit committees:** These are the oversight bodies for each country operation and are sub-committees of the boards of the operations. In South Africa, this function is performed by the risk management and corporate governance committee. In all other countries, the audit committee fulfils the role of the risk committee with a separate agenda for risk management.
- **The chief executive and management of each operation** take ownership for day-to-day management of the operation and its risks, supported by the local risk manager or head of internal audit. Management is responsible for identifying new risks, determining mitigating strategies and actively tracking progress. Management also has to ensure that risk management and operational management within individual areas of responsibility are integrated. Each operation reports regularly to the relevant board risk committees and to the Group. Operational chief executives have defined key performance indicators for ensuring that the Group risk management framework is implemented and that risks are well managed.

RISK IDENTIFICATION

Risks are continuously identified through focused discussion and the use of a robust risk model.

MTN's risk model (overleaf) ensures that all operations consider the same types of risk but in the context of their own operating environments. Risk scenarios relating to these risk types are identified, considered, debated and prioritised according to their impact on the organisation. Appropriate response strategies are integrated into operational management.

MTN ENTERPRISE RISK MODEL

Political/environment	Financial	Market/pricing/customer	Technology	Operations
Social Political instability War Terrorism International pressure Sanctions Economic Natural hazards	Market Credit Interest rates Commodity Currency Accounting Fraud Tax Procurement Repatriation of earnings Insurance	Competition Market research Product development Advertising and promotion Customer service Customer management Pricing of products/services Performance	Strategy/change/emerging Effectiveness Availability Obsolescence Integrity Maintenance Redundancy Service level support	Process and data integrity Process flow effectiveness Process capacity Billing and collections Supply chain relationships Distribution channel Quality control Service level support Revenue assurance
Strategic and structural	**Reputation**	**Human resources**	**Continuity/interruption**	**Information**
Strategic planning and execution Governance structure Organisational structure Policy development Alliance/partnering Stakeholders Project management	Product quality Customer service Pricing Financial reporting Fraud/corruption Regulatory compliance Social responsibility Governmental relations Customer privacy Electromagnetic radiation	Motivation Productivity Retention HIV/AIDS Compensation Training and development Skills and experience Key dependencies Employee actions Performance management Pandemic	Systems failure Network failure Data loss Natural disasters Pandemic Loss of facilities Loss of people	Confidentiality Integrity Availability
Legal and regulatory		**Cultural**		
Regulatory change Social/environmental Employment compliance Contractual liabilities Privacy and confidentiality		Ethics and values Goal alignment Communications Change readiness		

RISK EVALUATION

Risks are evaluated for their potential impact on the organisation and probability of occurrence.

The impact of risks is assessed on quantitative and qualitative guidelines. Inherent risk and residual risk factors are calculated based on these assessments.

Risks are classified as either strategic or business risks, depending on their impact on the organisation:

- **Strategic risks** are monitored by the executive committee and the board
- **Business risks** are managed and monitored by operational management

RESPONSE STRATEGIES

Response strategies are developed or reconfirmed for key risks.

Responses are determined by considering the risk appetite of the relevant operation as well as the inherent impact and probability of occurrence of each risk. Response strategies depend on the nature of the risk and may often combine various actions, including insurance, outsourcing, risk avoidance or active risk management through people, processes and systems.

The cost of risk mitigation is considered in determining response strategies. Certain risks are accepted based on their impact to the organisation and the Group risk appetite. Risks such as political, economic, currency and regulatory are largely beyond MTN's control and mitigation is limited to responsive actions to counter their impact. This could include continuous monitoring, compliance, insurance, diversification, hedging or acceptance of the risk.

MONITORING AND REPORTING

Continuous monitoring and regular reporting of risks take place.

In addition to the risk management structures detailed earlier, internal audit provide independent assurance of a sound risk management framework across the MTN Group.

Risk management software in each operation assists management with recording and evaluating risks and controls, tracking mitigating strategies and reporting to the various risk management structures.

A key reporting forum is the quarterly operations review, where operational chief executives report on the status of the top risks in each operation.

KEY STRATEGIC RISKS

The table below summarises those risks assessed as key strategic risks because of the impact they could have on the organisation if not well mitigated. The risks are not listed in order of priority or severity.

Operating environment risk

Description	Response strategy/control measures
MTN has expanded its business into various countries in recent years. The Group is planning to continue its expansion programme. The possibility of a change in the stability of the operating environments and the impact on MTN's profits and strategic objectives is an inherent risk to a company such as ours which operates in varied markets. The operating environment in most of the countries in which we have operated to date has been stable. However, our entry over the past year into Côte d'Ivoire, Republic of Congo (Brazzaville) and Iran in the Middle East could increase our perceived political risk profile. Continuing sporadic instability in the DRC could impact the operating environments in Rwanda and Uganda, which have generally been stable. In Côte d'Ivoire, the UN and AU-sponsored peace negotiations have been threatened by sporadic violence. This is as a result of the respective political forces not yet having reached a peaceful resolution. Elections are due to be held in 2006. Instability is expected to continue in the short to medium term until a solution is found. In the Middle East, tensions between Iran and the major Western powers, mostly centring around nuclear issues, have heightened. Should the UN proceed with the imposition of sanctions against Iran, it could increase the operational challenges expected in a start-up operation of this nature.	• Extensive due diligence assessments are performed before investments in new countries are finalised • Operations are sufficiently ring-fenced to limit the systemic risk from possible failure in operations • Continuous monitoring and re-assessment of the political environment in operating countries • Corporate citizenship and social responsibility programmes in each country • Relationship management with governments and regulators • Careful selection of business partners

Current areas of focus

Republic of Congo (Brazzaville)

Côte d'Ivoire

Iran

Regulatory risk	
Description	**Response strategy/control measures**
The telecommunications industry, in South Africa and the other countries in which we operate, is highly regulated. Regulatory changes in tariffs and licence conditions might affect our business. Sudden, unexpected changes in regulation could put our business at risk, especially in countries where regulatory bodies are not fully formed or are under-resourced.	• Strict compliance with regulations • Legal and regulatory compliance functions in each country • Active participation in establishing regulatory frameworks • Active participation in regulation and rule-making procedures • Policy-lobbying actions at legislative, executive and ministerial level where appropriate • Relationship management with governments and regulators
Specific regulatory risks include:	
South Africa The Convergence Bill, to be promulgated as the Electronic Communications Act, could have an impact on all telecoms companies, particularly on the types of services to be provided and the tariffs for these services. Mobile number portability will come into effect in June 2006. Network operators will have to allow subscribers to change from one service provider to another while retaining their existing cellphone numbers. This could affect subscriber churn of all operators either positively or negatively depending on customers' view of the quality of service.	• Adapting business models to mitigate impact and take advantage of business opportunities • Working on various strategies to reduce dependence on interconnect • A continuous focus on customer service and other initiatives to mitigate the potential impact of number portability
Nigeria The introduction of a unified licence regime in Nigeria is expected in the short to medium term. This will allow operators like MTN the authority to expand the services provided in Nigeria. These could include fixed-line services, international gateway and long-distance services. This will open up the market to more competition but is also an opportunity for MTN. Interconnect rates are currently being reviewed by network operators and the local regulator.	• Participation in the regulatory process to introduce the regime
Cameroon and Uganda Regulatory changes might result in more competition being allowed into these markets.	• Continuous efforts to grow market share ahead of new competition
Other operations Various regulatory changes with a medium to low potential impact on the Group.	
Current areas of focus Electronic Communications Act in South Africa.	

Marketing and pricing risk	
Description	**Response strategy/control measures**
Marketing and pricing risk refers to the risk of losing market share or the possibility of price erosion in countries where we operate. This could result from current competitor actions or the entry of new competitors into the market. Markets in all countries are highly competitive and likely to become more so.	• Marketing and brand-building strategy • Constant market research and environment scan • Customer feedback and customer service • Innovative and proactive product design and speed to market • Quality coverage with maximum availability • Focus on customer service • Deeper penetration of entry-level market through "low costs/no frills" offerings • Least-cost operator initiatives to improve capex and opex management and overall efficiency
MTN's mature South African business is well established and focused on maintaining and growing market share. With the liberalisation of the market and the entry of new competitors, competition has become fierce. As a result, pressure on profit margins is increasing. There is also growing pressure from the regulator to reduce telecommunications costs. In Nigeria, aggressive competition has caused prices to fall, which, together with below-inflation tariff increases, has put pressure on margins. The business has, however, still grown beyond expectation. In Côte d'Ivoire, Zambia and Republic of Congo (Brazzaville), we aim to establish the MTN brand as soon as possible. Barriers to entry in these markets are relatively high. Failure to achieve our objectives could result in underperforming investments. In other African countries, continuing to grow market share will remain a key focus. However, the probability of new competition entering these markets is high.	• South African operations have been restructured to provide differentiated products to the various market segments

Technology risk

Description	Response strategy/control measures
Emerging technology in the telecommunications industry involves the convergence of traditional voice and data into the so-called third- and fourth-generation wireless broadband technologies. Technologies such as 3G and WiMax offer both opportunities and risks to MTN. They allow new entrants into the market at a low cost of entry. The data market in particular is an opportunity for growth.	• Continuous research into emerging technologies and their impact on the market • Market analysis • A strategy to ensure that the right technology is provided at the right time • Maintaining a balance between the implementation of the newer, operationally more efficient technologies and the optimisation of current technologies • Organisational agility and speed to market • In-house development teams • Project management and change management processes
Increased competition is likely in the 3G market, particularly in South Africa where our competitors are investing heavily.	• 3G roll out strategy
Network performance risk in Nigeria has reduced significantly over the last year, but remains a concern.	• Continual improvements to the network • Optic fibre backbone rollout in Nigeria to improve network performance
Licence conditions in Iran include fairly rapid network roll out obligations. Failure to meet these obligations could result in MTN being in breach of our licence conditions. The consequences could include penalties and reputational damage.	• Full roll out project and team on the ground in Iran with a defined critical path to achieve licence conditions

Current focus areas

3G expansion in South Africa

Network roll out in Iran

Network improvements in Nigeria

Reputational risk

Description	Response strategy/control measures
Reputational damage to the MTN brand could be caused by various factors, including:	
• Poor product development	• Group marketing and brand management
• Poor customer service	• Corporate communications
• Over-pricing of products or services	• Mature product development processes
• Fraud or corruption	• Stable networks and disaster recovery plans
• Financial misstatement	• Constant market research and environmental scans
• Non-compliance with regulations	• Strict compliance with regulations
• Insensitivity to local issues	• External and internal audits
• Inadequate social responsibility programmes	• Risk management processes
• Leakage of confidential customer information	• Information security/handling processes
• Electromagnetic radiation	• Compliance with WHO standards

Current focus areas

Enhancement of information security and handling processes in line with various regulations.

Relationship and partnership risk

Description	Response strategy/control measures
MTN's business partners and shareholders in subsidiaries fulfil an important role in establishing good relations with local regulatory bodies and our customer base, and are a key strength. A breakdown in these relationships or loss of financial strength by current partners could have a negative impact on our business or cause reputational damage.	• Careful selection of partners and shareholders • Shareholder representation on the board of each operation • Comprehensive shareholder agreements • Regular interaction and discussions between local shareholders/directors and the MTN Group

Risk management *continued*

Financial risk	
Description	**Response strategy/control measures**
Tax Compliance with relevant tax laws in the countries in which the Group operates is of paramount importance. Non-compliance or significant changes in tax legislation could have a meaningful impact on the Group.	• Strict compliance with local tax laws • Group tax function to advise and ensure consistency • External and internal audits • Use of external tax advisers whenever necessary • Lobbying/influencing changes in tax laws
Repatriation of earnings Changes in regulations or fiscal policies regarding repatriation of earnings to South Africa in the countries in which we operate could have an impact on the Group. Although this risk is closely linked with political risk, it requires different mitigation strategies and is treated as a separate risk. Payment of management fees from operations as well as dividends from operations have flowed as intended.	• The Group endeavours to invest in countries where the regulatory/exchange control framework is such that foreign direct investment and repatriation of returns are allowed at the time of investment. This aspect is a key consideration before investment decisions are finalised. Changes in regulations are closely monitored • Compliance with import, export, foreign investment, foreign exchange and tax regulations in each country • Legal and regulatory compliance functions in each country • Ring-fencing of operations as far as possible to limit the impact of possible failure in operations

Financial risk

Description	Response strategy/control measures
Procurement Procurement risk refers to the risk of fraud and wasted expenditure as a result of inadequate procurement practices and lack of proper controls over capital expenditure.	• Procurement policy and supporting procedures • A Group procurement function • Implementation of supply chain management best practice, which includes strategic sourcing processes • Formal tender processes • Preferred supplier list • Delegation of authority structures • Budgetary control • Anti-fraud strategy • Gift policy addressing the declaration and acceptance of gifts from suppliers • Compliance with BEE requirements in South Africa and localisation requirements in other countries
Currency This risk refers to potential losses caused by currency fluctuations in our operating countries. Currency devaluation is outside MTN's control and response strategies are limited to mitigating the impact of short-term devaluations.	• Hedging strategies to reduce the impact of short-term devaluation, within the constraints of exchange control regulations • Transferring some risk to suppliers by negotiating pricing in local currency
(Refer to the Chief Financial Officer's report on page 21 for more detail on currency risk.)	
Credit risk This risk refers to potential losses relating to the recoverability of debts owed to MTN by customers or trading partners. Credit risk from subscribers is not a significant risk due to MTN's large prepaid customer base. Collectability of postpaid debt is under control. The recoverability of interconnect debt from other operators in certain of MTN's operating countries has been problematic. This has, however, not had a material impact on the Group.	• Credit vetting and control processes on postpaid subscribers • Debt management processes • Constant focus on interconnect collection • Constant liaison with interconnect debtors and governments

Risk management *continued*

Financial risk	
Description	**Response strategy/control measures**
Revenue assurance Revenue leakage as a result of process or information systems inadequacies is a risk.	• Revenue assurance processes are in place in major operations, but require improvement
Fraud/corruption This is the risk of financial loss due to fraudulent acts by staff members or subscribers or collusion by top management and staff.	• Focus by Group forensic department on fraud investigation and prevention • Zero tolerance policy in our operations • Fraud hotlines in place in most operations • Fraud prevention strategies
Current focus areas Enhancement of revenue assurance processes. Improvement of fraud prevention strategies. Interconnect debt.	

Investment risk	
Description	**Response strategy/control measures**
Given the high upfront investment required in the mobile telephony business, it is crucial that investment decisions are based on proper due diligence studies and that the risk involved is understood and factored into risk/return calculations. Failure in this regard could result in significant losses to the Group. (MTN's bids for licences in Africa and the Middle East have been based on these principles.) As a company with a vision to be the leading telecoms provider in emerging markets, it is of vital importance to exploit opportunities in these markets while balancing reward and risk.	• Continual economic and political risk assessments, in co-operation with external consultants • Market research to assess market size potential • Financial impact assessment • Detailed business plans • US dollar-based return requirements • Assistance from financial advisers including international investment banks where required • Board approval process supported by investment steering committee

Human resource risk

Description	Response strategy/control measures
The rapid expansion of the Group is putting pressure on available human resource capacity as well as on the depth of management in some operations. An inability to attract, develop and retain the right staff could adversely affect the Group's performance.	• Group human resource function • Integrated performance management and development programmes • Individual development plans • Bonus incentive and share option schemes • Succession planning • The Y'ello Leader Academy, geared to developing leadership skills in the Group

Current focus areas

Specific recruitment programmes to staff new operations.

Redeployment of expatriates from current to new operations.

Restructuring Group functions to meet future needs.

Physical and interruption risk

Description	Response strategy/control measures
Network quality and availability A key inherent risk is the unexpected failure of networks or their components due to disasters, hardware or software failure, sabotage, etc. Intensive proactive management of this risk in all operations is crucial.	• Network planning • Proactive maintenance • Network management centres in each operation • Continuous and controlled upgrade of network equipment and software • Disaster recovery and business continuity plans, including network redundancy measures • Service-level agreements with suppliers • Continuous research into technology changes • Physical security protection of network infrastructure • Insurance on assets and revenue for specific insurable risk exposures

Physical and interruption risk

Information systems MTN depends on information systems to ensure excellent customer service, accurate billing and financial management of the business. Control over information systems to ensure availability and continuity, confidentiality of information and data integrity is crucial. Failure of these mechanisms could result in significant losses.	• Information technology governance processes, including: – disaster recovery plans – capacity management – information security processes

Current focus areas

Focus on single points of failure in newer operations.

Governance risk

Description	Response strategy/control measures
Poor governance practices could result in financial losses and reputational damage to the Group.	• Focus on governance in all operations • Operational management • Operational policies and procedures • Risk management and corporate governance committee (board sub-committee) • Risk and audit committee for each country operation • Risk management framework for the Group and all operations • Code of ethics • Group risk management function • Internal audit functions in each operation as well as at Group level • External audits

Current focus areas

New operations in Côte d'Ivoire, Republic of Congo (Brazzaville), Zambia and Iran are currently being brought into the Group's governance structures.

Glossary

GROUP COMPANIES

MTN Group, MTN, the Group	MTN Group Limited
MTN Holdings	Mobile Telephone Networks Holdings (Proprietary) Limited
MTN South Africa	South African operations including MTN Service Provider, MTN Network Operator, MTN Network Solutions, I-Talk and Leaf
MTN Service Provider	MTN Service Provider (Proprietary) Limited
Irancell	Irancell Telecommunications Company
Mascom	Mascom Wireless Botswana (Proprietary) Limited
MTN Côte d'Ivoire	MTN Côte d'Ivoire Societé Anonyme
MTN Nigeria	MTN Nigeria Communications Limited
MTN Cameroon	Mobile Telephone Networks Cameroon Limited
MTN Congo Brazzaville	MTN Congo Societé Anonyme
MTN Uganda	MTN Uganda Limited
MTN Rwanda	MTN Rwandacell S.A.R.L
MTN Swaziland	Swazi MTN Limited
MTN Zambia	MTN Zambia Limited
MTN Foundation	Division of an operation responsible for corporate social investment
MTN Network Operator	Mobile Telephone Networks (Proprietary) Limited
MTN Network Solutions	MTN Network Solutions (Proprietary) Limited
MTN R&D	Division of MTN Network Operator responsible for research and development
NEFTO	Nigeria Electronic Funds Transfer Operation
Orbicom	Orbicom (Proprietary) Limited

TERMS AND ACRONYMS

3G	Third generation
AIDS	Acquired Immune Deficiency Syndrome
ARPU	Average revenue per user
BEE	Black economic empowerment
BSC	Base station controller
BTS	Base transceiver station
CDMA	Code division multiple access
CEO	Chief Executive Officer
CFA	Communaute Financiere Africaine franc
CRI	Corporate reputation index
CSI	Corporate social investment
CV	Curriculum vitae
DFI	Development Finance Institution
DRC	Democratic Republic of Congo
dti	Department of Trade and Industry (South Africa)
EBITDA	Earnings before interest, tax, depreciation and amortisation
EDGE	Enhanced Data for GSM Evolution
EE	Employee equity
EPS	Earnings per share
ERM	Enterprise risk management
EUR	Currency of the European Union
EVP	Employee value proposition
EXCO	Executive Committee
GPRS	General Packet Radio Service
GSM	Global System for Mobile Communications

Glossary *continued*

Handset	Mobile telephone
HEPS	Headline earnings per share
HIV	Human Immuno Deficiency Virus
ICASA	Independent Communications Authority of South Africa
ICT	Information, communication technologies
ICTE	Information, communications technology and electronics
IFC	International Finance Corporation
IFRS	International financial reporting standards
Interconnect cost	Costs as a result of calls from MTN subscribers terminating on other local networks
Interconnect revenue	Revenue as a result of calls originating on other local network, terminating on the MTN network
ISO	International standards organisation
ISP	Internet service provider
JSE	JSE Limited
KING II	King committee report on corporate governance 2002
KPI	Key performance indicator
LIBOR	London Inter-Bank Offer Rate
MD	Managing director
MHZ	Megahertz
MMS	Multimedia message service
MOU	Minutes of use
MSC	Mobile switching centre
MVNO	Mobile virtual network operator
NCC	Nigerian Communications Commission
NEPAD	New Economic Partnership for African Development
NAIRA	Nigerian naira
PAT	Profit after taxation

Prepaid	Service for which the subscriber has paid in advance
Postpaid	Service for which the subscriber has a contract and pays on a monthly basis
RAND/ZAR	South African rand
Roaming	Subscribers using a foreign network
RWF	Rwandan franc
SCMB	Standard Chartered Merchant Bank
SDH	Synchronous digital hierarchy
SENS	Stock exchange news service
SIM	Subscriber identity module
SME	Small medium enterprise
SMME	Small medium and micro enterprise
SMS	Short message service
SNO	Second network operator (South Africa)
SPTC	Swaziland Post and Telecommunications Corporation
STC	Secondary tax on companies
Subscriber	Mobile customer receiving or making a call with a 90 day period
UGS	Ugandan shillings
USAL	Under-serviced area licence
USSD	Unstructured supplementary service data
UGX	Ugandan shillings
VANS	Value-added network services
VOIP	Voice over internet protocol
VSAT	Very small aperture terminal
VTU	Virtual top-up
WAP	Wireless Application Protocol
WiMax	Worldwide interoperability for microwave access/broadband wireless technology


MTN

contents

Financial performance for the nine months to 31 December 2005 was strong, with revenue of R27,2 billion and EBITDA of R11,2 billion

Operations outside of South Africa contributed 55% of EBITDA and 57% of PAT and will play a greater role as our expansion drive progresses

Statement of directors' responsibilities

for the nine months ended 31 December 2005

The directors are responsible for the preparation, integrity and fair presentation of the financial statements of MTN Group Limited and its subsidiaries in accordance with International Financial Reporting Standards ("IFRS") and the Companies Act. The annual financial statements presented on pages 126 to 226 have been prepared in accordance with the requirements of IFRS and the Companies Act, and include amounts based on judgements and estimates made by management.

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

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

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

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

The Group's external auditors, PricewaterhouseCoopers Incorporated and SizweNtsaluba VSP, jointly audited the financial statements and their unqualified audit report is presented on page 125.

The annual financial statements and Group annual financial statements which appear on pages 126 to 226 were approved for issue by the board of directors on 22 March 2006 and are signed on its behalf by:

PF Nhleko

Group Chief Executive Officer

RD Nisbet

Group Finance Director

Fairland

22 March 2006

Certificate by the company secretary

for the nine months ended 31 December 2005

In terms of section 268(d) of the Companies Act, 61 of 1973, as amended (the Companies Act), I certify that, to the best of my knowledge and belief, the company has lodged with the Registrar of Companies for the nine months ended 31 December 2005, all such returns as required of a public company in terms of the Companies Act and that all such returns are true, correct and up to date.

SB Mtshali

Group Secretary

Fairland
22 March 2006

Report of the independent auditors

for the nine months ended 31 December 2005

to the members of MTN Group Limited

We have audited the annual financial statements and Group annual financial statements of MTN Group Limited set out on pages 126 to 226 for the period ended 31 December 2005. These financial statements are the responsibility of the company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

Scope

We conducted our audit in accordance with statements of International Standards of Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Audit opinion

In our opinion, the financial statements fairly present, in all material respects, the financial position of the Group and the company at 31 December 2005 and the results of their operations and cash flows for the period then ended in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act in South Africa.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.

Registered Accountants and Auditors

Chartered Accountants (SA)

Sunninghill

22 March 2006

SizweNtsaluba VSP

SizweNtsaluba VSP

Registered Accountants and Auditors

Chartered Accountants (SA)

Woodmead

22 March 2006

Directors' report

for the nine months ended 31 December 2005

The directors have pleasure in presenting their report and audited financial statements for the nine months ended 31 December 2005.

Nature of business

MTN Group Limited (the MTN Group or the company), incorporated and domiciled in South Africa, carries on the business of investing in the telecommunications industry through its subsidiary companies, joint ventures and associate companies.

Subsidiary companies

Details of entities in which MTN Group Limited has a direct or indirect interest are set out in Annexures 1 and 2 of the financial statements on page 223 and page 225 respectively.

Directorate and Group Secretary

The composition and profiles of the board of directors of the MTN Group appear on page 13.

The Group Secretary is SB Mtshali, whose business and postal addresses are set out below:

Business address	**Postal address**
216, 14th Avenue	Private Bag 9955
Fairland	Cresta
2195	2118

Interests of directors and officers

During the nine months under review, no contracts were entered into in which directors and officers of the company had an interest, which significantly affected the business of the Group. The directors had no interest in any third party or company responsible for managing any of the business activities of the Group. The emoluments and perquisites of executive directors are determined by the Group Nominations, Remuneration and Human Resources Committee and approved by the Board. No long-term service contracts exist between executive directors and the company, with the exception of the contract of service between the Group Chief Executive Officer and the company, which commenced on 1 July 2002 and terminates on 30 June 2007.

Results of operations	December 2005 Rm	March 2005 Rm
Aggregate net profits in:		
Subsidiaries	**5 797**	6 202
Joint ventures	**151**	167
Associated companies	**10**	18
	5 958	6 387
Aggregate net losses in:		
Subsidiaries	**(77)**	(30)
Associated companies	**(15)**	—
	(92)	(30)

The financial statements on pages 126 to 226 set out fully the financial position, results of operations and cash flows of the MTN Group. Note 1 to the financial statements provides an analysis of the financial results by geographic segment.

Reviews of financial results and activities

Reviews of financial results and the activities of the Group are contained in the reports of the Chairman, Group Chief Executive Officer, the Group Finance Director, the reviews of operations and the annual financial statements.

Directors' report

for the nine months ended 31 December 2005 *(continued)*

Share capital

Authorised share capital

There was no change in the authorised share capital of the company during the period under review. The authorised ordinary share capital of the MTN Group is 2,5 billion shares of 0,01 cent each.

The following are the movements in the issued and unissued ordinary share capital from the beginning of the accounting period to the date of this report:

Issued share capital

The issued share capital of the company was increased during the year by the allotment and issue of shares to employees who exercised share options in terms of the MTN Group Limited Share Option Scheme. The allotments are listed as follows:

1 146 120	at R9,31
1 377 435	at R13,53
100 000	at R16,81
197 240	at R27,00

Accordingly, at 31 December 2005, the issued share capital of the company was R166 532 (March 2005: R166 249) comprising 1 665 317 425 (March 2005: 1 662 496 630) ordinary shares of 0,01 cent each. No treasury stock was held at the date of this report.

Control of unissued share capital

The unissued ordinary shares are the subject of a general authority granted to the directors in terms of section 221 of the Companies Act, 61 of 1973 as amended (the Companies Act). As this general authority remains valid only until the next annual general meeting, which is to be held on 13 June 2006, members will be asked at that meeting to consider an ordinary resolution placing the said unissued ordinary shares, up to a maximum of 10% of the company's issued share capital under the control of the directors until the next annual general meeting.

Further details of the authorised and issued shares, as well as the share premium for the period ended 31 December 2005, appears in note 17 of the annual financial statements.

Acquisition of the company's own shares

At the last annual general meeting held on 10 August 2005, shareholders gave the company or any of its subsidiaries, a general approval in terms of sections 85 and 89 of the Companies Act, by way of special resolution, for the acquisition of its own shares. As this general approval remains valid only until the next annual general meeting, which is to be held on 13 June 2006, members will be asked at that meeting to consider a special resolution to renew this general approval until the next annual general meeting.

Distribution to shareholders

A dividend of 65 cents per share (March 2005: 65 cents) amounting to R1 082 million (March 2005: R1 076 million) was declared on Wednesday, 22 March 2006, in respect of the nine month period to 31 December 2005 payable to shareholders registered on Friday, 21 April 2006. The payments of future dividends will depend on the board's ongoing assessment of the Group's earnings, financial position including its cash needs, future earnings prospects and other factors.

Shareholders on the South African register who have dematerialised their ordinary shares receive payment of their dividends electronically, as provided for by STRATE. For those shareholders who have not yet dematerialised their shares, or may intend maintaining their shareholding in the company in certificated form, the company operates an electronic funds transmission service, whereby dividends may be electronically transferred to shareholders' bank accounts. These shareholders are encouraged to mandate this method of payment for all future dividends.

Shareholders' interest

Major shareholders

The following information was extracted from the company's share register at 31 December 2005:

	December 2005		March 2005	
Nominees holding shares in excess of 5% of the issued ordinary share capital of the company:	**Number of shares**	**% of issued share capital**	Number of shares	% of issued share capital
Nedcor Bank Nominees Limited	**693 873 922**	**41,67**	636 049 096	38,26
Standard Bank Nominees (Tvl) (Proprietary) Limited	**407 683 225**	**24,48**	422 460 548	25,41
First National Nominees (Proprietary) Limited	**160 579 581**	**9,64**	164 320 530	9,88
ABSA Nominees (Proprietary) Limited	**77 626 345**	**4,66**	103 640 137	6,23
Spread of ordinary shareholders				
Public	**1 420 414 139**	**85,29**	1 415 017 414	85,11
Non-public	**244 903 286**	**14,71**	247 479 216	14,89
– Directors of MTN Group Limited and major subsidiaries	**1 386 383**	**0,08**	1 375 406	0,08
– MTN Group Limited Share Incentive Scheme – shares held on behalf of employees	**13 492**	**—**	—	—
– MTN Uganda Staff Provident Fund	**3 400**	**—**	117 899	0,01
– Newshelf 664 (Proprietary) Limited	**243 500 011**	**14,63**	245 985 911	14,80
Total issued share capital	**1 665 317 425**	**100,00**	1 662 496 630	100,00

Directors' report

for the nine months ended 31 December 2005 *(continued)*

Disclosures in accordance with section 140A(8)(a) of the Companies Act and paragraph 8.63 of the JSE Listings Requirements

According to information received by the directors, the following shareholders held shares in excess of 5% of the issued ordinary share capital of the company:

	December 2005		March 2005	
Beneficial shareholders holding 5% or more	**Number of shares**	**% of issued share capital**	Number of shares	% of issued share capital
Newshelf 664 (Proprietary) Limited*	**243 500 011**	**14,63**	245 985 911	14,80
Public Investment Corporation	**228 138 865**	**13,70**	208 646 818	12,55
Old Mutual Group	**134 066 169**	**8,05**	144 297 579	8,68
Transnet Pension Fund	**100 680 382**	**6,05**	110 461 920	6,64

**Although Newshelf 664 has an economic interest in 309 million MTN Group Limited shares, it currently only has voting rights over 243,5 million MTN Group Limited shares. Further details of the Newshelf 664 shareholding are provided on page 141.*

Certain of these shareholdings are partially or wholly included in the nominee companies mentioned on page 129. Apart from this, the company is not aware of any other party who has a shareholding of more than 5% in the company.

The MTN Group Limited share option and incentive schemes

The company operates share option and incentive schemes (the schemes) and eligible employees, including executive directors, are able to participate in accordance with the schemes' rules. The schemes are designed to recognise the contributions of executive directors, and eligible staff and to provide additional incentives to contribute to the company's continued growth.

In terms of the company's schemes, the total number of shares which may be allocated for the purposes of the schemes shall not exceed 5% of the total issued ordinary share capital of the company from time to time being 81 799 691 shares approved by shareholders in 2001.

Share-based payments

The company operates share option and incentive schemes and eligible employees, including executive directors, are able to participate in accordance with scheme rules. The vesting periods under the option scheme are: 20%, 20%, 30% and 30% on the anniversary of the second, third, fourth and fifth years respectively after the grant date of the options. The strike price for options allocated is market related and is equal to the market value of the MTN Group share at the close of business on the day prior to the approval granted by the board.

If the options remain unexercised after a period of 10 years from the date of grant, the options expire. Options are forfeited if the employee leaves the Group before the vesting date.

Details of the share options outstanding at 31 December 2005 are as follows:

MTN Group Limited Share Option Scheme (the Option Scheme)

The following information is provided in accordance with the provisions of the Option Scheme:

The Group issues equity-settled share-based payment to employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the shares that will eventually vest and adjusted for the effect of non market-based vesting conditions. Fair value is measured using the stochastic model. The expected life used in the model as been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

MTN Group Limited Share Option Scheme

	Number of shares December 2005	Number of shares March 2005
Options allocated and reserved at the beginning of the year	**23 069 614**	26 079 606
Add: Options allocated and reserved during the year	**—**	2 001 720
Less: Options no longer reserved due to participants leaving the employ of the Group and the lapsing of offer	**(2 712 835)**	(818 850)
Less: Options exercised and allotted during the year	**(2 832 215)**	(4 192 862)
Options allocated and reserved at year-end	**17 524 564**	23 069 614

The market weighted average share price on the dates that share options were exercised during the year was R49,22.

The options outstanding at the end of the year have a weighted average remaining contractual life of eight years (March 2005: nine years). During the nine months ended 31 December 2005, no options were granted. During the financial year ended 31 March 2005, options were granted on 1 December 2004. These options were granted at market value of R40,50 per option. The fair values were calculated using the stochastic model. The inputs into the model were as follows:

	December 2005	March 2005
Weighted average share price for the period	**R49,22**	R34,62
Weighted average exercise price	**R46,75**	R28,72
Expected life	**5 – 7 years**	5 – 7 years
Risk free rate	**8,16% – 11,87%**	8,16% – 11,87%
Expected dividend yield	**1,02%**	1,02%
Expected volatility	**48,35% – 60,3%**	48,35 – 60,3%

Expected volatility was determined by calculating the historical volatility of the company's share price over the previous seven years. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. The expected dividend yield was determined based on historical data.

Directors' report

for the nine months ended 31 December 2005 *(continued)*

MTN Group Limited Share Option Scheme (the Option Scheme) ***(continued)***

Options exercised during the period under review yielded the following proceeds, after transaction costs:

	December 2005 R000	March 2005 R000
Ordinary share capital – at par	*	*
Share premium	**36 138**	34 887
Proceeds	**36 138**	34 887
Fair value, at exercise date, of shares issued	**132 407**	120 448

**Amount less than R1 million*

Share options outstanding as at 31 December 2005 have the following terms:

December 2005			March 2005		
Number outstanding	Exercise price R	Remaining contractual life (years)	Number outstanding	Exercise price R	Remaining contractual life (years)
2 767 184	**13,53**	**5,65**	4 798 385	13,53	6,40
319 520	**12,88**	**6,73**	319 520	12,88	7,48
10 299 210	**9,31**	**6,73**	12 523 849	9,31	7,48
859 540	**16,81**	**7,23**	959 540	16,81	7,98
1 912 920	**27,00**	**7,55**	2 510 600	27,00	8,30
300 100	**33,09**	**8,55**	300 100	33,09	9,30
1 066 090	**40,50**	**8,65**	1 657 620	40,50	9,40
17 524 564			23 069 614		

MTN Group Share Incentive Scheme (the Incentive Scheme)

This incentive scheme was established when the company formed part of Multichoice Limited and no allocations have been made under this scheme since 2001. All share options granted under the scheme have been exercised or have expired. The following information is provided in accordance with the provisions of the Incentive Scheme.

	Number of shares December 2005	Number of shares March 2005
Share allotted and issued to the share trust at the beginning of the year	—	1 078 297
Less: Shares purchased by participants during the year and shares lapsed during the year	—	(67 449)
Less: Shares allotted and issued to participants in the option scheme	—	(1 010 848)
	—	—
Shares allocated and reserved in previous years	—	3 279 881
Less: Shares no longer reserved due to participants leaving the employment of the Group and participants selling shares back to the trust	—	(3 279 881)
Shares held by trust at the end of the year	—	—

Unvested and vested but not exercised shares are subject to cancellation upon termination of employment.

MTN Staff Incentive Scheme (the MTN Debenture Scheme)

The last vesting of conversion of debentures under the MTN Debenture Scheme occurred on 1 December 2004. No further allocations under this scheme are foreseen and hence the scheme will now be wound up.

Directors' report

for the nine months ended 31 December 2005 *(continued)*

Equity compensation benefits for executive directors and directors of major subsidiaries

MTN Group Limited Share Option Scheme for the nine months ended 31 December 2005

Director	Balance at 1 April 2005	Allocated during the period	Offer price	Allocation date	Exercised during the period	Balance at 31 December 2005	Exercisable options	Offer price	Exercisable date
MTN Group									
I Charnley	100 000	—	R13,53	28/09/2001	—	100 000	6 666	R13,53	28/09/2003
	528 900	—	R9,31	02/09/2002	—	528 900	105 780	R9,31	28/09/2004
	628 900					628 900	93 334	R13,53	02/09/2004
							105 780	R9,31	28/09/2005
							158 670	R9,31	02/09/2006
							158 670	R9,31	02/09/2007
SL Botha	959 540	—	R16,81	07/07/2003	100 000	859 540	91 908	R16,81	07/07/2005
							191 908	R16,81	07/07/2006
							287 862	R16,81	07/07/2007
							287 862	R16,81	07/07/2008
RS Dabengwa	264 560	—	R9,31	02/09/2002	66 140	198 420	58 220	R27,00	01/12/2005
	291 100	—	R27,00	01/12/2003	—	291 100	99 210	R9,31	02/09/2006
	555 660					489 520	58 220	R27,00	01/12/2006
							99 210	R9,31	02/09/2007
							87 330	R27,00	01/12/2007
							87 330	R27,00	01/12/2008
RD Nisbet	748 640	—	R9,31	02/09/2002	—	748 640	187 160	R9,31	02/09/2005
	64 500	—	R27,00	01/12/2003	—	64 500	12 900	R27,00	01/12/2005
	813 140					813 140	280 740	R9,31	02/09/2006
							12 900	R27,00	01/12/2006
							280 740	R9,31	02/09/2007
							19 350	R27,00	01/12/2007
							19 350	R27,00	01/12/2008
PF Nhleko	1 993 700	—	R9,31	02/09/2002	—	1 993 700	82 740	R9,31	02/09/2004
							477 740	R9,31	02/09/2005
							716 610	R9,31	02/09/2006
							716 610	R9,31	02/09/2007

Director	Balance at 1 April 2005	Allocated during the period	Offer price	Allocation date	Exercised during the period	Balance at 31 December 2005	Exercisable options	Offer price	Exercisable date
MTN major subsidiaries									
Z Bulbulia	75 900	—	R13,53	28/09/2001	—	75 900	15 180	R13,53	28/09/2003
	92 400	—	R9,31	02/09/2002	—	92 400	18 480	R9,31	02/09/2004
	24 700	—	R27,00	01/12/2003	—	24 700	15 180	R13,53	28/09/2004
	193 000					193 000	18 480	R9,31	02/09/2005
							22 770	R13,53	28/09/2005
							4 940	R27,00	01/12/2005
							27 720	R9,31	02/09/2006
							22 770	R13,53	28/09/2006
							4 940	R27,00	01/12/2006
							27 720	R9,31	02/09/2007
							7 410	R27,00	01/12/2007
							7 410	R27,00	01/12/2008
I Hassen	160 500	—	R27,00	01/12/2003		Resigned	—	—	—
JB McGrath	423 680	—	R9,31	02/09/2002	—	423 680	105 920	R9,31	02/09/2005
							158 880	R9,31	02/09/2006
							158 880	R9,31	02/09/2007
MB Manyatshe	300 100	—	R33,09	01/11/2004	—	300 100	60 020	R33,09	01/11/2006
							60 020	R33,09	01/11/2007
							90 030	R33,09	01/11/2008
							90 030	R33,09	01/11/2009
Y Muthien	326 080	—	R9,31	02/09/2002	—	Resigned			
PD Norman	440 080	—	R9,31	02/09/2002	—	440 080	110 020	R9,31	02/09/2005
	33 900	—	R40,50	01/12/2004	—	33 900	165 030	R9,31	02/09/2006
	473 980					473 980	165 030	R9,31	02/09/2007
							6 780	R40,50	01/12/2006
							6 780	R40,50	01/12/2007
							10 170	R40,50	01/12/2008
							10 170	R40,50	01/12/2009

Directors' report

for the nine months ended 31 December 2005 *(continued)*

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

MTN Group Limited Share Option Scheme for the nine months ended 31 December 2005 *(continued)*

Director	Balance at 1 April 2005	Allocated during the period	Offer price	Allocation date	Exercised during the period	Balance at 31 December 2005	Exercisable options	Offer price	Exercisable date
MTN major subsidiaries *(continued)*									
KW Pienaar	496 480	—	R9,31	02/09/2002	—	496 480	124 120	R9,31	02/09/2005
	31 100	—	R40,50	01/12/2004	—	31 100	186 180	R9,31	02/09/2006
	527 580					527 580	186 180	R9,31	02/09/2007
							6 220	R40,50	01/12/2006
							6 220	R40,50	01/12/2007
							9 330	R40,50	01/12/2008
							9 330	R40,50	01/12/2009
CG Utton	280 480	—	R9,31	02/09/2002	70 120	210 360	105 180	R27,00	01/12/2005
	83 200	—	R27,00	01/12/2003	—	83 200	105 180	R9,31	02/09/2006
	363 680					293 560	16 640	R27,00	01/12/2006
							16 640	R9,31	02/09/2007
							24 960	R27,00	01/12/2007
							24 960	R27,00	01/12/2008

MTN Group Limited Share Option Scheme for the year ended 31 March 2005

Director	Balance at 1 April 2005	Allocated during the period	Offer price	Allocation date	Exercised during the period	Balance at 31 March 2005	Exercisable options	Offer price	Exercisable date
MTN Group									
I Charnley	230 000	—	R13,53	28/09/2001	130 000	100 000	6,666	R13,53	28/09/2003
	528 900	—	R9,31	02/09/2002	—	528 900	105 780	R9,31	28/09/2004
	758 900					628 900	93 334	R13,53	02/09/2004
							105 780	R9,31	28/09/2005
							158 670	R9,31	02/09/2006
							158 670	R9,31	02/09/2007
SL Botha	—	959 540	R16,81	07/07/2003	—	959 540	191 908	R16,81	07/07/2005
							191 908	R16,81	07/07/2006
							287 862	R16,81	07/07/2007
							287 862	R16,81	07/07/2008
RS Dabengwa	330 700	—	R9,31	02/09/2002	66 140	264 560	66 140	R9,31	02/09/2005
	291 100	—	R27,00	01/12/2003	—	291 100	58 220	R27,00	01/12/2005
	621 800					555 660	99 210	R9,31	02/09/2006
							58 220	R27,00	01/12/2006
							99 210	R9,31	02/09/2007
							87 330	R27,00	01/12/2007
							87 330	R27,00	01/12/2008
RD Nisbet	935 800	—	R9,31	02/09/2002	187 160	748 640	187 160	R9,31	02/09/2005
	64 500	—	R27,00	01/12/2003	—	64 500	12 900	R27,00	01/12/2005
	1 000 300					813 140	280 740	R9,31	02/09/2006
							12 900	R27,00	01/12/2006
							280 740	R9,31	02/09/2007
							19 350	R27,00	01/12/2007
							19 350	R27,00	01/12/2008
PF Nhleko	2 388 700	—	R9,31	02/09/2002	395 000	1 993 700	82 740	R9,31	02/09/2004
							477 740	R9,31	02/09/2005
							716 610	R9,31	02/09/2006
							716 610	R9,31	02/09/2007

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

MTN Group Limited Share Option Scheme for the year ended 31 March 2005 *(continued)*

Director	Balance at 1 April 2005	Allocated during the period	Offer price	Allocation date	Exercised during the period	Balance at 31 March 2005	Exercisable options	Offer price	Exercisable date
MTN major subsidiaries *(continued)*									
Z Bulbulia	75 900	—	R13,53	28/09/2001	—	75 900	15 180	R13,53	28/09/2003
	92 400	—	R9,31	02/09/2002	—	92 400	18 480	R9,31	02/09/2004
	168 300	24 700	R27,00	01/12/2003	—	24 700	15 180	R13,53	28/09/2004
						193 000	18 480	R9,31	02/09/2005
							22 770	R13,53	28/09/2005
							4 940	R27,00	01/12/2005
							27 720	R9,31	02/09/2006
							22 770	R13,53	28/09/2006
							4 940	R27,00	01/12/2006
							27 720	R9,31	02/09/2007
							7 410	R27,00	01/12/2007
							7 410	R27,00	01/12/2008
I Hassen	160 500	—	R27 00	01/12/2003	—	160 500	32 100	R27,00	01/12/2005
							32 100	R27,00	01/12/2006
							48 150	R27,00	01/12/2007
							48 150	R27,00	01/12/2008
JB McGrath	529 600	—	R9,31	02/09/2002	105 920	423 680	105 920	R9,31	02/09/2005
							158 880	R9,31	02/09/2006
							158 880	R9,31	02/09/2007
MB Manyatshe	—	300 100	R33,09	01/11/2004	—	300 100	60 020	R33,09	01/11/2006
							60 020	R33,09	01/11/2007
							90 030	R33,09	01/11/2008
							90 030	R33,09	01/11/2009
Y Muthien	326 080	—	R9,31	02/09/2002	—	326 080	81 520	R9,31	02/09/2004
							122 280	R9,31	02/09/2005
							122 280	R9,31	02/09/2006

Equity compensation benefits for executive directors and directors of major subsidiaries

MTN Group Limited Share Option Scheme for the year ended 31 March 2005

Director	Balance at 1 April 2005	Allocated during the period	Offer price	Allocation date	Exercised during the period	Balance at 31 March 2005	Exercisable options	Offer price	Exercisable date
PD Norman	550 100	—	R9,31	02/09/2002	110 020	440 080	110 020	R9,31	02/09/2005
		33 900	R40,50	01/12/2004	—	33 900	165 030	R9,31	02/09/2006
	550 100	33 900				473 980	165 030	R9,31	02/09/2007
							6 780	R40,50	01/12/2006
							6 780	R40,50	01/12/2007
							10 170	R40,50	01/12/2008
							10 170	R40,50	01/12/2009
KW Pienaar	620 600	—	R9,31	02/09/2002	124 120	496 480	124 120	R9,31	02/09/2005
		31 100	R40,50	01/12/2004	—	31 100	186 180	R9,31	02/09/2006
	620 600	31 100				527 580	186 180	R9,31	02/09/2007
							6 220	R40,50	01/12/2006
							6 220	R40,50	01/12/2007
							9 330	R40,50	01/12/2008
							9 330	R40,50	01/12/2009
CG Utton	350 600	—	R9,31	02/09/2002	70 120	280 480	70 120	R9,31	02/09/2005
	83 200	—	R27,00	01/12/2003	—	83 200	105 180	R27,00	01/12/2005
	433 800					363 680	105 180	R9,31	02/09/2006
							16 640	R27,00	01/12/2006
							16 640	R9,31	02/09/2007
							24 960	R27,00	01/12/2007
							24 960	R27,00	01/12/2008

Share options exercised by directors

The share options exercised and resulting trades can be viewed under directors' share dealings on page 140.

Directors' report

for the nine months ended 31 December 2005 *(continued)*

Directors' shareholdings

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

	Beneficial		Non-beneficial	
Director	**31 December 2005**	31 March 2005	**31 December 2005**	31 March 2005
DDB Band	**14 023**	14 023	**—**	—
I Charnley	**13 800**	13 800	**—**	—
RD Nisbet*	**1 111 066**	1 111 066	**—**	—
Z Bulbulia* (subsidiary director)	**10 000**	10 000	**—**	—
JB McGrath* (subsidiary director)	**—**	—	**216 517**	216 517
PD Norman* (subsidiary director)	**—**	—	**10 000**	10 000

**Shares acquired through the MTN Debenture Scheme.*

No changes occurred in the above outlined shareholding subsequent to period end until the date of this report.

PF Nhleko, I Charnley, RD Nisbet, SL Botha and RS Dabengwa hold an indirect beneficial interest in MTN Group shares through the management buy-in. Further details appear on page 141 of this report.

Directors' share dealings

Shares traded by directors for the nine months ended 31 December 2005

Directors of MTN Group	Shares sold	Price obtained	Date of sale
RS Dabengwa#	66 140	R58,60	19/12/2005
SL Botha#	100 000	R56,49	06/12/2005
CG Utton#	70 120	R48,26	09/09/2005

Shares exercised under the MTN Group Limited Share Option Scheme

Directors' interests in MTN Group held through Newshelf 664 (Proprietary) Limited (Newshelf 664)

Newshelf 664 (Proprietary) Limited (Newshelf 664) has an economic interest in 309 million MTN Group Limited shares (equivalent to 18,6% (March 2005: 18,6%) of the issued capital of the MTN Group). These shares were acquired from Transnet Limited (Transnet) at an average price of R13,90 per share between December 2002 and March 2003. As a result of the funding structure for the purchase of these shares, at 31 December 2005 Newshelf 664 had voting rights over 243,5 million MTN Group shares (equivalent to 14,62% of the total voting rights of the MTN Group). Pursuant to a contractual undertaking contained in the original agreements for the funding of Newshelf 664, and as a prerequisite to the funders entering into the funding arrangements, Newshelf 664 was obliged to enter into a hedging transaction in terms of which voting rights in respect of a maximum of 65,5 million MTN Group Limited shares are the subject of a scrip-lending arrangement.

Newshelf 664's ordinary shares are held by a trust (the Trust) for the benefit of eligible permanent staff employed by MTN Group Limited and its South African subsidiaries as well as eligible senior staff members of its African operations. This is expected to benefit approximately 2 400 eligible employees. Such benefits will vest over the six-year funding period but will only become tradeable when all obligations of Newshelf 664, including all debt and equity related funding obligations to certain financing institutions, have been met, and thereafter in accordance with the terms of the Trust Deed.

The Trust has five trustees, two of whom are directors of MTN Group, namely PF Nhleko and I Charnley. The other trustees, W Lucas-Bull, PM Jenkins and Z Sithole, are independent. Furthermore, all the directors of Newshelf 664 have been appointed by the Trust, such directors being PF Nhleko, I Charnley, RD Nisbet and RS Dabengwa (jointly, the Newshelf 664 directors). The Newshelf 664 directors as well as SL Botha (jointly, the executive directors) are also included amongst the eligible employees who are potential beneficiaries of the Trust. Consequently, the interests of the executive directors in respect of the MTN Group shares held by Newshelf 664 are as follows:

- As a result of being trustees of the Trust, PF Nhleko and I Charnley, together with the other trustees, have an indirect, non-beneficial interest in the MTN Group shares which are currently held by Newshelf 664.
- As a result of being directors of Newshelf 664, the Newshelf 664 directors have an indirect, beneficial interest in respect of the voting rights pertaining to the MTN Group shares which are currently held by Newshelf 664.
- As a result of being beneficiaries of the Trust, the executive directors have an indirect, beneficial interest in the MTN Group shares which are currently held by Newshelf 664. This beneficial interest is in the form of rights to participate in a predetermined ratio (the participation ratio) in the net surplus in Newshelf 664 (if any) which may arise once all of Newshelf 664's obligations have been met, including settlement of all funding. Certain of the financial institutions who funded the acquisition of the MTN Group shares also participate in the growth of the MTN Group shares. The participation ratio in the net surplus of Newshelf 664 of each executive director is as follows:

– PF Nhleko	7,9270% (March 2005: 7,9270%)
– I Charnley	5,5869% (March 2005: 5,5869%)
– RS Dabengwa	5,5869% (March 2005: 5,5869%)
– RD Nisbet	5,5869% (March 2005: 5,5869%)
– SL Botha	1,1634% (March 2005: 1,1634%)

Directors' report

for the nine months ended 31 December 2005 *(continued)*

Directors' interests in MTN Group held through Newshelf 664 (Proprietary) Limited (Newshelf 664) *(continued)*

Subject to the terms and conditions of the Trust Deed, the rights to participate will accrue to the executive directors in equal tranches of 16,6666% per annum for six years on the condition that, in the event that any executive director is not in the employment of the MTN Group at the end of the six-year period, he or she will only be entitled to that percentage of the rights to participate which will have vested prior to the executive director leaving the employment of the MTN Group.

In addition, the Newshelf 664 directors have exercised an option to participate in 0,23% of the economic benefits attaching to the "B" class redeemable preference shares and the "B" class participating preference share held by the Public Investment Corporation (the PIC), as funders to Newshelf 664, for which option the Newshelf 664 directors jointly paid an amount of R5 million. The capital acquisition consideration paid by each executive director was as follows:

– PF Nhleko	R1 612 577
– I Charnley	R1 129 141
– RS Dabengwa	R1 129 141
– RD Nisbet	R1 129 141
Total	R5 000 000

The Newshelf 664 directors thus have an indirect beneficial interest in the MTN Group Limited shares acquired by Newshelf 664 to the extent that the proceeds of such shares (dividends and capital) are required to service and settle the preference share funding provided by the PIC, but only to the extent of the proportion that their funding of the preference shares bears to the total PIC funding.

Effective 31 March 2005 but still subject to various suspensive conditions, Newshelf 664 concluded an agreement (the early redemption agreement) with, *inter alia*, Transnet and the PIC, for the purpose of redeeming early certain of the funding instruments which were issued by Newshelf 664 between December 2002 and March 2003 to raise the funding required to acquire its stake of 309 million MTN shares. As all of these suspensive conditions were not fulfilled, the agreement has been terminated.

Directors' emoluments and related payments for the nine months ended 31 December 2005

	Directors' fees R000	Salaries R000	Retirement benefits R000	Other benefits R000	Bonuses R000	Share options R000	Total R000
Executive directors							
PF Nhleko (CEO)	—	3 572	300	27	5 000	—	8 899
SL Botha	—	1 762	226	117	1 250	3 949	7 304
I Charnley	—	1 462	198	97	1 800	—	3 557
RS Dabengwa	—	2 194	344	37	2 500	3 258	8 333
RD Nisbet	—	1 763	226	36	1 900	—	3 925
Sub-total executive directors	—	10 753	1 294	314	12 450	7 207	32 018
Non-executive directors							
DDB Band	431	—	—	—	—	—	433
ZNA Cindi	361	—	—	—	—	—	361
PL Heinamann	473	—	—	—	—	—	474
MC Ramaphosa	536	—	—	—	—	—	536
AF van Biljon	448	—	—	—	—	—	448
JHN Strydom	381	—	—	—	—	—	381
MA Moses	340	—	—	—	—	—	340
Sub-total non-executive directors	2 970	—	—	—	—	—	2 970
Total	2 970	10 753	1 294	314	12 450	7 207	34 988

Directors' emoluments and related payments for the year ended 31 March 2005

	Directors' fees R000	Salaries R000	Retirement benefits R000	Other benefits R000	Bonuses R000	Total R000
Executive directors						
PF Nhleko (CEO)	—	4 347	360	234	9 172	14 113
SL Botha	—	2 196	282	30	2 961	5 469
I Charnley	—	1 653	237	184	2 273	4 347
RS Dabengwa	—	2 192	373	336	2 861	5 762
RD Nisbet	—	2 046	262	157	2 324	4 789
Sub-total executive directors		12 434	1 514	941	19 591	34 480
Non-executive directors						
DDB Band	526	—	—	—	—	526
ZNA Cindi	440	—	—	—	—	440
PL Heinamann	592	—	—	—	—	592
MC Ramaphosa	728	—	—	—	—	728
AF van Biljon	611	—	—	—	—	611
JHN Strydom	504	—	—	—	—	504
MA Moses	75	—	—	—	—	75
Sub-total non-executive directors	3 476	—	—	—	—	3 476
Total	3 476	12 434	1 514	941	19 591	37 956

Performance bonuses

Performance bonuses for executive directors are linked to operational and financial value drivers pertaining to business performance against budget for individual operations and the MTN Group as a whole. These value drivers are determined by the board every year in respect of the next financial year. Each executive director's performance bonus is conditional upon achievement of their specific value drivers and key performance indicators, which are structured to retain a balance between the performance of entities for which they are directly responsible, and that of the Group. In order to align incentive awards with the performance to which they relate, bonuses above reflect the amounts accrued in respect of each year and not the amounts paid in that year. The bonuses are determined by the Group nominations, remuneration and human resources committee, and approved by the board.

Property, plant and equipment

There were no changes in the nature of property, plant and equipment nor in the policy regarding their use during the period under review.

American depository receipt facility

A sponsored American depository receipt facility has been established. This ADR facility is sponsored by the Bank of New York and details of the administrators are reflected under the administration page 241.

Acquisitions

Details of the MTN Group acquisitions and disposals are presented in the Group Chief Executive Officer's report.

Borrowing powers

In terms of the articles of association of the company, the borrowing powers of the company are unlimited, however all borrowings by the MTN Group are subject to limitations specified in the treasury policy of the Group. The details of borrowings appear in note 19 of the annual financial statements.

Post balance sheet events

There were no significant post balance sheet events between the end of the period under review and the date of this report.

Material resolutions

Details of special resolutions and other resolutions of a significant nature passed by the company and its subsidiaries during the nine month period under review requiring disclosure in terms of the listing requirements of the JSE are as follows:

MTN Group

- To approve an authority for the company and/or a subsidiary of the company, to acquire shares in the company.

Subsidiaries

- There were no material special resolutions passed by the subsidiaries of the company during the period under review.

Directors and Group Secretary

There were no appointments to, nor resignations from the board during the period under review.

In accordance with the articles of association of the company, one third of the Board is required to retire by rotation at each annual general meeting. Retiring directors are those who have been in office the longest since their last re-election and directors who have been appointed between annual general meetings.

Profiles of the directors seeking re-election are contained in the notice of the annual general meeting which forms part of the annual financial statement.

The directors retiring by rotation at the forthcoming annual general meeting in terms of the articles of association are RD Nisbet and JHN Strydom.

Non-executive directors do not hold service contracts with the company.

The office of the secretary was held by Mr LC Jooste (Acting Group Secretary) until 31 July 2005. With effect from August 2005, Ms SB Mtshali was appointed as Group Secretary.

Change in year-end

The financial year-end of MTN Group Limited and most of its subsidiaries has been changed to 31 December. This change has been effected to ensure that the Group's reporting dates are better aligned with most of its international peers and also to improve the efficiency of certain administrative processes.

Going concern

The directors have reviewed the MTN Group's budget and cash flow forecast for the year to 31 December 2006. On the basis of this review, and in light of the current financial position and existing borrowing facilities, the directors are satisfied that the MTN Group has access to adequate resources to continue in operational existence for the foreseeable future and is a going concern and have continued to adopt the going concern basis in preparing the financial statements.

Auditors

PricewaterhouseCoopers Inc. and SizweNtsaluba VSP will continue in office as joint auditors in accordance with section 270(2) of the Companies Act, 61 of 1973, as amended.

Principal accounting policies
for the nine months ended 31 December 2005

1. Summary of principal accounting policies

1.1 Basis of preparation

The principal accounting policies applied in the preparation of these consolidated financial statements have been consistently applied to all periods presented, unless otherwise stated.

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and the requirements of the South African Companies Act. The financial statements have been prepared under the historical cost convention as modified for investments held at fair value through profit or loss or equity.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period based on management's best knowledge of current events and actions. Actual results may differ from these estimates. Areas involving a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the Group financial statements are disclosed in note 1.25.

Please refer to note 44 for an explanation of the Group's transition to IFRS for the prior period.

Early adoption of statements

The Group elected to early adopt IAS 21 (The Effects of Changes in Foreign Exchange Rates) revised December 2005 (effective on or from 1 January 2006), from 1 April 2004 onwards. The financial impact of early adopting this standard has been included in note 40.

1.2 Consolidation

The Group financial statements incorporate the financial statements of MTN Group Limited and all its subsidiaries, joint ventures, associates and special purpose entities for the period ended 31 December 2005.

1.2.1 Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or currently convertible are considered when assessing whether the Group has the power to control another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and are deconsolidated from the date that control ceases.

All intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated on consolidation. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. Special purpose entities (SPE) (including insurance cell captives and the various MTN Group staff incentive schemes) are consolidated when the substance of the relationship indicates that the SPE is controlled by the Group.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of acquisition plus costs directly attributable to the acquisition. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets of the subsidiary acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

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

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

1.2.2 Associated companies

Associates are all entities over which the Group has significant influence but not control, generally accompanying shareholding of between 20% and 50% of the voting rights.

Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. Under this method, the Group's share of post-acquisition accumulated profits or losses of associated companies, which are generally determined from their latest audited financial statements, is included in the carrying value of the investments, and the annual profit attributable to the Group is recognised in the income statement. The Group's share of post-acquisition movement in reserves is recognised in other reserves. The carrying amount of such interests is reduced to recognise any potential impairment, other than a temporary decline, in the value of individual investments.

The Group's investment in associates includes goodwill (net of accumulated impairment loss) identified on acquisition. When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless the Group has incurred obligations, issued guarantees or made payments on behalf of the associate.

Where another Group entity transacts with an associate of the Group, unrealised profits and losses are eliminated to the extent of the Group's interest in the relevant associate, except where unrealised losses provide evidence of an impairment of the asset transferred.

The accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

1.2.3 Joint ventures

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity which is subject to joint control.

Joint venture arrangements which involve the establishment of a separate entity in which each venturer has an interest, are referred to as jointly controlled entities. The Group reports its interests in jointly controlled entities using the proportionate consolidation method of accounting. The Group's share of the assets, liabilities, income and expenses and cash flows of jointly controlled entities are combined with the equivalent items in the financial statements on a line-by-line basis.

Where the Group transacts with its jointly controlled entities, unrealised profits and losses are eliminated to the extent of the Group's interest in the joint venture, except where unrealised losses provide evidence of an impairment of the asset transferred.

Accounting policies of joint ventures have been changed, where necessary, to ensure consistency with the policies adopted by the Group.

1.3 Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments.

A geographic segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

The geographic location of the Group's telecommunication network facilities constitutes the primary segment. The basis of the segment reporting is representative of the internal structure used for management reporting.

Segment results include revenue and expenses directly attributable to a segment and the relevant portion of enterprise revenue and expenses that can be allocated on a reasonable basis to a segment, whether from external transactions or from transactions with other Group segments. Intersegment transfer pricing is based on cost plus an appropriate margin. Unallocated items mainly comprise corporate expenses which do not directly relate to the operating activities of the segments or which cannot be re-allocated on a reasonable basis. Segment results are determined before any adjustment for minority interest. Segment assets and liabilities comprise those operating assets and liabilities that are directly attributable to the segment or can be allocated to the segment on a reasonable basis. Segment assets are determined after deducting related allowances that are reported as direct offsets in the Group's balance sheet.

Principal accounting policies

for the nine months ended 31 December 2005 *(continued)*

1. Summary of principal accounting policies *(continued)*

1.4 Foreign currency translation

1.4.1 Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the primary economic environment in which the entity operates ("the functional currency"). The Group financial statements are presented in South African rand, which is the functional and presentation currency of the parent company.

1.4.2 Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

1.4.3 Translation of Group companies

The financial statements of all Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities are translated at rates of exchange ruling at the balance sheet date;
- income and expenditure and cash flow items are translated at weighted average exchange rates for the period;
- foreign exchange translation differences are recognised as a separate component of equity in a foreign currency translation reserve; and
- on consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to equity (refer to note 40). When a foreign operation is sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the exchange rate ruling at the balance sheet date.

1.5 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. Property, plant and equipment acquired through business combinations are shown at fair value in accordance with IFRS 3, and are subsequently carried at the initially determined fair value less accumulated depreciation and impairment losses.

Cost includes all costs directly attributable to bringing the asset to working condition for its intended use. Depreciation of property, plant and equipment is calculated to write off the cost of the asset to its residual value, on the straight-line basis, over its expected useful life as follows:

Buildings – owned	10 – 50 years
Buildings – leased	3 – 11 years (shorter of lease term and useful life)
Generators	2 – 15 years
Network infrastructure	3 – 12 years
Information systems equipment	3 – 10 years
Furniture and fittings	3 – 10 years
Leasehold improvements	1 – 11 years (shorter of lease term and useful life)
Office equipment	2 – 10 years
Motor vehicles	3 – 5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Land is not depreciated. Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the expected term of the relevant lease.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Repairs and maintenance are charged to the income statement during the financial period in which they are incurred. Borrowing costs are not capitalised in accordance with Group policy.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the fair value of the sales proceeds and the carrying amount of the asset, and is included in operating profit.

1.6 Leases

Leases over property, plant and equipment are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Assets held under finance leases are capitalised at the lower of the fair value of the leased asset and the estimated present value of the minimum lease payments at the inception of the lease. The corresponding liability to the lessor, net of finance charges, is included in the balance sheet under borrowings. Each lease payment is allocated between the liability and finance charges. Finance costs, which represent the difference between the total lease commitments and fair value of the assets acquired, are charged to the income statement over the term of the relevant leases so as to produce a constant periodic rate of interest on the remaining balance of the obligations for each accounting period.

Leases, where a significant portion of the risks and rewards of ownership are retained by the lessor, are classified as operating leases. Rentals payable under operating leases are charged to the income statement on a straight-line basis over the term of the relevant leases.

In all significant leasing arrangements in place during the period, the Group acted as the lessee.

1.7 Intangible assets

1.7.1 Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring the specific software into use. These costs are amortised over their estimated useful lives (three to five years).

Costs associated with maintaining computer software programs are recognised as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include the software development employee costs and an appropriate portion of relevant overheads. Expenditure that enhances or extends the performance of computer software programs beyond their original specifications is recognised as a capital improvement and added to the original cost of the software.

Computer software development costs recognised as assets are amortised over their estimated useful lives (not exceeding three years).

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

Principal accounting policies

for the nine months ended 31 December 2005 *(continued)*

1. Summary of principal accounting policies *(continued)*

1.7 Intangible assets *(continued)*

1.7.2 Licences

Licences are initially shown at historical cost. Licences have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses. Licences acquired through business combinations are initially shown at fair value as determined in accordance with IFRS 3, and are subsequently carried at the initially determined fair value less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of licences over their estimated useful lives from the commencement of service of the network. The useful lives and renewal periods of licences are given in note 37, and are determined primarily by reference to the unexpired licence period, the conditions for licence renewal and whether licences are dependent on specific technologies.

1.7.3 Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary, associate or jointly controlled entity at the date of acquisition.

Goodwill arising on the acquisition of subsidiaries and jointly controlled entities is presented separately in the balance sheet. Goodwill arising on the acquisition of an associate is included in "investments in associates".

Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. Each of those cash-generating units represents the Group's investment in each country of operation.

1.7.4 Customer relationships

Customer relationships acquired through business combinations are initially shown at fair value as determined in accordance with IFRS 3, and are subsequently carried at the initially determined fair value less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method to allocate the value of the customer bases over their estimated useful lives. Prepaid customer bases are amortised over three years and postpaid customer bases are amortised over three to seven years.

1.7.5 Other intangible assets

Other intangible assets with finite lives are stated at cost less accumulated amortisation and impairment losses. Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets from the date they are available for use. The estimated useful life for brands is 20 years.

1.8 Impairment of non-financial assets

Goodwill is not subject to amortisation and is instead tested annually for impairment. Assets that are subject to amortisation/depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. An impairment loss is recognised in the income statement for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date, in the event of which the impairment reversal is credited to the income statement.

1.9 Financial instruments

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

1.9.1 Financial assets

The Group classifies its financial assets into the following categories: financial instruments held at fair value through profit or loss, loans and receivables and available-for-sale financial assets. The classification is dependent on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates such designation at every reporting date.

(a) Financial assets at fair value through profit or loss

This category consists of financial assets that management designated as held at fair value through profit or loss at inception. Assets in this category are classified as non-current assets unless they are expected to be realised within 12 months of the balance sheet date. Financial assets held for trading are accounted for in accordance with note 1.22.2.

(b) Loans and other receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. For the accounting policy in respect of trade receivables refer to note 1.11

(c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any other categories. They are included in non-current assets unless management has expressed its intention of holding the investment for less than 12 months from the balance sheet date.

Regular purchases and sales of investments are recognised on trade date, the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement. Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Available-for-sale financial assets and financial instruments held at fair value through profit or loss are subsequently carried at fair value. Gains and losses arising from changes in the fair value of securities classified as available-for-sale are recognised in equity. Gains and losses arising from changes in the fair value of financial assets at fair value through profit or loss, including interest and dividend income, are included in the income statement in the periods they arise. Loans and other non-current receivables are carried at amortised cost using the effective yield method.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement as "gains and losses from investment securities". Interest on available-for-sale securities calculated using the effective interest method is recognised in the income statement. Dividends on available-for-sale equity instruments are recognised in the income statement when the Group's right to receive payment is established.

Principal accounting policies

for the nine months ended 31 December 2005 *(continued)*

1. Summary of principal accounting policies *(continued)*

1.9 Financial instruments *(continued)*

1.9.1 Financial assets (continued)

(c) Available-for-sale financial assets (continued)

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models, making maximum use of market inputs and relying as little as possible on entity-specific inputs. Equity securities for which fair values cannot be measured reliably are recognised at cost less impairment. The Group assesses at each balance sheet date if there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss, is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement. Impairment testing of trade receivables is described in note 1.11.

Assets are derecognised when the enterprise loses control of contractual rights that comprise the assets and liabilities or when the obligation is extinguished.

1.9.2 Financial liabilities and equity

Financial liability and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

1.9.3 Trade payables

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

1.10 Inventories

Inventories are stated at the lower of cost and net realisable value on a weighted average cost basis. Cost is determined using the weighted average method. Cost comprises direct materials and, where applicable, overheads that have been incurred in bringing the inventories to their present location and condition, excluding borrowing costs. Net realisable value represents the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Where appropriate, an impairment provision is raised in respect of slow moving, obsolete and defective inventories.

1.11 Trade receivables

Trade receivables are recognised initially at fair value and subsequently at amortised cost using the effective interest method, less provision made for the impairment of these receivables. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount provided is the difference between the asset carrying amount and the estimated recoverable amount, being the present value of expected future cash flows, discounted at the effective rate of interest. The movement in the provision is recognised in the income statement.

1.12 Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held on call and investments in money market instruments, net of bank overdrafts, all of which are available for use by the Group. Bank overdrafts are included within current liabilities on the balance sheet, unless the entity has a legally enforceable right to set off the amounts and intends to settle on a net basis, or realise the asset and settle the liability simultaneously.

1.13 Share capital

Ordinary shares are classified as equity. Incremental external costs directly attributable to the issue of new shares or options, other than in connection with a business combination, are shown in equity as a deduction, net of tax, from the proceeds.

Share issue costs incurred directly in connection with a business combination are included in the cost of the acquisition. Where the company or its subsidiaries purchase the company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental external costs net of income taxes, is deducted from total shareholders' equity as treasury shares until they are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in shareholders' equity.

1.14 Borrowings

Borrowings are recognised initially at the fair value of proceeds received, net of transaction costs incurred, when the relevant contracts are entered into. Borrowings are subsequently stated at amortised cost using the effective interest rate method; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings as interest.

Financial liabilities are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expires.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

1.15 Deferred income tax

Deferred income tax is provided for in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. However, if the deferred income taxes arise from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted at the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

The principal temporary differences arise from depreciation on property, plant and equipment. Deferred taxation assets relating to the carry forward of unused tax losses and tax credits are recognised to the extent that it is probable that future taxable profits will be available in the foreseeable future against which the unused tax losses and tax credits can be utilised.

1.16 Employee benefits

Short-term employee benefits

Remuneration to employees in respect of services rendered during a reporting period is recognised as an expense in that reporting period. Provision is made for accumulated leave and for non-vested short-term benefits when there is no realistic alternative other than to settle the liability, and at least one of the following conditions is met:

- there is a formal plan and the amounts to be paid are determined before the time of issuing the financial statements; or
- achievement of previously agreed bonus criteria has created a valid expectation by employees that they will receive a bonus and the amount can be determined before the time of issuing the financial statements.

1. Summary of principal accounting policies *(continued)*

1.16 Employee benefits *(continued)*

Share-based compensation

The Group issues equity-settled share-based payment to employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the shares that will eventually vest and adjusted for the effect of non market-based vesting conditions. Fair value is measured using the stochastic model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

Where debentures vest or employees exercise options in terms of the rules and regulations of the various Group staff incentive schemes, treasury shares if available within the MTN Group Share Trust, are allocated, or alternatively new shares are issued to participants as beneficial owners. The directors procure a listing of these shares on the JSE Limited on which the company's shares are listed. In exchange, employees entitled to such shares or share options pay a consideration equal to the nominal debenture value or the option price allocated to them. The nominal value of shares issued is credited to share capital and the difference between the nominal value and the debenture value/option price is credited to share premium. Further details of equity compensation schemes are provided in the directors' report.

Defined contribution plans (pension and provident funds)

Group companies operate various pension and defined contribution schemes.

A defined contribution plan is one under which the Group pays a fixed percentage of employees' remuneration as contributions into a separate entity (a fund), and will have no further legal or constructive obligations to pay additional contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. Contributions to defined contribution plans in respect of services rendered during a period are recognised as an employee benefit expense when they are due. The Group does not have any material defined benefit plans.

Termination benefits

Termination benefits may be payable when an employee's employment is terminated before the normal retirement date due to death or retrenchment. Termination benefits are charged against income when the Group is demonstrably committed to any such plan without the possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary redundancy.

1.17 Basis of accounting of underwriting activities

Underwriting results are determined on an annual basis whereby the incurred cost of claims, commission and related expenses are charged against the earned proportion of premiums, net of reinsurance, as follows:

- Premiums written relate to business incepted during the period and exclude value-added tax.
- Unearned premiums represent the portion of premiums written during the period that relate to unexpired terms of policies in force at the balance sheet date, generally calculated on a time-apportionment basis.
- Claims incurred comprise claims and related expenses paid in the period and changes in the provisions for claims incurred but not reported and related expenses, together with any other adjustments to claims from previous years. Where applicable, deductions are made for salvage and other recoveries.
- Claims outstanding represent the ultimate cost of settling all claims (including direct and indirect settlement costs) arising from events that have occurred up to the balance sheet date, including provision for claims incurred but not yet reported, less any amounts paid in respect of those claims. Claims outstanding are reduced by anticipated salvage and other recoveries.

1.18 Provisions

A provision is recognised when there is a present legal or constructive obligation as a result of a past event for which it is more likely than not that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The Group provides for onerous contracts when the expected benefits to be derived from a contract are less than the unavoidable costs of meeting the obligations under the contract. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense.

1.19 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown, net of indirect taxes, estimated returns and trade discounts and after eliminating sales within the Group.

Revenue from the sale of goods and the rendering of services is recognised when it is probable that the economic benefits associated with a transaction will flow to the Group and the amount of revenue, and associated costs incurred or to be incurred, can be measured reliably.

The main categories of revenue and the bases of recognition are as follows:

1.19.1 Contract products

- Connection fees: Revenue is recognised on the date of activation by the GSM operator of a new Subscriber Identification Module (SIM) card.
- Access charges: Revenue is recognised in the period to which it relates.
- Airtime: Revenue is recognised on the usage basis commencing on the date of activation.

1.19.2 Prepaid products

- SIM kits: Revenue is recognised on the date of sale.
- Connection fees: Revenue is recognised on the date of activation.
- Airtime: Revenue is recognised on the usage basis commencing on the date of activation.

1.19.3 Other revenue

- Equipment sales: All equipment sales to third parties are recognised only when risks and rewards of ownership are transferred to the buyer.
- Interconnect/roaming/data: Revenue is recognised on a usage basis, unless it is not probable on transaction date that the interconnect revenue will be received; in which case interconnect revenue is recognised only when the cash is received.
- Interest income: Revenue is recognised on the time proportion basis with reference to the principal amount receivable and the effective interest rate applicable. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.
- Dividend income: Dividends are recognised when the right to receive payment is established.

Principal accounting policies

for the nine months ended 31 December 2005 *(continued)*

1. Summary of principal accounting policies *(continued)*

1.20 Connection incentives

Connection incentives are expensed in the period in which they are incurred.

1.21 Dividends

Dividends payable are recorded in the Group's financial statements in the period in which they are approved by the board of directors.

1.22 Financial risk management

1.22.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: Foreign exchange risk, credit risk, liquidity risk, cash flow and fair value interest rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses derivative financial instruments, such as forward exchange contracts, to hedge certain exposures, but as a matter of principle, the Group does not enter into derivative contracts for speculative purposes.

Risk management is carried out under policies approved by the board of directors of the company and of relevant subsidiaries. The MTN Group Executive Committee identifies, evaluates and hedges financial risks in co-operation with the Group's operating units. The Board provides written principles for overall risk management, as well as for specific areas such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments, and investing excess liquidity.

Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures. Foreign exchange risk arises when future commercial transactions or recognised assets and liabilities are denominated in a currency that is not the entity's functional currency. Certain entities in the Group use forward contracts to hedge their exposure to foreign currency risk in connection with the functional currency. The Group's Nigerian subsidiary manages foreign currency risk on major foreign purchases by placing foreign currency on deposit as security against letters of credit when each order is placed. The company has foreign subsidiaries whose assets are exposed to foreign currency translation risk, which is managed primarily through borrowings denominated in the relevant foreign currencies to the extent that such funding is available on reasonable terms in the local capital markets.

Price risk

The Group is not exposed to commodity price risk.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed facilities. The Group remains confident that the available cash resources and borrowing facilities will be sufficient to meet its funding requirements.

Credit risk

The Group has no significant concentrations of credit risk, due to its wide spread of customers across various operations. The Group has policies in place to ensure that retail sales of products and services are made to customers with an appropriate credit history. The recoverability of interconnect debtors in certain international operations is uncertain; however, this is actively managed within acceptable limits (this fact has been incorporated in the assessment of an appropriate revenue recognition policy in this regard (refer to note 1.19.3) and the impairment of trade receivables as applicable). Derivative counterparties and cash transactions are limited to high credit quality financial institutions. The Group actively seeks to limit the amount of credit exposure to any one financial institution.

Cash flow and fair value interest rate risk

The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Group has no significant exposure to borrowings with fixed rate instruments.

The Group's exposure to interest rate risk is reflected under the respective borrowings and loans and other non-current receivables (notes 19 and 13).

1.22.2 Accounting for derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently re-measured to their fair value through the income statement. Embedded derivatives separated from their host contracts are initially recognised in the balance sheet at the fair value of the consideration received/paid, if any, and are subsequently re-measured to their fair value through the income statement. Derivative transactions, while providing effective economic hedges under the Group's risk management policies, do not qualify for hedge accounting under the specific rules in IAS 39.

1.22.3 Fair value estimation

The fair value of forward foreign exchange contracts is determined using quoted forward exchange market rates at the balance sheet date. In assessing the fair value of non-traded derivatives and other financial instruments, the Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Quoted market prices or dealer quotes for specific or similar instruments are used for long-term debt. Other techniques, such as option pricing models and estimated discounted value of future cash flows, are used to determine fair value for the remaining financial instruments.

The nominal value less impairment provision of trade payables and receivables are assumed to approximate their fair value. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate available to the Group for similar financial instruments.

1.23 Earnings per ordinary share

Earnings per ordinary share are calculated using the weighted average number of ordinary shares in issue during the period and are based on the net profit attributable to ordinary shareholders.

Headline earnings per ordinary share are calculated using the weighted average number of ordinary shares in issue during the period and are based on the earnings attributable to ordinary shareholders, after excluding those items as required by Circular 7/2002 issued by the JSE Limited.

1.24 New accounting standards and International Financial Reporting Interpretation Committee (IFRIC) interpretations

Certain new accounting standards, amendments and interpretations to existing standards have been published that are mandatory for accounting periods beginning on or after 1 January 2006 or later periods, which the Group has elected not to early adopt.

The following standards and interpretations are considered not to be relevant to the Group's operations and will therefore have no impact on the Group when they become effective:

- IFRS 6: Exploration for and Evaluation of Mineral Resources
- IFRIC 5: Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
- IFRIC 6: Liabilities arising from participating in a Specific Market – Waste Electrical and Electronic Equipment
- IFRIC 7: Applying the Restatement Approach under IAS 29: Financial Reporting in Hyperinflationary Economies
- Circular 2/2006: Clarification of certain sections of the Financial Intelligence Centre Act

Principal accounting policies

for the nine months ended 31 December 2005 *(continued)*

1. Summary of principal accounting policies *(continued)*

1.24 New accounting standards and International Financial Reporting Interpretation Committee (IFRIC) interpretations *(continued)*

The standards and interpretations included hereafter may have an impact on the Group's operations; an assessment of which has been included in the analysis of each respective standard/interpretation below:

(a) IFRIC 4: Determining whether an Arrangement Contains a Lease

IFRIC 4 is applicable to annual periods beginning on or after 1 January 2006. The Group will apply IFRIC 4 in its 2006 financial statements in accordance with IFRIC 4 transition provisions. The Group will therefore apply IFRIC 4 on the basis of the facts and circumstances that existed at 1 January 2006. The Group is still in the process of assessing the impact of this standard on its results.

(b) IFRS 7: Financial Instruments: Disclosures, and a complementary amendment to IAS 1: Presentation of Financial Statements – Capital Disclosures (effective from January 2007).

The amendment to IAS 1 introduces disclosures about the level of an entity's capital and how it manages capital. The Group assessed the impact of IFRS 7 and the amendment to IAS 1 and concluded that the main additional disclosures will be the sensitivity analysis to market risk and the capital disclosures required by the amendment to IAS 1. The Group will apply IFRS 7 and the amendment to IAS 1 for annual periods beginning 1 January 2007.

(c) Disclosures in relation to Deferred Tax (Circular 1/2006)

The purpose of this circular is to discuss those areas where entities should consider providing additional information in relation to deferred tax in order to achieve fair presentation in relation to the various tax amounts and balances.

This circular would only affect those balances that could be materially different if the manner of recovery or settlement were to change. The Group does not believe that this will result in any major changes in disclosure other than in relation to the deferred tax asset arising in MTN Nigeria (refer to note 14), which is still in the process of being assessed.

(d) IFRIC 8: Scope of IFRS 2

The interpretation clarifies that the accounting standard IFRS 2: Share-based Payments applies to arrangements where an entity makes share-based payments for nil or inadequate consideration.

This will not impact the Group results as it has applied IFRS 2 to all share options granted after 07 November 2002 not yet vested at 1 January 2005, and to all options issued thereafter.

(e) IAS 19: Employee benefits

The statement permits an entity to recognise all actuarial gains and losses in the period in which they occur, outside profit or loss, in a statement of recognised income and expense. This will not have an impact due to the Group not having any significant defined benefit plans.

(f) IAS 39: Financial Instruments: Recognition and Measurement

Cash flow hedge accounting of forecast intragroup transactions:

The amendment to IAS 39 allows the designation as a hedged item in consolidated financial statements, the foreign currency risk of a highly probable forecast intragroup transaction under certain conditions. The Group will consider the amendment but the application is expected to be limited.

Fair value option: The revisions to IAS 39 restrict the extent to which entities can designate a financial asset or financial liability at fair value through profit or loss, only to specific situations. The statement is not expected to reduce the Group's current application of the fair value option.

(g) IFRIC 9: Reassessment of Embedded Derivatives

IAS 39 requires an entity, when it first becomes a party to a contract, to assess whether any embedded derivatives contained in the contract are required to be separated from the host contract and accounted for as derivatives under the standard. This Interpretation provides guidance on whether IAS 39 requires such an assessment to be made only when the entity first becomes a party to the contract, or to be reconsidered throughout the life of the contract, and whether a first-time adopter should make its assessment on the basis of the conditions that existed when the entity first became a party to the contract, or those prevailing when the entity adopted IFRS for the first time.

1.25 Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 1.8. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates and the input factors most sensitive to change have been disclosed in note 9. The Group has performed a sensitivity analysis by varying these input factors by a reasonably possible margin and assessing whether the change in input factors result in any of the goodwill allocated to appropriate cash generating units being impaired. Based on the analysis performed, there are no indications that an impairment of goodwill related to any of its cash-generating units is required at period end.

Connection incentives and subscriber acquisition cost

Connection incentives paid to service providers are currently expensed by the Group in the period incurred. Service providers utilise the incentives received from the Group to fund a variety of administrative costs and/or to provide incentives to maintain/sign up customers on behalf of the Group, at their own discretion. The portion of the incentive used by the respective service providers as an incentive to retain/obtain existing/new subscribers on behalf of the Group, should be capitalised only to the extent that it is reliably measurable (prepaid discount). In accordance with the framework under IFRS, the Group has resolved not to capitalise these fees due to the portion of incentives utilised to acquire/retain subscribers on behalf of the Group by the respective independent service providers, not being reliably measurable.

In accordance with the recognition criteria in terms of IAS 38: Intangible Assets, the Group has also resolved not to capitalise commissions paid to dealers, utilised to acquire new subscribers, as intangible assets (subscriber acquisition cost), due to the portion utilised to acquire subscribers on behalf of the Group not being reliably measurable.

Interconnect revenue recognition

Due to the receipt of interconnect revenue in certain operations not being certain at transaction date, the Group has resolved only to recognise interconnect revenue relating to these operations as the cash is received.

Group income statement

for the nine months ended 31 December 2005

	Note	9 months ended December 2005 Rm	12 months ended March 2005* Rm
Revenue	2	**27 212**	28 994
Direct network operating costs		**(1 992)**	(2 171)
Costs of handsets, accessories, SIM and scratch cards		**(2 717)**	(3 053)
Interconnect and roaming costs		**(3 736)**	(3 670)
Employee benefits		**(1 310)**	(1 435)
Selling, distribution and marketing expenses		**(4 736)**	(4 736)
Other expenses		**(1 490)**	(1 929)
Depreciation	8	**(2 497)**	(2 813)
Amortisation of intangibles assets	10	**(256)**	(189)
Finance income	4	**422**	320
Finance costs	5	**(795)**	(590)
Share of results of associates	11	**10**	18
Profit before tax	3	**8 115**	8 746
Income tax expense	6	**(1 411)**	(1 494)
Profit after tax		**6 704**	7 252
Attributable to			
Equity holders of the company		**5 866**	6 357
Minority interests		**838**	895
		6 704	7 252
Earnings per ordinary share (cents) attributable to equity holders of the company			
– basic	7	**352,7**	383,0
– diluted	7	**349,7**	379,4
Dividend per share (cents)		**65,0**	41,0

** restated*

Group balance sheet

at 31 December 2005

	Note	December 2005 Rm	March 2005* Rm
ASSETS			
Non-current assets		**31 136**	19 151
Property, plant and equipment	8	**20 676**	15 787
Goodwill	9	**2 650**	33
Other intangible assets	10	**4 057**	1 846
Investments in associates	11	**54**	43
Financial assets held at fair value through profit or loss	12	**312**	300
Loans and other non-current receivables	13	**2 001**	324
Deferred income tax assets	14	**1 386**	818
Current assets		**13 676**	10 579
Inventories	15	**624**	649
Receivables and prepayments	16	**5 487**	3 453
Taxation prepaid		**5**	48
Restricted cash	26	**338**	607
Cash and cash equivalents	25	**7 222**	5 822
Total assets		**44 812**	29 730
EQUITY			
Ordinary shares and share premium	17	**14 272**	14 239
Retained earnings		**19 495**	14 717
Other reserves	18	**(14 051)**	(12 873)
Share capital and reserves attributable to equity holders of the company		**19 716**	16 083
Minority interest		**3 380**	2 333
Total equity		**23 096**	18 416
LIABILITIES			
Non-current liabilities		**9 765**	3 715
Borrowings	19	**7 505**	3 019
Deferred income tax liabilities	14	**853**	696
Other non-current liabilities	20	**1 407**	—
Current liabilities		**11 951**	7 599
Trade and other payables	21	**8 040**	5 447
Unearned income		**502**	339
Provisions	22	**496**	499
Current income tax liabilities		**1 813**	1 093
Borrowings	19	**1 042**	171
Bank overdraft	25	**58**	50
Total liabilities		**21 716**	11 314
Total equity and liabilities		**44 812**	29 730

**restated*

Group statement of changes of equity

for the nine months ended 31 December 2005

	Note	Attributable to equity holders of the Group							
		Share capital Rm	Share premium Rm	Treasury shares Rm	Retained earnings Rm	Other reserves Rm	Total Rm	Minority reserves Rm	Total Rm
Balance at 1 April 2004	44.5.1	*	14 184	(6)	8 003	(11 869)	10 312	1 440	11 752
Change in accounting policy	40	—	—	—	1 037	(1 037)	—	—	—
Balance at 1 April 2004 – restated		*	14 184	(6)	9 040	(12 906)	10 312	1 440	11 752
Net profit		—	—	—	6 357	—	6 357	895	7 252
Dividends paid		—	—	—	(680)	—	(680)	—	(680)
Issue of share capital		*	55	—	—	—	55	—	55
Movement in share-based payment reserve		—	—	—	—	17	17	—	17
Purchase/sale of non-controlling interest		—	—	—	—	(12)	(12)	—	(12)
Treasury shares sold		—	—	6	—	—	6	—	6
Revaluation of shareholders' loans		—	—	—	—	19	19	—	19
Currency translation differences		—	—	—	—	9	9	(2)	7
Balance at 31 March 2005 – restated		*	14 239	—	14 717	(12 873)	16 083	2 333	18 416
Net profit		—	—	—	5 866	—	5 866	838	6 704
Transfers between reserves		—	—	—	(7)	7	—	—	—
Effect of put option		—	—	—	—	(1 302)	(1 302)	18	(1 284)
Dividend paid			—	—	(1 081)	—	(1 081)	—	(1 081)
Issue of share capital		—	33	—	—	—	33	—	33
Revaluation of shareholders' loans		—	—	—	—	79	79	—	79
Share-based payments reserve		—	—	—	—	17	17	—	17
Acquisitions/movement in minorities		—	—	—	—	—	—	124	124
Foreign currency translation differences		—	—	—	—	21	21	67	88
Balance at 31 December 2005		*	14 272	—	19 495	(14 051)	19 716	3 380	23 096
Note		*17*	*17*			*18*			

**Amounts less than R1 million*

Group cash flow statement

for the nine months ended 31 December 2005

	Note	9 months ended December 2005 Rm	12 months ended March 2005 Rm
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	23	**11 369**	12 303
Interest received	4	**371**	258
Interest paid	5	**(487)**	(521)
Dividends paid		**(1 081)**	(680)
Income tax paid	24	**(1 011)**	(1 859)
Net cash from operating activities		**9 161**	9 501
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	8	**(6 438)**	(7 442)
– to maintain operations		**(587)**	(162)
– to expand operations		**(5 851)**	(7 280)
Acquisition of other loans and advances		**(1 640)**	—
Proceeds from sale of property, plant and equipment and non-current assets		**98**	11
Acquisition/disposal of non-current assets	10	**(1 417)**	(134)
Interest received	4	**12**	9
Proceeds on disposal of Orbicom		**46**	—
Acquisition/disposal of subsidiary and joint ventures	43	**(3 294)**	—
Investment in joint venture		**(289)**	—
Proceeds from other loans and advances		**—**	5
Net cash used in investing activities		**(12 922)**	(7 551)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from the issue of ordinary shares		**33**	42
Dividends to minorities		**(9)**	—
Long-term prepayments		**(27)**	—
Finance costs		**(27)**	—
Repayments of borrowings		**(554)**	(901)
Increase in long-term borrowings		**4 830**	—
Decrease in restricted cash		**269**	1 081
Increase in short-term borrowings		**842**	—
Net cash generated from financing activities		**5 357**	222
Net increase in cash and cash equivalents		**1 596**	2 172
Cash acquired through acquisitions	43	**(152)**	—
Effect of exchange rate changes		**(52)**	57
Cash and cash equivalents at the beginning of the year		**5 772**	3 543
Cash and cash equivalents at end of year	25	**7 164**	5 772

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

Notes to the Group financial statements
for the nine months ended 31 December 2005

1. PRIMARY REPORTING FORMAT – GEOGRAPHIC SEGMENTS

December 2005	South Africa Rm	Nigeria Rm	Rest of Africa and Middle East Rm	Reconciling items** Rm	Consolidated Rm
Revenue					
External sales	**15 911**	**9 034**	**2 671**	**(404)**	**27 212**
Total revenue	**15 911**	**9 034**	**2 671**	**(404)**	**27 212**
Segment result	**5 009**	**4 874**	**1 495**	—	**11 378**
Impairment charge	—	**(147)**	—	—	**(147)**
Depreciation	**(744)**	**(1 453)**	**(300)**	—	**(2 497)**
Amortisation of intangible assets	**(39)**	**(113)**	**(104)**	—	**(256)**
Finance costs	**(99)**	**(402)**	**(314)**	**20**	**(795)**
Finance income	**225**	**107**	**110**	**(20)**	**422**
Share of profits of associates	**10**	—	—	—	**10**
Income tax expense	**(1 471)**	**427**	**(367)**	—	**(1 411)**
Net profit for the period	**2 891**	**3 293**	**520**	—	**6 704**
Other information					
Segment assets******					
Assets	**25 047**	**17 746**	**12 914**	**(10 954)**	**44 753**
Associates	**54**	—	—	—	**54**
Total assets	**25 101**	**17 746**	**12 914**	**(10 954)**	**44 807**
Segment liabilities******	**(3 089)**	**(6 462)**	**(10 352)**	—	**(19 903)**
Capital expenditure***	**(2 213)**	**(3 848)**	**(671)**	—	**(6 732)**
Average number of employees	**4 036**	**1 932**	**2 392**	—	**8 360**

The results of MTN Nigeria are shown as a separate segment due to changes in the internal reporting structure of MTN Group.

Secondary segment disclosure is not presented as it comprises the mobile telecommunications segment and the satellite telecommunications segment, the latter of which is not considered material to the Group's financial statements as a whole.

March 2005	South Africa Rm	Nigeria Rm	Rest of Africa and Middle East Rm	Reconciling items** Rm	Consolidated Rm
Revenue					
External sales	17 755	9 310	2 334	(405)	28 994
Total revenue	17 755	9 310	2 334	(405)	28 994
Segment result	5 996	4 884	1 120	—	12 000
Depreciation	(1 201)	(1 367)	(246)	—	(2 813)
Amortisation of intangible assets	(3)	(135)	(51)	—	(189)
Finance costs	(66)	(381)	(151)	8	(590)
Finance income	230	38	60	(8)	320
Share of profits of associates	17	—	1	—	18
Income tax expense	(1 571)	407	(330)	—	(1 494)
Net profit for the year	3 402	3 446	404	—	7 252
Other information:					
Segment Assets******					
Assets	16 993	13 004	6 762	(7 060)	29 639
Associates	43	—	—	—	43
Total assets	16 976	13 004	6 762	(7 060)	29 682
Liabilities******	(4 542)	(4 499)	(1 180)	—	(10 221)
Capital expenditure****	(1 745)	(5 518)	(313)	—	(7 576)
Average number of employees	3 545	1 648	1 065	—	6 258

The results of MTN Nigeria are shown as a separate segment due to changes in the internal reporting structure of MTN Group.

Secondary segment disclosure is not presented as it comprises the mobile telecommunications segment and the satellite telecommunications segment, the latter of which is not considered material to the Group's financial statements as a whole.

**Amount less than R1 million*

***Reconciling items relate to intercompany management fees with Nigeria and intercompany shareholders' loans with Nigeria and the rest of Africa.*

****Capital expenditure comprises additions to property, plant and equipment and software.*

*****Income tax assets and income tax liabilities are not included in total assets and liabilities.*

		Note	9 months ended December 2005 Rm	12 months ended March 2005 Rm
2.	**REVENUE**			
	Wireless telecommunications		**24 157**	26 179
	– Airtime and subscription fees		**18 608**	19 623
	– Interconnect		**5 403**	6 036
	– Connection fees		**146**	520
	Cellular telephones and accessories		**2 351**	2 158
	Other		**704**	657
			27 212	28 994
3.	**PROFIT BEFORE TAX**			
	The following items have been included in arriving at profit before tax:			
	Auditors' remuneration:		**(29)**	(16)
	– Audit fees		**(15)**	(10)
	– Fees for other services		**(14)**	(6)
	– Expenses		*****	*
	Directors' emoluments:		**(35)**	(38)
	– Services as director		**(32)**	(34)
	– Directors' fees		**(3)**	(4)
	Operating lease rentals:		**(233)**	(279)
	– Property		**(202)**	(246)
	– Equipment and vehicles		**(31)**	(33)
	(Loss)/profit on disposal of property, plant and equipment		**(43)**	3
	Movement in the provisions on inventories	15	**(58)**	(5)
	Impairment charge on property, plant and equipment	8	**(147)**	—
	Movement in the provisions for impairment on trade receivables	16	**96**	(304)

* *Amounts less than R1 million*

	9 months ended December 2005 Rm	12 months ended March 2005 Rm
Staff costs:	**(1 310)**	(1 435)
– Wages and salaries	**(1 118)**	(1 196)
– Share options granted to directors and employees	**(17)**	(17)
– Pension costs – defined contribution plans	**(68)**	(70)
– Other	**(107)**	(152)
Fees paid for services:	**(440)**	(377)
– Administrative	**(39)**	(61)
– Management	**(75)**	(90)
– Professional	**(172)**	(124)
– Secretarial	**(10)**	(6)
– Technical	**(144)**	(96)
Impairment reversed against loan arising on disposal of 20% of MTN Cameroon to reflect net asset value	**—**	11
Profit on disposal of Orbicom	**23**	—
Profit on sale of associate	**—**	4
Net foreign exchange losses from trading activities	**(4)**	(7)
	Number	Number
Average number of Employees	**8 360**	6 258
	Rm	Rm

4. FINANCE INCOME

Interest income	**383**	299
Fair value adjustment	**29**	—
Foreign exchange transaction gains	**10**	21
	422	320
Reconciliation of interest received to finance income		
Interest received (operating activities)	**371**	258
Interest received (investing activities)	**12**	9
Foreign exchange transaction gains	**10**	39
Fair value adjustments	**29**	14
Finance income recognised in the income statement	**422**	320

		9 months ended December 2005 Rm	12 months ended March 2005 Rm
5.	**FINANCE COSTS**		
	Interest expense – borrowings	**(426)**	(491)
	Interest expense – finance leases	**(27)**	(36)
	Foreign exchange transaction losses	**(191)**	(44)
	Finance costs – put option	**(124)**	—
	Other	**(27)**	(19)
		(795)	(590)
	Reconciliation of interest paid to finance costs		
	Interest paid (operating activities)	**(487)**	(521)
	Arrangement fees	**(6)**	(43)
	Finance costs – put option	**(124)**	—
	Fair value adjustments	**(6)**	(3)
	Other	**(1)**	(19)
	Unrealised foreign exchange transaction losses	**(171)**	(4)
	Finance costs recognised in the income statement	**(795)**	(590)
6.	**INCOME TAX EXPENSE**		
	Current tax		
	Normal tax	**(1 650)**	(1 885)
	Current year	**(1 616)**	(1 801)
	Prior year over provision	**101**	—
	Secondary tax on companies	**(135)**	(84)
	Foreign tax		
	Foreign income and withholding taxes	**(119)**	(107)
	Deferred tax (note 14)	**358**	498
	Current year	**357**	478
	Prior year over provision	**1**	18
	Change in tax rate	*****	2
		(1 411)	(1 494)
	Secondary tax on companies		
	STC relating to dividends to be proposed at the AGM	**(135)**	(135)

**Amounts less than R1 million*

Taxation for foreign jurisdictions is calculated at the rates prevailing in the respective jurisdictions. MTN Mauritius has been deemed to be a South African resident for tax purposes by the South African Revenue Service (SARS).

	9 months ended December 2005 %	12 months ended March 2005 %
Tax rate reconciliation		
The income tax charge for the year can be reconciled to the effective rate of taxation in South Africa as follows:		
Tax at standard rate	**29,0**	30,0
Expenses not deductible for tax purposes	**1,7**	1,0
Assessed loss utilised	**0,2**	—
Effect of different tax rates in other countries	**0,4**	0,3
Prior year tax	**(1,2)**	—
Income not subject to tax	**—**	(0,3)
Effect of pioneer status/tax credit granted	**(15,8)**	(15,3)
Withholding taxes	**0,8**	1,1
Effect of foreign dividends	**—**	0,4
Effect of STC	**1,7**	1,3
Effect of tax rate change (deferred tax)	**—**	(0,1)
Other	**0,6**	(1,4)
	17,4	17,0

The company holds investments in Nigeria, Cameroon, Uganda, Rwanda, Botswana, Zambia, Côte d'Ivoire, the Republic of Congo (Brazzaville) and Iran. The company is regarded as a tax resident in South Africa by SARS, and as such is subject to tax on its worldwide income in South Africa, with only the income properly attributable to the presence in Mauritius being taxed in Mauritius.

During 2005 a budgeted change in the corporate tax rate from 30% to 29% was announced by the Minister of Finance. The new corporate tax rate is effective for all financial year-ends which occur after 31 March 2005. Therefore the applicable tax rate used in the prior year tax reconciliation is 30% as this was the corporate tax rate still applicable as at the end of March 2005. Deferred tax, however, was measured at tax rates (and tax laws) that were enacted or substantially enacted by the balance sheet date (31 March 2005). The 29% tax rate was "substantially enacted" in South Africa with effect from the date of the Budget speech. Therefore, deferred tax for the prior year is measured at 29%. Taxation for foreign jurisdiction is calculated at the rates prevailing in the respective jurisdiction.

7. EARNINGS AND DIVIDEND PER ORDINARY SHARE

7.1 Earnings per share

The calculation of basic earnings per ordinary share is based on net profit for the year of R5 866 million (March 2005: R6 357 million), and weighted average number of shares of 1 663 208 548 (March 2005: 1 659 670 617) ordinary shares in issue (excluding treasury shares).

The calculation of basic and adjusted headline earnings per ordinary share is calculated on basic headline earnings of R5 984 million (March 2005: R6 339 million) and adjusted headline earnings of R5 626 million (March 2005: R6 074 million) respectively, and weighted average number of shares of 1 663 208 548 (March 2005: 1 659 670 617) ordinary shares in issue (excluding treasury shares).

The calculation of diluted basic headline and adjusted headline earnings per ordinary share is based on the respective earnings as indicated above, and the weighted average number of 1 677 386 926 (March 2005: 1 675 654 318) fully diluted ordinary shares in issue (excluding treasury shares) during the year. The number of fully diluted ordinary shares has been calculated by taking into account ordinary shares that will be in issue in respect of the MTN Holdings convertible debentures and outstanding MTN Group share options.

		9 months ended December 2005 Rm	12 months ended March 2005 Rm
7.	**EARNINGS AND DIVIDEND PER ORDINARY SHARE *(continued)***		
7.1	**Earnings per share *(continued)***		
	Reconciliation between net profit attributable to the equity holders of the company and headline earnings		
	Net profit for the period	**5 866**	6 357
	Adjusted for:		
	Profit on sale of subsidiary/associate	**(23)**	(4)
	Profit/(loss) on disposal of property, plant and equipment*	**27**	(3)
	Impairment reversed against loan arising on disposal of 20% holding in MTN Cameroon	**—**	(11)
	Impairment of property, plant and equipment*	**114**	—
	Basic headline earnings	**5 984**	6 339
	Adjusted for:		
	Reversal of deferred tax asset	**(332)**	(265)
	Impact of put option		
	– Fair value adjustment*	**(19)**	—
	– Finance costs*	**97**	—
	– Minority share of profits	**(104)**	—
	Adjusted headline earnings	**5 626**	6 074
	Earnings per ordinary share (cents)		
	– Basic	**352,7**	383,0
	– Basic headline	**359,8**	382,0
	– Adjusted headline	**338,2**	366,0
	Diluted earnings per share (cents)		
	– Basic	**349,7**	379,4
	– Basic headline	**356,5**	378,3
	– Adjusted headline	**335,9**	362,5
	Weighted average number of shares ('000)	**1 663 209**	1 659 670
	Adjusted for:		
	– share options	**14 178**	15 627
	– assumed conversion of convertible debentures	**—**	356
	Weighted average number of shares for diluted earnings per share ('000)	**1 677 387**	1 675 653

**Amounts are stated after taking into account minority interests*

Explanation of adjusted headline earnings

Impact of put option

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

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

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

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

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

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

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

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

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

Reversal of deferred tax assets (refer to note 14)

7.2 Dividend per share

The dividends paid during the March 2005 and 2004 financial years were R1 081 million and R680 million respectively. A dividend in respect of the period ended 31 December 2005 of R0,65 per share is to be proposed at the annual general meeting on 13 June 2006.

These financial statements do not reflect this dividend proposed.

		Owned				Leased		
		Land and buildings Rm	Leasehold improve-ments Rm	Network infra-structure Rm	Information systems, furniture and office equipment Rm	Vehicles Rm	Land and buildings* Rm	Total Rm
8.	**PROPERTY, PLANT AND EQUIPMENT**							
8.1	*Analysis of net book amount*							
	At 1 April 2004							
	Cost	659	155	14 482	1 274	105	315	16 990
	Accumulated depreciation	(44)	(89)	(4 871)	(740)	(47)	(29)	(5 820)
	Net book amount	615	66	9 611	534	58	286	11 170
8.2	*Movement in net book amount*							
	Year ended 31 March 2005							
	Opening net book amount	615	66	9 611	534	58	286	11 170
	Additions	298	30	6 658	386	70	—	7 442
	Disposals	(1)	—	(7)	—	—	—	(8)
	Depreciation charge	(49)	(18)	(2 373)	(324)	(34)	(15)	(2 813)
	Exchange differences	2	(2)	(3)	(1)	—	—	(4)
	Closing net book amount	865	76	13 886	595	94	271	15 787
	Analysis of net book amount							
	At 31 March 2005							
	Cost	1 249	185	21 109	1 615	165	315	24 638
	Accumulated depreciation	(384)	(109)	(7 223)	(1 020)	(71)	(44)	(8 851)
	Net book amount	865	76	13 886	595	94	271	15 787
8.3	*Movement in net book amount*							
	At 31 December 2005							
	Opening net book amount	**865**	**76**	**13 886**	**595**	**94**	**271**	**15 787**
	Additions – business combinations	**40**	**58**	**759**	**100**	**14**	**—**	**971**
	Additions	**340**	**53**	**5 318**	**350**	**37**	**340**	**6 438**
	Impairment loss	**—**	**—**	**(147)**	**—**	**—**	**—**	**(147)**
	Disposals	**(37)**	**(3)**	**(122)**	**(2)**	**(4)**	**—**	**(168)**
	Depreciation charge	**(33)**	**(29)**	**(2 116)**	**(261)**	**(37)**	**(21)**	**(2 497)**
	Exchange differences	**23**	**(2)**	**259**	**9**	**3**	**—**	**292**
	Closing net book amount	**1 198**	**153**	**17 837**	**791**	**107**	**590**	**20 676**
	Analysis of net book amount							
	At 31 December 2005							
	Cost	**1 638**	**291**	**27 176**	**2 072**	**215**	**655**	**32 047**
	Accumulated depreciation	**(440)**	**(138)**	**(9 339)**	**(1 281)**	**(108)**	**(65)**	**(11 371)**
	Net book amount	**1 198**	**153**	**17 837**	**791**	**107**	**590**	**20 676**

Registers with details of land and buildings are available for inspection by members or their duly authorised representative at the registered offices of the Company and its respective subsidiaries

**notes 19, 32*

8.4 Encumbrances

MTN Holdings

Borrowings by MTN Holdings are secured by land and buildings, the book value of which is R590 million (March 2005: R271 million) (note 19).

MTN Nigeria

Loans to MTN Nigeria are secured by a fixed charge over the company's moveable assets, the book value of which is R11 347 million (March 2005: R8 874 million) (note 19).

MTN Rwanda

The syndicated loan acquired from four local banks and the BPC loan are secured by a floating charge on MTN Rwanda's property, plant and equipment, the book value of which is R81 million (March 2005: R51,8 million) (note 19).

MTN Uganda

In terms of the Inter-creditor Security Package, MTN Uganda has provided a first and second fixed charge totalling R70 million (March 2005: R66 million) over its property, plant and equipment as security for a syndicated loan made to MTN Uganda by various banks and financial institutions (note 19).

MTN Swaziland

Loans from the Swaziland Industrial Development Corporation are secured by notarial bonds over MTN Swaziland's moveable assets including the network and information system infrastructure, the book value of which is R20,4 million at the end of March 2005 (note 19).

MTN Côte d'Ivoire

Loans to MTN Côte d'Ivoire are secured by a fixed charge over the company's network equipment with a book value of R270 million (note 19).

9. GOODWILL

	31 December 2005 Rm	31 March 2005 Rm	1 April 2004 Rm
Cost	**2 650**	33	33
Accumulated impairment losses	**—**	—	—
Net book amount	**2 650**	33	33
Movement in net book amount			
Opening net book amount	**33**	33	
Additions to goodwill	**2 674**	—	
Exchange differences	**(57)**	*	
Closing net book amount	**2 650**	33	

**Amounts less than R1 million*

Impairment tests for goodwill

Goodwill is allocated to the Group's cash-generating units (CGU) identified according to country of operation and relates to the Group's investments in MTN Côte d'Ivoire, MTN Zambia, MTN Congo Brazzaville, Mascom Botswana, MTN Network Solutions, Cellplace (Proprietary) Ltd, MTN Rwandacell and MTN Uganda.

Goodwill is tested annually for impairment. During the period ended 31 December 2005 and for the year ended 31 March 2005, the Group determined that there was no impairment of any of its cash-generating units to which goodwill had been allocated.

A summary of the goodwill allocation is presented below:

	December 2005 Rm	March 2005 Rm
MTN Côte d'Ivoire	**1 196**	—
Mascom Botswana	**580**	—
Others	**874**	33
Total	**2 650**	33

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. The following key assumptions have been used for the value-in-use calculations:

- Growth rate: We have used a steady growth rate to extrapolate revenues beyond the budget period cash flows. The growth rate is consistent with publicly available information relating to long term average growth rates for the markets in which the respective CGU operates. The average growth rates used range from 3% to 8% per annum.
- Discount rate: Discount rates range from 13,7% per annum to 14,78% per annum. Discount rates used are pre-tax and reflect specific risks relating to the relevant CGU.

These assumptions have been used for the analysis of each CGU.

		Customer relationships Rm	Licences Rm	Software Rm	Other Rm	Total Rm
10.	**OTHER INTANGIBLE ASSETS**					
	At 1 April 2004					
	Cost	—	2 094	486	43	2 623
	Accumulated amortisation	—	(479)	(256)	(12)	(747)
	Net book amount	—	1 615	230	31	1 876
	Movement in net book amount					
	Year ended 31 March 2005					
	Opening net book amount	—	1 615	230	31	1 876
	Amortisation charge	—	(143)	(35)	(11)	(189)
	Additions	—	13	134	—	147
	Exchange differences	—	2	10	*	12
	Closing net book amount	—	1 487	339	20	1 846
	At 31 March 2005					
	Cost	—	2 107	645	55	2 807
	Accumulated amortisation	—	(620)	(306)	(35)	(961)
	Net book amount	—	1 487	339	20	1 846
	Movement in net book amount					
	Period ended 31 December 2005					
	Opening net book amount	**—**	**1 487**	**339**	**20**	**1 846**
	Additions	**—**	**1 132**	**285**	**—**	**1 417**
	Amortisation charge	**(33)**	**(132)**	**(81)**	**(10)**	**(256)**
	Additions – business combinations	**351**	**455**	**—**	**27**	**833**
	Exchange differences	**(4)**	**224**	**(2)**	**(1)**	**217**
	Closing net book amount	**314**	**3 166**	**541**	**36**	**4 057**

**Amount less than R1 million*

	Customer relationships Rm	Licences Rm	Software Rm	Other Rm	Total Rm
At 31 December 2005					
Cost	**347**	**3 910**	**927**	**82**	**5 266**
Accumulated amortisation	**(33)**	**(745)**	**(385)**	**(46)**	**(1 209)**
Net book amount	**314**	**3 165**	**542**	**36**	**4 057**

The Ugandan Communication Commission has granted consent for the licence of MTN Uganda with a book value of R7,9 million (March 2005: R8,7 million) to be used as security for the syndicated loan made by various banks and financial institutions (note 19).

Borrowings from MTN Nigeria are secured by a fixed charge over the company's service licence to the value of R1 188 million (March 2005: R1 091 million) (note 19).

	December 2005 Rm	March 2005 Rm
11. INVESTMENTS IN ASSOCIATES		
Balance at beginning of period	**43**	33
Share of results after tax and minority interest	**10**	18
Sale of associate	**—**	(3)
Loan to associates	**—**	*
Exchange differences	**1**	2
Dividends	**—**	(7)
Balance at end of period	**54**	43

There are no significant contingent liabilities relating to the Group's interest in associates.

A list of significant investments in associates including the name, country of incorporation and proportion of interest is given in Annexure 2.

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		
International sinking fund policy	**312**	300

MTN International invested an amount of R500 million into an international sinking fund policy with a major financial services institution in South Africa. The accumulated foreign exchange loss incurred upon translating the investment to rand at the ruling spot rate at balance sheet date, together with investment costs, amounted to R188 million (March 2005: R200 million), which has been charged to the income statement. The term is five years commencing on the inception date (24 October 2002). From time to time, the portfolio of assets in the investment can be restructured to include listed shares in offshore companies on recognised bourses, listed bonds on recognised bourses and investments in various cash instruments and bank deposits.

**Amount less than R1 million*

		December 2005 Rm	March 2005 Rm
13.	**LOANS AND OTHER NON-CURRENT RECEIVABLES**		
	Loans in respect of restraint of trade agreement	—	5
	Loan to minorities in MTN Nigeria *	47	114
	Loan to Broadband Limited **	147	142
	Loan to Iran Electronics Development Company ***	276	—
	Loan to Irancell ****	1 432	—
	Non-current prepayments	99	63
		2 001	324

**Loans by MTN Mauritius to minority shareholders of MTN Nigeria are USD denominated and interest free.*

The amount consists of two loans:

Loan 1: Included in sundry debtors for the current period an amount of USD8 million (March 2005: USD9 million). The loan is repayable by 1 July 2006 out of shareholder distributions to which the borrower is entitled in respect of the shares acquired from the proceeds of the loan. The fair value of the loan approximates book value.

Loan 2: USD11 million (March 2005: USD12 million). There is no fixed repayment date. The loan is repayable out of all shareholder distributions to which the borrower is entitled. On initial recognition, the loans were not stated at fair value due to the loans not having specified repayment terms. Accordingly these loans are stated at cost, less impairments, if any.

***The disposal of a 30% shareholding by MTN Mauritius in MTN Cameroon was effected in two tranches:*

20% tranche

This was funded by two loans:

Loan 1: USD3,5 million (March 2005: USD4,5 million) is interest free and repayable on 31 December 2010 out of 80% of the borrower's entitlement to shareholder distributions. The fair value of the loan is USD2,2 million.

Loan 2: USD15,2 million attracts interest at LIBOR plus 6% per annum (effective rate of 7,2% per annum) which will be capitalised bi-annually. The loan is repayable by 31 December 2010 out of 80% of the borrower's entitlement to shareholder distributions. The repayments shall first be applied against loan 1 until it is repaid in full and thereafter shall be applied against loan 2. The fair value of the loan approximates the book value.

10% tranche

The USD denominated loan amounting to USD10,1 million is repayable at the higher of (i)10% of the market value of MTN Cameroon if onsold by the purchaser; and (ii) USD10,1 million plus interest at LIBOR plus 6% per annum (effective rate is 7,2% per annum). If dividends are declared, an interest charge equal to the dividends will be levied.

As the Group still retains beneficial interest in this 10% stake, the Group financial statements include 80% of MTN Cameroon.

The minority shareholders in MTN Nigeria and MTN Cameroon have provided their shares in the respective companies as security for the above loans.

**** Loans by Irancell to Iran Electronics Development Company are USD denominated. The fair value of these loans approximate the carrying value.*

USD43,61 million (March 2005: nil) will attract interest at LIBOR plus 4% per annum (effective rate 8,6% per annum). Interest is payable six monthly in arrears. The loan is repayable in full at the end of three years. The fair value of the loan approximates the carrying value.

***** Loans by MTN Mauritius to Irancell are USD denominated. The fair value of the loans approximate their carrying values. The amount consists of two loans:*

Loan 1: USD43,61 million (March 2005: nil) attracts interest at LIBOR plus 4% per annum (effective rate of 8,7% per annum) which will be capitalised against the loan. The loan and capitalised interest is repayable by August 2009. The fair value of the loan approximates the book value.

Loan 2: USD174,4 million (March 2005: nil) will attract interest at LIBOR plus 4% per annum (effective rate 8,6% per annum) which will be capitalised against the loan. The loan and capitalised interest is repayable by November 2009. The fair value of the loan approximates the book value.

14. DEFERRED INCOME TAXES

Movement

	1 April 2004 Rm	Charged to income statement Rm	Exchange differences Rm	31 March 2005 Rm	Additions – business combinations Rm	Charged to income statement Rm	Exchange differences Rm	31 December 2005 Rm
Deferred income tax liabilities								
Tax allowances over book depreciation	(890)	31	(6)	**(865)**	**—**	**(156)**	**2**	**(1 019)**
Other temporary differences	(68)	192	—	**124**	**—**	**23**	**—**	**147**
Revaluation of at acquisition assets	—	—	—	**—**	**(133)**	**—**	**8**	**(125)**
Working capital allowances	203	(158)	—	**45**	**—**	**99**	**—**	**144**
	(755)	65	(6)	**(696)**	**(133)**	**(34)**	**10**	**(853)**
Deferred income tax assets								
Provisions and other temporary differences	51	69	—	**120**	**136**	**(12)**	**(11)**	**233**
Accelerated tax depreciation	—	10	—	**10**	**—**	**3**	**(3)**	**10**
Tax loss carried forward	—	—	—	**—**	**26**	**(26)**	**—**	**—**
MTN Nigeria deferred tax asset	334	354	—	**688**	**—**	**427**	**28**	**1 143**
	385	433	—	**818**	**162**	**392**	**14**	**1 386**
	(370)	498	(6)	**122**	**29**	**358**	**24**	**533**

The Group's subsidiary in Nigeria has been granted a five-year company income tax holiday from date of approval. Furthermore, capital allowances arising on capital expenditure incurred during this five-year period may be carried forward and claimed as deductions against taxable income from the sixth year of operations onwards. A deferred tax credit of R332 million (March 2005: R265 million), after excluding minority interests, relating to these deductible temporary differences, has been recognised for the period ended 31 December 2005 in terms of IAS 12: Income Taxes. A deferred tax asset is raised where it is probable that future profits will be generated in order to utilise the deductible temporary differences.

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

		December 2005 Rm	March 2005 Rm
15.	**INVENTORIES**		
	Finished goods (handsets, SIM cards and accessories) – at cost**	**706**	669
	Consumable stores and maintenance spares – at cost**	**11**	20
	Less: Provision for inventories	**(93)**	(40)
		624	649

	Beginning of period Rm	Additions Rm	Utilised Rm	Unused Rm	Exchange differences Rm	End of period Rm
Provision movement						
9 months ended 31 December 2005						
Movement in provision of inventories	(40)	(60)	5	2	*	(93)
12 months ended 31 March 2005						
Movement in provision of inventories	(35)	(53)	—	48	*	(40)

* *Amounts less than R1 million*

** *Included in inventory are amounts of R71,8 million (March 2005: R123,8 million) encumbered by borrowings relating to MTN Nigeria (note 19).*

	December 2005 Rm	March 2005 Rm
16. RECEIVABLES AND PREPAYMENTS		
Trade receivables	**4 898**	3 591
Less: Provision for impairment of trade receivables	**(874)**	(876)
Trade receivables – net	**4 024**	2 715
Sundry debtors and prepayments**	**1 463**	738
	5 487	3 453

***Sundry debtors and prepayments include prepayments for BTS sites and other property leases, advances to suppliers and short-term loans.*

The fair value of trade and other receivables approximate their book values as shown above.

Included in receivables and prepayments are amounts of R648,7 million (March 2005: R630,6 million) encumbered by borrowings relating to MTN Nigeria (note 19).

	Beginning of period Rm	Additions– business combinations Rm	Additions Rm	Unused Rm	Utilised Rm	Exchange differences Rm	End of period Rm
Impairment movement							
9 months ended 31 December 2005							
Movement in provision of trade receivables	(876)	(94)	(12)	108	23	(23)	(874)
12 months ended 31 March 2005							
Movement in provision of trade receivables	(572)	—	(304)	—	—	*	(876)

There is no concentration of credit risk with respect to trade receivables, as the Group has a large number of customers, internationally dispersed.

**Amounts less than R1 million*

	December 2005 Rm	March 2005 Rm
17. ORDINARY SHARES AND SHARE PREMIUM		
Ordinary share capital		
Authorised share capital		
2 500 000 000 ordinary shares of 0,01 cent each	*	*
Issued and fully paid-up share capital		
1 665 317 425 (March 2005: 1 662 496 630) ordinary shares of 0,01 cent each	*	*
Share premium		
Balance at the beginning of the year	14 239	14 184
Arising on the issue of shares during the year (net of share issue expenses)	33	55
Balance at the end of the year	14 272	14 239
Treasury shares		
Balance at the beginning of the year	—	(6)
Reduction in treasury shares	—	6
Balance at the end of the year	—	—
Total ordinary shares and share premium	14 272	14 239

MTN Group Share Option Scheme

The exercise of options and resulting share trades can be viewed under ("directors' share dealings") on page 140 of the directors' report. All disclosures as required by IFRS 2: Share-based Payments have been included on pages 130 to 133 of the directors' report.

**Amounts less than R1 million*

	December 2005 Rm	March 2005 Rm
18. OTHER RESERVES		
Non-distributable reserves		
Balance at the beginning of the period	**(12 873)**	(12 906)
As previously reported	**—**	(13 403)
Transition to IFRS (note 44)	**—**	1 534
Early adoption of IAS 21 (note 40)	**—**	(1 037)
Movement in contingency reserve	**5**	—
Purchase/sale of non-controlling interests	**(1 302)**	(12)
Transfer from distributable reserves	**2**	1
Share-based payment reserve	**17**	17
Shareholder loan revaluation reserve	**79**	19
Foreign currency translation differences of foreign subsidiaries and joint ventures	**21**	8
Balance at the end of the period	**(14 051)**	(12 873)
Consisting of:		
Contingency reserve (as required by insurance regulations)	**20**	15
Statutory reserve (as required by Rwandan legislation)	**9**	7
Purchase/sale of non-controlling interests	**(13 220)**	(11 918)
Shareholder loan revaluation reserve	**(939)**	(1 018)
Share-based payment reserve	**41**	24
Translation difference of foreign subsidiaries	**38**	17
	(14 051)	(12 873)

A statutory contingency reserve has been created in terms of the Short-term Insurance Act, 1988. Transfers to the contingency reserve are treated as appropriations of income, and the balance of the reserve is disclosed in the balance sheet as a non-distributable reserve, forming part of shareholders' funds. On dissolution of the special purpose entities to which these reserves relate, they will become available for distribution.

	December 2005 Rm	March 2005 Rm
19. BORROWINGS		
UNSECURED		
MTN Service Provider Various composite short-term facilities, bearing interest at rates determined by the nature of each specific drawdown instrument, but essentially linked to the BA rate. Interest rates over the year varied between 14% and 14,5% per annum (March 2005: between 7% and 10% per annum).	**3**	14
MTN Swaziland *Standard Bank Swaziland Limited* The loan attracts a floating interest rate of prime less 0,25% per annum (effective rate of 10,19% per annum) (March 2005: 10,04% per annum) and will be repaid by April 2006.	**3**	3
MTN Mauritius *Syndicated revolving loan* Facility arranged by Standard Bank London Limited and Sumitomo Mitsui Banking Corporation Europe Limited of USD250 million, bearing interest at LIBOR plus 0,85% per annum (effective rate of 4,3% per annum) (March 2005: 3,04% per annum). This loan is repayable in one final payment by March 2007. MTN Holdings and other MTN Group entities have provided cross-guarantees for this loan facility.	**347**	187
Facility arranged by Standard Finance (Isle of Man) of USD90 million bearing interest at LIBOR plus 0,4% at an effective interest rate of 4,6%. This loan is repayable in one final payment in November 2006. MTN Holdings and other MTN Group entities have provided cross-guarantees for this loan facility.	**569**	—
MTN Group Management Services Various composite short-term facilities, bearing interest at rates determined by the nature of each specific drawdown instrument, but essentially linked to the BA rate. Interest rates varied between 7% and 10% per annum.	**—**	36
Bank overdraft facilities	**20**	—
MTN Network Operator *Various unsecured composite facilities* Various unsecured composite facilities bearing interest at rates determined by the nature of specific drawdown instruments, payable on demand. Rates are essentially linked to the BA rate, ranging between 8,5% and 14% per annum, payable within 365 days.	**582**	11
MTN Mobile Money Holdings Bank overdraft facilities	**16**	—

	December 2005 Rm	March 2005 Rm
MTN Cameroon *Syndicated Medium Term* Loan of Communaute Financiere Africaine franc CFA35 billion. Repayments are deferred for one year, with the first repayment of CFA2,8 billion due on 15 March 2006. The balance is repayable in eight payments of CFA4,025 billion per semester starting on 30 September 2006. The annual interest rate is fixed at 7,35% per annum.	**389**	417
MTN Uganda *SIDA Bond* Commercial paper issue of Uganda Shilling (UGS) 12,5 billion facility guaranteed by SIDA, bearing interest at the 182-day Ugandan treasury bill rate plus 1% per annum (effective rate of 11,34% per annum) (March 2005: effective rate of 11,34% per annum). This loan is made up of 3 tranches and is repayable semi annually with tranche 1 maturing in September 2005 and tranches 2 and 3 in December 2005.	**—**	3
Citibank Uganda Short-term facility with Citibank Uganda Limited. The facility is utilised through the issue of a UGS8,5 billion promissory note. Interest is payable monthly in arrears at an effective money market rate of 8% per annum (March 2005: 9,5% per annum).	**15**	15
Stanbic Bank Promissory Note Short-term facility of UGS11 billion utilised through the issue of promissory notes to the value of UGS10,5 billion. Interest is payable monthly in arrears at an effective money market rate of 8% per annum (March 2005: 9,5% per annum) on the facility.	**19**	16
Standard Chartered Bank Facility of USD5 million through the issue of promissory notes to the value of UGS7 million with Standard Chartered Uganda Limited bearing interest at an effective rate of 8% per annum (March 2005: 9,5% per annum). This loan is repaid monthly with the option of a roll-over.	**13**	4
Barclays Bank Facility of USD5 million with Barclays Bank Uganda Limited through the issue of promissory notes to the value of UGS 9 million bearing interest at an effective rate of 8% per annum (March 2005: 9,5% per annum). This loan is repaid monthly with the option of a roll-over.	**16**	4

	December 2005 Rm	March 2005 Rm
19. BORROWINGS *(continued)*		
UNSECURED *(continued)*		
MTN Côte d'Ivoire		
Principal project loan		
Loan from West African Development Bank of XOF3,5 million bearing interest at 9% per annum and repayable quarterly from January 2002 to January 2006.	**3**	—
Loan from West African Development Bank of XOF4 million bearing interest at 9% per annum and repayable quarterly from July 2004 to July 2008.	**15**	—
Loan from Banque Internationale de l'Afrque de l'Ouest of XOF2 million bearing interest at 9,5% per annum and repayable monthly from May 2005 to May 2007.	**5**	—
Loan from Eco Bank of XOF3 million bearing interest at 11% per annum and repayable quarterly from December 2001 to December 2006.	**3**	—
Loan from Eco Bank of XOF1 million bearing interest at 12% per annum and repayable quarterly from December 2001 to December 2006.	**1**	—
Loan from Eco Bank of XOF5 million bearing interest at 6,8% per annum and repayable monthly from January 2006 to June 2007.	**25**	—
Bank overdraft facilities	**20**	—
Various short-term facilities from Eco Bank and Versus with effective interest rates ranging from 9% to 10,75%	**157**	—
Total unsecured	**2 221**	710
SECURED		
MTN Holdings		
Rand Merchant Bank		
Facility bearing interest at 13,17% (March 2005: 13,92%) per annum payable bi-annually with capital repayable on 31 January 2006. The loan is secured by a cession of the life endowment policies of key personnel.	**24**	24
14th Avenue finance lease – Phase 1		
Finance lease obligation capitalised at an effective interest rate of 11,8% (March 2005: 11,8 %) per annum. The lease term is 10 years with six years to run, with renewal options of 20 years in total, and instalments payable monthly. The book value of the underlying property is R259 million (March 2005: R271 million) (notes 8, 31). The obligation is secured by the underlying property.	**300**	308
14th Avenue finance lease – Phase 2		
Finance lease obligation capitalised at an effective interest rate of 7,464% per annum. The lease term is 20 years with 19 remaining years to run, with renewal options of 20 years in total, and instalments payable monthly. The book value of the underlying property is R331 million (notes 8, 31). The obligation is secured by the underlying property.	**335**	—

	December 2005 Rm	March 2005 Rm
MTN Uganda		
Development Finance Company of Uganda		
Facility of UGS453 million bearing interest at prime less 1% per annum (effective rate of 15,5% per annum) (March 2005: 15,5% per annum) based on weighted average of bank prime and repayable quarterly from December 2000 to September 2005.	—	*
Swedfund International		
Subordinated loan of UGS3 billion bearing no interest and repayable by September 2007. The repayment value will be based on the equity and net operating profit for the three years ending 31 March 2008. Lenders are entitled to a remuneration fee prorata to dividends declared to ordinary shareholders. The inherent interest rate applicable to this facility, having considered the estimated repayment instalment, equates to 9,8% per annum (March 2005: 11,5% per annum).	10	11
Nordic Development Fund		
Subordinated loan of UGS3 billion bearing no interest and repayable in September 2007. The repayment value will be based on the equity and net operating profit for the three years ending 31 March 2008. Lenders are entitled to a remuneration fee prorata to dividends declared to ordinary shareholders. The inherent interest rate applicable to this facility, having considered the estimated repayment instalment, equates to 9,8% per annum (March 2005: 11,5% per annum).	10	11
Standard Bank London/LB KIIEL Loan		
Facility of USD17 million bearing interest at LIBOR plus 1,25% (effective rate of 5,26% per annum) (March 2005: 3,9% per annum). Facility repayable semi annually over four years commencing May 2003.	8	16
All of the above MTN Uganda loans participate in the inter-creditor security package comprising of an assignment of the MTN Uganda telecommunication licence, and debentures and by means of a first and second fixed charge in favour of the inter-creditor agent, Stanbic Bank Uganda Limited, over all property, plant and equipment (notes 8,10).		
MTN Swaziland		
Swazi Industrial Development Corporation		
Facility bore interest at prime plus 2% per annum, effective interest rate of 11,7% per annum (March 2005: 11,7% per annum), repayable monthly from May 2002 to April 2006 and secured by first notarial general covering bond over specific network assets and inventories (note 8).	—	1

*Amounts less than R1 million

	December 2005 Rm	March 2005 Rm
19. BORROWINGS *(continued)*		
SECURED *(continued)*		
MTN Nigeria		
IFC facilities The facilities include a USD50 million standby guarantee facility from the International Finance Corporation (to be utilised in the event of a shortfall at each of the 2006 and 2008 rollover dates) and two loans of USD35 million each, repayable bi-annually from September 2006 to November 2010. Pricing is linked to LIBOR (effective interest rate of 7,88% per annum) (March 2005: 6,96% per annum).	**256**	242
Local facility USD250 million (March 2005: USD250 million) naira equivalent commercial paper instrument reducing to 75% and 50% of the initial loan value in November 2006 and November 2008 respectively. The facility matures in November 2010. Pricing is linked to NIBOR (effective interest rate of 14,29% per annum) (March 2005: 18,43% per annum).	**1 623**	1 517
DFI term loan A loan of USD20 million from a combined DEG/FMO facility repayable bi-annually from September 2006, maturing in March 2010. The interest rate is linked to LIBOR (effective interest rate of 8,26% per annum) (March 2005: 6,51% per annum). On 16 November 2004, an additional loan of USD20 million was obtained, repayable bi-annually from September 2006, maturing in March 2010. The interest rate is linked to LIBOR (effective interest rate of 7,76% per annum) (March 2005: effective interest rate of 5,99% per annum).	**171**	158
SCMB facility USD 40 million facility from a combined Export Credit Insurance Corporation of South Africa (ECICSA)/ Standard Corporate Merchant Bank (SCMB) repayable in six equal instalments from September 2005 until March 2008. The interest rate is linked to LIBOR (effective interest rate of 8,26% per annum) (March 2005: effective interest rate of 5,7% per annum).	**205**	237
Local facility USD 120 million (March 2005: nil) naira equivalent 90 days commercial paper instrument reducing to 50% of the initial loan value in November 2007. The facility matures in November 2009. Pricing is linked to NIBOR (effective interest rate of 13,55% per annum) (March 2005: nil).	**740**	—
All of the above MTN Nigeria loans are secured by a fixed charge over the company's moveable assets, service licence, ordinary share deposit accounts and a floating charge over the undertaking and its assets, property and receivables. The proceeds of the insurance policies are secured in favour of the security trustee (notes 8, 10 ,15 and 16). MTN Mauritius has also provided its shares in MTN Nigeria as security for these loans.		

	December 2005 Rm	March 2005 Rm
MTN Rwanda		
Syndicated loan from four local banks totalling RWF2,1 million (March 2005: RWF2,9 million bearing interest at an effective rate of 15% per annum (March 2005: 16% per annum), repayable over 39 months effective from April 2003. The loan is secured by a floating charge over MTN Rwanda's fixed assets of R81 million (March 2005: R130 million) and by subordination of the shareholders' loan (note 8).	**2**	5
MTN Côte d'Ivoire		
Loan from Eco Bank of XOF10 million bearing interest at 8,5% per annum and repayable six monthly from June 2002 to June 2007.	**17**	—
Loan from Bank of Africa of XOF7,5 million bearing interest at 9,5% per annum and repayable monthly from July 2003 to March 2007.	**16**	—
Loan from Standard Chartered Bank of XOF4,3 million bearing interest at 9% per annum and repayable monthly from October 2005 to October 2006.	**18**	—
All the above loans are secured by the network equipment with a book value of R270 million (note 8).		
MTN Congo Brazzaville and MTN Zambia – loans	**3**	—
MTN Network Operator		
Standard Corporate Merchant Bank Term loan arranged by SCMB, bearing interest at six months JIBAR plus 0,6% per annum (effective rate of 7,88% per annum). Loan matures on 30 October 2006. MTN Holdings and other MTN Group entities have provided cross guarantees for this loan facility.	**100**	—
Standard Corporate Merchant Bank Advance from SCMB as part of 366 day committed facility for a period of one month bearing interest at 7,464%. Repayable in January 2006. MTN Holdings and other MTN Group entities have provided cross-guarantees for this loan facility.	**2 366**	—
ABSA facility Loan of R180 million bearing interest at the three month JIBAR rate plus 45 basis points (effective rate of 7,62% per annum) and repayable quarterly from March 2006 to December 2006.	**180**	—
Total secured borrowings	**6 384**	2 530
Total borrowings	**8 605**	3 240

		December 2005 Rm	March 2005 Rm
19.	**BORROWINGS *(continued)***		
	The maturities of the above loans and overdrafts are as follows:		
	Payable within one year or on demand	**1 100**	221
	Short-term borrowings	**1 042**	171
	Bank overdrafts	**58**	50
	More than one year but not exceeding two years	**4 696**	881
	More than two years but not exceeding five years	**2 585**	1 190
	More than five years	**224**	948
		8 605	3 240
	Less: Borrowings and bank overdrafts included within current liabilities	**(1 100)**	(221)
	Amounts included in non-current liabilities	**7 505**	3 019
	Unless otherwise stated, all loans approximate their fair values.		
	The Group has the following undrawn facilities:		
	Floating rate	**2 054**	2 274
	Fixed rate	**352**	—
		2 406	2 274
	The facilities expiring within one year are annual facilities subject to review at various dates during 2006.		
	The carrying amount of the Group's borrowings are denominated in the following currencies:		
	South African rand	**3 887**	393
	US dollar	**1 600**	840
	Nigerian naira	**2 363**	1 517
	Uganda shilling	**80**	64
	Rwanda franc	**2**	5
	Congo Brazzaville communaute financiere	**2**	—
	Swaziland emalangeni	**3**	4
	Cameroon communaute financiere africaine	**389**	417
	Côte d'Ivoire communaute financiere	**278**	—
	Zambian kwacha	**1**	—
		8 605	3 240
	Further details of the Group's finance lease commitments are provided in note 32 to the financial statements.		

	December 2005 Rm	March 2005 Rm
20. OTHER NON-CURRENT LIABILITIES		
Long-term deposits received from customers	**3**	—
Put options in respect of subsidiaries*	**1 404**	—
	1 407	—

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

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

	December 2005 Rm	March 2005 Rm
21. TRADE AND OTHER PAYABLES		
Trade payables	**2 541**	1 978
Sundry creditors	**597**	647
Accrued expenses and other payables	**4 902**	2 822
	8 040	5 447

	Beginning of period Rm	Additional provisions Rm	Additions– business combinations Rm	Unused amounts reversed Rm	Utilised Rm	Exchange differences Rm	End of perioid Rm
22. PROVISIONS							
12 months ended 31 December 2005							
Leave pay	**45**	**11**	*	**(1)**	**(6)**	**1**	**50**
Bonus	**160**	**83**		**1**	**(99)**	**7**	**152**
Decommission provision	**28**	**13**		**—**	**—**	**1**	**42**
Onerous leases	**266**	**107**	**28**	**(41)**	**(115)**	**7**	**252**
	499	**214**	**28**	**(41)**	**(220)**	**16**	**496**
9 months ended 31 March 2005							
Leave pay	33	26		—	(14)	*	45
Bonus	105	163		14	(122)	*	160
Decommission provision	15	—		13	—	—	28
Onerous leases/other	121	225		(10)	(77)	7	266
	274	414	—	17	(213)	7	499

**Amounts less than R1 million*

Leave pay provision

The leave pay provision relates to the vested leave pay to which employees are entitled. The provision arises as employees render services that increase their entitlement to future compensated leave. The provision is also utilised when employees, who are entitled to leave pay, leave the employment of the respective companies in the Group.

Bonus provision

The bonus provision consists of a performance-based bonus, which is determined by reference to the overall company performance with regard to a set of predetermined key performance measures. Bonuses are payable annually after the MTN Group annual results have been approved.

Onerous leases provision

The Group recognises a provision for onerous contracts when the expected benefits from the contract are less than the unavoidable costs of meeting the obligations under that contract.

Decommissioning provision

This provision relates to the initial estimate of the costs of dismantling and removing an item of property, plant and equipment and restoring the item and the site on which the item is located. The Group only recognises these decommissioning costs for the proportion of its overall number of sites for which it expects decommissioning to take place. The expected percentage has been based on actual experience in the operation.

	Note	December 2005 Rm	March 2005 Rm
23. CASH GENERATED FROM OPERATIONS			
Profit before tax		**8 115**	8 746
Adjustments for:			
Share of profits in associates less dividends received	11	**(10)**	(11)
Finance cost	5	**795**	590
Finance income	4	**(422)**	(320)
Depreciation of property, plant and equipment	8	**2 497**	2 813
Amortisation of intangible assets	10	**256**	189
Loss/(profit) on disposal of property, plant and equipment	3	**43**	(3)
Share-based payments		**17**	17
Impairment reversed against loan arising on disposal of 20% of MTN Cameroon	3	**—**	(11)
Profit on sale of associate		**—**	(4)
Profit on disposal of subsidiary		**(23)**	—
Impairment charge on assets	3	**147**	—
		11 415	12 006
Changes in working capital		**(46)**	297
Decrease/(increase) in inventories		**92**	(130)
Increase in receivables and prepayments		**(1 444)**	(736)
Increase in unearned income		**149**	19
Increase in trade and other payables		**1 157**	1 144
Cash generated from operations		**11 369**	12 303

		Note	December 2005 Rm	March 2005 Rm
24.	**INCOME TAX PAID**			
	Opening balance		**(1 045)**	(942)
	Amounts charged to income statement	6	**(1 411)**	(1 494)
	Deferred tax credit	6, 14	**(358)**	(498)
	Exchange differences		**1**	(3)
	At acquisition taxes		**(6)**	—
	Withholding taxes not paid		**—**	29
	Revaluation of tax balance		**—**	4
	Closing balance		**1 808**	1 045
	Total tax paid		**(1 011)**	(1 859)
25.	**CASH AND CASH EQUIVALENTS**			
	For purposes of the cash flow statement, cash and cash equivalents comprise:			
	Cash at bank and on hand		**7 222**	5 822
	Bank overdraft		**(58)**	(50)
			7 164	5 772
26.	**RESTRICTED CASH**			
	Restricted cash deposits*		**338**	607
			338	607

** These monies are placed on deposit with banks in Nigeria to secure letters of credit, which at period end were undrawn and the monies accordingly not freely available. Included in the 31 March 2005 balance is R15,6 million of the cash and cash equivalents held by MTN Cameroon which was encumbered in favour of a creditor due to an order issued by the courts in Cameroon.*

	December 2005 Rm	March 2005 Rm
27. UNDERWRITING ACTIVITIES		
Underwriting activities are conducted through special purpose entities on commercial terms and conditions and at market prices.		
Income statement effect		
– Gross premiums written	**31**	27
– Outwards reinsurance premiums	**(4)**	(50)
– Change in unearned premiums	**(35)**	4
– Other	**60**	50
	52	31
Balance sheet effect		
Share of technical provision:		
– Outstanding claims	**(124)**	(121)
– Provision for unearned premiums	**(51)**	(28)
	(175)	(149)
Receivables		
– Investment in short-term deposits	**205**	142
– Unlisted preference shares	**—**	8
– Cash	**29**	13
– Short-term money-market deposits	**15**	26
– Listed preference shares	**47**	—
	296	189
Payables	**(20)**	(48)

		December 2005 Rm	March 2005 Rm
28.	**CONTINGENT LIABILITIES**		
	Upgrade incentives**	**781**	1 082
	Guarantee in favour of Rand Merchant Bank Properties*	**—**	290
		781	1 372

* *The Group's present policy is to pay incentives to service providers ("SP") for the handset upgrades. These upgrades are only payable once the subscriber has completed a 21 month period with the SP since the initial commencement of its contract or previous upgrade and the eligible subscriber has exercised the right to receive an upgrade for a new postpaid contract with minimum terms. The value of the obligation may vary depending on the prevailing business rules at the time of the upgrade. The total number of eligible subscribers who had not yet excercised their right to upgrade at 31 December 2005 was 344 770 (March 2005: 379 000). The estimated contingent liability at 31 December 2005 based on the prevailing business rules on such date amounts to R781 million (March 2005: R1 082 million).*

The Group has, however, provided for those upgrades which have been made, and in respect of those it believes have not yet been presented for payment.

** *The Group has signed guarantees in favour of Rand Merchant Bank (March 2005: R290 million) for the bridging finance facility granted to Rand Merchant Bank Properties for the development of the second phase of the MTN Innovation Centre.*

29. COMMERCIAL COMMITMENT

MTN Network Operator

The granting of a national cellular telecommunication licence placed an obligation on the company to set up a joint economic development plan agreement with the Postmaster General (now ICASA). This agreement was a condition for the commencement of commercial operations in June 1994 and involves a commitment by the company to assist in the development of the South African economy and, in particular, the telecommunications industry. The company has exceeded the obligations imposed in terms of its access to the 900 Mhz by 31 December 2005.

In January 2005, MTN was granted the right to maintain and use the 1800 MHz GSM spectrum as well as maintain and operate an UMTS (3G) network under the existing cellular network licence with the provisio that certain additional universal service obligations are met. These include the following:

- To distribute 2,5 million SIM card packages over five years commencing 2005;
- To provide 125 000 mobile phones over five years commencing 2005;
- To provide internet access and terminal equipment (10 per institution) to 140 institutions for people with disabilities over a three-year period commencing 2005; and
- To provide internet access to 5 000 public schools over an eight-year period commencing 2005.

The details of these obligations had not been finalised at period end, and therefore, a quantification of the commitment could not be performed.

Irancell

The investment in Irancell is subject to a number of sovereign, regulatory and commercial risks, which could result in the Group failing to realise full market value for its investment, should it be required to dispose of any portion thereof. In this regard, 21% of Irancell is required to be offered to members of the Iranian public within approximately three years from the date of the licence. Such offering would have a proportional dilutory effect on MTN International (Mauritius) Limited (MTNI(M)'s 49% shareholding, effectively reducing its shareholding by 10,3% to 38,6%. The substantial terms and conditions of this commitment are yet to be finalised.

MTN Zambia

The licence issued by the Zambian Communications Authority (ZCA), a body corporate established under the provisions of the Telecommunications Act Number 23 of 1994 Laws of Zambia, requires that ten percent (10%) of the issued share capital of MTN Zambia be held by the Zambian public. The approval given by the ZCA for the Group's purchase of 100% of the share equity was on the basis that 10% should be housed in a special purpose vehicle (SPV) for the beneficial ownership of the Zambian public. The transfer to the SPV, already formed, and ultimate placement with the Zambian public is under way.

In accordance with the aforementioned agreement, the sale of shares to the Zambian public should be concluded within 15 to 18 months after the date of approval of the transaction at a price equal to 10% of the purchase consideration by the Group, plus interest from the date of acquisition to the date of disposal.

		December 2005 Rm	March 2005 Rm
30.	**CAPITAL COMMITMENTS**		
	Capital commitments at the balance sheet date but not yet incurred are as follows:		
	Commitments for the acquisition of property, plant and equipment and intangible assets		
	Contracted but not provided for	**2 840**	3 101
	Authorised but not contracted for	**7 071**	7 100
	Group's share of capital commitments of joint ventures		
	Commitments for the acquisition of property, plant and equipment and intangible assets		
	Contracted but not provided for	**62**	43
	Authorised but not contracted for	**154**	147
	Total commitments	**10 127**	10 391
	Capital expenditure will be funded from operating cash flows, existing borrowing facilities and, where necessary, by raising additional facilities.		
	Commitments in respect of joint ventures approved subsequent to year-end	**2 814**	—

		December 2005 Rm	March 2005 Rm
31.	**OPERATING LEASE COMMITMENTS**		
	The future aggregate minimum lease payments under non-cancellable operating leases are as follows:		
	No later than one year	**158**	183
	Later than one year and no later than five years	**129**	396
	Later than five years	**44**	100
		331	679
	The future aggregate minimum lease payments under cancellable operating leases are as follows:		
	No later than one year	**100**	—
	Later than one year and no later than five years	**236**	—
	Later than five years	**52**	—
		388	—
	The Group leases various premises/sites under non-cancellable/cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.		
32.	**FINANCE LEASE COMMITMENTS**		
	At the balance sheet date, the Group had outstanding commitments under non-cancellable finance leases which fall due as follows:		
	Minimum lease payments:		
	No later than one year	**92**	47
	Later than one year and no later than five years	**539**	239
	Later than five years	**369**	202
		1 000	488
	Less: Future finance charges on finance leases	**(362)**	(180)
	Present value of finance lease obligations	**638**	308
	Present value of finance lease obligations are as follows:		
	No later than one year	**25**	12
	Later than one year and no later than five years	**323**	123
	Later than five years	**290**	173
		638	308

	December 2005 Rm	March 2005 Rm
33. OTHER COMMITMENTS		
Soccer sponsorships	**45**	95
Orders placed to purchase handsets	**238**	307

34. RETIREMENT BENEFIT PLANS

Employee benefit obligations

The Group operates various provident and pension funds, which are defined contribution funds and are governed by the pension funds legislation in the respective countries. Contributions are made to the funds based upon employees' pensionable salary packages. All full-time employees are eligible to join the funds and it is a condition of employment.

Post-retirement medical benefits

The Group has no post-retirement medical benefits obligations.

35. INTEREST IN JOINT VENTURES

The Group had the following effective percentage interests in joint ventures:

Indirect	December 2005 %	March 2005 %
MTN Swaziland	**30**	30
MTN Uganda	**52**	52
MTN Rwanda	**40**	40
MTN Mobile Money Holdings	**50**	—
Mascom Botswana	**44**	—
Irancell	**49**	—

	December 2005 Rm	March 2005 Rm
35. INTEREST IN JOINT VENTURES *(continued)*		
The following amounts represent the Group's share of the assets and liabilities, revenue and results of the joint ventures and which are included in the consolidated balance sheet and income statement:		
Current assets	**779**	163
Non-current assets	**2 426**	562
Current liabilities	**(608)**	(172)
– Interest-bearing	**(74)**	(58)
– Non-interest-bearing	**(534)**	(114)
Non-current-liabilities	**(1 541)**	(123)
– Interest-bearing	**(1 402)**	(30)
– Non-interest-bearing	**(139)**	(93)
Revenue	**633**	742
Expenses	**(379)**	(235)
Average number of employees relating to joint ventures:		
– Full time	**815**	608
– Part time	**45**	45

There are no significant contingent liabilities relating to the Group's interests in the joint ventures and no contingent liabilities in the venture itself.

36. TRANSFER PRICING

In terms of the transfer pricing provisions contained in section 31 of the South African Income Tax Act, 58 of 1962 (the Act), where a taxpayer supplies financial services to a connected person who is a non-South African resident, interest should be charged on an arm's length basis. The Group has consistently taken the view, based on professional advice, that the provisions of section 31 should not apply in respect of the loan element of shareholder equity funding to its African subsidiaries and joint ventures. The Group and its tax advisers continue to believe in the soundness of the approach adopted and accordingly consider that there is no necessity to raise a provision for any potential liability in this regard.

37. LICENCE AGREEMENTS

MTN Cameroon
The licence authorises MTN Cameroon to set up and run a 900 MHz national mobile GSM cellular telephony network within the geographic territory of Cameroon. The licence was granted on 15 February 2000 and is valid for a period of 15 years, renewable for 10 years thereafter. The Group paid an initial licence fee of CFA40,4 billion and the annual licence fee payable based on 1% of network revenue for the first two years. Furthermore, an advance payment of CFA200 000 per year, is payable for microwave usage until a general formula of calculation is adopted with the Regulatory Board and pays an annual licence fee based on 2% of network revenue as defined in the licence from the third year onwards.

MTN Nigeria
The licence authorises MTN Nigeria to provide and operate a 900 and 1800 MHz second generation digital mobile service within the geographic territory of Nigeria. The licence was granted on 9 February 2001 and is valid for a period of 15 years, renewable for five years thereafter. The Group paid an initial licence fee of USD285 million and in addition, pays an annual licence fee based on 2,5% of assessed net revenue as defined in the licence.

MTN Rwanda
The licence authorises MTN Rwanda to construct, maintain and operate a 900, 1800 and 1900 MHz (including cellular public pay telephones) GSM telecommunication network within the geographic territory of Rwanda. The licence was granted on 2 April 1998 and is valid for 10 years and may be terminated thereafter with a two-year written notice period. The Group paid an initial licence fee of USD200 000 and in addition, pays an annual licence fee based on 3% (March 2005: 2,5%) of network revenue as defined in the licence. Furthermore a frequency fee of USD 2 000 per 1 MHz granted and an annual spectrum fee of USD50 000 is payable.

MTN Uganda
The licence authorises MTN Uganda to construct, maintain and operate a 900 and 1800 MHz national second generation digital mobile radio telephony service within the geographic territory of Uganda. The licence was granted on 15 April 1998 and is valid for a period of 20 years. The Group paid an initial licence fee of USD5,8 million, and an annual spectrum fee of 1% of network revenue is payable as a contribution to the Rural Communications Development Fund.

Irancell
The licence authorises Irancell to construct and operate a GSM-standard mobile radio-communication network for the purpose of providing a full range of licensed services within the Islamic Republic of Iran. The licence was granted on 21 November 2005 and has a validity period of up to 15 years with two renewable periods of five years each.

An initial licence fee of Euro300 million was paid. An annual spectrum fee of 0,25% of revenue, an annual universal service fee of 3% of revenue and other fixed fees, all totalling in aggregate, not more than 5% of revenue are payable in each contractual year of the licence. In addition, Irancell is required to pay 28,1% of revenue in each contractual year, with a minimum guaranteed amount, which is based on 80% of 28,1% of the revenue amount included in the business plan, subject to certain conditions being met, on an annual basis.

MTN Zambia
The licence authorises MTN Zambia Limited to set up and run a cellular service within the designated bandwidth of 890-960 MHz band within the geographic territory of Zambia. The licence was granted on 23 September 1995 and is valid for a period of 15 years, renewable for five years thereafter. An initial licence fee of USD40 000 was paid to acquire the licence and the annual operating licence fees payable are 5% of the assessed annual revenue. Annual spectrum fees are also payable in respect of transmission.

MTN Côte d'Ivoire
The licence authorises MTN Côte d'Ivoire to construct, maintain and operate a 900 and 1 800 MHz GSM telecommunication network within the geographic territory of Côte d'Ivoire. The licence was granted on 21 December 2001 and is valid for 15 years. An initial licence fee of CFA40 billion was determined, which is payable from 2001 to 2007.

37. LICENCE AGREEMENTS *(continued)*

MTN Congo Brazzaville

The licence authorises MTN Congo Brazzaville to construct, maintain and operate a 900 and 1800 MHz GSM telecommunication network within the geographical territory of the Republic of Congo. The licence consists of a mobile licence granted on 15 October 1999 and an international gateway licence granted on 2 February 2005 valid for 15 years. The payable initial licence fee of FCFA365 million was paid for the mobile licence and FCFA250 million for the international gateway licence. The annual licence fee is based on 3% of local and 6% of international traffic. Furthermore, a frequency management fee of FCFA100 million, frequency usage fee of FCFA162,2 million and a number licence fee of FCFA60 million are payable annually. The payment on renewal is set at FCFA2,2 billion.

Mascom Botswana

The licence authorises Mascom Botswana to construct, operate and maintain GSM telecommunication systems within the geographic area of Botswana. The licence was granted on 17 February 1998 and is valid for a period of 15 years. The licence may be renewed upon expiry of the licence period provided that the licensee shall apply for such renewal no more than three years but not less than two years prior to the date of expiry. An initial licence fee of BWP1 000 000 was paid to acquire the licence. In addition to the initial fee, the licensee is also liable to pay fees for the radio licence, system licence and service licence in advance on an annual basis. A revenue fee of 3% (5% up to March 2004) is also payable quarterly based on net turnover, as defined in the licence, reported for each quarter.

MTN Swaziland

The licence authorises MTN Swaziland to provide and operate a 900 MHz GSM network within the geographic area of Swaziland. The licence was granted on 31 July 1998 and is valid for a period of 10 years, renewable for 10 years thereafter. The company pays annual spectrum fees of E20 000 per channel used (with a minimum of E600 000) and a licence fee of 5% of audited net operational income as defined in the licence.

MTN South Africa

The licence authorises MTN South Africa to construct, maintain and use a 900 MHz GSM national mobile cellular telecommunication service within the geographical area of South Africa. The licence was granted on 29 October 1993 and is valid for a period of 15 years from 1 June 1994, automatically renewable on the same terms and conditions, subject to certain provisions. The company paid an initial fee of R100 million and pays an annual licence fee based on 5% of net operating income as defined in the licence. In January 2005 MTN was granted the right to maintain and use the 1 800 MHz GSM spectrum as well as maintain and operate an UMTS (3G) network under the existing cellular network licence with the proviso that certain additional universal service obligations are met.

		December 2005	March 2005
38.	**EXCHANGE RATES TO SOUTH AFRICAN RAND**		
	Year-end closing rates		
	US dollar	**0,16**	0,16
	Uganda shilling	**287,30**	280,08
	Rwanda franc	**90,23**	92,33
	Cameroon communaute financiere africaine franc	**89,94**	83,39
	Nigerian naira	**20,42**	21,38
	Iranian rial	**1436,49**	—
	Botswana pula	**0,86**	—
	Ivory Coast communaute financiere africaine franc	**87,68**	—
	Congo Brazzaville communaute financiere africaine franc	**88,02**	—
	Zambian kwacha	**577,76**	—
	Swaziland emalangeni	**1**	1
	Average rates for the year		
	South African rand	**0,16**	0,16
	Uganda shilling	**277,59**	284,29
	Rwanda franc	**87,18**	94,33
	Cameroon communaute financiere africaine franc	**84,77**	86,17
	Nigerian naira	**20,23**	21,44
	Iranian rial	**1420,80**	—
	Botswana pula	**0,86**	—
	Ivory Coast communaute financiere africaine franc	**84,52**	—
	Congo Brazzaville communaute financiere africaine franc	**89,52**	—
	Zambian kwacha	**570,71**	—
	Swaziland emalangeni	**1**	1

Notes to the Group financial statements

for the nine months ended 31 December 2005 *(continued)*

	December 2005 Rm	March 2005 Rm
39. FINANCIAL INSTRUMENTS		
Foreign exchange risk		
Included in the Group balance sheet are the following amounts denominated in currencies other than the functional currency of the reporting entities:		
Assets:		
Accounts receivable		
– US dollar	**156**	133
– Euro	**3**	17
– Emalangeni	**4**	—
– Special drawing rights*	**27**	23
Total assets	**190**	173
Liabilities:		
Long-term liabilities		
– US dollar	**1 600**	840
	1 600	840
Current liabilities:		
– US dollar	**26**	306
– Euro	**21**	172
– South African rand	**—**	680
– Special drawing rights*	**10**	4
	57	1 162
Total liabilities	**1 657**	2 002

**Unit of payment for international telecommunication transactions*

	Foreign amounts (Notional principal amount)		Rand amounts (Notional principal amount)	
	December 2005 Rm	March 2005 Rm	**December 2005 Rm**	March 2005 Rm
Outstanding forward exchange contracts are as follows:				
US dollars	**27**	15	**170**	99
Euro	**3**	27	**24**	224
Pounds sterling	*****	—	**1**	—
Fair value			**195**	323
Original cost			**197**	313
Fair value (loss)/profit taken to income statement			**(2)**	10

Liquidity risk

The Group has no material risk of liquidation and limited exposure to liquidity risk as it has significant banking facilities and reserve borrowing capacity. Available liquid resources are as follows:

	Carrying amount		Fair value	
	December 2005 Rm	March 2005 Rm	**December 2005 Rm**	March 2005 Rm
Cash at bank and on hand; net of overdrafts	**7 164**	5 772	**7 164**	5 772
Letters of credit	**338**	607	**338**	607
Receivables and prepayments	**5 487**	3 453	**5 487**	3 453
Trade and other payables	**(8 040)**	(5 447)	**(8 040)**	(5 447)

Effective interest rate on cash ranges from 4% to 19% (March 2005: 2% to 15,6%)

Deposits have an average maturity of less than 43 days (March 2005: 60 days).

**Amounts less than R1 million*

40. CHANGE IN ACCOUNTING POLICY

The Group has elected to early adopt the amendments in IAS 21 (Revised) in the current year with effect from 1 April 2004. The early adoption of the standard, which only becomes effective for years ending after 1 January 2006, results in a change in accounting policies previously applied.

Adoption of the standard, with effect from 1 April 2004, resulted in foreign currency fluctuations in respect of shareholder loans forming part of an entity's net investment in a foreign operation, being recognised as a separate component of equity on consolidation, as opposed to being recorded in the consolidated income statement as previously prescribed. Foreign currency fluctuations on these loans will, however, still be recorded in the income statements of the respective stand-alone entities.

The change in accounting policy for the year ended 31 March 2005, is reflected in the table below:

	Gross Rm	Tax effect Rm	Net Rm
Retained earnings			
Opening retained earnings – restated	9 040	—	9 040
Opening retained earnings as previously reported	8 003	—	8 003
Reversal of foreign exchange loss	1 037	—	1 037
Net profit – restated	6 357	—	6 357
Net profit for the year as previously reported	6 376	—	6 376
Foreign exchange loss	(19)	—	(19)
Dividends paid	(680)	—	(680)
Retained earnings at the end of March 2005 (restated)	14 717	—	14 717

41. POST-BALANCE SHEET EVENTS

There are no significant post-balance sheet events.

42. RELATED PARTY TRANSACTIONS

Various transactions are entered into by the company and its subsidiaries during the year with related parties. The terms of these transactions are at arm's length. Intra-group transactions are eliminated on consolidation.

	December 2005 Rm	March 2005 Rm
Key management compensation		
Salaries and other short-term employee benefits	**27**	36
Post-employment benefits	**1**	2
Share based payments	**4**	3
Total	**32**	41

Associates and joint ventures

Details of joint ventures and associates are disclosed in Appendix 1 and Appendix 2 of the financial statements.

Subsidiaries

Details of investments in subsidiaries are disclosed in Appendix 1 of the financial statements.

Directors

Details of directors' remuneration are disclosed in note 3 of the Financial Statements as well as in the directors' report under the heading "Details of emoluments and related payments".

Shareholders

The principal shareholders of the company are disclosed in the directors' report under the heading "Shareholders' interest".

43. BUSINESS COMBINATIONS AND ACQUISITION OF JOINT VENTURES

43.1 The acquisition of 51% of MTN Côte d'Ivoire

On 1 July 2005, the Group acquired 51% of the share capital of Loteny Telecom, trading under the name Telecel Côte d'Ivoire (now named MTN Côte d'Ivoire), a telecommunications company operating in the Côte d'Ivoire. The acquired business contributed revenues of R392,5 million and profit after tax of R83,5 million to the Group for the period from 1 July 2005 to 31 December 2005.

If the acquisition had occurred on 1 April 2005, the contribution to Group revenue would have been R571,2 million, and the contribution to profit after tax would have been R98,3 million. These amounts have been calculated using the Group's accounting policies and by adjusting the results of the subsidiary to reflect the additional depreciation and amortisation that would have been charged assuming the fair value adjustments to property, plant and equipment and intangible assets had been applied from 1 April 2005, together with the consequential tax effects.

The goodwill is attributable to the high profitability of the acquired business and the significant synergies expected to arise after the Group's acquisition of MTN Côte d'Ivoire.

43. BUSINESS COMBINATIONS AND ACQUISITION OF JOINT VENTURES *(continued)*

43.1 The acquisition of 51% of MTN Côte d'Ivoire *(continued)*

Details of the net assets acquired and goodwill as at acquisition are as follows:	1 July 2005 Rm
Total purchase consideration	1 398
Fair value of net assets acquired	(142)
Goodwill	1 256

The assets and liabilities arising from the acquisition are as follows:	Fair value 1 July 2005 Rm	Acquiree's carrying amount 1 July 2005 Rm
Cash and cash equivalents	41	41
Property, plant and equipment	621	1 031
Intangible assets	603	376
Inventories and receivables	109	109
Payables	(1 001)	(988)
Borrowings	(142)	(148)
Net deferred tax asset	48	—
Net assets	279	421
Minority interest (49%)	(137)	
Net assets acquired	142	
Purchase consideration settled in cash		1 398
Cash and cash equivalents in subsidiary acquired		(41)
Cash outflow on acquisition		1 357

43.2 The acquisition of 100% of Telecel Zambia (MTN Zambia), the remaining 40% of MTN Network Solutions (Proprietary) Limited (NS), 100% of Libertis Telecom (MTN Congo Brazzaville) and 44% of Mascom Wireless Botswana (Proprietary) Limited

On 1 August 2005, the Group acquired 100% of the share capital of Telecel Zambia, a telecommunications company operating in Zambia. On 1 April 2005, the Group acquired the remaining 40% of Network Solutions, an internet service provider company incorporated in South Africa. On 1 December 2005, the Group acquired 100% of Libertis Telecom, a telecommunications company incorporated in the Republic of the Congo and on 28 September 2005, the Group acquired 44% of Mascom Wireless Botswana (Proprietary) Limited, a telecommunications company operating in Botswana. The acquired businesses contributed revenues of R312 million and net profit of R54 million to the Group for the period.

If the acquisitions had occurred on 1 April 2005 the contribution to Group revenue would have been R708 million, and the contribution to profit after tax would have been R149 million. These amounts have been calculated using the Group's accounting policies and by adjusting the results of the acquiree to reflect the additional depreciation and amortisation that would have been charged assuming the fair value adjustments to property, plant and equipment and intangible assets had applied from 1 April 2005, together with the consequential tax effects.

Details of the net assets acquired and goodwill as at acquisition are as follows:	On acquisition date Rm
Total purchase consideration	1 932
Fair value of net assets acquired	(494)
Goodwill	1 438

The assets and liabilities arising from the acquisitions are as follows:	Fair value on acquisition date Rm	Acquiree's carrying amount on acquisition date Rm
Cash and cash equivalents	105	105
Property, plant and equipment	350	350
Intangible assets	230	5
Inventories and receivables	70	70
Payables	(141)	(141)
Borrowings	(102)	(102)
Net deferred tax liability	(18)	(18)
Net assets acquired	494	269
Purchase consideration		1 932
Purchase consideration not yet settled in cash		(36)
Cash and cash equivalents in subsidiary acquired		(111)
Cash outflow on acquisition		1 785

43.3 Reconciliation to the cash flow statement

Cash outflows as shown above:	3 142
Amounts per cash flow statement	
Acquisition of subsidiaries and joint ventures	3 294
Less: Cash balances acquired	(152)
	3 142

The purchase price allocations in respect of the acquisitions outlined above were determined provisionally by 31 December 2005. In accordance with IFRS 3, this will be finalised within 12 months of the respective acquisition dates and appropriate adjustments may be required upon finalisation.

44. TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

44.1 Basis of preparation

These financial statements for the period ended 31 December 2005 are the Group's first period end financial statements that comply with International Financial Reporting Standards (IFRS). MTN has undertaken a detailed conversion project across the Group in managing the transition to IFRS and in preparing the financial information outlined in these financial statements.

Detailed explanations of all significant accounting policy changes in order to effect IFRS compliance are set out in note 44.2 Note 44.5 details the changes to previously published South African Statement of Generally Accepted Accounting Practice (SA GAAP) in terms of the transition to IFRS.

Although the financial statements for the period ending 31 December 2005 are the Group's first published financial statements stating full compliance with IFRS, the Group had already complied with the following SA GAAP standards that had identical requirements to the IFRS with effect from 17 July 2000:

IFRS 3 (AC140) (issued 2004): Business Combinations

IAS 36 (AC128) (revised 2004): Impairment of Assets

IAS 38 (AC129) (revised 2004): Intangible Assets

IAS 27 (AC132) (revised 2004): Consolidated and Separate Financial Statements

44.2 Transitional arrangements

The annual financial statements have been prepared in accordance with IFRS. This is the first period that the company has presented its financial statements under IFRS. IFRS 1 requires full retrospective application of IFRS. However, the standard allows for exceptions and exemptions from retrospective application of IFRS. The Group's transitional elections are set out below and the Group has elected to apply the following exemptions from full retrospective application of IFRS in preparing its first IFRS financial statements:

44.2.1 Business combinations

Business combinations (including acquisitions) recognised before 17 July 2000 (the Group's effective date of transition to IFRS 3) have not been restated. As a result the carrying amount of goodwill is the depreciated amount on 17 July 2000. Previously recognised amortisation of goodwill and goodwill previously eliminated against reserves are not restated.

44.2.2 Cumulative translation differences

The Group has elected to set the previously accumulated translation differences for all foreign operations recognised separately in equity, to zero as at 1 April 2004.

44.2.3 Share-based payments

The cost of share options issued prior to 7 November 2002 and the cost of share options issued after 7 November 2002 which vested prior to 1 January 2005 have not been recognised in the income statement.

44.2.4 Exemption from restatement of comparatives for IAS 32, IAS 39 and IFRS 4

The Group has elected the exemption not to restate comparative financial information relating to the financial year ended 31 March 2005 for IAS 32, IAS 39 and IFRS 4. The Group has applied SA GAAP rules to insurance contracts, derivative financial assets, financial liabilities and to hedging relationships for the 31 March 2005 comparative period.

44.2.5 Decommissioning liabilities included in respect of property, plant and equipment

The Group has elected the exemption not to account for changes in existing decommissioning, restoration and similar liabilities included in property, plant and equipment for changes in such liabilities that occurred before 1 April 2004.

The Group has elected to measure the decommissioning, restoration and similar liabilities included in the cost of property, plant and equipment as at the date of transition to IFRS in accordance with IAS 37. To the extent that the liability is within the scope of IFRIC 1, the amount that would have been included in the cost of the related asset when the liability first arose, was estimated by discounting the liability to the acquisition date of the related asset using its best estimate of the historical risk-adjusted discount rate that would have been applied for that liability over the intervening period.

44.3 Business combinations and goodwill

The following standards were already effective under SA GAAP during the financial year ended 31 March 2005:

- IFRS 3 (AC 140) (issued 2004): Business Combinations
- IAS 27 (AC 132) (revised 2004): Consolidated and Separate Financial Statements
- IAS 36 (AC 128) (revised 2004): Impairment of Assets
- IAS 38(AC 129) (revised 2004): Intangible Assets

The Group has elected to retrospectively apply these standards under SA GAAP with effect from 17 July 2000, being the date on which the Group acquired the remaining 23% minority interest in MTN Holdings (Pty) Limited from Transnet Limited.

The adoption of IFRS 3 required simultaneous adoption of IAS 36 and IAS 38. The Group's effective date of transition to IFRS remains 1 April 2004.

Initially the Group accounted for the excess of the purchase price over the book value of the minority interest relating to the acquisition by the MTN Group of the remaining 23% interest in MTN Holdings (Pty) Limited from Transnet Limited, which amounted to R11,6 billion, as goodwill on the balance sheet and was amortising it through the income statement over 20 years.

During the year ended 31 March 2005, the Group changed its accounting policy to treat minority shareholders' as equity participants with effect from 17 July 2000, and therefore any purchase/sale of minority interests are now accounted for as equity transactions and recorded directly in equity as opposed to being recorded as goodwill or credited to the income statement.

This resulted in a goodwill reduction of R9,5 billion on the MTN balance sheet with an equal reduction in shareholders' equity on 17 July 2000 and accordingly at 1 April 2004.

These standards require that the Group apply the same principles to all acquisitions from 17 July 2000 onwards, of which the following are most significant:

- Recognition of assets and liabilities on acquisition at fair value.

  The Group is required, for each acquisition on or after 17 July 2000 on each acquisition date, to allocate the cost of the business combination by recognising the acquiree's identifiable assets, liabilities and contingent liabilities that satisfy the recognition criteria, at their fair values at the appropriate acquisition dates.

  This includes the identification and accounting for intangible assets such as licences, subscriber bases, customer relationships, trademarks, brands, etc. These are amortised over their estimated expected useful lives.

- Calculating goodwill as being the difference between
  - The net fair values of the assets, liabilities and contingent liabilities, and
  - The purchase consideration including direct acquisition costs.
- As previously required in terms of SA GAAP (from 17 July 2000), goodwill is subject to an annual impairment review, or more frequently where indicators of impairment exist, as opposed to the amortisation method applied prior to 17 July 2000.

44. TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) ***(continued)***

44.4 Significant accounting policy changes

The most significant changes in accounting policies are set out below. The effects of these changes are disclosed in the schedules to this Transition Document, and cross-referenced to the relevant note.

44.4.1 Property, plant and equipment [IAS 16]

The following adjustments have been accounted for retrospectively in order to comply with this standard:

- Identification of each significant part (component) of each item of property, plant and equipment ("PPE") which has a significantly different useful life;
- For each financial year-end, reviewing and adjusting, where necessary, the useful lives and residual values of each asset;
- Inclusion of dismantling, removal and restoration costs as part of the cost of PPE;
- Inclusion of costs directly attributable to bringing the asset to the location and condition necessary for its intended use; and
- Recalculation of depreciation after taking the adjustments outlined above into account.

44.4.2 Foreign exchange [IAS 21]

- In terms of the standard, an entity's "functional currency" is defined as the currency of the primary economic environment in which the entity operates.

  MTN Mauritius, the Group's wholly owned Mauritius-based holding company used to operate with US dollar as its functional currency. Given the changes in its structure over the years, as well as its operating model, MTN Mauritius is now regarded as a direct and integral extension of MTN's South African operations. Accordingly, its functional currency has been changed from US dollar to South African rand.

  On consolidation, this has resulted in exchange gains and losses on its dollar denominated assets and liabilities being accounted for in the income statement, as opposed to being included in the foreign currency translation reserve, as previously reported.

- Cumulative translation differences of R1,5 billion were classified as a separate component of equity on the MTN balance sheet at 31 March 2004. IFRS 1 allows the option to "reset" this to zero on the date of transition to IFRS, being 1 April 2004, which the MTN Group has opted to apply.

44.4.3 Share-based payments [IFRS 2]

This standard requires a charge to be raised in the income statement relating to certain share-based payments which had not vested at 1 January 2005, as well as cash-settled awards still outstanding at 1 January 2005. MTN operates certain share option and other employee benefit schemes which give rise to share-based payments.

IFRS 1 (First Time Adoption of IFRS) provides an exemption in terms of which MTN Group has elected to limit its retrospective adoption to awards granted after 7 November 2002, which had not yet vested on 1 January 2005.

The various share option and long-term incentive schemes in operation within MTN Group have been classified either as equity or cash-settled, and accounted for accordingly.

The income statement charge arising from each tranche of options issued is based on fair value and spread over the vesting period. An independent valuation of the main option tranches granted has been obtained from an external valuator.

44.4.4 Leases [IAS 17]

The standard gives guidance on leases of land and buildings and as such where the buildings meet the criteria for capitalisation separately from the land, the components have been split and accounted for accordingly.

As far as operating leases are concerned, in respect of those which include fixed escalation clauses, the straight-line method has been adopted. In these cases, monthly expense is equal to the total amount of lease payments divided by the total lease period months.

44.4.5 Intangible assets [IAS 38]

In accordance with the requirements of the standard, software which is not an integral part of related hardware has been reclassified from PPE to intangible assets. The useful lives and residual values of the reclassified software assets, have been reviewed and adjusted where necessary for each financial reporting period. Amortisation has also been recalculated after taking these adjustments into account.

44.5 Effects of transition from SA GAAP to IFRS

The notes included hereafter set out a reconciliation of the previously reported financial information to that reported under IFRS.

These schedules explain only the significant adjustments effected in order to comply with IFRS.

This information does not comprise statutory financial statements within the meaning of section 286 of the Companies Act, 1973.

It is important to note that the financial information that follows has been prepared in accordance with the IFRS that are effective at 31 December 2005..

44. TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) *(continued)*

44.5 Effects of transition from SA GAAP to IFRS *(continued)*

44.5.1 Opening IFRS balance sheet (1 April 2004)

	Reported (SA GAAP) audited Rm	Property, plant and equipment Rm	Foreign exchange translation reserve Rm	Share-based payments Rm	Other Rm	**Restated (IFRS) audited Rm**
ASSETS						
Non-current assets	**13 637**	305	—	—	144	**14 086**
Property, plant and equipment	**10 904**	305	—	—	(39)	**11 170**
Goodwill	**33**	—	—	—		**33**
Intangible assets	**1 784**	—	—	—	92	**1 876**
Investments and loans	**560**	—	—	—	62	**622**
Deferred tax assets	**356**	—	—	—	29	**385**
Current assets	**8 643**	—	—	—	(218)	**8 425**
Cash at bank and on hand	**3 648**	—	—	—	—	**3 648**
Securitised cash deposits	**1 688**	—	—	—	—	**1 688**
Other current assets	**3 307**	—	—	—	(218)	**3 089**
Total assets	**22 280**	305	—	—	(74)	**22 511**
EQUITY AND LIABILITIES						
Shareholders' equity						
Share capital and reserves	**10 128**	246	—	—	(62)	**10 312**
Ordinary shares and share premium	**14 178**	—	—	—	—	**14 178**
Retained earnings	**9 353**	246	(1 527)	(7)	(62)	**8 003**
Other reserves	**(13 403)**		1 527	7	—	**(11 869)**
Minority interests	**1 418**	—	—	—	22	**1 440**
Total equity	**11 546**	246	—	—	(40)	**11 752**
Non-current liabilities	**4 376**	—	—	—	23	**4 399**
Borrowings	**3 710**	—	—	—	(66)	**3 644**
Deferred tax liabilities	**666**	—	—	—	89	**755**
Current liabilities	**6 358**	59	—	—	(57)	**6 360**
Non-interest-bearing liabilities	**5 919**	59	—	—	(57)	**5 921**
Interest-bearing liabilities	**439**	—	—	—	—	**439**
Total equity and liabilities	**22 280**	305	—	—	(74)	**22 511**

44.5.2 Reconciliation of profit or loss for the 12 months ended 31 March 2005

	Reported (SA GAAP) audited Rm	Property, plant and equipment Rm	Functional currency and foreign Rm	Share-based payments Rm	Other Rm	Restated (IFRS) audited Rm
Revenue	**28 994**	—	—	—	—	**28 994**
Direct network operating cost	**(10 848)**	—	—	—	1 838	**(9 010)**
Depreciation	**(2 708)**	(76)	—	—	(29)	**(2 813)**
Employee benefits expense	**—**	—	—	—	(1 411)	**(1 411)**
Amortisation of intangible assets	**(247)**	—	—	—	58	**(189)**
General administrative expenses	**(6 127)**	(2)	—	(17)	(427)	**(6 573)**
Net finance costs	**(266)**	—	26	—	(30)	**(270)**
Share of results of associates	**18**	—	—	—	—	**18**
Profit before tax	**8 816**	(78)	26	(17)	(1)	**8 746**
Income tax expense	**(1 502)**	—	—	—	8	**(1 494)**
Profit for the period	**7 314**	(78)	26	(17)	7	**7 252**
Attributable to:						
Equity holders of the company	**6 407**	(78)	26	(17)	19	**6 357**
Minority interest	**907**	—	—	—	(12)	**895**
	7 314	(78)	26	(17)	7	**7 252**

44. TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) *(continued)*

44.5 Effects of transition from SA GAAP to IFRS *(continued)*

44.5.3 Balance sheet as at 31 March 2005

	Reported (SA GAAP) audited Rm	Property plant equipment Rm	Foreign exchange translation reserve Rm	Share-based payments Rm	Functional currency and foreign exchange Rm	Other Rm	**Restated (IFRS) audited Rm**
ASSETS							
Non-current assets	**18 727**	256	—	—	—	168	**19 151**
Property, plant and equipment	**15 623**	256	—	—	—	(92)	**15 787**
Goodwill	**33**	—	—	—	—	—	**33**
Intangible assets	**1 686**	—	—	—	—	160	**1 846**
Investments and loans	**604**	—	—	—	—	63	**667**
Deferred tax assets	**781**	—	—	—	—	37	**818**
Current assets	**10 637**	—	—	—	—	(58)	**10 579**
Cash at bank and on hand	**5 838**	—	—	—	—	—	**5 838**
Securitised cash deposits	**591**	—	—	—	—	—	**591**
Other current assets	**4 208**	—	—	—	—	(58)	**4 150**
Total assets	**29 364**	256	—	—	—	110	**29 730**
EQUITY AND LIABILITIES							
Shareholders' equity							
Share capital and reserves	**15 933**	168	—	—	—	(18)	**16 083**
Ordinary shares and share premium	**14 239**	—	—	—	—	—	**14 239**
Retained earnings	**15 079**	168	(1 527)	(24)	26	(17)	**13 705**
Other reserves	**(13 385)**	—	1 527	24	(26)	(1)	**(11 861)**
Minority interests	**2 324**	—	—	—	—	9	**2 333**
Total equity	**18 257**	168	—	—	—	(9)	**18 416**
Non-current liabilities	**3 618**	—	—	—	—	97	**3 715**
Borrowings	**3 011**	—	—	—	—	8	**3 019**
Deferred tax liabilities	**607**	—	—	—	—	89	**696**
Current liabilities	**7 489**	88	—	—	—	22	**7 599**
Non-interest-bearing liabilities	**7 272**	88	—	—	—	18	**7 378**
Interest-bearing liabilities	**217**	—	—	—	—	4	**221**
Total equity and liabilities	**29 364**	256	—	—	—	110	**29 730**

Company income statement

for the nine months ended 31 December 2005

	Note	9 months ended December 2005 Rm	12 months ended March 2005 Rm
Other operating expenses		**(2)**	(16)
Finance income	2	**1 083**	687
Finance costs		**—**	*
Profit before tax	1	**1 081**	671
Income tax expense	4	**(2)**	(9)
Net profit		**1 079**	662

Company balance sheet

at 31 December 2005

	Note	December 2005 Rm	March 2005 Rm
ASSETS			
Non-current assets		**14 178**	14 188
Interest in subsidiaries	5	**14 178**	14 188
Originated loans	6	**—**	*
Current assets		**176**	218
Receivables and prepayments		**95**	123
Cash and cash equivalents	7	**81**	95
Total assets		**14 354**	14 406
SHAREHOLDERS' EQUITY			
Ordinary shares and share premium	8	**14 271**	14 238
Retained earnings		**2**	4
Other reserves		**41**	24
Total equity		**14 314**	14 266
LIABILITIES			
Current liabilities		**40**	140
Current tax payable		**2**	—
Trade and other payables	9	**38**	140
Total liabilities		**40**	140
Total equity and liabilities		**14 354**	14 406

**Amounts less than R1 million*

Company statement of changes in equity

for the nine months ended 31 December 2005

	Share capital Rm	Share premium Rm	Other reserves Rm	Retained earnings Rm	Total Rm
Balance at 31 March 2004	*	14 184	—	22	14 206
Net profit	—	—	—	662	662
Dividends paid	*	—	—	(680)	(680)
Share-based payment reserve		—	24	—	24
Issue of share capital	*	54	—	—	54
Balance at 31 March 2005	*****	**14 238**	**24**	**4**	**14 266**
Net profit				**1 079**	**1 079**
Dividends paid	**—**	**—**	**—**	**(1 081)**	**(1 081)**
Share-based payment reserve	**—**	**—**	**17**	**—**	**17**
Issue of share capital	*****	**33**	**—**	**—**	**33**
Balance at 31 December 2005	*****	**14 271**	**41**	**2**	**14 314**
Note	*8*	*8*			

Company cash flow statement

for the nine months ended 31 December 2005

	Note	December 2005 Rm	March 2005 Rm
Cash generated from operations	10	**(94)**	29
Interest received	2	**3**	3
Interest paid	3	**—**	(*)
Income tax paid	11	**—**	(8)
Dividends paid		**(1 081)**	(680)
Dividends received	2	**1 080**	679
Net cash generated from operating activities		**(92)**	23
Cash flows from investing activities			
Disposal/(acquisition) of subsidiaries, joint ventures and associates		**45**	(14)
Proceeds from other loans and advances		*****	5
Net cash generated from/(used in) investing activities		**45**	(9)
Cash flows from financing activities			
Proceeds from the issuance of ordinary shares		**33**	54
Net cash generated from financing activities		**33**	54
Net (decrease)/increase in cash and cash equivalents		**(14)**	68
Cash and cash equivalents at the beginning of the year		**95**	27
Cash and cash equivalents at the end of the year	7	**81**	95

** Amounts less than R1 million.*

Notes to the company financial statements

for the nine months ended 31 December 2005

		9 months ended December 2005 Rm	12 months ended March 2005 Rm
1.	**PROFIT BEFORE TAX**		
	The following items have been included in arriving at profit before tax:		
	Auditors' remuneration:	**1**	1
	– Audit fees	**1**	1
	– Expenses	**—**	*
	Directors' emoluments:	**3**	4
	– Directors' fees	**3**	4
	Fees paid for services:	**19**	19
	– Administrative	**4**	4
	– Management	**15**	15
	– Technical	**—**	*
2.	**FINANCE INCOME**		
	Interest income	**3**	3
	Fair value adjustments	**—**	5
	Dividend income	**1 080**	679
		1 083	687
3.	**FINANCE COSTS**		
	Interest expense – borrowings	**—**	*
4.	**INCOME TAX EXPENSE**		
	Current tax		
	Normal tax	**2**	9
	Current year	**2**	9
	South African normal taxation is calculated at 29% (March 2005: 30%) of the estimated taxable income for the year.		
	Tax rate reconciliation		
	The charge for the year can be reconciled to the effective rate of taxation in South Africa as follows:	**%**	%
	Tax at standard rate	**29,0**	30,0
	Exempt income	**(29,0)**	(30,36)
	Expenses not deductible for tax purposes	**0,19**	1,70
		0,19	1,34

* *Amounts less than R1 million*

Notes to the company financial statements

for the nine months ended 31 December 2005 *(continued)*

		December 2005 Rm	March 2005 Rm
5.	**INTEREST IN SUBSIDIARIES**		
	525 757 682 (March 2005: 525 757 759) shares (100%) in Mobile Telephone Networks Holdings (Proprietary) Limited at cost	**12 658**	12 640
	Loan owing by subsidiary (note 5.1)	**1 520**	1 520
	Net interest in subsidiary	**14 178**	14 160
	100 shares (100%) in Orbicom (Proprietary) Limited at cost	**—**	1
	Loan owing by subsidiary	**—**	53
	Less: Impairment of loan account	**—**	(26)
	Net interest in subsidiary	**—**	28
	Total interest in subsidiary companies	**14 178**	14 188
5.1	This loan account has been subordinated in favour of certain of the Group's lenders.		
6.	**ORIGINATED LOANS**		
	Loans to employees share incentive schemes**	**—**	*
7.	**CASH AND CASH EQUIVALENTS**		
	Cash at bank and on hand	**81**	95
8.	**ORDINARY SHARES AND SHARE PREMIUM**		
	Ordinary share capital		
	Authorised share capital		
	2 500 000 000 ordinary shares of 0,01 cent each	*****	*
	Issued and fully paid-up share capital		
	1 665 317 425 (March 2005: 1 662 496 630) ordinary shares of 0,01 cent each	*****	*
	Share premium		
	Balance at the beginning of the year	**14 238**	14 184
	Arising on the issue of shares during the year (net of share issue expenses)	**33**	54
	Balance at the end of the year	**14 271**	14 238

** Amounts less than R1 million*

*** These loans bear interest at a variable rate not less than the "official rate of interest" according to the South African Revenue Service, ranging between 9% and 14,5% (March 2005: 9% and 14,5%)*

		December 2005 Rm	March 2005 Rm
9.	**TRADE AND OTHER PAYABLES**		
	Sundry creditors	**20**	23
	Accrued expenses and other payables	**18**	117
		38	140
10.	**CASH GENERATED FROM OPERATIONS**		
	Profit before tax	**1 081**	671
	Adjustments for:		
	Profit on disposal of Orbicom	**(16)**	—
	Finance cost (note 3)	**—**	*
	Finance income (note 2)	**(1 083)**	(687)
		(18)	(16)
	Changes in working capital	**(76)**	45
	Decrease in receivables and prepayments	**26**	41
	(Decrease)/increase in trade and other payables	**(102)**	4
	Cash (utilised by)/generated from operations	**(94)**	29
11.	**TAX PAID**		
	Balance at the beginning of the year	**—**	1
	Amounts charged to income statement	**2**	(9)
	Balance at the end of the year	**(2)**	—
	Total tax paid	**—**	(8)

**Amounts less than R1 million*

Notes to the company financial statements

for the nine months ended 31 December 2005 *(continued)*

12. RELATED PARTY TRANSACTIONS

Various transactions are entered into by the company during the year with related parties.

The following is a summary of transactions with related parties during the year and balances due at year-end:

	December 2005	March 2005
Dividends received:		
– Mobile Telephone Networks Holdings (Proprietary) Limited	**1 080**	679
Management fees paid:		
– MTN Management Services Company (Proprietary) Limited	**15**	15
Management fees received:		
– MTN International (Proprietary) Limited	**5**	8

Associates and joint ventures

Details of joint ventures and associates are disclosed in Annexure 1 and Annexure 2 of the financial statements.

Subsidiaries

Details of investments in subsidiaries are disclosed in Annexure 1 of the financial statements.

Directors

Details of directors' remuneration are disclosed in note 2 of the Group financial statements as well as in the directors' report under the heading "Details of emoluments and related payments".

Shareholders

The principal shareholders of the company are disclosed in the directors' report under the heading "Shareholders' interest".

Annexure 1

Interests in major subsidiary companies and joint ventures

				Effective interest in issued ordinary share capital		Book value of holding company interest			
						Shares		Indebtedness	
Subsidiaries and joint ventures in which MTN Group Limited has a direct and indirect interest	Principal activity	Country of incorporation	Issued ordinary share capital	**Dec 2005 %**	Mar 2005 %	**Dec 2005 Rm**	Mar 2005 Rm	**Dec 2005 Rm**	Mar 2005 Rm
Mobile Telephone Networks Holdings (Proprietary) Limited	Investment holding company	South Africa	5	**100**	100	**12 634**	12 617	**1 520**	1 520
Mobile Telephone Networks (Proprietary) Limited	Network operator	South Africa	*	**100**	100	**—**	—	**—**	—
Guardrisk International Limited PCC	Insurance company	Mauritius	*	**100**	100	**—**	—	**—**	—
MTN Service Provider (Proprietary) Limited	Service provider	South Africa	*	**100**	100	**—**	—	**—**	—
MTN International (Proprietary) Limited	Investment holding company	South Africa	*	**100**	100	**—**	—	**—**	—
MTN International (Mauritius) Limited	Investment holding company	Mauritius	*	**100**	100	**—**	—	**—**	—
Cameroon Mobile Telephone Networks Limited	Network operator	Cameroon	2	**70**	70	**—**	—	**—**	—
MTN Nigeria Communications Limited***	Network operator	Nigeria	*	**77,3**	75	**—**	—	**—**	—
Mobile Telephone Networks Insurance (Proprietary) Limited	Insurance company	South Africa	*	**100**	100	**—**	—	**—**	—
M-Tel Insurance (Proprietary) Limited	Insurance company	South Africa	*	**100**	100	**—**	—	**—**	—
MTN Network Solutions (Proprietary) Limited	Internet service provider	South Africa	*	**100**	60	**—**	—	**—**	—
MTN Management Services (Proprietary) Limited	Management services	South Africa	*	**100**	100	**—**	—	**—**	—
MTN Rwandacell S.A.R.L **	Network operator	Rwanda	*	**40**	40	**—**	—	**—**	—
MTN Uganda Limited **	Network operator	Uganda	*	**52**	52	**—**	—	**—**	—
Cell Place (Proprietary) Limited	Cellular dealership	South Africa	*	**51**	35	**—**	—	**—**	—
Swazi MTN Limited **	Network operator	Swaziland	*	**30**	30	**—**	—	**—**	—

* *Amounts less than R1 million*

** *Joint ventures*

*** *Although MTN International (Mauritius) holds 75% of MTN Nigeria, consolidation of the results of MTN Nigeria is based on 77,3% due to the accounting treatment required under IFRS for the outstanding put options as described in note 7.1.*

Annexure 1 *(continued)*

Interests in major subsidiary companies and joint ventures *(continued)*

Subsidiaries and joint ventures in which MTN Group Limited has a direct and indirect interest	Principal activity	Country of incorporation	Issued ordinary share capital	Effective interest in issued ordinary share capital		Book value of holding company interest			
						Shares		Indebtedness	
				Dec 2005 %	Mar 2005 %	**Dec 2005 Rm**	Mar 2005 Rm	**Dec 2005 Rm**	Mar 2005 Rm
Nigerian Electronic Funds Transfer Operation	Virtual Airtime	Nigeria	*	**88,65**	87,5	**—**	—	**—**	—
MTN Cote d'Ivoire Societé Anonyme	Network operator	Ivory Coast	*	**51**	—		—	**—**	—
MTN Congo Societé Anonyme	Network operator	Republic of the Congo	*	**100**	—		—	**—**	—
MTN Zambia	Network operator	Zambia	*	**100**	—	**—**	—	**—**	—
Irancell**	Network operator	Iran	*	**49**	—		—	**—**	—
Mascom Wireless Botswana Limited**	Network operator	Botswana	*	**44**	—	**—**	—	**—**	—
Mobile Botswana Limited	Investment holding company	Mauritius	*	**100**	—	**—**	—	**—**	—
Econet Wireless Citizens Limited	Investment holding company	Botswana	*	**60**	—	**—**	—	**—**	—
DECI (Proprietary) Limited**	Investment holding company	Botswana	*	**33**	—	**—**	—	**—**	—
MTN Mobile Money Holdings (Proprietary) Limited**	Wireless banking services	South Africa	*	**50**	—	**—**	—	**—**	—

* *Amounts less than R1 million*

** *Joint ventures*

****Although MTN International (Mauritius) holds 75% of MTN Nigeria, consolidation of the results of MTN Nigeria is based on 77,3% due to the accounting treatment required under IFRS for the outstanding put options as described in note 7.1.*

Annexure 2

Interests in associated companies
As at 31 December 2005

				Effective interest in issued ordinary share capital		Group book value of shares		Group loans		Group share of post acquisition reserves		Directors' valuation	
Name of associate	Principal activity	Place of incorporation	Financial year-end	**Dec 2005 %**	Mar 2005 %	**Dec 2005 Rm**	Mar 2005 Rm	**Dec 2005 Rm**	Mar 2005 Rm	**Dec 2005 Rm**	Mar 2005 Rm	**Dec 2005 Rm**	Mar 2005 Rm
Cellular Calls (Proprietary) Limited	Cellular dealership	South Africa	31 Mar	**26**	26	*****	*	**—**	—	**—**	—	*****	*
I-Talk Cellular (Proprietary) Limited	Service provider	South Africa	28 Feb	**41**	41	**4**	4	**—**	—	**20**	14	**24**	18
Leaf Wireless (Proprietary) Limited	Cellular dealership	South Africa	31 Mar	**40**	40	**16**	16	**—**	—	**8**	5	**24**	22
MTN Publicom Limited	Payphone services	Uganda	31 Dec	**31**	23	**1**	*	**3**	3	**1**	*	**4**	3
MTN Villagephone Limited	Payphone services	Uganda	31 Dec	**26**	26	*****	*	**—**	—	*****	*	**2**	*
Total book value of associated companies						**21**	20	**3**	3	**29**	19	**54**	43

* *Amounts less than R1 million*

Group's attributable interest in associated companies
As at 31 December 2005

	Effective interest		I-TALK		LEAF		PUBLICOM		VILLAGEPHONE	
	Dec 2005 Rm	Mar 2005 Rm	**Dec 2005 Rm**	Mar 2005 Rm	**Dec 2005 Rm**	Mar 2005 Rm	**Dec 2005 Rm**	Mar 2005 Rm	**Dec 2005 Rm**	Mar 2005 Rm
ASSETS AND LIABILITIES										
Property, plant and equipment	**9**	9	**5**	7	**7**	4	**15**	17	**—**	—
Investments and long-term receivables	**3**	2	**7**	5	**1**	1	**—**	—	**—**	—
Intangible assets	**11**	12	**—**	—	**27**	29	**—**	—	**—**	—
Current assets	**73**	52	**110**	85	**63**	37	**7**	9	**1**	1
Total assets	**96**	75	**122**	97	**98**	71	**22**	26	**1**	1
Long-term borrowings	**1**	6	**—**	—	**1**	8	**3**	13	**—**	—
Current liabilities	**50**	35	**79**	70	**38**	12	**9**	3	**—**	*
Total liabilities	**52**	41	**79**	70	**39**	20	**12**	16	**(1)**	*
Attributable net asset value	**44**	31	**42**	27	**59**	51	**10**	10	*****	*
Indebtedness	**3**	3	**—**	—	**—**	—	**—**	13	**—**	—
Goodwill arising on acquisition	**7**	**7**	**—**	—	**—**	—	**—**	—	**—**	—
Book value	**54**	41	**42**	27	**59**	51	**10**	23	*****	*
INCOME STATEMENT										
Revenue	**178**	183	**324**	344	**112**	86	**23**	34	**1**	1
Net profit/(loss) for the year	**8**	18	**15**	26	**7**	6	**2**	8	**—**	(1)
Reversal of goodwill	**—**	2	**—**	—	**—**	—	**—**	—	**—**	—
Dividends	**0**	(7)	**—**	(18)	**—**	—	**—**	—	**—**	—

**Amounts less than R1 million*

MTN
IMA-NISHIMWE
BANABAT

contents

MTN declared a dividend of 65 cents per share in line with the dividend at 31 March 2005

Market capitalisation was R104 billion at 31 December 2005

Notice of annual general meeting

MTN GROUP LIMITED

Incorporated in the Republic of South Africa
(Registration number 1994/009584/06)
("MTN Group" or "the company")
JSE code: **MTN**
ISIN: **ZAE000042164**

Notice is hereby given that the 11th annual general meeting of shareholders of the company will be held in the Auditorium, Phase II, at 216 – 14th Avenue, Fairland, Gauteng on Tuesday, 13 June 2006 at 12:00, for the following purposes:

Ordinary business

1. To receive, consider and adopt the annual financial statements of the Group (as defined below) and the company for the period ended 31 December 2005, including the reports of the directors and external auditors.
2. To re-elect eligible directors retiring by rotation in terms of the articles of association of the company and offer themselves for re-election as directors of the company and to elect directors who have been appointed as directors on 13 June 2006.

   Directors retiring by rotation and offer themselves for re-election:
   (a) Mr RD Nisbet who retires in terms of the articles of association and being eligible, offers himself for re-election.
   (b) Mr JHN Strydom who retires in terms of the articles of association and being eligible, offers himself for re-election.

   Profiles of the directors who retire by rotation and offer themselves for re-election are contained on page 13 of the directorate.

   Directors retiring by rotation and who are not offering themselves for re-election and are therefore being withdrawn:
   (a) Ms SL Botha who retires in terms of the articles of association but does not offer herself for re-election and therefore retires at the conclusion of this meeting.
   (b) Ms I Charnley who retires in terms of the articles of association but does not offer herself for re-election and therefore retires at the conclusion of this meeting.
   (c) Mr ZNA Cindi who retires in terms of the articles of association but does not offer himself for re-election and therefore retires at the conclusion of this meeting.
   (d) MR PL Heinamann retires at the conclusion of this meeting.

   Directors to be elected on 13 June 2006:
   (a) Election of Ms K Kalyan in terms of the articles of association.
   (b) Election of Dr CO Kolade in terms of the articles of association.
   (c) Election of Mr MJN Njeke in terms of the articles of association.
   (d) Election of Dr M Ramphele in terms of the articles of association.
   (e) Election of Sheik A Sharbatley in terms of the articles of association.
   (f) Election of Mr PL Woicke in terms of the articles of association.
3. To transact any other business capable of being transacted at an annual general meeting.

Profiles of the directors to be elected.

(a) **Ms K Kalyan**

Age: 51
Educational qualifications: BCom (Law) (Hons Economics)
Nationality: South African (currently resides in the UK)
Directorships: South African Business Trust, South African Note Company of the South African Reserve Bank, South African Mint Company of the South African Reserve Bank and the UK – SA Business Initiative, London.
Membership: Ms Kalyan is also a member of President Mbeki's Steering Committee and a member of the Economic Society of South Africa.
She is currently a Senior Business Development Manager at Shell International Exploration. Prior to joining Shell she was Senior Economist at the Chamber of Mines, South Africa and has been an Economist at the Electricity Commission of Victoria, Melbourne, Australia.

(b) **Dr CO Kolade**
Age: 73
Educational qualifications: BA (Durham), Dip Ed, Honorary Doctorate in Civil Law
Nationality: Nigerian (currently resides in the UK)
Membership: Dr Kolade is currently a member of International Institute of Communications, London and the World Association for Christian Communication, London and Founder and Chairman of Managing Business for Christ Limited.
Dr Kolade previously held the position of Executive Chairman of Cadbury Nigeria, Education Officer in the Ministry of Education, West End Region of Nigeria.

(c) **Mr MJN Njeke**
Age: 45
Educational qualifications: BCom, BCompt (Hons), CA(SA)
Nationality: South African
Directorships: Mr Njeke is currently the Managing Director of Kagiso Trust Investment Company and Chairman of the South African Institute of Chartered Accountants (Education Committee) and serves on the Boards of Mittal Steel, Metropolitan Holdings Limited, NM Rothschild (SA) and Resilient Property Income Fund.
Membership: Mr Njeke served as a member of the Katz Commission of Inquiry into taxation in South Africa and the General Committee of the JSE Limited. He was a Partner at PricewaterhouseCoopers Inc and Chairman of the South African Institute of Chartered Accountants.

(d) **Dr M Ramphele**
Age: 58
Educational qualifications: BCom, MBCHB, PhD
Nationality: South African
Directorships: Executive Chairman of Circle Capital Ventures, Medi-Clinic, Standard Bank Group Limited and the Standard Bank of South Africa Limited and Co-Chair of the UN Global Commission of International Migration.
Dr Ramphele also serves as a Trustee on the Nelson Mandela Children's Trust, the Nelson Mandela Foundation, the African Wildlife Foundation, the Mellon Foundation and the Rockerfeller Foundation. She was Managing Director: Human Development, World Bank (Washington DC), Vice Chancellor of the University of Cape Town and served on the Boards of Anglo American Corporation Limited (SA), Transnet, IDT and IDASA.

(e) **Sheik A Sharbatley**
Age: 63
Educational qualifications: GCE, Victoria College
Nationality: Saudi Arabian
Directorships: Sheik Sharbatley is currently a director of Riyad Bank, Saudi Company for Hardware, Marketing Services and Commercial Projects Operation Company, Saudi Arabian Refinery Company, South Valley Cement Factory and Chairman of the Arabian International Corporation, Saudi Arabian Marketing and Agencies Company Limited and Golden Pyramids Plaza Company.

(f) **Mr PL Woicke**
Age: 63
Educational qualifications: Universitat des Saarlandes, Saarbrucken, Dipl. Kaufmann
Nationality: German (currently resides in the USA)
Directorships: Anglo American PLC, Raiffeisen International Bank Holding AG and Plug Power Inc and JP Morgan.
Mr Woicke previously served as President and Managing Director of the International Finance Corporation (USA), a division of the World Bank.
He has held various positions including, amongst others, President of the IFC in Washington DC, Managing Director and Chief Executive of JP Morgan Asia Pacific and Executive Manager of JP Morgan Inc. He has expertise in financial services (investment banking) and operational and strategic leadership of business in Europe, Asia, Latin America and the USA.

Ordinary resolutions

To consider, and if deemed fit, to pass with or without modification, the following resolutions as ordinary resolutions:

Ordinary resolution number 1

"RESOLVED THAT all the unissued ordinary shares of 0,01 cent each in the share capital of the company (other than those which have specifically been reserved for the share incentive schemes, being 5% of the total issued share capital, in terms of ordinary resolutions duly passed at previous annual general meetings of the company), be and are hereby placed at the disposal and under the control of the directors, and that the directors be and are hereby authorised and empowered to allot, issue and otherwise to dispose of such shares to such person or persons on such terms and conditions and at such times as the directors may from time to time at their discretion deem fit, subject to the aggregate number of such ordinary shares able to be allotted, issued and otherwise disposed of in terms of this resolution being limited to 10% of the number of ordinary shares in issue as at 31 December 2005 and further subject to the provisions of the Companies Act and the JSE Listings Requirements."

A majority of the votes cast by all shareholders present or represented by proxy at the annual general meeting will be required to approve this resolution.

Ordinary resolution number 2

"RESOLVED THAT the directors of the company be and are hereby authorised and empowered, by way of a general authority, to allot and issue equity securities (which shall include for the purposes of this ordinary resolution number 2, the grant or issue of options or convertible securities that are convertible into an existing class of securities) for cash (or the extinction or payment of any liability, obligation or commitment, restraint or settlement of expenses) to such persons, on such terms and conditions and at such times as the directors may from time to time at their discretion deem fit, but subject to the provisions and conditions of the Companies Act and the JSE Listings Requirements, being:

1. That the equity securities shall be of a class already in issue and be issued to public shareholders as defined in the JSE Listings Requirements and not to related parties;
2. That where the company, subsequent to the passing of this resolution, issues equity securities representing, on a cumulative basis within a financial year, 5% or more of the total number of equity securities in issue prior to such issue, a press announcement giving full details of the issue, including the average discount to the weighted average traded price of the equity securities over the 30 (thirty) days prior to the date that the price of the issue was determined or agreed by the directors of the company, the number of equity securities issued, the effect of the issue on net asset value per share, net tangible asset value per share, headline earnings per share and earnings per share, will be made at the time the said percentage is reached or exceeded;
3. That general issues of equity securities for cash:
   (a) in the aggregate in any one financial year may not exceed 10% of the company's issued share capital of that class (for the purpose of determining the securities comprising the 10% number in any one year, account shall be taken of the dilution effect, in the year of issue of options/convertible securities, by including the number of any equity securities which may be issued in future arising out of the issue or exercise of such options/convertible securities);
   (b) of a particular class will be aggregated with any securities that are compulsorily convertible into securities of that class and in the case of the issue of compulsorily convertible securities aggregated with the securities of that class into which they are compulsorily convertible;
   (c) as regards the number of securities which may be issued (the 10% number) shall be based on the number of securities of that class in issue added to those that may be issued in future (arising from the conversion of options/securities) at the date of such application:
      (i) less any securities of the class issued or to be issued in future arising from options/convertible securities issued during the current financial year
      (ii) plus any securities of that class to be issued pursuant to a rights issue which has been announced, is irrevocable and is fully underwritten, or pursuant to an acquisition (which has had final terms announced), may be included as though they were securities in issue at the date of application;
4. That the maximum discount at which the equity securities will be issued for cash will be 10% of the weighted average traded price of those equity securities measured over the 30 (thirty) business days prior to the date that the price of the issue is determined or agreed by the directors of the company and where the equity securities have not traded in such 30 (thirty) business day period, the JSE should be consulted for a ruling;
5. That if the discount to market price at the time of exercise of any option or conversion of a convertible security is not known at the time of the grant or issue of the option or convertible security, or if it is known that the discount will exceed 10% of the 30 day weighted average traded price of the security at the date of exercise or conversion, then the grant or issue will be subject to the company providing its holders of securities with a fair and reasonable statement complying with the requirements of the JSE Listings Requirements from an independent professional expert acceptable to the JSE, indicating whether or not the grant or issue is fair and reasonable to the company's holders of securities; and
6. That the general authorisation of the directors to allot and issue equity securities for cash will be valid until the earlier of the next annual general meeting of the company and the expiry of a period of 15 (fifteen) months from the date of passing this ordinary resolution."

A 75% majority of the votes cast by the shareholders present or represented by proxy at the annual general meeting will be required to approve this resolution.

Notice of annual general meeting *(continued)*

Ordinary resolution number 3

"RESOLVED THAT the revised annual fees payable quarterly in arrears to each non-executive director, with effect from 1 May 2006 shall be as follows:"

	Current	Proposed
MTN Group board		
Chairman – retainer fee per annum	R150 000	**R165 000**
Chairman – attendance fee per meeting	R 27 500	**R 55 000**
Local member – retainer fee per annum	R120 000	**R132 000**
Local member – attendance fee per meeting	R 25 000	**R 27 500**
International member – retainer fee per annum	—	**€ 70 000**
International member – attendance fee per meeting	—	**€ 7 000**
Audit committee		
Chairman – retainer fee per annum	R 10 000	**R 20 000**
Chairman – attendance fee per meeting	R 10 000	**R 20 000**
Local member – retainer fee per annum	R 7 500	**R 12 500**
Local member – attendance fee per meeting	R 7 500	**R 12 500**
International member – retainer fee per annum	—	**€ 3 000**
International member – attendance fee per meeting	—	**€ 3 000**
Risk management and corporate governance committee		
Chairman – retainer fee per annum	R 10 000	**R 20 000**
Chairman – attendance fee per meeting	R 10 000	**R 20 000**
Local member – retainer fee per annum	R 7 500	**R 12 500**
Local member – attendance fee per meeting	R 7 500	**R 12 500**
International member – retainer fee per annum	—	**€ 3 000**
International member – attendance fee per meeting	—	**€ 3 000**
Nominations, remuneration and human resources committee		
Chairman – retainer fee per annum	R 10 000	**R 20 000**
Chairman – attendance fee per meeting	R 10 000	**R 20 000**
Local member – retainer fee per annum	R 7 500	**R 12 500**
Local member – attendance fee per meeting	R 7 500	**R 12 500**
International member – retainer fee per annum	—	**€ 3 000**
International member – attendance fee per meeting	—	**€ 3 000**
Chairperson of the MTN Group Tender Committee per meeting	R 15 900	**R 15 900**
Chairman of the MTN Group Board of Trustees per meeting	R 10 000	**R 17 500**
Trustee of the MTN Group Board of Trustees per meeting	R 7 500	**R 10 000**
Local non-executive directors on special assignments or projects per day	R 12 500	**R 13 500**
International non-executive directors on special assignments or projects per day	—	**€ 3 000**

Special business

To consider and, if deemed fit, to pass with or without modification, the following resolution as a special resolution:

Special resolution number 1

For the purposes hereof "Group" shall bear the meaning assigned to it by the Listings Requirements ("JSE Listings Requirements") of the JSE Limited ("JSE"), which defines "Group" as a holding company, not itself being a wholly owned subsidiary, together with all companies being its subsidiaries, if any.

A general repurchase of the company's shares shall not be effected before the JSE has received written confirmation from the company's sponsor in respect of the directors' working capital statement.

The board of directors of the company has considered the impact of a repurchase of up to 10% of the company's shares, which falls within the amount permissible under a general authority in terms of the JSE Listings Requirements. Should the opportunity arise and should the directors deem it to be advantageous to the company to repurchase such shares, it is considered appropriate that the directors be authorised to repurchase the company's shares. This authority is subject to such repurchase not resulting in:

- the company and the Group in the ordinary course of business being unable to pay its current debts for a period of 12 (twelve) months after the date of this notice of annual general meeting;
- the liabilities of the company and the Group exceeding or being equal to the assets of the company and the Group for a period of 12 (twelve) months after the date of this notice of annual general meeting, calculated in accordance with the accounting policies used in the audited financial statements of the Group for the period ended 31 December 2005;
- the share capital and reserves of the company and the Group for a period of 12 (twelve) months after the date of the notice of annual general meeting being inadequate for ordinary business purposes; and
- the working capital of the company and the Group for a period of 12 (twelve) months after the date of this notice of annual general meeting being inadequate for ordinary business purposes.

"RESOLVED THAT the company, or a subsidiary of the company, be and is hereby authorised, by way of a general authority, to repurchase shares issued by the company, in terms of sections 85 and 89 of the Companies Act, 1973 (Act 61 of 1973), as amended, and in terms of the JSE Listings Requirements, including those listing requirements regarding derivative transactions relating to the repurchase of shares, being that:

1. any such repurchase of shares shall be implemented through the order book operated by the JSE trading system and done without any prior understanding or arrangement between such company and the counter-party (reported trades are prohibited);
2. authorisation thereto is given by the company's articles of association;
3. at any point in time, such company may only appoint one agent to effect any repurchase(s) on its behalf;
4. the general authority shall only be valid until the company's next annual general meeting, provided that notwithstanding anything to the contrary contained in this resolution, this shall not extend beyond 15 (fifteen) months from the date of passing of this special resolution number 1;
5. when the company or a subsidiary of the company has cumulatively repurchased 3% of any class of the company's shares in issue on the date of passing of this special resolution number 1 ("the initial number"), and for each 3% in aggregate of that class of shares acquired thereafter, in each case in terms of this resolution an announcement shall be published on SENS and in the press as soon as possible and not later than 08:30 on the second business day following the day on which the relevant threshold is reached or exceeded, and the announcement shall comply with the requirements of the JSE Listings Requirements;
6. that the general repurchase by the company of its own shares shall not, in aggregate in any one financial year, exceed 10% of the company's issued share capital of that class;
7. that any repurchase by the company or a subsidiary of the company of the company's own shares shall only be undertaken if, after such repurchase, the company still complies with the shareholder spread requirements as contained in the JSE Listings Requirements;
8. that the company or its subsidiaries may not purchase any of the company's shares during a prohibited period as defined in the JSE Listings Requirements;
9. no repurchases may be made at a price which is greater than 10% above the weighted average of the market value for the securities for the five business days immediately preceding the date on which the transaction is effected ("the maximum price"). The JSE will be consulted for a ruling if the applicant's securities have not traded in such five day period;

10. if the company enters into derivative transactions that may or will result in the repurchase of shares in terms of this general authority, such transactions will be subject to the requirements in paragraphs 2, 3, 4, 6 and 7 of this special resolution number 1, and the following requirements:
    (a) the strike price of any put option written by the company less the value of the premium received by the company for that put option may not be greater than the fair value of a forward agreement based on a spot price not greater than the maximum price;
    (b) the strike price an any call option may be greater than the maximum price at the time of entering into the derivative agreement, but the company may not exercise the call option if it is more than 10% "out the money";
    (c) the strike price of the forward agreement may be greater than the maximum price but limited to the fair value of a forward agreement calculated from a spot price not greater than the maximum price."

For the purpose of considering special resolution number 1 and in compliance with paragraph 11.26 of the JSE Listings Requirements, the information listed below has been included in the annual report, in which this notice of annual general meeting is included, at the place indicated:

- Directors and management – refer to pages 13 and 19 of this report;
- Major shareholders – refer to page 129 of this report;
- Director's interest in securities – refer to page 140 of this report;
- Share capital of the company – refer to page 128 of this report;
- The directors, whose names are set out on page 13 of this report, collectively and individually accept full responsibility for the accuracy of the information contained in this Special Resolution and certify that to the best of their knowledge and belief, there are no other facts, the omission of which, would make any statement false or misleading and that they have made all reasonable enquiries in this regard; and
- There are no legal or arbitration proceedings (including any such proceedings that are pending or threatened of which the company is aware), which may have or have had a material effect on the company's financial position over the last 12 months.
- There have been no material changes in the financial or trading position of the company and its subsidiaries that have occurred since 31 December 2005.

The reason for and effect of special resolution number 1 is to grant the company, or a subsidiary of the company, a general approval in terms of the Companies Act, 1973 (Act 61 of 1973) as amended ("the Companies Act"), for the acquisition of shares of the company. Such general authority will provide the board with the flexibility, subject to the requirements of the Companies Act and the JSE Listing Requirements, to repurchase shares should it be in the interests of the company at any time while the general authority exists. This general approval shall be valid until the earlier of the next annual general meeting of the company, or its variation or revocation of such general authority by special resolution by any subsequent general meeting of the company, provided that the general authority shall not be extended beyond 15 (fifteen) months from the date of passing this special resolution.

The resolution is required to be passed, on a show of hands, by not less than 75% of the number of shareholders of the company entitled to vote on a show of hands, at the meeting who are present in person or by proxy or, where a poll has been demanded, by not less than 75% of the total votes to which the shareholders present in person or by proxy are entitled.

Ordinary resolution number 4

"RESOLVED THAT, any two directors of the company be and are hereby authorised to do all such things and to sign all such documents as are necessary so as to give effect to ordinary resolutions number 1 and 2 and special resolution number 1."

Voting

Each shareholder entitled to attend and vote at the above meeting is entitled to appoint one or more proxies (who need not be a shareholder of the company) to attend, speak and vote in his/her/its stead.

PROXIES

A form of proxy, in which is set out the relevant instructions for its completion, is attached for use by certificated shareholders and dematerialised shareholders with "own name" registration of the company who wish to appoint a proxy. The instrument appointing a proxy and the authority, if any, under which it is signed must be received by the company or its registrars at the addresses given below by not later than 14:00 on Friday, 9 June 2006.

All beneficial owners of shares who have dematerialised their shares through a Central Securities Depository Participant ("CSDP") or broker, other than those shareholders who have dematerialised their shares in "own name" registrations, and all beneficial owners of shares who hold certificated shares through a nominee, must provide their CSDP, broker or nominee with their voting instructions. Voting instructions must reach the CSDP, broker or nominee in sufficient time and in accordance with the agreement between the beneficial owner and the CSDP, broker or nominee (as the case may be) to allow the CSDP, broker or nominee to carry out the instructions and lodge the requisite authority by 14:00 on Friday, 9 June 2006.

Should such beneficial owners, however, wish to attend the meeting in person, they may do so by requesting their CSDP, broker or nominee to issue them with appropriate authority in terms of the agreement entered into between the beneficial owner and the CSDP, broker or nominee (as the case may be).

Shareholders who hold certificated shares in their own name and shareholders who have dematerialised their shares in "own name" registration must lodge their completed proxy forms with the company's registrars or at the registered office of the company not later than 14:00 on Friday, 9 June 2006.

By order of the Board

SB Mtshali
Group Secretary

Fairland
5 May 2006

Business address and registered office

216 – 14th Avenue
Fairland, 2195
Private Bag 9955, Cresta, 2118

South African registrars

Computershare Investor Services 2004 (Pty) Limited
Registration number 2004/003647/07
70 Marshall Street, Johannesburg, 2001
PO Box 61051, Marshalltown, 2107
Fax number: +27 11 688 5238

Shareholder communication

Computershare Investor Services 2004 (Pty) Limited
Registration number 2004/003647/07
70 Marshall Street, Johannesburg, 2001
PO Box 61051, Marshalltown, 2107
Toll-free: 0800 202 360
Tel: +27 11 870 8206

Explanatory notes to resolutions for approval at the annual general meeting

For any assistance or information, please phone the MTN Group ShareCare Line on 0800 202 360 or on +27 11 870 8206 if you are phoning from outside South Africa.

Receipt, consideration and adoption of the Group and company annual financial statements for the period ended 31 December 2005

The directors have to present the annual financial statements to shareholders at the annual general meeting, incorporating the report of the directors, for the period ended 31 December 2005.

Election or re-election of directors retiring at the annual general meeting

The appointment of two or more directors standing for election or re-election at the annual general meeting may be taken by a single resolution provided a resolution to pass such resolution has first been passed unanimously.

Confirmation of appointments as directors

Any person appointed by the board of directors to fill a casual vacancy on the board of directors, or as an addition thereto, holds office until the next annual general meeting in terms of the company's articles of association, and is eligible for election at that meeting.

Placing of unissued ordinary shares under the control of the directors but limited to 10% of the shares in issue as at 31 December 2005

and

Ordinary resolution number 1

In terms of section 221 of the Companies Act, No 61 of 1973, as amended ("the Companies Act"), the shareholders of the company have to approve the placement of the unissued shares under the control of the directors.

The existing authority is due to expire at the forthcoming annual general meeting, unless renewed. The authority will be subject to the Companies Act and the JSE Listings Requirements.

The directors consider it advantageous to renew this authority to enable the company to take advantage of any business opportunity that may arise in the future.

Issue of securities for cash

and

Ordinary resolution number 2

The pre-emptive rights to which shareholders are entitled, in terms of the JSE Listings Requirements to participate in any future issues of new equity securities for cash which may be made by the company, can be waived subject to certain conditions as set out in ordinary resolution number 2. The existing authority is due to expire at the forthcoming annual general meeting, unless renewed.

The directors consider it advantageous to renew this authority to enable the company to take advantage of any business opportunity that may arise in the future. It also has to be noted that, in terms of the JSE Listings Requirements, ordinary resolution number 2 has to be passed by a 75% majority of shareholders present or represented by proxy and entitled to vote at the annual general meeting.

Remuneration of non-executive directors

and

Ordinary resolution number 3

In terms of article 72 (b) of the company's articles of association, the directors shall be entitled to such remuneration (reviewed annually) as may be determined in a general meeting. Full particulars of all fees and remuneration paid to non-executive directors for the period under review are set out in the Director's report on page 143 and the revised fees effective from 1 May 2006 being tabled for approval are contained in ordinary resolution number 3.

General authority for the company and/or a subsidiary to acquire shares in the company

and

Special resolution number 1

The reason for and effect of special resolution number 1 is to grant the company, or a subsidiary of the company, approval, in terms of the Companies Act and the JSE Listings Requirements, to repurchase the company's shares should it be in the interests of the company to do so at any time while the authority exists.

This general approval shall be valid until the earlier of the next annual general meeting of the company, or the variation or revocation of such general authority by special resolution by any subsequent general meeting of the company, provided that the general authority shall not be extended beyond 15 (fifteen) months from the date of passing the special resolution.

The resolution is required to be passed, on a show of hands, by not less than 75% of the number of shareholders of the company entitled to vote on a show of hands at the meeting who are present in person or by proxy or, where a poll has been demanded, by not less than 75% of the total votes to which the shareholders present in person or by proxy are entitled.

Explanatory notes to notice of annual general meeting

Voting and proxies

1. Every holder of shares present in person or by proxy at the meeting, or, in the case of a body corporate represented at the meeting, shall be entitled to vote at the meeting. Duly completed proxy forms or powers of attorney must be lodged with the company's registrars or at the registered offices of the company, not less than 48 (forty-eight) hours before the time appointed for holding the meeting. As the meeting is to be held at 12:00 on Tuesday, 13 June 2006, proxy forms or powers of attorney must be lodged on or before 14:00 on Friday, 9 June 2006. The names and addresses of the registrars are given on the back of the proxy form as well as on page 235 of this report.
2. A shareholder (including certificated shareholders and dematerialised shareholders who hold their shares with "own name" registration) entitled to attend and vote at the meeting may appoint a proxy or proxies to attend, speak and vote in his/her/its stead. A proxy does not have to be a shareholder of the company. The appointment of a proxy will not preclude the shareholder who appointed that proxy from attending the annual general meeting and speaking and voting in person thereat to the exclusion of any such proxy. A form of proxy for use at the meeting is attached.
3. The attention of shareholders is directed to the additional notes relating to the form of proxy attached.
4. Dematerialised shareholders other than dematerialised shareholders who hold their shares with "own name" registration, who wish to attend the annual general meeting have to contact their Central Securities Depository Participant ("CSDP") or broker who will furnish them with the necessary authority to attend the annual general meeting, or they have to instruct their CSDP or broker as to how they wish to vote in this regard. This has to be done in terms of the agreement entered into between such shareholder and its CSDP or broker.

Appendix to the notice of annual general meeting

Important notes about the annual general meeting ("AGM")

Date: Tuesday, 13 June 2006 at 12:00

Venue: Auditorium, Phase II, 216 – 14th Avenue Campus, Fairland, Gauteng

Time: The AGM will start promptly at 12:00

Shareholders wishing to attend are advised to be in the auditorium not later than 11:40. MTN staff will direct shareholders to the auditorium. Refreshments will be served after the meeting.

Admission: Shareholders and others attending the AGM are requested to register at the registration desk in the auditorium reception area. Shareholders and proxies may be required to provide proof of identity.

Security: Secured parking is provided at the venue at owners' own risk. Mobile telephones should be switched to silent mode for the duration of the proceedings.

PLEASE NOTE

1. **Certificated shareholders and dematerialised shareholders who hold their shares with "own name" registration**

   Shareholders wishing to attend the AGM have to ensure beforehand, with the registrars of the company, that their shares are in fact registered in their names. Should this not be the case and the shares be registered in any other name or in the name of a nominee company, it is incumbent on shareholders attending the meeting to make the necessary arrangements with that party to be able to attend and vote in their personal capacity. The proxy form contains detailed instructions in this regard.

2. **Enquiries**

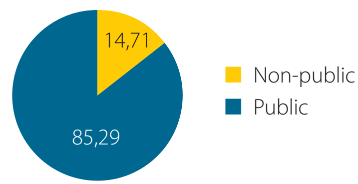
   Any shareholders having difficulties or queries in regard to the AGM or the above are invited to contact the Group Company Secretary, Ms SB Mtshali on +27 11 912 3000 or the sharecare line on 0800 202 360 or +27 11 870 8206 if calling from outside South Africa. Calls may be monitored for quality control purposes and customer safety.

Shareholders' information

as at 31 December 2005

	Number of shareholders	Number of shares	% holding
Public	42 794	1 420 414 139	85,29
Non-public	9	244 903 286	14,71
– Directors of MTN Group Limited and major subsidiaries	6	1 386 383	0,08
– MTN Group employees shares held by MTN Holdings Share Trust	1	13 492	0,00
– MTN Uganda Staff Provident Fund	1	3 400	0,00
– Newshelf 664 (Proprietary) Limited	1	243 500 011	14,63
Total issued share capital	42 803	1 665 317 425	100,00

Shareholding (%)



Stock exchange performance

	December 2005	March 2005
Closing price (cents per share)	**6 215**	4 400
Highest price (cents per share)	**6 400**	5 030
Lowest price (cents per share)	**4 100**	2 500
Total number of shares traded (million)	**882,2**	1 309,3
Total value of shares traded (Rm)	**43 654,9**	45 322
Number of issued shares (million)	**1 665,3**	1 662,5
Number of shares traded as a percentage of issued shares (%)	**52,9**	78,8
Number of transactions	**127 520**	143 877
Average weighted trading price (cents per share)	**4 948**	2 726
Average telecommunications index	**1 081**	765
Average industrial index	**11 215**	8 422
Dividend yield (%)	**1,05**	1,5
Earnings yield (%) (headline earnings)	**5,79**	8,68
Earnings yield (%) (adjusted headline earnings)	**5,44**	8,32
Price/earnings multiple (adjusted headline earnings)	**18**	12
Market capitalisation (billion)	**103,50**	73,2

Administration

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

Board of directors
MC Ramaphosa *(Chairman)*
PF Nhleko* *(Chief Executive Officer)*
DDB Band
SL Botha*
I Charnley*
ZNA Cindi
RS Dabengwa*
PL Heinamann
MA Moses
RD Nisbet*
JHN Strydom
AF van Biljon
**Executive*

Group secretary
Ms SB Mtshali
216 – 14th Avenue, Fairland 2195
Private Bag 9955, Cresta, 2118

Registered office
216 – 14th Avenue, Fairland, 2195

American Depository Receipt (ADR) programme
Cusip No. 62474M108 ADR to ordinary share 1:1

Depository: The Bank of New York
101 Barclay Street New York NY, 10286, USA

Contact details
Telephone: National (011) 912 3000
International +27 11 912 3000
Facsimile: National (011) 912 4093
International +27 11 912 4093
E-mail: investor_relations@mtn.co.za
Internet: http:/www.mtn.co.za

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

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

Joint auditors
PricewaterhouseCoopers Inc.
2 Eglin Road, Sunninghill, 2157
Private Bag X36, Sunninghill, 2157

SizweNtsaluba VSP
1 Woodmead Drive
Woodmead Estate, Woodmead, 2157
PO Box 2939, Saxonwold, 2132

Sponsor
Merrill Lynch South Africa (Pty) Limited
Registration number 1995/001805/07
(Registered sponsor and member of the JSE Limited)
138 West Street, Sandown, Sandton, 2196
P O Box 5591, Johannesburg, 2000

Attorneys
Webber Wentzel Bowens
10 Fricker Road, Illovo Boulevard, Sandton, 2196
PO Box 61771, Marshalltown, 2107

Shareholders' diary

Annual general meeting		13 June 2006
REPORTS		
Preliminary announcement of annual financial results	Published	23 March 2006
Annual financial statements	Posted	22 May 2006
Interim for six months to 30 June 2006		29 August 2006

Please note that these dates are subject to alteration

Form of proxy

TO BE COMPLETED BY CERTIFICATED SHAREHOLDERS AND DEMATERIALISED SHAREHOLDERS WITH "OWN NAME" REGISTRATION ONLY

MTN GROUP LIMITED
(Incorporated in the Republic of South Africa)
(Registration number: 1994/009584/06)
("MTN Group" or "the company")
JSE Code: **MTN**
ISIN: ZAE 0000 42164

For use at the annual general meeting to be held at 12:00 on Tuesday, 13 June 2006, at the Auditorium, Phase II, 216 – 14th Avenue, Fairland, Gauteng.

For assistance in completing the proxy form, please phone the MTN Group ShareCare Line on 0800 202 360 or on +27 11 870 8206 if you are phoning from outside South Africa.

A member entitled to attend and vote at the annual general meeting may appoint one or more proxies to attend, vote and speak in his/her stead at the annual general meeting. A proxy need not be a member of the company.

I/We .... (name in block letters)

of (address) ....

being a member(s) of the company, and entitled to .... votes, do hereby appoint:

.... of .... or failing him/her,

.... of .... or failing him/her,

the Chairman of the annual general meeting, as my/our proxy to represent me/us at the annual general meeting which will be held at 12:00 on Tuesday, 13 June 2006 at Auditorium, Phase II, 216 – 14th Avenue, Fairland, Gauteng, for the purposes of considering and, if deemed fit, passing, with or without modification, the resolutions to be proposed thereat and at each adjournment or postponement thereof, and to vote for and/or against the resolutions and/or abstain from voting in respect of the shares in the issued share capital of the company registered in my/our name (see note 2 overleaf) as follows:

Ordinary business		**For**	**Against**	**Abstain**
1.	The adoption of the Group annual financial statements for the period ended 31 December 2005			
2.	The re-election of the following directors:			
2.1	RD Nisbet			
2.2	JHN Strydom			
3.	The election of the following directors:			
3.1	Ms K Kalyan			
3.2	Dr CO Kolade			
3.3	Mr MJN Njeke			
3.4	Dr M Ramphele			
3.5	Sheik A Sharbatley			
3.6	Mr PL Woicke			
4.	Ordinary resolution number 1: to authorise the directors to allot and issue the unissued ordinary shares of 0,01 cent each up to 10% of the issued share capital			
5.	Ordinary resolution number 2: to authorise the directors of the company to allot and issue equity securities for cash			
6.	Ordinary resolution number 3: to authorise the increase in fees payable to non-executive directors			
7.	Special resolution number 1: to approve an authority for the company and/or subsidiary of the company to repurchase shares in the company			
8.	Ordinary resolution number 4 to authorise any two directors to implement the special and ordinary resolutions			

Mark with "X" relevant number of votes, whichever is applicable.

Signed at .... on 2006

Signature of member(s) ....

Assisted by (where applicable) .... (state capacity and full name)

Please read the notes on the reverse side hereof.

Notes to proxy

1. Only shareholders who are registered in the register or sub-register of the company under their own name may complete a proxy or alternatively attend the meeting. Beneficial owners who are not the registered holder and who wish to attend the meeting in person, may do so by requesting the registered holder, being their Central Security Depository Participant ("CSDP"), broker or nominee, to issue them with the appropriate authority in terms of the custody agreements entered into with the registered holder. Letters of representation must be lodged with the company's registrars by no later than 14:00 on Friday, 9 June 2006.
2. Beneficial owners who are not the registered holder and who do not wish to attend the meeting in person, must provide the registered holder, being the CSDP, broker or nominee, with their voting instruction. The voting instructions must reach the registered holder in sufficient time to allow the registered holder to advise the company or the company's registrar of their instructions by no later than 14:00 on Friday, 9 June 2006.
3. A shareholder may insert the name of a proxy or the names of two alternative proxies of his/her choice in the space/s provided, with or without deleting "the Chairperson of the general meeting", but any such deletion or insertion must be initialled by the shareholder. Any insertion or deletion not complying with the aforegoing will be declared not to have been validly effected. The person whose name stands first on the proxy form and who is present at the general meeting will be entitled to act as proxy to the exclusion of those whose names follow. In the event that no names are indicated, the proxy shall be exercised by the Chairperson of the general meeting.
4. A shareholder's instructions to the proxy must be indicated by the insertion of an "X" or the relevant number of votes exercisable by that shareholder in the appropriate box provided. An "X" in the appropriate box indicates the maximum number of votes exercisable by that shareholder. Failure to comply with the above will be deemed to authorise the proxy to vote or to abstain from voting at the annual general meeting as he/she deems fit in respect of all the shareholder's votes exercisable thereat. A shareholder or his/her/its proxy is not obliged to use all the votes exercisable by the shareholder or by his/her/its proxy, but the total of the votes cast and in respect of which abstention is recorded, may not exceed the maximum number of votes exercisable by the shareholder or by his/her/its proxy.
5. To be effective, completed proxy forms must be lodged with the company's South African registrars in Johannesburg, not less than 48 hours before the time appointed for the holding of the meeting. As the meeting is to be held at 12:00 on Tuesday, 13 June 2006, proxy forms must be lodged on or before 14:00 on Friday, 9 June 2006.
6. The completion and lodging of this proxy form will not preclude the relevant shareholder from attending the annual general meeting and speaking and voting in person thereat instead of any proxy appointed in terms hereof.
7. The Chairman of the general meeting may reject or accept any proxy form which is completed and/or received other than in compliance with these notes.
8. Any alteration to this proxy form, other than a deletion of alternatives, must be initialled by the signatories.
9. Documentary evidence establishing the authority of a person signing this proxy form in a representative or other legal capacity must be attached to this proxy form unless previously recorded by the company or the registrars or waived by the Chairperson of the annual general meeting.
10. Where there are joint holders of shares:
    10.1 Any one holder may sign the proxy form; and
    10.2 the vote of the senior shareholder (for which purpose seniority will be determined by the order in which the names of the shareholders appear in the company's register) who tenders a vote (whether in person or by proxy) will be accepted to the exclusion of the vote(s) of the other joint shareholders.

Office of the South African registrars

Computershare Investor Services 2004 (Pty) Limited
Registration number 2004/003647/07
70 Marshall Street, Johannesburg, 2001
PO Box 61051, Marshalltown, 2107
Fax number: +27 11 688 5238

Shareholders are encouraged to make use of the **toll-free ShareCare line** for assistance in completing the proxy form and any other queries.

If you have any questions regarding the contents of this report, please call the MTN Group toll-free ShareCare line on

0800 202 360

(or +27 11 870 8206 if phoning from outside South Africa)

Computershare

Please note that your call will be recorded for customer safety