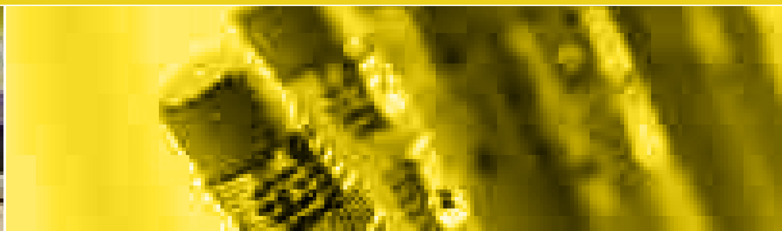
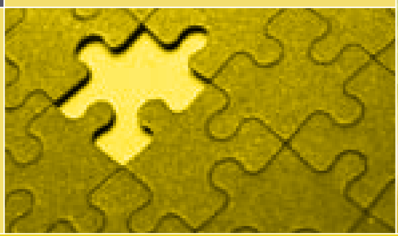
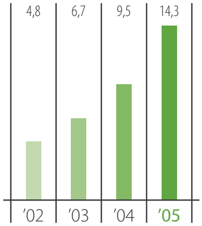





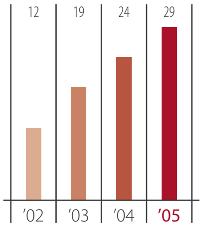
www.mtn.co.za

MTN group profile

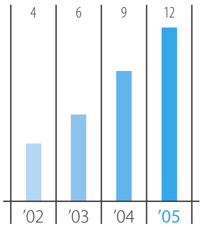
14,3 million subscribers across the continent providing cellular services to 6 African countries



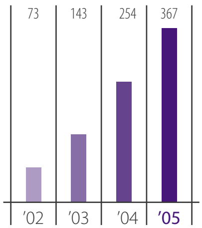
Subscribers
(million)



Group revenue
(R billion)



Group EBITDA
(R billion)



Adjusted headline EPS
(cents per share)

MTN Group profile

MTN Group Limited is a leading provider of communications services, offering cellular network access and business solutions. The MTN Group is listed on the JSE Securities Exchange South Africa (JSE) under the Industrial – Non-cyclical services – Telecommunications sector.

As at 31 March 2005, MTN Group had 14,3 million subscribers across its cellular network operations. To date, MTN Group has invested approximately R24,3 billion in telecommunications infrastructure across the African continent.

MTN South Africa

MTN South Africa operates through MTN Network Operator and MTN Service Provider. Launched in 1994, MTN South Africa had 8 million subscribers at the end of the year under review. The company's national GSM network is one of the largest networks in the world, with approximately 4 500 sites covering 19 200 km of road and 900 000 km^2 of land, and provides access to 96% of South Africa's population.

MTN Nigeria

A subsidiary of MTN International, the Nigerian operation was launched in 2001 and is the leading GSM operator in the country, with a base of 4,4 million subscribers as at 31 March 2005. MTN Nigeria's GSM network currently comprises over 1 600 base stations, 30 mobile switches and 6 400 km of transmission infrastructure, providing access to approximately 58% of Nigeria's population.

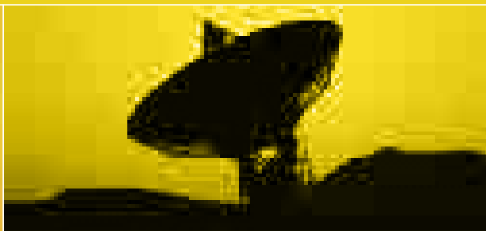
Other mobile operations

MTN International also offers cellular network access and associated services through its subsidiaries and joint ventures in Cameroon, Uganda, Rwanda and Swaziland. These operations recorded a combined total of 1,9 million subscribers as at 31 March 2005.

Strategic investments

Strategic Investments is responsible for identifying and exploiting new growth opportunities on behalf of the Group, both in South Africa and internationally. The division also manages the Group's investments in non-mobile ventures, including: MTN Network Solutions, providing managed network services to the corporate market; MTN R&D, responsible for developing of innovation and intellectual property; and Electronic Funds Transfer Operation, Nigeria. Orbicom, a small satellite signal distributor has been sold, subject to regulatory approvement.

Over the past 11 years MTN has, through its investment in infrastructure and provision of telecommunications services, had a significant impact on the lives of people in the countries in which we operate.



Y'ello – essential in our daily communication, essential in our lives.

CONTENTS

highlights

Our Vision "to be the leading provider of telecommunications in developing markets"

Subscribers

14,3 million

50% increase

Revenue

R29 billion

21% increase

Profit after tax

R7,3 billion

47% increase

Adjusted headline EPS

366,6 cents

45% increase

MTN milestones

1994

M-Cell (now MTN Group) incorporated in **South Africa** and owned 25% of MTN Holdings

2000

M-Cell acquired the remaining shareholding in MTN Holdings from Transnet

Johnnic Communications acquired 4,6% of M-Cell from Transnet, consolidating the Johnnic Group's control of M-Cell

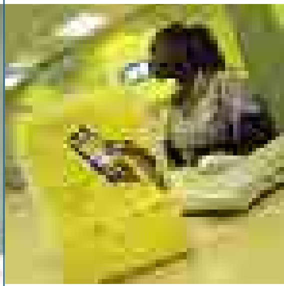
MTN International acquired a licence in **Cameroon**

1995-1996

M-Cell converted to a public company, with investments that included a 25% shareholding in MTN Holdings and a 60% shareholding in M-Tel, a cellular service provider (now MTN Service Provider)

MTN Holdings acquired service provider M-Tel

M-Cell increased its stake in MTN Holdings by acquiring shares from Fabcell Holdings Limited and SACTWU Investments by issuing new M-Cell shares



2001

MTN International acquired a national licence in **Nigeria**

M-Cell acquired CiTEC, a tier-one internet service provider (now MTN Network Solutions), to increase the range of data services provided to its corporate customers

1997-1999

MTN International expanded into Africa acquiring licences in **Uganda, Rwanda** and **Swaziland**

M-Cell acquired a portion of SBC International's interest in MTN Holdings

M-Cell increased its stake in MTN Holdings to 72%

2002

M-Cell was renamed **MTN Group** to consolidate group structure and reinforce African presence and awareness of the brand

MTN management and staff acquired an 18,7% interest in M-Cell through the acquisition of the interest held by Ice Finance BV/Transnet – the shares are held by Newshelf 664 which in turn is owned by a Trust for the benefit of management and employees

2003

MTN Group free float increase to just under 75% after Johnnic unbundled its 31,9% stake

First Sustainability Report published

2004

MTN celebrates ten years of operation

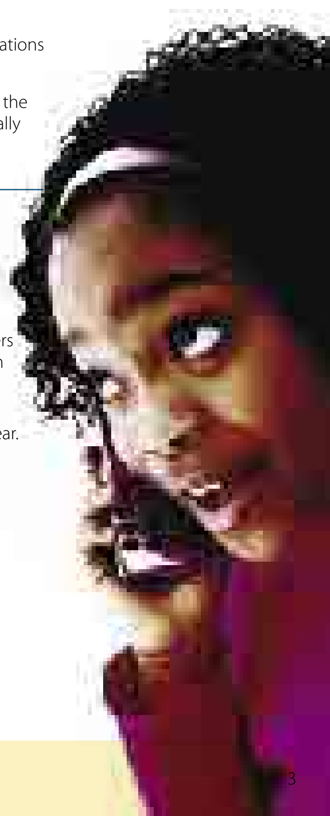
recording almost ten million subscribers across all its operations

MTN qualifies for inclusion in the JSE Securities Exchange Socially Responsible Investment (SRI) Index

2005

Exceeded 8 million subscribers in South Africa and 14 million subscribers for the Group

Capital investments of R7,6 billion in the calendar year.



MTN group values

MTN has, as its core, five shared values adopted and accepted across all its operations that support our business principles, conduct and interaction with all stakeholders

Leadership

Qualities – foresight, commitment, guidance

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

Integrity

Qualities – 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

Qualities – optimism, future focus, passionate, happening

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

Innovation

Qualities – simplicity, imagination, insight, creativity

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

Relationships

Qualities – 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)

MTN footprint

South Africa
Launch date: Jun 1994
MTN shareholding: 100%
Population: 47,1 million
Mobile penetration: 44%
MTN subscribers: 8 001 000

Nigeria
Launch date: Aug 2001
MTN shareholding: 75%
Population: 134 million
Mobile penetration: 7%
MTN subscribers: 4 392 000

Cameroon
Acquisition date: Feb 2000
MTN shareholding: 70%
Population: 16,8 million
Mobile penetration: 10%
MTN subscribers: 863 000

Ivory Coast
Acquisition date: Jun 2005
MTN shareholding: 51%
Population: 17,3 million
Mobile penetration: 10%
MTN subscribers: 800 000

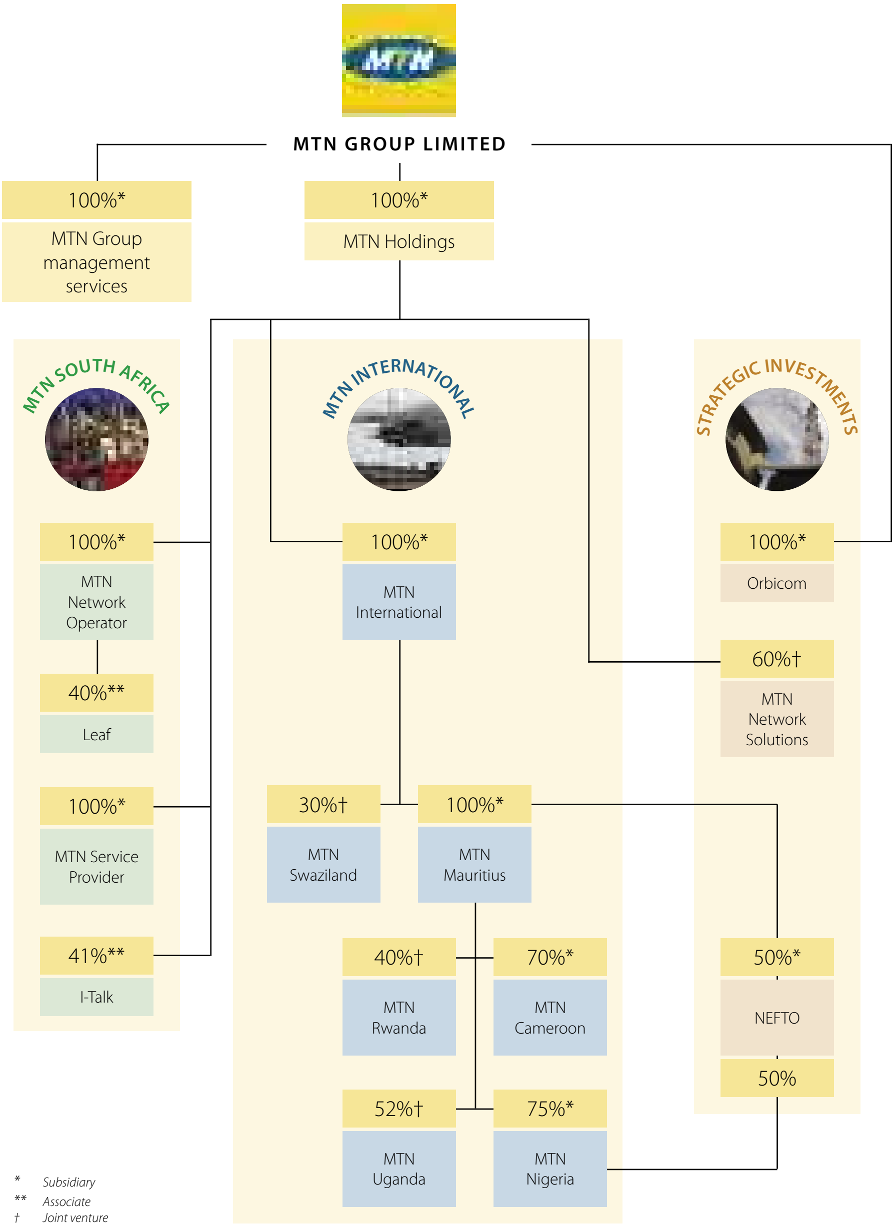
Swaziland
Launch date: Jul 1998
MTN shareholding: 30%
Population: 1,1 million
Mobile penetration: 13%
MTN subscribers: 145 000

Uganda
Launch date: Oct 1998
MTN shareholding: 52%
Population: 26 million
Mobile penetration: 12%
MTN subscribers: 719 000

Zambia
Acquisition date: Jun 2005
MTN shareholding: 100%
Population: 11 million
Mobile penetration: 31%
MTN subscribers: 80 000

Rwanda
Launch date: Jul 1998
MTN shareholding: 40%
Population: 8,7 million
Mobile penetration: 2%
MTN subscribers: 188 000

MTN group structure



* *Subsidiary*
** *Associate*
† *Joint venture*

contents

Given its financial strength, quality assets and skilled multinational work-force, MTN is committed to creating superior value for shareholders, customers, employees and the communities in which it operates. A disciplined approach to management ensures that we stay focused on the fundamentals that drive performance consistent with the vision and values of MTN.

key objectives

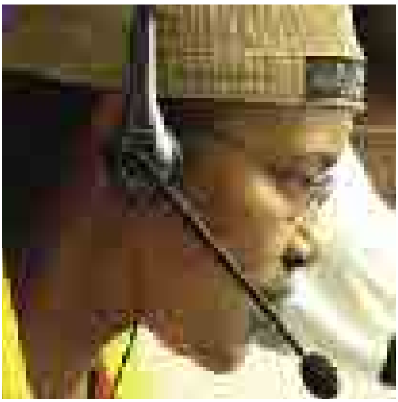
Strategic objectives

Building on our strategic vision and operational strength, the Group's key strategic objectives for the past year were:

- Identification and exploration of expansion opportunities
- Continuous improvement of customer centricity
- Accelerate network roll-out in Nigeria
- Margin expansion in South Africa
- Drive operational efficiencies across all Group companies

The key objectives for the next financial period are:

- Continue identifying and exploring growth opportunities
- Maintain leadership position in innovation
- Focus on customer centricity
- Maintain Group EBITDA margin at above 40%



chairman's report

Our goal is to support the African continent into a new age of economic development using telecommunications as a springboard."

MC Ramaphosa, Chairman

Dear Stakeholder

Once again, it is with great pleasure that we review the MTN Group results for the past year. As part of our annual reporting process to stakeholders we issue two complementary publications, the Business Report and the Sustainability Report. The former reviews the Group's operational and financial performance for the financial year ended 31 March 2005, while the latter reviews the Group's economic, social and environmental business practices over the same period.

The MTN Group, a truly multinational telecommunications company, has firmly established itself as a superior supplier of communications services and solutions by providing mobile services and applications to over 14 million customers across the continent. During the past financial year the MTN Group has maintained its position as one of the leading emerging market operators. The MTN Group has also become a globally recognised company, acknowledged for its achievements in the industry, and has proved to be a leading mobile telecommunications player in developing markets.

MTN was recently awarded the Corporate Research Foundation's top information, communications technology and electronics company award for 2005/6 in South Africa. This annual award is made on the strength of a company's management, social contribution, corporate strategy, human resources, and commitment to job creation and skills transfer and gives further credibility to MTN's standing in the ICT sector.

Financial and operational highlights

The financial year ended 31 March 2005 has again yielded positive results for the Group. Consolidated revenue amounted to R29 billion, a 21% increase from last year's R23,9 billion. EBITDA grew by 33% to R12 billion while adjusted headline earnings per share amounted to 366,6 cents a 45% increase on the previous year.

Due to the Group's strong performance and cash-flow generation, especially by the South African operations, the dividend policy was enhanced through a reduction of dividend cover, and a dividend of 65 cents per share was declared subsequent to year-end.

Corporate governance

The MTN Group continues to build on the solid corporate governance foundation established in previous years. The Group subscribes to the values of formalised good corporate governance and compliance with the recommendations and requirements of the King II report on Corporate Governance together with the requirements of the JSE. Our commitment is founded on the conviction that good corporate governance yields disciplined business management and high ethical standards and ultimately sustainable profitability across the organisation.

During the year under review, we saw the departure of directors Ms SN Mabaso and Mr LC Webb, the alternate director to Ms Mabaso, who resigned from the MTN Group Board. It is my pleasure to welcome Ms MA Moses to the Board as a non-executive member. The MTN Group Board boasts a strong mix of skills whereby the non-executives support executive directors in major decision-making and policy-making in relation to investment decisions and long-term strategic plans. The Group Board subscribes to an approved, written charter detailing its responsibilities, authority and *modus operandi* and, together with its sub-committees, sets policies on corporate governance and internal controls, while management ensures implementation and

chairman's report *continued*

compliance with the policies. Also during the reporting year, the Group's Company Secretary resigned and Mr L Jooste was appointed acting Company Secretary in the interim to assist the Board.

Sustainable development

MTN Group continues to strive to maintain a balance between financial performance and social responsibility in the countries in which we operate. Throughout our operations, our objective is to adhere to industry best practices in sustainability. This objective is supported by our management practices encompassing employment equity, career development, leadership development, performance management, environmental management, occupational safety and health and social investment.

Good reporting is essential for the effective management of pressing commercial, environmental and social challenges. In Africa, challenges of development and capacity constraints make sustainability management a key business imperative.

Acting in a sustainable manner is the cornerstone of the way in which MTN invests and conducts business. Our contribution to regional social and economic development and empowerment of local communities, improves the potential for long-term sustained commercial success in these regions.

During the past year, we have received much recognition, as well as a number of awards, for our performance and reporting. Further highlights can be found in the Sustainability Report. The MTN Group makes significant social investments in all its operations, during the year R92 million was invested.

Our engagement with stakeholders across all our operations helps us gain a balanced and candid perspective of our economic performance as well as the environmental and social impact of our business in the countries in which we operate.

Prospects

The Group will continue to pursue avenues for sustainable growth that will benefit the Group's stakeholders, be it through new investment opportunities, strategic partnerships or new product and service innovations.

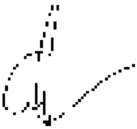
Acknowledgements

As Chairman of the Board, it gives me great pleasure to be able to report an outstanding company performance. However, it is noted and appreciated that such a performance could not be achieved without the dedication and commitment from the employees and management team throughout the MTN Group.

On behalf of the Board, I would like to extend our sincere thanks to all those individuals who have collectively embraced the Group's vision, mission and values to bring us to where we are today.

I also thank our shareholders, customers and business partners, and our stakeholders for their continued support.

Lastly, I thank my colleagues on the Board for their continued professional guidance.



Cyril Ramaphosa

Chairman

directorate

1. **PL HEINAMANN (63)**
   AMP(INSEAD), FSRM(SA)
   Non-executive director

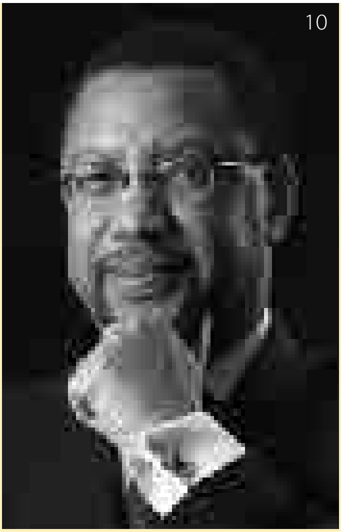
2. **MC RAMAPHOSA (52)**
   BProc, LLD (hc)
   CHAIRMAN
   Non-executive director

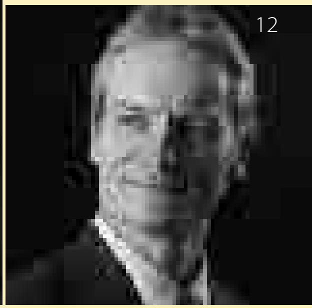
3. **DDB BAND (60)**
   BCom, CA(SA)
   Non-executive director

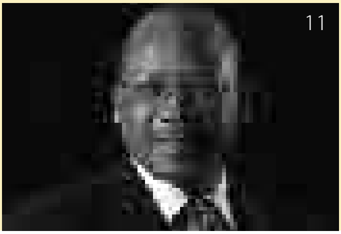
4. **AF VAN BILJON (58)**
   BCom, CA(SA), MBA
   Non-executive director

5. **ZNA CINDI (54)**
   Non-executive director

6. **MA MOSES (40)**
   BA, MAP
   Non-executive director
   (appointed 18 November 2004)







7. I CHARNLEY (44)
MAP
COMMERCIAL DIRECTOR

8. JHN STRYDOM (66)
MCom (Acc), CA(SA)
Non-executive director

9. SL BOTHA (40)
BEcon (hons)
EXECUTIVE DIRECTOR MARKETING

10. PF NHLEKO (44)
BSc (Civil Eng), MBA
GROUP CHIEF EXECUTIVE OFFICER

11. RS DABENGWA (46)
BSc (Eng), MBA
GROUP CHIEF OPERATING OFFICER

12. RD NISBET (49)
BCom, B.Acc, CA(SA)
GROUP FINANCE DIRECTOR

board of directors' CVs

MC RAMAPHOSA (52)
BProc, LLD (hc)
CHAIRMAN
Non-executive director* since 2001

Mr Ramaphosa is the Executive Chairman of Shanduka Group (Pty) Limited and serves as non-executive director of a number of other companies including Johnnic, SAB Miller plc, Standard Bank Group Limited and Macsteel Holdings. He was involved in the political transformation process in South Africa as head of the negotiating team of the ANC. 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.

PF NHLEKO (44)
BSc (Civil Eng), MBA
GROUP CHIEF EXECUTIVE OFFICER
since 2002

Mr Nhleko practised as a civil engineer prior to joining Standard Merchant Bank corporate finance team (1991 to 1994).

Prior to joining MTN, Mr Nhleko was 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.

He currently also serves on the board of Old Mutual Life Holdings (SA) Limited. Mr Nhleko 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.

DDB BAND (60)
BCom, CA(SA)
Non-executive director* since 2001

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 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 and the Bidvest Group.

SL BOTHA (40)
BEcon (hons)
EXECUTIVE DIRECTOR MARKETING
Executive director since 2003

Ms Botha joined MTN in July 2003 as Executive Director responsible for Marketing. Prior to joining MTN, she 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 April 1996. She also serves on the board of the Marketing Federation of South Africa, Tiger Brands and the World Wildlife Fund.

I CHARNLEY (44)
MAP
COMMERCIAL DIRECTOR
Executive director since 2001

Ms Charnley is the Commercial Director of MTN Group with responsibility for the Group's Strategic Investments. She was awarded Business Woman of the Year in 2000 and nominated as one of the top 50 businesswomen outside of the USA.

ZNA CINDI (54)
Non-executive director* since 1999

Mr Cindi has 16 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, National Productivity Institute and Johnnic Holdings Limited.

RS DABENGWA (46)
BSc (Eng), MBA
GROUP CHIEF OPERATING OFFICER
Executive director since 2001

Prior to joining MTN in 1999, Mr Dabengwa was employed by Eskom as Executive Director responsible for distribution. Before joining Eskom in 1992 he worked as a Consulting Electrical Engineer in the building services and township development areas. He currently has a dual role as Chief Operating Officer of the Group and CEO of MTN Nigeria. He also serves as a non-executive director on the board of Peermont Global Limited.

PL HEINAMANN (63)
AMP(INSEAD), FSRM(SA)
Non-executive director* since 2001

Mr Heinamann started in the insurance broking industry in 1960. He was the 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.

SN MABASO (35)
BCom, CA(SA)
Non-executive director* since 2002
(Resigned 15 November 2004)

MA MOSES (40)
BA, MAP
Non-executive director since 2004

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 serves on the Board of Transnet Ltd and is Chairperson of Viamax (Pty) Ltd.

RD NISBET (49)
BCom, B.Acc, CA(SA)
GROUP FINANCE DIRECTOR
Executive director since 2001

Mr Nisbet is currently the Group Finance Director of the MTN Group. His previous experience includes financial directorships of both listed and unlisted companies. These included Financial Director of Mathieson and Ashley. He has been with MTN since 1995.

JHN STRYDOM (66)
MCom (Acc), CA(SA)
Non-executive director since March 2004

Mr Strydom is a registered practising Public Accountant and Auditor and a founding partner of Strydoms Incorporated, Chartered Accountants (SA), Registered Accountants and Auditors, 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 (Previously Public Investment Commissioners) and a senior member of the Special Income Tax Court for taxation appeals.

AF VAN BILJON (58)
BCom, CA(SA), MBA
Non-executive director* since 2002

Mr van Biljon is an independent director and has a specialised financial consultancy under the name of Van Biljon and Associates. Alan served as Chief Financial Officer to the Standard Bank Group from 1996 to 2002. He is on the boards of Sage Group Limited, Hans Merensky Holdings and Peermont Global Limited.

LC WEBB (56)
BSc (Elec Eng)
Alternate to SN Mabaso since 2002
(Resigned 15 November 2004)

**Independent*

group chief executive officer's report

"A number of initiatives are in place which will assist the company in achieving its objective of delivering on a sustainable basis, long-term growth for its shareholders."

PF Nhleko, Group Chief Executive Officer

Overview

Mobile telecommunications remains one of the world's most exciting, dynamic and challenging industries. The advent of new technologies like mobile telephony, prepaid billing and the Internet has seen the total number of telephone subscribers worldwide grow exponentially since 1990.

From 2000 to 2004, mobile penetration in emerging markets increased significantly. Given the limited roll-out of fixed-line infrastructure, mobile technologies have leapfrogged traditional fixed-line offerings and, today, there are an estimated 77,6 million mobile users compared to approximately 27,3 million fixed lines on the African continent.

With rapidly increasing levels of mobile penetration, coupled with rising levels of demand for complementary technologies such as VoIP and internet access, emerging markets are fast evolving as one of the industry's key investment prospects. Continued market liberalisation is reshaping the regulatory environment, creating a more investment-friendly climate which, in turn, is stimulating the interest of international players and raising the level of competition for the region's new licence and acquisition opportunities. As a result of the high level of confidence as regards further growth potential, coupled with a largely favourable economic environment across the continent, the past year has been characterised by strong competition in MTN Group's key markets.

All operations have broadly maintained their mobile market share at levels consistent with the previous year, despite highly-competitive trading conditions. MTN remains one of the largest emerging mobile operators and its brand leadership was further enhanced by the successful launch of its new global pay-off line in May 2005.

Key objectives for the past year

The Group's key strategic objectives for the past year were:

• Identification and exploration of expansion opportunities

• Continuous improvement and focus on customer centricity

• Accelerate network roll-out in Nigeria

• Margin expansion in South Africa

• Drive operational efficiencies across all Group companies

Below is a short synopsis on our achievements against the stated objectives.

Identification and exploration of expansion opportunities: The identification of expansion opportunities has remained a key priority for the Group, and during the 2005 financial year several significant opportunities were identified and investigated. The Board's view is that deals would only be closed at prices at which shareholder value would be added. Subsequent to year end these efforts have started to come to fruition, as evidenced by the acquisition of operations in Ivory Coast (51% stake) and Zambia (100%).

Improve customer centricity: Significant effort has already been directed towards customer management and improving service levels, including opening new call centres in several operations and aggressive steps to continue to improve network quality in Nigeria. In addition, short- and medium-term plans have been put in place across all operations and senior executives have been appointed as champions to improve customer service. In South Africa MTN has classified customers according to usage and has introduced priority service for high usage customers, while maintaining a good level of service to lower usage customers.

chief executive officer's report *continued*

Accelerated network roll-out in Nigeria: The operation has significantly stepped up the pace of network roll-out, meeting its targeted 70 base stations per month for most of the latter part of the year and investing nearly US$900 million in infrastructure during the year, a record in the MTN Group. MTN Nigeria had 1 662 sites in operation at 31 March 2005.

The impact of this roll-out is also reflected in the significant decline in congestion levels on the Nigerian network.

Pursue margin expansion in South Africa: MTN South Africa was able to report a pleasing increase in the EBITDA margin from 29,9% to 34%.

Drive operational efficiencies across all Group companies: Group operations have achieved significant revenue growth while maintaining effective cost control, and all operations have maintained or improved EBITDA margins from the previous financial year. In addition, the Group core has implemented a number of initiatives to drive performance management, benchmark operational efficiency and leverage group synergies. In particular, the Group procurement function spearheads efforts to identify opportunities to attain economies of scale, to set policy and co-ordinate procurement practices throughout the Group. By negotiating with top suppliers and leveraging economies of scale, significant savings have been achieved in procuring network equipment, handsets and airtime vouchers, amongst other goods and services, with a positive impact on Group EBITDA.

MTN Group results

MTN Group recorded another excellent financial performance for the 2005 year, as reflected by an increase of 45% in adjusted headline earnings per share to 366,6 cents. MTN Group's consolidated revenue increased by 21% year-on-year to R29 billion. EBITDA increased by 33% to R12 billion, resulting in profit after tax of R7,3 billion, 47% up on the previous financial year.

The contribution of our international operations to overall results remained broadly consistent with the previous year at 39% of revenue, 50% of EBITDA and 45% of adjusted headline EPS. As a significant portion of revenue is generated outside South Africa, our results continue to be directly impacted by the fluctuation of the rand against the reporting currencies of our international operations. During the year, the average rand exchange rate appreciated by between 2% and 17% against the reporting currencies of the Group's international operations. Of key importance is the average Nigerian naira/rand exchange rate, against which the rand strengthened by 17% compared with the average rate for the previous year. Consequently, on translation into rand, this reduced the earnings of our international operations as reflected in the consolidated results.

Group total assets have increased by 32% to R29,4 billion at 31 March 2005, against R22,3 billion at 31 March 2004 after restatement due to the early adoption of IFRS3 (AC140). Long-term borrowings reduced to R3,0 billion from R3,7 billion, while short-term borrowings decreased to R167 million. The net decrease in borrowings is largely as a result of the repayment of loans in MTN Mauritius and MTN Cameroon, offset by further draw-down on the medium-term project funding in MTN Nigeria.

MTN Group EBITDA increased by 33% to R12 billion, 50% of which was generated from international operations. The Group's EBITDA margin improved from 37,9% to 41,5% as a result of the strong improvement in the EBITDA margin of MTN South Africa, coupled with the slight increase in the contribution of international operations towards the Group's EBITDA margin. EBITDA growth rates exceeded revenue growth rates in all operations, resulting in improved margins for all operations.

Revenue for **MTN South Africa** increased by 17% to R17,7 billion. The EBITDA margin for MTN South Africa increased from 29,9% to 34,0% with EBITDA increasing by 33% to R6 billion. The improvement in EBITDA margin is attributable to strong growth in revenues, buoyed by the positive economic environment, coupled with greater control over commissions, interconnect and handset expenses which all increased by less than the 17% increase in revenues.

Revenue in local currency for **MTN Nigeria** increased by 53% while revenue in rand terms increased by 34% to R9,3 billion. The EBITDA margin for MTN Nigeria increased slightly from 51,0% to 52,4% while EBITDA increased by 37% to R4,9 billion. The margin expansion in MTN Nigeria was due to improved operating efficiencies, as well as tight management of distribution costs, resulting in cost of sales increasing by only 27% against the revenue increase of 34%.

MTN Cameroon increased revenue by 14% year-on-year in a tough trading environment. The operation's EBITDA margin of 42,7% increased marginally against the previous financial year while EBITDA increased by 16%.

MTN Uganda experienced moderate revenue growth of 9%. The move from a two-card to a one-card prepaid system resulted in the loss of recurring prepaid subscription revenue, negatively impacting revenue growth. MTN Uganda remains a highly-efficient operation, achieving excellent margins in a market where tariffs are among the lowest on the continent.

Revenue growth of 20% and 9% were recorded for **MTN Rwanda** and **MTN Swaziland** respectively. As with MTN Uganda, MTN Swaziland's revenue growth was negatively impacted by the introduction of the one-card prepaid system.

The EBITDA margin for MTN Rwanda has increased due to strong revenue growth, with moderate increases in expenditure. The increase in MTN Swaziland's EBITDA margin was also underpinned by very tight cost control.

chief executive officer's report *continued*

Operational overview

The Group's revenue growth has been fuelled by healthy increases in subscriber bases across all its operations. At 31 March 2005, 14,3 million capable subscribers were recorded in the Group's operations, an increase of 50% from the previous year.

MTN has successfully consolidated its brand strength and leadership status across all its operating markets. In September 2004, all operations agreed to implement a single brand identity. In May 2005, a media launch on the global brand positioning took place in South Africa and Uganda to affirm the leadership position of the brand as well as expose the market to the new, emotive global pay-off line – "everywhere you go", delivering the message that whatever you do, wherever you are, MTN is the essence of your life, MTN is with you.

MTN South Africa again achieved record subscriber growth, demonstrating the sustained high demand for mobile telephony within the South African market. At year end, MTN South Africa reported a total subscriber base of 8 001 000, consisting of 1 391 000 postpaid and 6 610 000 prepaid subscribers. This represents excellent growth of 19% and 30% respectively year-on-year. Market share has remained between 38% and 39%. Blended ARPU declined to R184 due to changes in both the composition of the subscriber mix and the deeper penetration of the mobile market.

Contract subscribers increased by 220 000 net additions to 1 391 000 at 31 March 2005. As expected, with rapidly deepening penetration into the addressable market, a large proportion of the net additions for the year were on the MyChoice TopUp or MyCall 100 price plans, both entry-level contract packages. The shifting subscriber mix resulted in contract ARPU decreasing from R597 to R576.

Managing costs in the distribution channel remains a key priority in the South African environment and some success was achieved during the year as MTN South Africa was able to introduce a more sustainable prepaid commission model.

On the regulatory front, one of the key developments in South Africa was the granting of self-provisioning rights in respect of transmission facilities to mobile operators, resale of capacity and liberalisation of rights to offer VoIP services, effective from February 2005. These areas present opportunities in respect of new revenues and cost savings but also future potential challenges. MTN is, however, well positioned for these developments and has initiated the roll-out of its 3G network with services launched in mid-2005.

MTN Nigeria recorded an excellent performance despite intensive competition in the Nigerian mobile market. At year-end, MTN Nigeria reported a subscriber base of 4 392 000, growth of 123% year-on-year. MTN Nigeria's reported market share of 47% at year-end has remained stable and it remains the largest operator in a four-player market. As MTN Nigeria's ARPU remains higher than its competitors, revenue share is in excess of its subscriber market share. The Nigerian mobile market continued to experience solid growth, having more than doubled in size over the last year from 3,7 million subscribers at 31 March 2004 to approximately 9,4 million subscribers at 31 March 2005, reflecting the vigorous roll-out by MTN Nigeria and to a lesser extent the three other operators.

MTN Nigeria maintained its accelerated network roll-out, commissioning 823 base stations and 24 switches during the year. Total capital expenditure for the year was US$884 million, a record level of investment in one year for any single operation in the MTN Group and on the continent of Africa as a whole.

MTN Nigeria's ARPU decreased to US$40 from US$51, attributable mainly to the large number of lower-usage subscribers who joined the network after the connection fee was lowered to 980 naira. Marginal ARPU of US$27 was recorded at year-end, reflecting the average monthly spend of subscribers who most recently joined the network.

MTN continues to examine options for broadening Nigerian participation in MTN, either directly or indirectly.

MTN Cameroon has put in another strong performance, increasing its subscriber base by 49% to 863 000 at 31 March 2005. ARPU decreased from US$24 to US$23 for the year ended 31 March 2005.

At the end of March 2005, **MTN Uganda** reported a mobile subscriber increase of 45% from 495 000 to 719 000. Fixed network subscribers increased by 70% from 6 000 to 11 000 for the reporting year. Following strong subscriber growth, MTN Uganda's ARPU decreased to US$19 from US$22 for the year to March 2005, despite a 10% strengthening of the Uganda shilling against the US dollar.

MTN Rwanda continues to achieve steady growth, with the company recording 188 000 subscribers at the end of March 2005, growth of 29% year-on-year.

MTN Swaziland also reported excellent subscriber growth of 71% against the previous year to 145 000 subscribers. This is mainly as a result of growth in the prepaid base following the conversion to a one-card prepaid system, combining access card and service fees.

Strategic investments and expansion strategy

During the year, MTN continued to identify and pursue opportunities for geographic expansion in Africa and the Middle East.

Agreement was reached subsequent to year-end with the majority shareholder in Loteny Telecoms Côte d'Ivoire for MTN Group to acquire a 51% interest in the company. Loteny has over 800 000 subscribers and competes in the market on an equal basis with France Telecom (Orange). The transaction is subject to the fulfilment of conditions precedent. Approval by the regulator in the Côte d'Ivoire has been obtained.

MTN Group has disposed of its 100% interest in Orbicom as a result of the slower-than-expected convergence between broadcasting and telecommunications, as well as the performance of the business in comparison to the rest of MTN's businesses. The sale agreement is subject to regulatory and Competition Commission approval.

chief executive officer's report *continued*

A Group-wide strategy is in place to explore avenues to co-operate with financial institutions in bringing new products and services to market. During the year MTN Nigeria has, in a joint venture with MTN Mauritius, set up a new company in Nigeria to establish a financial transactions platform, offering services exclusively to MTN Nigeria.

Human resources

The Group today employs 5 283 permanent staff, of which 2 490 are based in South Africa, 1 844 in Nigeria and 949 across the other operations.

There is an ongoing drive to ensure that the MTN Group continues to be fully representative of the demographics of our continent, and that our employee base reflects the diversity of the markets in which we operate. In South Africa, MTN is a leading black economic empowerment company and has undertaken to align itself with the ICT charter requirements. The employment equity levels of the total employee base are in line with targets set through the employment equity plan for the Group.

MTN also maintains procurement standards and supplier partnerships with a broad range of local suppliers in each market. This approach has made MTN a leading employer of people from previously disadvantaged backgrounds, and should ensure that transformation of local communities is long term and sustainable.

The ongoing availability of top quality people is vital for MTN to achieve its bold expansion targets. To ensure there is a pipeline of talent available, an aggressive succession strategy is being implemented across all Group operations, the primary objective of which is the development of top talent and alignment of resources with key strategic objectives.

Management changes for this reporting year saw Sifiso Dabengwa assume the position of CEO MTN Nigeria from 1 August 2004. He will retain his position of Chief Operating Officer of the Group. Maanda Manyatshe joined MTN from the South African Post Office on 1 November 2004 as MD of MTN South Africa and Campbell Utton took up the position of CEO MTN Cameroon.

Social investment

During the current financial year, the MTN Group spent R92 million on social investment. The Group will continue to focus on four key areas – education; arts, culture and heritage; science and technology, and HIV/Aids.

Looking ahead

The Group's key strategic objectives for the coming year include:

• Continue identifying and exploring growth opportunities;

• Maintain leadership position in innovation;

• Further intensify focus on customer centricity; and

• Maintain Group EBITDA margin above 40%.

The Group's expansion strategy is constrained by the limited size and growth potential of the remaining mobile markets in sub-Saharan Africa. The Group will, however, continue to pursue value-enhancing opportunities for geographic expansion. Opportunities for leveraging our infrastructure and developing new and complementary revenue streams by enhancing services to subscribers will continue to be explored.

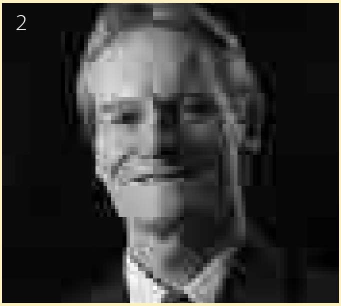
In addition, the Group will review its capital structure to optimise returns to shareholders and broaden Nigerian participation in the MTN Group. Active steps will also be taken to position the Group to take advantage of opportunities arising from the rapid evolution of the industry through the phenomena of convergence and deregulation.

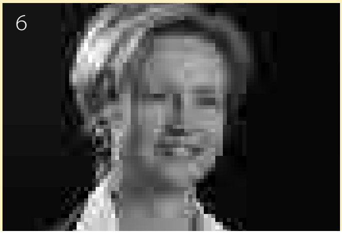
I express my sincere thanks to all the directors and staff for their commitment and support during the year, and I trust that their efforts will elevate the MTN Group to new heights in the coming year.

Phuthuma Nhleko

Chief Executive Officer

executive committee members





1. **PF NHLEKO**
   BSc (Civil Eng), MBA
   GROUP CHIEF EXECUTIVE OFFICER

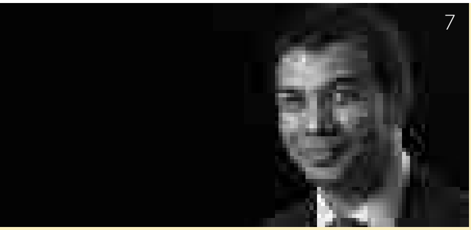
2. **RD NISBET**
   BCom, B.Acc, CA(SA)
   GROUP FINANCE DIRECTOR
   Executive director

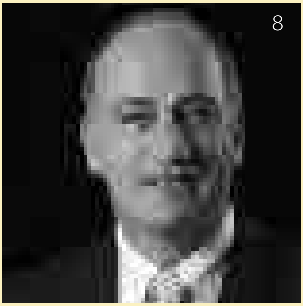
3. **RS DABENGWA**
   BSc (Eng), MBA
   GROUP CHIEF OPERATING OFFICER
   Executive director

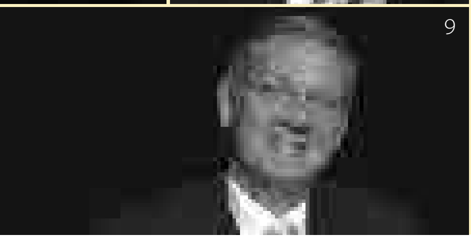
4. **I CHARNLEY**
   MAP
   COMMERCIAL DIRECTOR
   Executive director

5. **MB MANYATSHE**
   BSc (Chemistry & Maths), MSc
   MANAGING DIRECTOR MTN SOUTH AFRICA

6. **SL BOTHA**
   BEcon (hons)
   EXECUTIVE DIRECTOR MARKETING
   Executive director







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

8. KW PIENAAR
BSc (Electrical & Electronic Engineering), Pr. Eng
GROUP CHIEF TECHNOLOGY AND INFORMATION OFFICER

9. CG UTTON
BCom, BAcc, CA(SA)
Former EXCO member,
CEO MTN Cameroon from May 2005

10. CS WHEELER
BA, LLB, H Dip in Tax Law,
Attorney of the High Court of South Africa
GROUP EXECUTIVE COMMERCIAL LEGAL

11. Y MUTHIEN
MA, DPhil (Oxford)
GROUP EXECUTIVE CORPORATE AFFAIRS

executive committee members CVs

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

Mr Nhleko practised as a civil engineer prior to joining Standard Merchant Bank corporate finance team (1991 to 1994).

Prior to joining MTN, Mr Nhleko was 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.

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

RD NISBET
BCom, B.Acc, CA(SA)
GROUP FINANCE DIRECTOR
Executive director since 2001

Mr Nisbet is currently the Chief Financial Officer of the MTN Group. His previous experience includes financial directorships of both listed and unlisted companies. These included Financial Director of Mathieson and Ashley.

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

Prior to joining MTN in 1999, Mr Dabengwa was employed by Eskom as Executive Director responsible for distribution. Before joining Eskom in 1992, he worked as a Consulting Electrical Engineer in the building services and township development areas. He currently has a dual role as Chief Operating Officer of the Group and CEO of MTN Nigeria. He also serves as a non-executive director on the board of Peermont Global Limited.

I CHARNLEY
MAP
COMMERCIAL DIRECTOR
Executive director since 2001

Ms Charnley is currently the Commercial Director of the MTN Group with responsibility for Strategic Investments. She was awarded Business Woman of the Year in 2000 and nominated as one of the top 50 businesswomen outside of the USA.

MB MANYATSHE
BSc (Chemistry & Maths), MSc
MANAGING DIRECTOR, MTN South Africa

Mr Manyatshe is the Managing Director of MTN South Africa. Before joining MTN, Mr Manyatshe was the Chief Executive of the South African Post Office for five years. Prior to this he was Group Managing Director of SAB's Swaziland Brewers and the Swaziland Bottling Company.

He has also held various positions at Engen, Shell and the Universities of Venda and Fort Hare. At Engen he spearheaded the technology strategy after the disinvestment by Mobil. He was part of the team that merged the Mobil, Trek and Sonap brands into Engen in record time.

SL BOTHA
BEcon (hons)
EXECUTIVE DIRECTOR MARKETING
Executive director since 2003

Ms Botha joined MTN in July 2003 as Executive Director responsible for Marketing. Prior to joining MTN, she 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 April 1996. She also serves on the board of the Marketing Federation of South Africa, Tiger Brands and the World Wildlife Fund.

PD NORMAN
MA (Psychology)
GROUP EXECUTIVE HUMAN RESOURCES

Mr Norman has been a Group Executive since 1997. He has spent more than 10 years in the field of HR 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 CAMAF (Chartered Accountants' Medical Aid Fund) and was awarded HR Practitioner of the Year in 2003 by the Institute for People Management (IPM).

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

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

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. He started at MTN in 1994 as Group Executive Networks and is currently Group Chief Technology and Information Officer.

CG UTTON
BCom, BAcc, CA(SA)
FORMER GROUP EXECUTIVE OPERATIONS,
CEO MTN CAMEROON from May 2005

Mr Utton has been with the Group since January 1999, previously in the role of Financial Director of MTN International. Before joining MTN, he was Financial and Operations Director of ABB's operations in Sub-Saharan Africa. Prior to that he was a partner in the Cape Town offices of Arthur Andersen & Co.

Subsequent to year-end Mr Utton was appointed CEO of MTN Cameroon and has resigned from all boards of MTN International.

CS WHEELER
BA, LLB, H Dip Tax Law, Attorney of the High Court of South Africa
GROUP EXECUTIVE COMMERCIAL LEGAL

Mr Wheeler spent 12 years as an attorney in private practice concentrating on commercial law. Prior to joining MTN, he was employed by the Standard Bank Group as Director Legal Services. He is in charge of all commercial legal, company secretarial and governance issues within the MTN Group.

Y MUTHIEN
MA, DPhil (Oxford)
GROUP EXECUTIVE CORPORATE AFFAIRS

Before joining MTN in 2000 as Group Executive, Corporate Affairs, Ms Muthien was Executive Director, Democracy & Governance for Human Sciences Research Council. She was awarded Grand Counsellor of the Order of Baobab by President Mbeki in 2002 and awarded the Status Officer, The Order of St. John, an Order of Her Majesty the Queen in 1999. She serves as the Chairperson of the President's Advisory Council on National Orders.

group finance director's report

The Group recorded strong revenue growth of 21% and adjusted headline earnings per share increase of 45% to 366,6 cents. The Group remains in a strong financial position and has declared a dividend of 65 cents a share.

Overview

MTN Group recorded a pleasing performance for the year ended 31 March 2005, reporting consolidated revenues of R29 billion up 21% year-on-year, and adjusted headline earnings per share of 366,6 cents, an increase of 45% from the adjusted headline earnings per share of 253,6 cents for 2004. The Group's total asset base at 31 March 2005 was R29,4 billion, after eliminating goodwill of R9,7 billion under IFRS3 (AC140): Business combinations, an increase of 32% from adjusted total assets of R22,3 billion at 31 March 2004, while cash on hand still exceeds total debt.

The Group's non-South African operations made another strong contribution to consolidated results, accounting for 39% of revenue, 50% of EBITDA and 47% of attributable earnings for the year, with MTN Nigeria being the most significant of the international operations. The Group continues to explore further expansion opportunities to access markets offering strong earnings growth potential, as well as to balance the exposure to South Africa and Nigeria.

Macroeconomic environment

Economic conditions in the markets in which the Group operates were favourable during the year with relatively low interest rates and the reporting currencies remaining firm against the US dollar which, coupled with high consumer confidence in key markets such as South Africa, boosted demand for mobile telecommunications services and supported the business case for the record level of capital investment made during the year.

Table 1: Current vs. prior year exchange rates

	Average exchange rates			Closing exchange rates		
	2005	2004	% change	**2005**	2004	% change
Rand per dollar	**6,19**	7,14	13	**6,21**	6,3	1
NGN per rand	**21,45**	18,38	(17)	**21,38**	21,21	(1)
CFA per rand	**86,23**	80,61	(7)	**83,89**	86,36	3
UGS per rand	**284,29**	277,87	(2)	**280,08**	304,32	8
RWF per rand	**94,33**	80,29	(17)	**92,33**	93,82	2

Table 1 sets out the year-on-year movement in the closing and average cross rates between the rand and the currencies of the Group's international operations.

Average exchange rates

The strengthening of the rand against other reporting currencies, notably the 17% depreciation of the naira against the rand, had a significant negative impact on the MTN Group consolidated income statement for the year. The Ugandan shilling remained firm against the rand during the year with limited currency depreciation. The CFA (which is linked to the euro), although weaker against the rand, also appreciated against the dollar.

On a weighted basis, consolidated revenues would have been approximately 6% higher had the average exchange rate between the rand and the reporting currencies of the international operations remained similar to the previous financial year.

Closing exchange rates

The effects of such fluctuations on the consolidated balance sheet were minimal, as the closing rates of exchange between the rand and the currencies of the Group's international operations at 31 March 2005 were similar to those prevailing at the end of the previous financial year.

Inflation and interest rates in most of the international operations are higher than in South Africa and therefore some depreciation in the currency of these operations against the rand can be expected.

group finance director's report *continued*

Subscribers

Table 2: Subscribers

Subscribers per operation	2005 Restated	2005 Actual	% change	2004 Actual
South Africa	8 001 000	8 001 000	28	6 270 000
– Contract	1 391 000	1 391 000	19	1 170 000
– Prepaid	6 610 000	6 610 000	30	5 100 000
Nigeria	5 574 000	4 392 000	123	1 966 000
Cameroon	919 000	863 000	49	581 000
Uganda	782 000	719 000	45	495 000
Rwanda	209 000	188 000	29	146 000
Swaziland	156 000	145 000	71	85 000
Total	15 641 000	14 308 000	50	9 543 000

Table 2 shows the significant subscriber growth across all MTN operations, with the closing subscriber bases showing healthy increases across the board. Although this has boosted revenues, the positive impact has been muted by declining ARPUs.

Traditionally, the Group reported its international subscriber base as being subscribers who have been active (made or received a revenue generating call) over a 30-day period, compared to a 90-day period in South Africa. Table 2 also indicates the subscriber numbers for the international operations restated based on 90-day activity levels which will be reported from April 2005 onwards.

Income statement

Revenues

Table 3: Analysis of MTN Group revenue by operation

For the year ended 31 March	2005 Rm	2004 Rm	% change rand	% change local currency	% of total 2005
Wireless operations	28 897	23 770	22		100
South Africa	17 673	15 098	17	17	61
Nigeria	9 310	6 973	34	53	32
Cameroon	1 218	1 069	14	22	4
Uganda**	520	477	9	12	2
Rwanda**	100	83	20	23	*
Swaziland**	76	70	9	9	*
Other operations	80	86	(7)	(7)	*
Mauritius/International	17	15	13		*
Total	28 994	23 871	21		100

* *Less than 1%*

** *MTN Group proportionate share of revenues*

The increase in Group revenue of 21% year-on-year was primarily attributable to another excellent performance by MTN South Africa which lifted revenues by 17% year-on-year to R17,7 billion and MTN Nigeria which grew revenues by 34% to R9,3 billion. Together, these operations accounted for 93% of the Group's revenue and 96% of revenue growth.

The 50% increase in subscribers has been a key driver of the Group's higher revenue. Deeper penetration into the respective addressable market however has resulted in a decrease in ARPU in all operations.

As indicated in Table 3, MTN Nigeria's revenue growth in rand terms has been diluted significantly by the strengthening of the rand, whilst the impact on the revenue of the other operations has been minor. Theoretically, had the exchange rate between the naira and the rand remained constant, over the past year this would have resulted in an additional R1,4 billion in revenue for the Group upon translation.

Table 4: MTN Group revenue composition

For the year ended 31 March	**2005 Rm**	2004 Rm	% change	**% of total 2005**	% of total 2004
Wireless telecommunications	**26 376**	21 564	22	**91**	90
Airtime, subscription and interconnect	**24 688**	20 007	23	**85**	84
Connection fees	**563**	707	(20)	**2**	3
Data	**1 125**	850	32	**4**	4
Cellular handsets and accessories	**2 153**	1 962	10	**7**	8
Satellite	**80**	88	(10)	*****	*
Other	**385**	257	50	**1**	1
Total	**28 994**	23 871	21	**100**	100

**Less than 1%*

Table 4 shows that the revenue composition for MTN Group has not varied significantly from 2004 to 2005. Airtime, subscription and interconnect revenues continue to dominate the Group's total revenue base, with the significant increases year-on-year being driven by the larger subscriber base. Connection fee revenues have decreased mainly due to the major reduction in connection fee charged by MTN Nigeria. Data revenues for the Group as a whole have increased from 3,9% to 4,3% of total wireless revenues. Cellular handsets and accessories have only increased by 10% year-on-year as, outside South Africa, the dominant trend seems to be for subscribers to procure handsets from external sources.

group finance director's report *continued*

MTN South Africa

Table 5: MTN South Africa revenue composition

For the year ended 31 March	2005 Rm	2004 Rm	% change	% of total 2005	% of total 2004
Wireless telecommunications	**15 452**	13 139	18	**87**	87
Airtime, subscriptions and interconnect	**14 469**	12 368	17	**82**	82
Connection fees	**78**	101	(23)	*	1
Data	**905**	670	35	**4**	5
Cellular handsets and accessories	**2 022**	1 759	15	**11**	12
Other	**199**	200	(1)	**1**	1
Total	**17 673**	15 098	17	**100**	100

**Less than 1%*

MTN South Africa posted revenues of R17,7 billion, up 17% against the prior year, fuelled by another record performance in terms of net additions to the subscriber base during the year.

The 17% increase in airtime, subscription and interconnect revenues was driven by the 30% and 19% increases in the prepaid and postpaid subscriber bases, respectively. Based on the substantial growth in the prepaid segment, the contribution from prepaid subscribers towards overall revenues continues to rise.

The growth in interconnect revenue was driven by increased traffic from mobile operators, while the traffic from the fixed-line operator was similar to the previous year, due to the growth of the mobile market as a whole.

Data revenue as a percentage of wireless revenue has increased from 5,1% in the prior year to 5,9% for the year ended 31 March 2005, the majority of which is still generated by SMS.

MTN Nigeria

Table 6: MTN Nigeria revenue composition

For the year ended 31 March	2005 Rm	2004 Rm	% change rand	% change local currency
Wireless telecommunications	**9 137**	6 762	35	55
Airtime, subscription and interconnect	**8 472**	6 053	40	62
Connection fees	**474**	572	(17)	(6)
Data	**191**	137	40	51
Cellular handsets and accessories	**95**	163	(42)	(33)
Other	**78**	48	63	139
Total	**9 310**	6 973	34	53

MTN Nigeria recorded revenue of R9,3 billion up 34% from the previous year. The strengthening of the rand against the naira has significantly muted the effect of this growth on consolidation, given that the increase in local currency revenue was 53% year-on-year. Airtime, subscription and interconnect revenues were mainly responsible for this growth, underpinned by the sharp increase in subscribers which was offset by real tariff reductions during the year. Interconnect revenues grew substantially, fuelled by the growth of the Nigerian mobile market in which MTN Nigeria maintained its market share. During the first half of the 2005 financial year, the base increased from 1 966 000 to 2 587 000 subscribers, while ARPU remained stable. In the second half of the financial year, phenomenal subscriber growth was experienced with MTN Nigeria achieving 1 805 000 net additions to lift the total base to 4 392 000 subscribers at year-end. As a natural consequence of deeper penetration into the market, the comparatively low ARPU of new subscribers resulted in a steep decline in the operation's overall ARPU over the second half of the year. ARPU and revenue were further negatively impacted by aggressive price competition in certain segments of the market.

Collection of interconnect revenue from certain operators remains a concern and a conservative accounting approach has been adopted in this regard.

Despite the record growth in subscribers, MTN Nigeria's connection fee revenue as a percentage of wireless revenue have declined year-on-year, due to the significant reduction in connection fees to 980 naira from November 2004.

Handset revenue has declined compared to the previous financial year due to the growing tendency of subscribers to source handsets from alternative suppliers.

Other mobile operations

MTN Cameroon's 14% increase in revenues year-on-year was underpinned by the 49% increase of the revenue-generating base to 863 000 subscribers over the year to 31 March 2005. The operation's revenue growth was, however, negatively affected by the strengthening of the rand against the CFA and a decline in interconnect revenues.

The contribution to Group revenue from **MTN Uganda, MTN Rwanda** and **MTN Swaziland** represents the Group's proportional share of revenue generated by these entities, all of which are joint ventures. Airtime and subscription revenue in MTN Uganda and MTN Swaziland was negatively affected by the change from the two-card to the one-card prepaid system during the year, resulting in a loss of subscription revenue for prepaid subscribers which was not entirely offset by greater usage or tariff increases. MTN Rwanda's increase in revenue in local currency terms due to buoyant growth in subscribers has been somewhat offset on consolidation by the strengthening of the rand against the Rwandan franc.

group finance director's report *continued*

EBITDA

Table 7: MTN Group EBITDA per operation

For the year ended 31 March	2005 Rm	2004 restated Rm	% change rand	% change local currency	2005 EBITDA Margin %	2004 EBITDA Margin %
Wireless operations	**11 756**	8 826	33		**40,7**	37,1
South Africa	**6 002**	4 514	33	33	**34,0**	29,9
Nigeria	**4 883**	3 557	37	59	**52,4**	51,0
Cameroon	**520**	450	16	24	**42,7**	42,1
Uganda	**264**	236	12	15	**50,8**	49,5
Rwanda	**48**	37	30	31	**48,0**	44,6
Swaziland	**39**	32	22	22	**51,3**	45,7
Other operations	**14**	8	75	75	**17,5**	9,3
Mauritius/International	**249**	221	13			
Total	**12 019**	9 055	33		**41,5**	37,9

MTN Group consolidated EBITDA increased by 33% year-on-year to R12 billion for the year ended 31 March 2005, of which 50% was generated by the international operations. The Group's EBITDA margin improved significantly from 37,9% to 41,5% as a result of the strong improvement in the EBITDA margin of MTN South Africa, coupled with the slight increase in all of the EBITDA margins of the international operations.

MTN South Africa

Table 8: MTN South Africa expenditure analysis

For the year ended 31 March	2005 Rm	2004 Rm	% change
Interconnect and roaming cost	**2 711**	2 485	9
Sales, distribution and marketing	**3 832**	3 319	15
Cost of goods sold	**2 251**	2 170	4
Staff costs and consulting expenses	**915**	903	1
Network operating costs	**1 261**	1 119	13
General and administration	**689**	566	22
Total	**11 659**	10 562	10

The EBITDA margin for MTN South Africa increased from 29,9% in 2004 to 34% in 2005, with EBITDA increasing by 33% to R6 billion for the year ended 31 March 2005. The improvement in EBITDA margin is attributed to the strong growth in revenues coupled with greater control over commission, interconnect and handset expenses, which all increased by less than the 17% increase in revenues.

The year-on-year increase in sales, distribution and marketing expenses was restricted to 15%, being lower than the 17% increase in related revenues over the year largely due to savings in the distribution channel.

Net interconnect revenues as a percentage of total revenues remained similar year-on-year.

The 4% increase in cost of goods sold which includes handsets and accessories, SIMcards and airtime vouchers, can be ascribed to decreases in the average cost price of handsets, due to the strengthening of the rand, and savings as a result of the Group's centralised procurement policies.

Staff costs, professional and consulting fees have been contained due to inflationary increases on staff costs being offset by savings on professional fees.

Increases in network operating cost which include maintenance, rent and utilities, transmission and licence fees, were generally in line with the heightened level of business activity.

General and administration expenses in 2004 included one of gains not recurring in the current year.

MTN Nigeria

The EBITDA margin for MTN Nigeria increased slightly from 51% in 2004 to 52,4% in 2005, while EBITDA for the year ended 31 March 2005 increased by 37% against the previous year to R4,9 billion.

Table 9: MTN Nigeria expenditure analysis

For the year ended 31 March	**2005 Rm**	2004 Rm	% change	% change local currency
Roaming and interconnect cost	**767**	440	74	100
Sales, distribution and marketing	**787**	675	17	34
Cost of goods sold	**404**	365	11	27
Staff costs and consulting expenses	**431**	413	4	17
Network operating costs	**696**	668	4	24
General and administration	**1 342**	855	57	75
Total	**4 427**	3 415	30	48

The increase in interconnect cost is due to the growth in subscriber bases of the other mobile operators leading to higher volumes of outgoing traffic terminating on these networks. Discounts and commissions, included in sales, distribution and marketing, are revenue-related, but decreased from 9,4% to 7,6% as a percentage of airtime and subscriptions.

The increase in staff costs and consulting expenses of 17% year-on-year in local currency is a combination of increased headcount due to the expansion of the operations and annual salary increases, offset by reductions in consulting expenses.

Network operating costs increased year-on-year due to the significant number of additional base stations deployed on rental properties during the year, partly offset by the fact that the operation has achieved a slight reduction in transmission line costs due to the expansion of the backbone and renegotiation of the costs of satellite links.

General and administration expenses have risen in line with the expansion of the Nigerian operation.

group finance director's report *continued*

Other mobile operations

The EBITDA margin for **MTN Cameroon** at 42,7% for the year ended 31 March 2005 remained stable against the previous financial year while EBITDA increased by 16% year-on-year. The recoverability of certain interconnect balances remains a challenge for the operation, however a conservative accounting approach has been adopted in this regard.

The EBITDA margin for **MTN Uganda** has remained stable at over 50%. The EBITDA margin for **MTN Rwanda** has increased due to strong revenue growth, while expenses have increased moderately year-on-year. The increase in **MTN Swaziland's** EBITDA margin was driven by very tight cost control, with both cost of sales and operating expenses remaining at similar levels to the prior financial year.

Depreciation

MTN Group's depreciation increased by 22,9% year-on-year to R2,8 billion as envisaged, due to the significant increase in the fixed asset base in MTN Nigeria. The depreciation for MTN South Africa was R50 million lower than in the previous year, due to certain assets having been fully depreciated.

Finance costs

The Group's EBITDA to net interest cover has improved from 15 times in 2004 to 45 times in 2005, due to a significant decrease in net finance costs and an increase in EBITDA.

Net finance costs decreased by 56% to R266 million from R604 million in the prior financial year due to reduced net finance charges in most of the Group's operations as well as the reduction of foreign exchange losses from R224 million to R43 million, given the continued strength of the Group's major functional currencies against the US dollar.

MTN South Africa recorded net finance income as the operation was in a cash positive position for the year.

Finance costs in MTN Nigeria increased in line with the higher debt levels of the operation. These increased finance charges were, however, offset to some degree by the strengthening of the rand against the naira on translation for consolidation purposes.

Taxation

The Group's effective tax rate for the year ended 31 March 2005 remained low at 17% which is comparable to the previous year's effective tax rate of 18,1%. The Group's effective tax rate would have been approximately 32% had MTN Nigeria been taxed at the Nigerian statutory tax rate of 30%.

MTN Nigeria is still within the tax holiday period granted to it as a result of pioneer status. Consequently, no corporate tax was payable in Nigeria during the year and a credit of R406 million was recognised in the income statement in respect of the deferred tax asset arising on wear and tear allowances on capital expenditure which can be claimed upon expiry of pioneer status. The resultant increase in earnings is, however, reversed when reporting the Group's adjusted headline earnings.

During the year under review, correspondence was received from certain Nigerian authorities regarding the pioneer status of MTN Nigeria. Discussions have been ongoing with the relevant authorities in this regard. Subsequent to year-end, additional positive correspondence clarifying the position on pioneer status has been received. In the light of these factors, management remains confident that the granting of pioneer status to MTN Nigeria is and will remain in effect for the full five-year period.

The decrease in the corporate tax rate in South Africa from 30% to 29% did not have a significant impact on the Group results, as this rate change is only effective for years ending after 31 March 2005 and therefore only impacted deferred tax balances for the South African operation.

STC of R84 million on the dividend of R680 million declared in June 2004 is also included in the tax charge.

Table 10: Analysis of adjusted HEPS

For the year ended 31 March	**2005** **Rm**	2004 restated Rm	% change
Wireless operations	**361,5**	267,5	35
South Africa	**203,6**	135,9	50
Nigeria	**138,2**	112,4	23
Cameroon	**9,9**	10,7	(7)
Uganda	**7,1**	6,4	11
Rwanda	**1,4**	1,0	40
Swaziland	**1,3**	1,1	18
Other operations	**0,4**	(0,1)	—
Mauritius/International	**4,7**	(13,8)	—
Total	**366,6**	253,6	45

Adjusted headline earnings increased by 45% to 366,6 cents for the year ended 31 March 2005. MTN South Africa significantly increased its contribution by 50% to 203,6 cents, with this primarily due to decreases in depreciation and net interest income being recorded as a result of the favourable cash balances. The international operations increased their contribution as analysed in Table 10 above.

The Board continues to report adjusted headline earnings (excluding the net impact of the deferred tax asset in MTN Nigeria) in addition to basic headline earnings which it believes does not adequately reflect the Group's underlying economic performance, given the inherent uncertainties over the valuation of a deferred tax asset to be realised so far into the future.

group finance director's report *continued*

Balance sheet

The total assets for the Group have increased by R7,1 billion to R29,4 billion at 31 March 2005 from a balance of R22,3 billion at the end of the previous financial year, as adjusted for the adoption of IFRS3 (AC140) effective 17 July 2000, which resulted in it no longer recognising goodwill of R9,7 billion on the balance sheet with reserves reducing by a similar amount. The closing balance sheet has not been significantly impacted by exchange rate movements, as the closing cross rates between the rand and the reporting currencies of the other operations did not differ significantly, year-on-year as illustrated by the movement of only R29 million in the foreign currency translation reserve.

Table 11: Balance sheet analysis

As at 31 March	Total 2005 Rm	South Africa 2005 Rm	Nigeria 2005 Rm	Rest of Africa 2005 Rm	Total 2004 Rm	% change
Non-current assets	18 727	5 467	10 681	2 579	13 637	37
Intangible assets (including goodwill)	1 719	160	1 170	389	1 817	(5)
Tangible and other non-current assets	17 008	5 307	9 511	2 190	11 820	43
Current assets	10 637	7 578	2 265	794	8 643	23
Bank balances and security cash deposits	6 429	4 379	1 518	532	5 336	20
Other current assets	4 208	3 199	747	262	3 307	27
Total assets	29 364	13 045	12 946	3 373	22 280	32
Capital, reserves and minority interests	18 257	8 051	8 473	1 733	11 546	58
Non-current liabilities	3 618	816	2 108	694	4 376	(17)
Interest-bearing	3 011	303	2 108	600	3 710	(19
Other	607	513	—	94	666	(9)
Current liabilities	7 489	4 178	2 365	946	6 358	18
Interest-bearing	217	80	46	91	439	(51)
Other	7 272	4 098	2 319	855	5 919	23
Total equity and liabilities	29 364	13 045	12 946	3 373	22 280	32

Non-current assets

Intangible assets mainly comprise capitalised telecommunication licence fees that are amortised over the respective licence periods. No significant additions occurred in intangibles during the year.

Tangible fixed assets consist primarily of property, plant and equipment. R7,4 billion of property, plant and equipment were purchased during the year, of which 74% was spent on the network roll-out in Nigeria. The capital expenditure incurred was 78% of the commitment for the year, the shortfall being attributable partially to the strength of the naira against the US dollar as well as slower than expected network roll-out in Nigeria.

Included in other non-current assets, is the deferred tax asset of R709 million relating to timing differences in MTN Nigeria which are expected to reverse after the 5 year Nigerian tax holiday expires. Also included, is an investment of R300 million relating to the sinking fund policy taken out as an indirect hedge against the US dollar denominated debt in MTN Mauritius.

Table 12: Analysis of capital expenditure

For the year ended 31 March	2005 Rm	2004 Rm	% change	Capital commitments 2006 Rm	% of total
Wireless operations	**7 569**	5 045	50	10 384	100
South Africa	**1 741**	1 070	63	2 951	28
Nigeria	**5 518**	3 403	62	6 963	67
Cameroon	**194**	410	(53)	274	3
Uganda	**88**	129	(32)	150	1
Rwanda	**11**	22	(50)	30	*
Swaziland	**17**	11	55	16	*
Other operations	**4**	3	33	3	*
Mauritius/International	**3**	—	—	4	*
Total	**7 576**	5 048	50	10 391	100

**Less than 1%*

Current assets

Cash on hand in South Africa increased by R2 billion, after distributing dividends of R680 million to shareholders, while the cash in the international operations decreased by R1 billion, R500 million of which related to MTN Nigeria to fund network roll-out, while cash in MTN Cameroon decreased by R200 million primarily to repay debt.

The majority of the increase in other current assets is due to higher trade receivables and increased inventory levels in MTN South Africa due to increased trading activity.

Interest-bearing liabilities

The Group's interest-bearing debt decreased by R921 million during the financial year. MTN Mauritius reduced its debt by R822 million using the proceeds from management fees from the international operations as well as excess cash on hand.

group finance director's report *continued*

The Group's net cash position has increased from R1,2 billion at 31 March 2004 to R3,2 billion at 31 March 2005, comprising cash balances of R6,4 billion (of which R591 million relates to a securitised cash deposits in MTN Nigeria), offset by long-term liabilities of R3 billion and short-term liabilities of R217 million.

Other liabilities

Other liabilities consist of trade payables, accruals, taxation, provisions and revenue received in advance. Due to increased trading activities these have increased significantly in both MTN South Africa and the international operations.

Cash flow statement

Table 13: Analysis of cash flows

For the year ended 31 March	Total 2005 Rm	South Africa 2005 Rm	Nigeria 2005 Rm	Rest of Africa 2005 Rm	Total 2004 Rm	% change
Cash inflows from operating activities	**10 181**	**4 485**	**4 794**	**902**	8 597	18
Cash outflow for dividends paid	**(680)**	**(680)**	**—**	**—**	—	—
Cash outflows from investing activities	**(7 551)**	**(1 729)**	**(5 516)**	**(306)**	(4 898)	54
Cash (out)/in flows from financing activities	**(859)**	**33**	**108**	**(1 000)**	233	—
Net movement in cash and cash equivalents	**1 091**	**2 109**	**(614)**	**(404)**	3 932	(72)

Cash from operating activities

Cash from operating activities increased by 18% year-on-year to R10,2 billion for the year ended 31 March 2005. MTN South Africa's cash from operating activities was R466 million higher than in the previous year, due in part to an increase in taxation paid of R860 million against the previous year. Excluding the effect of finance costs and taxation paid, the cash generated by operations for MTN South Africa increased by R1,2 billion, or 24% year-on-year, which is comparable to the EBITDA increase. As in the prior year, net cash generated from operating activities of R5,7 billion by MTN International exceeds that of MTN South Africa, and represents an increase of 24% against the previous year. This is less than the growth in EBITDA margin as the previous year's cash flow included an inflow of R627 million due to working capital changes while in the current year's changes in working capital only resulted in an inflow of R262 million.

Free cash flow after investing activities

All the operations except MTN Nigeria reflected positive free cash flow. MTN Nigeria's investment in capital infrastructure exceeded the cash generated by operating activities by R722 million, as a result of the emphasis placed on accelerated network roll-out in Nigeria.

Financing and group facilities

During the financial year MTN Nigeria raised an additional US$200 million facility of financing under its medium-term project finance facility raising the total facility to US$545 million. The new facility consists of US$80 million provided by a consortium comprising the IFC, SCMB and DFI, and the US$120 million equivalent naira denominated financed by local Nigerian banks. At 31 March 2005, MTN Nigeria had fully utilised the initial medium-term project finance facility of US$345 million and US$15 million of the additional facility.

MTN Cameroon re-financed its long-term debt during the year, which resulted in all debt in MTN Cameroon now being CFA based as opposed to a combination of the CFA and the euro. The refinanced corporate loan has no recourse to MTN Holdings and less restrictive covenants and security arrangements. The loan of R123 million to the Government of Cameroon was repaid in August 2004.

The Group's offshore borrowing in MTN Mauritius declined to US$30 million at 31 March 2005, which is indirectly hedged by the US$47 million sinking fund policy in MTN International.

With the exception of MTN Nigeria, which at present has current foreign currency exposure of US$110 million, the majority of funding within the operations is denominated in local currency and consequently carries limited exposure to exchange rate fluctuations.

Capital commitments

The Group's capital commitments for the next 12 months are outlined in Table 12 above. The Group continuously monitors capital expenditure to ensure amounts committed are consistent with market demand as well as within the financial capacity of the Group. As in the past year, the majority of capital commitments for the next financial year relate to MTN Nigeria. MTN South Africa's future capital commitments are higher than those for the year to 31 March 2005, due to the 3G roll-out requirement of approximately R300 million as well as the new corporate head office building of R337 million.

These commitments will be financed through cash flows from current operations as well as additional borrowing facilities if necessary.

group finance director's report *continued*

Change of year end

The financial year-end of MTN Group and 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 to improve administrational efficiency. The Group will still report half-year results to 30 September 2005 followed by final results for the nine months ending 31 December 2005.

Accounting policies

Early adoption of AC128 (IAS36), AC129 (IAS38), AC140 (IFRS3) and AC132 (IAS27)

The Group has adopted IFRS3 (AC140) and the revised IAS27 (AC132), IAS36 (AC128) and IAS38 (AC129) with effect from 17 July 2000. The adoption of these statements results in a change in the accounting policies previously applied. The impact of this adoption is reflected below.

The purchase of a minority interest is not a business combination in accordance with IFRS3 (AC140). Furthermore, the guidance in IAS27 (AC132) suggests that the holders of a minority interest are equity participants in a Group. Consequently, the Group has decided to treat minority shareholders as equity participants and, therefore, any purchase/sale of minority interests is now accounted for as an equity transaction. As a result, differences between the consideration paid or received and the minority interests acquired or sold are recorded directly in equity as opposed to being recorded as goodwill or credited to the income statement.

The Group believes that this decision results in a more appropriate presentation of events and transactions in its financial statements. This treatment is consistent with the policy that the Group will apply following its conversion to IFRS. As a result, the Group believes that the information presented in these and future financial statements will provide greater comparability in respect of such transactions.

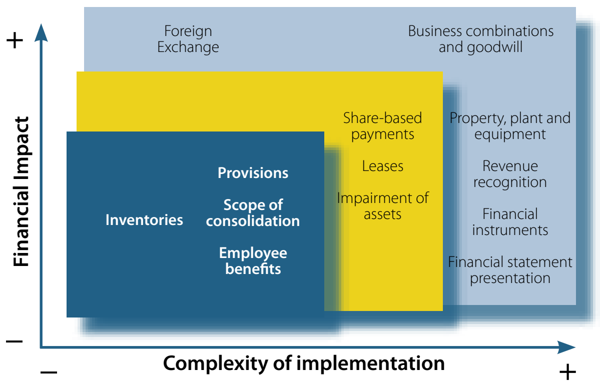
Adoption of the above-mentioned statements from 17 July 2000 results in the excess of the purchase price over the book value of the minority interest relating to the acquisition by the Group of the remaining 23% interest in MTN Holdings from Transnet Limited on that date, amounting to R11,6 billion, now being recorded in equity as opposed to goodwill. Subsequent acquisitions/disposals have resulted in an amount of R0,3 billion also being recorded within equity.

The change in accounting policy did not have an effect on the net profit for the 2005 financial year.

Conversion to IFRS

In terms of the JSE Listing Requirements, compliance with IFRS is required for financial years beginning on or after 1 January 2005. Accordingly, the Group is required to produce IFRS compliant financial statements for the nine months ending 31 December 2005 including restated financial statements for the year ended 31 March 2005 and an opening balance sheet on 1 April 2004. The Group is also required to produce IFRS compliant interim results for the six months ending 30 September 2005 as well as restated comparatives. To this end the Group has initiated an IFRS conversion project, which is on track to meet the required deadlines.

The project governance structure has a steering committee providing project sponsorship and strategic guidance to the IFRS conversion team, accountable to the MTN Group Audit Committee. A technical review committee provides input to the steering committee and ensures that all technical issues are considered, debated and resolved. The project methodology consists of a structured phased approach. Phase 1 is complete and involved a preliminary study to identify principal activities that will be impacted by the conversion to IFRS. This included an assessment of the likely impact on the Group's financial statements together with perceived complexity of implementation. The table below illustrates the areas identified:



Phase 2 is currently in progress and consists of a detailed component evaluation, gap analysis and the completion of the initial conversion to IFRS.

Phase 3 involves the embedding process and infrastructure changes required to report IFRS on a sustainable basis.

Dividends

In light of the Group's strong free cash flow generation, especially by the South African operation coupled with its strong financial position, the board recommended a dividend cover of 5 – 6 times on adjusted headline EPS. Accordingly, a dividend of 65 cents per share for the year has been declared.

group finance director's report *continued*

Conclusion

The Group's performance over the past financial year was positive, with the profitability of all operations increasing steadily. The financial performance of MTN Nigeria was pleasing, notwithstanding the operational challenges and competitive pressures experienced in the operation. With the exception of MTN Nigeria, where capital expenditure slightly exceeded operating cash flow, all operations generated positive free cash flows in excess of their capital expenditure requirements.

The Group's gearing level at 31 March 2005 was well below its stated target of 40% to 50%. This strong balance sheet positions the Group well to actively pursue and take advantage of viable expansion opportunities.

Rob Nisbet

Group Finance Director

contents

MTN increased overall subscribers by 50% to 14,3 million subscribers.

MTN Nigeria achieved subscriber growth of 123% maintaining its position as the largest operator in Nigeria.

MTN South Africa's subscriber base increased by 28% while market share remained steady.

MTN South Africa

Company overview

MTN South Africa launched its services in 1994 and is the second-largest of three cellular operators in the country, with an established reputation for network excellence and product innovation.

As at 31 March 2005, MTN South Africa recorded 6 610 000 prepaid subscribers, a 30% growth year-on-year, and 1 391 000 postpaid subscribers, a 19% increase. It is currently estimated that South Africa with a population of 47,1 million has approximately 21 million subscribers, resulting in an estimated mobile penetration of 44%. It is further expected that the market could expand to 30 to 31 million subscribers by 2009.

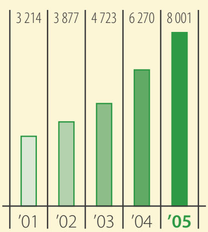
During the year, Maanda Manyatshe, former CEO of SA Post Office, took up the position of managing director of MTN South Africa.

Network infrastructure

Capital expenditure for the year amounted to R1,7 billion, the majority of which relates to network infrastructure required to accommodate the rapid increase in network traffic. A strategic partnership with Ericsson has been finalised with a view to having an operational 3G network in all key metropolitan areas and a widely-enabled EDGE network to further support data applications in extended areas. In addition, the necessary upgrades have been performed to expand EDGE coverage to more than 220 000 km^2. The network group continues to roll-out and enhance the capacity of existing base stations to accommodate increasing traffic and maintaining congestion at acceptable levels.

South Africa financial results	2005 Rm	2004 Rm
Revenue	**17 673**	15 098
EBITDA	**6 002**	4 514
PAT	**3 386**	2 245
Market information		
Population (million)	**47,1**	
Mobile penetration (%)	**44**	
Mobile market share (%)	**38,5**	
Operational information		
Prepaid/Postpaid mix (%)	**83/17**	

Note: Financial data reflect 100% of the operation



Number of subscribers
('000)

MTN South Africa *continued*

Marketing

The key focus areas during the year were enhancing brand affinity, improving the customer experience, remaining at the cutting edge in terms of product innovation and the protection of revenue streams, all of which remain critical in maintaining market share in the light of intense competition and a dynamic environment.

MTN South Africa launched MTN Group's new global brand pay-off line MTN *everywhere you go*, further entrenching MTN as a global brand. Financial evaluation of South Africa's 10 most valuable global brands was undertaken by Interbrand, a reputable Johannesburg brand evaluation agency in collaboration with its partners based in London. MTN's brand achieved second place with an estimated brand value of R8,9 billion.

Market share has increased marginally to an estimated 38,5% as at 31 March 2005, as a result of MTN South Africa improving its share of the prepaid segment. Subscriber acquisition costs in the postpaid segment have remained relatively high, given the extremely keen competition for new subscribers.

Blended ARPU for the period declined from R204 to R184 per subscriber. This is attributable to the increase of the weighting of the prepaid base from 81% to 83% of the total subscriber base and the decline of both prepaid and postpaid ARPU, due to deeper penetration into the market.

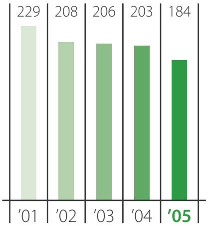
Average minutes of use per subscriber have declined by 10% to 140 in line with the decrease in ARPU.

Postpaid ARPU decreased by 4% to R576 from R597 in the previous year, due to the majority of customers acquired coming from the lower-end price plans such as MyCall Top Up and MyChoice 100. These subscribers tend to receive more incoming calls as well as remain within their bundled minute allocations, contributing to a lower ARPU in relation to other price plans.

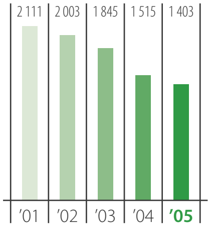
Prepaid ARPUs decreased to R97 from R104. This is attributable to the penetration into the lower-income population groups, coupled with increased market share of the total telecommunications market, resulting in on-net traffic becoming a higher proportion of total traffic and lower incoming call revenue per subscriber overall.

Products

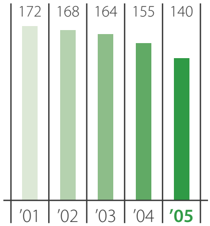
The Blackberry mobile e-mail solution and MTNLoaded, the new MTN portal replacing MTN ICE, are amongst the new services launched during the year. As part of the launch, prepaid subscribers were given free access to GPRS WAP for a trial period. Other new products include international voicemail retrieval through USSD-based call back options and corporate mobility.



ARPU blended for period to 31 March
(Rand)



Cumulative capex per subscriber as at 31 March
(Rand)



Average minutes of use per subscriber for the period to 31 March
(minutes)

Legal and regulatory

MTN South Africa is now able to utilise Sentech as an alternative international gateway service provider which is starting to yield interconnect savings on international outgoing calls.

A key regulatory development was the announcement by the Minister of Communications liberalising self-provisioning of facilities, resale of capacity and VoIP, effective February 2005, which could open doors for new revenue streams and enable us to better leverage the 3G technology which is being rolled-out. This process of liberalisation is also likely to increase the potential competition in the infrastructure and value-added network service domains.

The Convergence Bill was tabled in parliament in February 2005, and currently envisages:

- No new licences for infrastructure provisioning;
- Extended rights for existing licences;
- Broadband corridor and transmission backbone supporting converged services; and
- Separation of the market into horizontal segments.

MTN South Africa continues to participate actively in the various processes set out by the Parliamentary Portfolio Committee on Communications for industry input into the final form of the legislation.

Number portability is likely to be introduced prior to the end of the 2005 calendar year, in response to a directive in the Telecommunications Act. An industry-wide consultative process is ongoing to develop regulations and functional specifications for the implementation of number portability among mobile operators.

Improvements in customer satisfaction and service levels will remain key priorities, expected to be major differentiating factors critical to retaining existing subscribers and growing the base in the future.

MTN South Africa *continued*

The needs of the customer today have changed. Previously all customers wanted was basic telephony, now they demand synchronised telecommunication services and products, which complement their lifestyle. This calls for a higher generation of value-added services.

The new global brand reflects the way MTN enhances peoples' lives, connects people and takes products to market. MTN aims to empower everyone whose life it touches through caring partnerships.

MTN South Africa's rights to 1800 MHz and 3G frequency spectrum are contained in the revised Telecommunications Act. Additional obligations associated with these rights include:

- Distribution of 2,5 million SIM cards over five years from 2005;
- Provision of 125 000 mobile phones over five years from 2005;
- Provision of internet access and terminal equipment (10 per institution) to 140 institutions for people with disabilities over a three-year period from 2005; and
- Provision of internet access to 5 000 public schools over eight years commencing 2005.

Achieving employment equity targets and succession-planning remain two of the most important priorities in the human resources arena, and the company has undertaken to align itself with the ICT charter requirements. The company will further increase procurement from companies with high BEE ratings.

MTN South Africa has committed itself to supporting the establishment of USAL licensees and to this end has concluded an agreement with T3 in KwaZulu-Natal for the provision of both local and national roaming.

MTN Nigeria

Company overview

MTN Nigeria continues to report subscriber growth well in excess of initial expectations. Since securing one of four GSM licences and launching commercial operations in August 2001, MTN Nigeria has built its own transmission backbone, Y'elloBahn, and its own power system, Y'elloWatts, through an extensive grid of generators, both necessary due to insufficient telecommunications and power infrastructures. At the end of March 2005, MTN Nigeria reported a subscriber base of 4,4 million, a growth of 123% year-on-year. Mobile penetration has more than doubled and is currently estimated at 7%. The rapid subscriber growth is due to the high pent-up demand in the country, unlocked by the highly-competitive operations in the mobile market and the decline in connection fees to 980 naira for the second half of the year.

In August 2004, the contract of the former managing director, Adrian Wood, expired and Sifiso Dabengwa, Group Chief Operating Officer, assumed the position of CEO of MTN Nigeria.

Network infrastructure

MTN Nigeria's capital infrastructure spend for the year ended 31 March 2005 was over US$880 million. At year-end, US$337 million of infrastructure had been purchased but not yet commissioned. Network quality and coverage has increased and 823 BTS were commissioned during the year, increasing the number of BTS to 1 662 across the country at year-end. The number of MSCs increased to 30 at year-end.

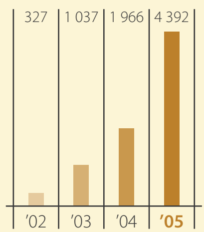
This has resulted in increased geographic and population coverage statistics. At year-end, population coverage approximates 58% and geographical coverage approximates 279 154 km^2 or 30%. There has also been a significant improvement in network quality, with network congestion down to an average of 8,7% during peak hour and network availability of 99%.

The company has commenced GPRS trials, and plans are also in place for the deployment of a national optical fibre backbone, to supplement the microwave transmission links in key areas. The company has increased the

Nigeria financial results	2005 Rm	2004 Rm
Revenue	**9 310**	6 973
EBITDA	**4 883**	3 557
PAT*	**3 058**	2 366
Market information		
Population (million)	**133,8**	
Mobile penetration (%)	**7,02**	
Mobile market share (%)	**47**	
Operational information		
Prepaid/Postpaid mix (%)	**98/2**	

Note: Financial data reflect 100% of the operation

**Excluding deferred tax asset*



Subscriber base
('000)

MTN Nigeria *continued*

percentage of local content in terms of both materials and companies used for site-build in line with the MTN Group's policy of maximising the use of local suppliers. New numbering ranges and additional frequency spectra have been obtained during the year.

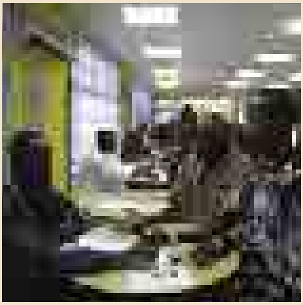
Marketing

The Nigerian market more than doubled in size over the year, driven by strong growth over the second half of the reporting period. MTN Nigeria was able to out-connect its competitors and saw its estimated market share remain steady at approximately 47% at year-end. This was due to the established distribution channel enabling a higher connection rate, coupled with a significant reduction of connection fees in the market.

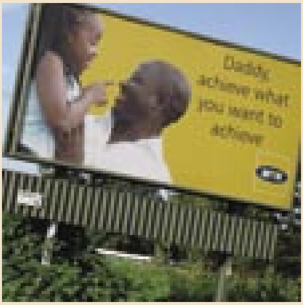
The MTN brand is the strongest in the telecommunications category and remains one of the leading brands in Nigeria. Seven out of 10 Nigerians remember MTN first before any other network. MTN brand preference is two and a half times that of its nearest competitor. During the year, MTN launched a series of very successful advertising campaigns with the objective of reinforcing MTN's brand leadership and emotional affinity between Nigerians and the MTN brand. MTN received the prestigious "This Day" newspaper's Brand of the Year award and was also awarded the prestigious Alder Brand of the Year during the financial year.

ARPU continued to decline from US$51 in 2004 to US$40 for the 12 months to 31 March 2005. This decrease is in line with expectations, given the strong subscriber acquisition in the second half of the reporting period. ARPU is expected to decline further.

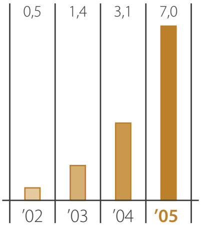
MTN Nigeria bolstered its customer relationship management capability through the appointment of a new executive, tasked with ensuring that MTN Nigeria remains positioned as the leader in customer service, which is already becoming a key differentiator despite the relative youth of this market.



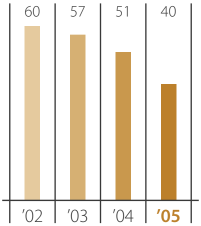
MTN friendship centres strive to improve customer services.



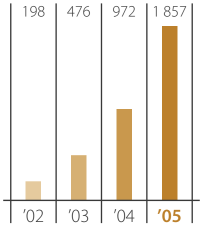
High brand visibility and loyalty have earned MTN "Brand of the year" status in Nigeria.



GSM penetration of population
(Percent)



ARPU trend
(US$)



Cumulative capex
(US$ '000)

Products

A significant number of products and innovations have been implemented during the year to meet customer demands. MTN Flash encourages the return of calls to a subscriber without depleting their airtime. MTN Services (download portal) provides user-friendly access to a variety of content and applications and MTN Fastmail SMS provides subscribers with access to their information-on-the go, via email anytime and anywhere in all 36 states in Nigeria. The MTN Prepaid Menu enables prepaid subscribers to migrate to any prepaid tariff plan. The booster card offering allows prepaid subscribers to benefit from lower per-minute or per-second tariffs by paying an additional subscription fee.

Distribution

MTN Nigeria's distribution channels are segmented into wholesale and retail. The wholesalers mainly stock MTN products for distribution to retailers and sub-dealers. The wholesale model is suited to this emerging market environment and could supply as many as six to eight tiers to get the product to the end-user. The success of the model is evidenced by the fact that both starter packs and recharge vouchers are widely available on the street.

MTN Nigeria goes to market through approximately 270 appointed distributors and through a second tier of distribution totalling some 7 700 points identified through existing distributors. In addition, there are 30 000 informal distribution points that are visited by third-party contractors.

There are currently 12 service centres in operation, strategically located across the country. These centres are used as retail points and service points. Customer service is further enhanced through some seven Connect Stores, a franchise concept, which will be further rolled-out during the new financial year.

Through the launch of MTN VTU, a convenient, innovative and reliable way of recharging MTN prepaid subscribers' airtime accounts without the use of recharge cards, an additional distribution channel has been created.

MTN Nigeria *continued*

Legal and regulatory

MTN achieved 100% compliance with licence conditions during the year.

The current dispute with the NCC in respect of the introduction by the NCC of reduced fixed/mobile and mobile/fixed interconnect rates is still pending.

During the year under review, correspondence was received from certain Nigerian authorities that could have created uncertainty as to whether or not MTN Nigeria has "pioneer status". Discussions have been ongoing with the relevant authorities in this regard. Subsequent to year-end, additional positive correspondence clarifying the position around pioneer status has been received. In the light of these factors, management remains confident that the granting of pioneer status to MTN Nigeria is, and will remain, in effect for the full five-year period.

Corporate governance

Ms Fatima Jakoet has been appointed to the board of MTN Nigeria as an independent non-executive director as well as chairperson of the audit and conflict committee. The committee has in addition to its primary audit review function, has responsibility for monitoring, administering and enforcing compliance with the company's conflicts of interest policy.

Social responsibility

In line with the Group's strategy of striving to contribute positively towards sustainable development in the countries in which it operates, the MTN Foundation was incorporated and officially launched in Nigeria on 11 May 2005. The MTN Foundation is committed to improving the quality of life of Nigerian communities in three critical areas of health, education and economic empowerment by investing 1% of the company's profit after tax into development initiatives. A key project under the MTN Foundation is the community phone initiative whereby women in rural communities are given MTN SIM packs, phones, recharge and booster cards under a micro-credit scheme to enable them to operate payphones in such communities achieving the dual objective of widening access to affordable telecommunications while supporting enterprise development. MTN Nigeria is the second entity within the MTN Group to formalise its social investment through the establishment of a foundation. The MTN Foundation is governed by a board of directors comprising accomplished and prominent Nigerians.

Competition

The level of competition in the Nigerian market undoubtedly intensified during the year, as the market transformed into a fully fledged four-player market. Much of the competitive focus is around pricing, with connection fees reducing sharply.

This trend is expected to be maintained for the forthcoming year.

MTN Cameroon

Company overview

MTN Cameroon started operations during 2000, following the acquisition of the mobile arm of Camtel, the government-owned telecommunications operator. Cameroon is a predominantly French-speaking market with an estimated population of 16,8 million. Mobile penetration is estimated at 9,7%.

MTN Cameroon recorded 863 000 subscribers for the year ended 31 March 2005 on its network, a 48% increase since 31 March 2004. Market share increased by 2% to approximately 54% against strong competition from a subsidiary of a major European operator.

The company has refinanced its international and domestic project finance facility with an unsecured local facility provided by a syndicate of banks. The facility is denominated in CFA with no recourse to MTN Holdings.

Network infrastructure

During the financial year ended 31 March 2005, MTN Cameroon invested US$31 million in property, plant and equipment. The major projects included significant upgrades of the prepaid platform and core network to provide additional capacity. The SDH backbone was also upgraded and an SDH transmission ring in Yaoundé and terrestrial backbone was constructed. The billing system was upgraded to provide needed functionality in respect of postpaid subscribers.

MTN Cameroon's infrastructure now comprises some of the latest technology, providing a solid foundation for growth and expansion. A total of 56 BTS sites were added to the network, taking the total number of operational sites to 275. Population coverage was increased from 65% to 73% between April 2004 and March 2005. The geographic coverage increased from 11% to 13%.

Marketing

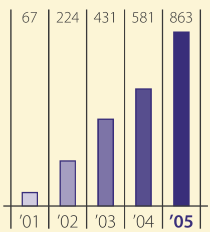
MTN Cameroon's brand remains strong in the marketplace. The results of a survey on brand health, conducted in February 2005 by an independent party, shows MTN as the top telecommunications brand in Cameroon and one of the top three brands in terms of brand awareness, including top of mind and total spontaneous awareness.

MTN Cameroon received four awards, Best Telecom Company, Best Product Innovation for Me2U, Best Sport Sponsorship and Top Ten CEO Awards.

ARPU saw a decline to US$23 from US$24 as new additions were principally made in the lower end of the market.

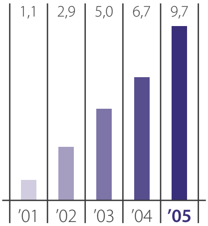
Cameroon financial results	2005 Rm	2004 Rm
Revenue	**1 218**	1 069
EBITDA	**520**	450
PAT	**206**	219
Market information		
Population (million)	**16,8**	
Mobile penetration (%)	**9,7**	
Mobile market share (%)	**54**	
Operational information		
Prepaid/Postpaid mix (%)	**98/2**	

Note: Financial data reflect 100% of the operation

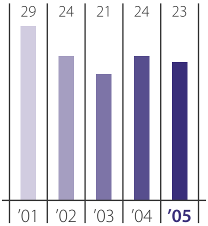


Subscriber base
('000)

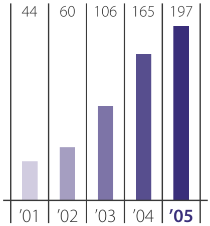
MTN Cameroon *continued*



GSM penetration of population
(Percent)



ARPU trend
(US$)



Cumulative capex
(US$ '000)

Products

During the reporting year, MTN Cameroon successfully introduced per-second billing. This resulted in approximately 390 000 customers migrating to this tariff plan. MTN Cameroon also saw the launch of Me2U, a value-added service that allows Pay-As-You-Go customers to transfer airtime to other parties, and the introduction of Business Flexi, a prepaid offer to SMEs.

Distribution

At year-end, MTN Cameroon had a network of 56 dealers and over 60 000 points of sale. MTN Cameroon's own distribution channel consists of seven service centres strategically located across the country.

Legal and regulatory

MTN Cameroon is in compliance with its licence obligations.

MTN is the main investor in the telecommunications market in Cameroon. It strives to continue developing a first class network.

Developing customer focused and innovative solutions enable MTN Cameroon to respond effectively to customer needs.

MTN Uganda

Company overview

MTN Uganda was awarded the country's second national operator licence, which included a GSM mobile licence in 1998 and seven years after commercial launch, MTN Uganda continues to report strong growth despite intense competition. As of end of March 2005, MTN Uganda reported a GSM subscriber increase of 45% from 495 000 to 719 000. Fixed network subscribers increased by 70% to 11 000.

Uganda, with a population of over 26 million, has an estimated 4,2% mobile penetration.

Network infrastructure

Network infrastructure investment for the year totalled US$28 million. It is estimated that current population coverage is 71% and geographic coverage 56%. Other infrastructure developments outside general network upgrades and expansion include further build-out of backbone infrastructure and the provision of VSAT services to remote areas. Some 550 km of underground fibre optic cable exists countrywide and the self-healing SDH fibre backbone transmission ring was also completed.

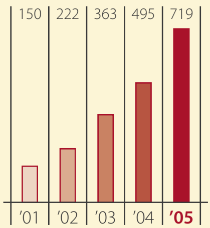
Marketing

Top of mind awareness was at 72%, substantially ahead of the nearest competitor. The reporting year saw the launch of a number of marketing initiatives with the campaign "Experience the Power of Y'ello" enhancing MTN's positioning on value. The new campaign was supported by various brand-building initiatives, specifically sports (Y'ello Golf and the MTN Kampala Marathon) and Y'ello music festivals.

In spite of very aggressive price competition, MTN maintained its mobile market share throughout the year at 66%., and furthermore has increased its total market share (including fixed lines) from 63% to approximately 63,5%.

Uganda financial results	2005 Rm	2004 Rm
Revenue	**999**	917
EBITDA	**507**	453
PAT	**226**	199
Market information		
Population (million)	**26,3**	
Mobile penetration (%)	**4,2**	
Mobile market share (%)	**66**	
Operational information		
Prepaid/Postpaid mix (%)	**98/2**	

Note: Financial data reflect 100% of the operation



Mobile subscribers base
('000)

MTN Uganda *continued*

Being "everywhere you go" means MTN customers travelling to any of the footprint countries enjoy the same levels of customer service and seamless communication.

Taking ownership of y'ello, both as a greeting and as a colour across its operations, reflects MTN's unique, original and smart approach to consumer and corporate segments.

Local currency-based ARPU was lower than expected, due to the acquisition of large numbers of low ARPU subscribers and the elimination of the two-card system which resulted in the loss of prepaid subscription revenue. US dollar-based ARPUs were positively affected by the consistent appreciation of the Ugandan shilling against the dollar over the year.

ARPUs for the current year were US$19 compared to US$22 for the previous year.

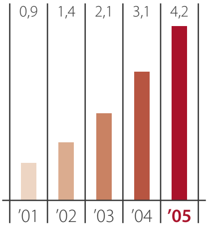
Products

MTN Uganda's product range extends beyond mobile services and includes fixed wireless terminals and broadband fibre technology which is being utilised by a number of Uganda's largest corporations. Wireless local loop is offered to smaller businesses, providing voice, fax and high-speed data services.

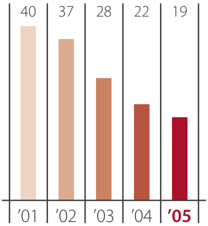
In terms of the core mobile product suite, Y'elloMax, a flat-rate tariff package, was introduced soon after the removal of service fee charges and comprises approximately 50% of the prepaid subscriber base. Per second billing was launched in the last quarter of the year, targeted at the low usage segment of the prepaid market.

Me2U was launched in July 2004 to address the lack of smaller airtime denominations in the market and to enable the sharing of airtime between subscribers at the lower end of the market.

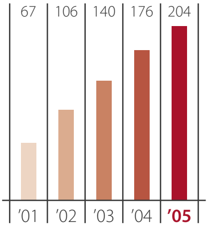
MTN launched My Y'elloline (CDMA platform, a fixed-line product) in four major towns in November 2004 and has since started to gain fixed market share from its competitors in spite of challenges with terminal stock replenishment. The My Y'elloline offer was enhanced with a flat-rate unlimited internet access offer dubbed Y'elloAccess which was well received by fixed-line data customers.



GSM penetration of population
(Percent)



ARPU trend
(US$)



Cumulative capex
(US$ '000)

Distribution

MTN Uganda has approximately 6 000 distribution points including four MTN Service Centres, a number of franchise principal dealers and their sub-dealer outlets.

Legal and regulatory

The Uganda Communications Commission has indicated satisfaction with MTN Uganda's fulfilment of the minimum requirements under the second national operator licence. In most cases, MTN Uganda managed to meet these requirements in the first three years of operation instead of the required five years.

The government has initiated a review of the optimal market structure for the telecommunications sector after the exclusivity granted to existing operators expires in July 2005. MTN Uganda is playing an active role in the participative forums put in place by the regulator in this regard.

Competition

The competitive environment in Uganda remains fierce, with all players devoting significant effort towards brand-positioning and seeking to carve out specific niches or segments which they can dominate.

MTN Rwanda

Company overview

MTN Rwanda is approaching its seventh year of commercial operation. MTN was awarded a national GSM licence in April 1998 and is currently the only mobile operator in the country. Since launch, the company has seen steady growth and, as of the end of March 2005, reported 188 000 subscribers a growth of 29%. This includes 43 000 subscribers from MTN Rwanda's subsidiary Supercell.

Rwanda's population is estimated at 8,7 million. The mobile penetration as at 31 March 2005 was 1,7%.

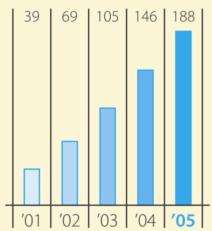
Network infrastructure

MTN Rwanda's infrastructure as at the end of March 2005 includes two MSCs, two BSCs, an earth station, a prepaid platform and 82 BTSs. This infrastructure provides a geographical coverage estimated at 64%, an increase from an estimated 60% for the prior year. This increase was driven by the extension of the network into commercially-viable rural areas.

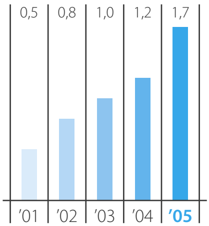
During the current year, the country experienced a number of power shortages. This has led MTN Rwanda to depend heavily on generators and has affected subscribers' ability to charge their phones. Capital expenditure for the period was US$7,7 million.

Rwanda financial results	**2005 Rm**	2004 Rm
Revenue	**250**	242
EBITDA	**120**	108
PAT	**56**	51
Market information		
Population (million)	**8,7**	
Mobile penetration (%)	**1,7**	
Mobile market share (%)	**100**	
Operational information		
Prepaid/Postpaid mix (%)	**98/2**	

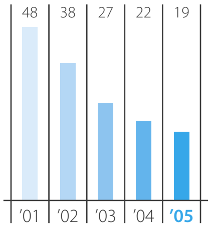
Note: Financial data reflect 100% of the operation.



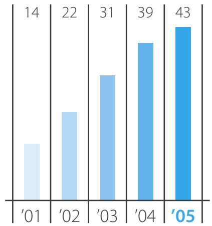
Subscriber base
('000)



GSM penetration of population
(Percent)



ARPU trend
(US$)



Cumulative capex
(US$ '000)

Marketing

MTN Rwanda remains the number one brand with very high affinity in the country and 96% prompted brand recognition, and has improved brand recognition by leveraging key sponsorships and wider brand presence initiatives.

The average ARPU per month for the current period is US$19, a drop from US$22 for the prior year. This is due mainly to the acquisition of lower-usage subscribers and the devaluation of the Rwanda franc against the US dollar.

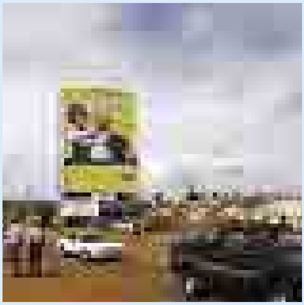
Products

The launch of the Flexi Package allowed for continued growth of the contract base. The "Friends and Family" Package was also introduced, allowing subscribers a 10% discount on calls made to four selected subscribers.

MTN Rwanda has successfully introduced mobile communication to Rwandan communities through its popular Tuvugane ("we can talk") community payphone initiative, which was launched during the reporting year. To date, approximately 1 600 Tuvugane payphones have been distributed. The initiative is part of MTNs drive to increase teledensity in rural areas and put telecommunications within reach of even those who cannot afford handsets.

MTN Rwanda *continued*

MTN Rwanda is proud of its role in nurturing the global MTN brand.



MTN Rwanda launching the new MTN global pay-off-line.

Distribution

At the end of the financial year, MTN Rwanda had approximately 2 000 countrywide distribution points, primarily consisting of dealer outlets, 18 distributor shops and six franchise shops.

Legal and regulatory

MTN Rwanda is currently in full compliance with all licence conditions.

MTN Swaziland

Company overview

MTN Swaziland is approaching its seventh year of commercial operation. MTN and SPTC joined forces in July 1998 to operate Swaziland's only national GSM licence.

MTN Swaziland recorded 145 000 subscribers at 31 March 2005, a 71% increase on the prior year. Swaziland has an estimated population of 1,1 million and an estimated mobile penetration of 13%.

Network infrastructure

During the year, total additional capital expenditure on network infrastructure amounted to R56 million. Geographical coverage increased to 79% and population coverage is estimated to have increased to 91% from 89% in the previous year. A new mobile switch centre and base station controller unit were commissioned to provide additional network capacity and redundancy to mitigate the exposure resulting from a single node network. Additional sites were commissioned largely to provide coverage in rural areas, bringing the total number of BTS at year-end to 74.

Marketing

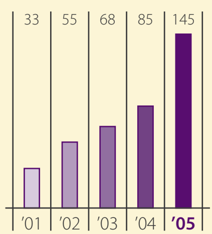
The soccer premier league games were the main events to create awareness and led to MTN Swaziland receiving the sponsor of the year award from the Swaziland National Sports Council.

Products

During the reporting year, MTN Swaziland launched the one-card system which saw the discontinuation of the monthly access fee. The launch resulted in a strong increase in subscribers and the loss of prepaid subscription revenue. However, due to low-usage customers coming onto the network, ARPU levels decreased from US$31 to US$29 over the reporting period.

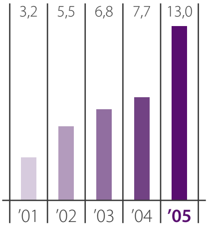
Swaziland financial results	**2005 Rm**	2004 Rm
Revenue	**254**	233
EBITDA	**131**	107
PAT	**73**	53
Market information		
Population (million)	**1,1**	
Mobile penetration (%)	**13,0**	
Mobile market share (%)	**100**	
Operational information		
Prepaid/Postpaid mix (%)	**98/2**	

Note: Financial data reflect 100% of the operation.

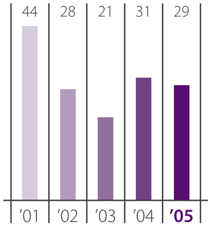


Subscriber base
('000)

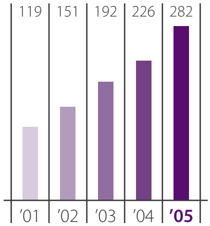
MTN Swaziland *continued*



GSM penetration of population
(Percent)



ARPU trend
(US$)



Cumulative capex
(ZAR '000)

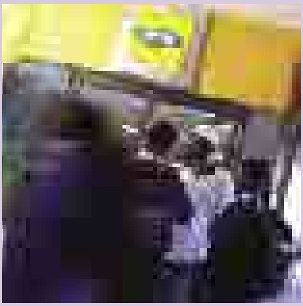
Other products launched during the year included the SMS information services and bank account transaction notification, which saw SMS traffic increase.

Distribution

MTN Swaziland has undertaken a restructuring of its distribution network. There are 950 distribution points countrywide which are serviced by wholesalers. There are currently only two direct distribution points, which are the MTN Service Centres.

Legal and regulatory

A new telecommunications bill is still with the Ministry of Tourism, Environment and Communication. Cabinet discussions have been reinitiated and the bill is expected to be tabled in parliament during the calendar year 2005. The new bill foresees the establishment of an independent telecommunications regulator.



Putting the customer first and delivering excellent customer service is MTN Swaziland's ultimate goal.

MTN Swaziland invests in personal development and growth.

strategic investments

Overview

Strategic Investments is responsible for exploring growth opportunities for the MTN Group, including geographic expansion and new business prospects. The division is also responsible for managing the existing non-mobile businesses within the Group which include Orbicom, MTN Network Solutions, MTN R&D and NEFTO.

International business development

During the year, Strategic Investments pursued a multi-pronged approach targeting single and multiple asset opportunities including bidding for new licences and evaluation of mergers and acquisitions. While MTN Group submitted very strong technical and financial bids, we were unfortunately not successful in securing new licences during the period under review. However, various alternatives for geographic expansion on the continent as well as in the Middle East continue to be explored.

During June 2005, the MTN Group, entered into an agreement to acquire a 51% stake in Loteny Telecom, trading under the name Telecel Côte d'Ivoire. Telecel Côte d'Ivoire is one of two operators in Côte d'Ivoire. The operation has in excess of 800 000 subscribers and an estimated market share of 46%. The transaction is subject to minor conditions, regulatory approval has been obtained.

Telecel Côte d'Ivoire performed relatively well in 2004, maintaining its market share through innovative products and services. Telecel Côte d'Ivoire was the first mobile operator in Côte d'Ivoire to introduce pre-paid cards in 1998. The operation continues to develop unique products, focusing on value-added services.

Côte d'Ivoire is one of the first African countries to liberalise the telecommunications sector with the privatisation of the state-owned Côte d'Ivoire Telecom.

The country has recorded one of the highest growth rates for GSM services in Africa over the last five years and growth potential still remains high, given the current mobile penetration rate of approximately 11%.

The acquisition further entrenches MTN Group in the West African market together with the Group's existing operations in Cameroon and Nigeria.

In June 2005, MTN Group also entered into an agreement to acquire Telecel Zambia, which is one of three network operators in Zambia. The acquisition of Telecel Zambia, which currently has an estimated market share of 21%, is subject to regulatory and competition approval from the relevant authorities in Zambia.

Telecel Zambia launched its services in June 1997 operating a CDMA network until 1999 when it migrated to GSM. It is currently the second largest network operator.

The Zambian mobile market is currently estimated at over 360 000 subscribers with a penetration rate of approximately 3% based on a population of nearly 11 million. Growth in the market, fuelled mainly by the recently increased competition amongst the mobile operators, is expected and coverage is concentrated in the urban areas. The regulator is seeking further expansion for rural telephony and Telecel has already responded, introducing 400 community payphone lines.

strategic investments *continued*

New business development – non-mobile ventures

In conjunction with other MTN divisions, Strategic Investments continues to identify emerging opportunities to leverage MTN's existing infrastructure.

Responsibility for research and development across the Group is located within Strategic Investments and several initiatives to enhance innovation across the Group originate from there.

The MTN Group, in all its operations continues, to investigate avenues to cooperate with financial institutions to bring new products to market.

MTN research and development

MTN R&D was created with a view to driving strategic innovation within the MTN Group and accelerating the introduction of breakthrough products and services. The impact of deregulation, greater competition, maturing markets and technological advancements make it imperative for MTN to have a clear strategy and focus for the future. As such, Airborn has been renamed MTN R&D to focus its activities on creating the next generation of products and services which will be required as MTN expands, to retain its leading position as a communications provider on the continent. To this end, MTN R&D have aligned themselves with the MTN operations, in assisting with strategy development and in bringing exciting products such as Blackberry, VoIP and Broadband Wireless to market.

MTN Network Solutions

The MTN Group has a 60% equity stake in MTN Network Solutions, which provides managed internet, VPN, hosting and other services for the corporate market. MTN Network Solutions performed strongly in a highly competitive environment and exceeded expectations on revenue, EBITDA and profit-after-tax levels.

During June 2005 the Group has acquired the remaining 40% interest in MTN Network Solutions.

Nigerian Electronic Funds Transfer Operations

MTN Mauritius has, in a joint venture with MTN Nigeria, set up a new company in Nigeria to establish a financial transactions platform. This company is currently offering its services exclusively to MTN Nigeria and will expand to include other customers over time. First revenues were recorded in the 2005 financial year.

Orbicom

MTN Group has entered into an agreement to dispose of 100% of its interest in Orbicom. The agreement is subject to requisite regulatory and Competition Commission approvals. MTN will, nevertheless, continue to explore new ways to position itself in the convergence space between telecommunications and broadcasting, as and when this happens.

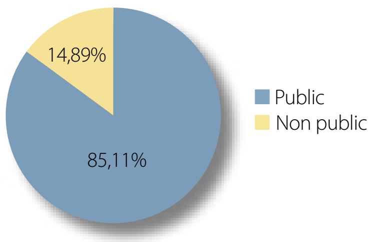
shareholders' information

as at 31 March 2005

Spread of ordinary shareholders

	Number of shareholders	Number of shares	%
Public	40 850	1 415 017 414	85,11
Non-public	8	247 479 216	14,89
– Directors of MTN Group Limited and major subsidiaries	6	1 375 406	0,08
– MTN Group employee shares held by MTN Holdings Share Trust	1	117 899	0,01
– Newshelf 664 (Proprietary) Limited	1	245 985 911	14,80
Total issued share capital	40 858	1 662 496 630	100,00

Shareholding



Stock exchange performance

	2005	2004
Closing price (cents per share) as 31 March	**4 400**	3 296
Highest price (cents per share)	**5 030**	3 336
Lowest price (cents per share)	**2 500**	1 187
Total number of shares traded (million)	**1 309,3**	1 436,9
Total value of shares traded (Rm)	**45 322**	28 975
No of issued shares	**1 662,5**	1 658,8
Number of shares traded as a percentage of issued shares (%)	**78,8**	86,6
Number of transactions	**143 877**	78 626
Average weighted trading price (cents per share)	**2 726**	2 063
Average telecommunications index	**765**	470
Average industrial index	**8 422**	6 055
Dividend yield (%)	**1,5**	1,2
Earnings yield (%) (headline earnings)	**8,75**	8,00
Earnings yield (%) (adjusted headline earnings)	**8,33**	7,68
Price/earnings multiple (adjusted headline earnings) as at 31 March	**12,00**	13,02
Market capitalisation as at 31 March (Rb)	**73,2**	54,7

five year review

	2005	2004*	2003*	2002*	2001*
INCOME STATEMENT – EXTRACTS (Rm)					
Revenue	**28 994**	23 871	19 405	12 432	8 337
Gross profit	**18 146**	14 212	11 084	7 351	4 985
EBITDA	**12 019**	9 055	6 126	3 626	2 659
Profit from operations	**9 064**	6 679	4 242	2 370	1 924
Net finance costs	**(266)**	(604)	(833)	(316)	(183)
Taxation	**(1 502)**	(1 101)	(687)	(908)	(576)
Minority interest	**(907)**	(612)	(289)	45	(61)
Attributable earnings	**6 407**	4 371	2 434	1 184	1 103
Headline earnings	**6 389**	4 370	2 483	1 184	1 103
BALANCE SHEET EXTRACTS (Rm)					
Property, plant and equipment	**15 623**	10 904	9 374	8 322	5 491
Goodwill	**33**	33	19	19	—
Intangible assets	**1 686**	1 784	2 263	3 685	2 795
Investments and loans	**604**	560	734	347	255
Deferred taxation	**781**	356	173	42	37
Bank balances, deposits and cash	**6 429**	5 336	2 128	1 568	809
Other current assets	**4 208**	3 307	3 186	2 646	1 586
Total assets	**29 364**	22 280	17 877	16 629	10 973
Ordinary shareholders' interest	**15 933**	10 128	6 784	5 132	3 523
Minority interest	**2 324**	1 418	882	820	144
Interest-bearing liabilities	**3 228**	4 149	4 835	5 776	4 364
Non-interest-bearing liabilities	**7 272**	5 919	4 569	3 997	2 259
Deferred taxation	**607**	666	807	904	683
Total liabilities	**11 107**	10 734	10 211	10 677	7 306
Total equity and liabilities	**29 364**	22 280	17 877	16 629	10 973
CASH FLOW STATEMENT – EXTRACTS (Rm)					
Net cash flow from operations	**12 303**	10 027	6 813	4 359	2 986
Cash inflows from operating activities	**9 501**	8 597	5 393	3 109	2 640
Cash outflows from investing activities	**(7 551)**	(4 898)	(4 391)	(3 502)	(4 531)
Cash inflows from financing activities	**(859)**	233	187	702	2 330
Cash and cash equivalents	**6 379**	5 231	1 931	1 230	804
Dividends paid	**(680)**	—	—	—	(142)
Capital expenditure	**7 576**	5 048	3 918	3 356	2 219
PERFORMANCE PER ORDINARY SHARE					
Basic headline earnings (cents)	**385,0**	263,7	150,6	72,5	73,1
Adjusted headline earnings (cents)	**366,6**	253,1	143,3	72,5	73,1
Attributable earnings (cents)	**386,0**	253,1	147,6	72,5	73,1
Dividends (cents)	**41,0**	0,0	0,0	0,0	10,3
Net asset value – book value (rand) (1)	**9,58**	6,11	4,11	3,13	2,17
RETURNS AND PROFITABILITY RATIOS					
Return on assets (%)(2)	**35,1**	33,3	24,6	17,2	22,3
Return on average shareholders' funds (%)(3)	**49,0**	51,7	41,7	27,4	40,7
Gross profit margin (%)	**62,6**	59,5	57,1	59,1	59,8
EBITDA margin (%)	**41,5**	37,9	31,6	29,2	31,9
Enterprise value/EBITDA multiple (times)(4)	**6,0**	6,1	3,8	7,4	12,7
Effective taxation rate (%)	**17,0**	18,1	20,1	44,3	33,1
SOLVENCY AND LIQUIDITY RATIOS					
Gearing (%)(5)	**(17,6)**	(10,3)	35,4	70,9	96,9
Interest cover (times)(6)	**15,9**	8,9	4,4	5,3	7,3
Dividend cover (times)(7)	**5,6**	6,2	n/a	n/a	6,9
Net debt to EBITDA(8)	**(0,3)**	(0,1)	0,4	1,2	1,3
Operating cash flow/revenue (%)	**42,4**	42,0	35,1	35,1	35,8

Restated for early adoption of AC131, AC128, AC129 and AC132 impacting goodwill amortisation – economic entity model adopted

	2005	2004	2003	2002	2001
OPERATIONAL INFORMATION: SOUTH AFRICA					
ARPU (rand)	**184**	203	206	208	229
Number of subscribers (million)	**8**	6,3	4,7	3,9	3,2
Mobile penetration of South African population (%)	**44,0**	36,0	27,0	21,8	16,6
Capital expenditure to revenue (%)	**10**	7	8	10	27
Cumulative capex per subscriber (rand)	**1 403**	1 515	1 845	2 003	2 111
OPERATIONAL INFORMATION: NIGERIA					
ARPU (US$)	**40**	51	57	60	
Number of subscribers (thousand)	**4 392**	1 966	1 037	327	
Capital expenditure to revenue (%)	**59**	49	48	149	
OPERATIONAL INFORMATION: CAMEROON					
ARPU (US$)	**23**	24	21	24	
Number of subscribers (thousand)	**863**	581	431	224	
Capital expenditure to revenue (%)	**16**	38	50	34	
OPERATIONAL INFORMATION: UGANDA					
ARPU (US$)	**19**	22	28	37	
Number of subscribers (thousand)	**719**	495	363	222	
Capital expenditure to revenue (%)	**17**	27	28	43	
OPERATIONAL INFORMATION: RWANDA					
ARPU (US$)	**19**	22	27	38	
Number of subscribers (thousand)	**188**	146	105	69	
Capital expenditure to revenue (%)	**11**	27	30	32	
OPERATIONAL INFORMATION: SWAZILAND					
ARPU (US$)	**29**	31	21	28	
Number of subscribers (thousand)	**145**	85	68	55	
Capital expenditure to revenue (%)	**22**	16	21	26	
SHARE PERFORMANCE					
Number of ordinary shares in issue (million)					
– at year-end	**1 662,5**	1 658,8	1 652,1	1 640,4	1 620,2
– weighted average during the year	**1 659,7**	1 654,4	1 646,9	1 632,9	1 508,9
Closing price (cents per share)	**4 400**	3 296	1 198	1 330	1 860
Market capitalisation (Rm)	**73 149,85**	54 674,13	19 792,16	21 817,32	30 135,72

DEFINITIONS

(1) Ordinary shareholders' interest divided by the number of ordinary shares in issue at year-end.

(2) Profit before interest and tax 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 as at 31 March plus net debt (interest-bearing liabilities less bank balances, deposits and cash) plus minority interest divided by EBITDA.

(5) Net debt as a percentage of total equity.

(6) Profit from operations divided by finance costs.

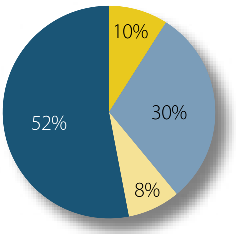
(7) Adjusted headline earnings divided by total dividend relating to the financial year.

(8) Interest-bearing liabilities less cash divided by EBITDA.

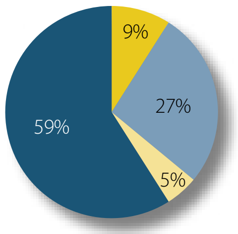
group cash value added statement

	2005 Rm	2004 Rm
CASH VALUE ADDED		
Cash value generated from revenue	**28 045**	23 458
Cost of materials and services	**(13 774)**	(11 796)
Cash value added by operations	**14 271**	11 662
Finance income	**258**	139
	14 529	11 801
CASH VALUE DISTRIBUTED		
Employees	**1 411**	1 096
Salaries, wages and other benefits	**1 181**	942
Employees' tax	**230**	154
Governments	**4 305**	3 163
Corporate and indirect taxation	**3 744**	2 624
Licence fees	**561**	539
Providers of capital	**1 201**	634
Finance costs	**521**	634
Dividends	**680**	—
Total cash value distributed	**6 917**	4 893
Reinvested in the Group	**7 612**	6 908
	14 529	11 801

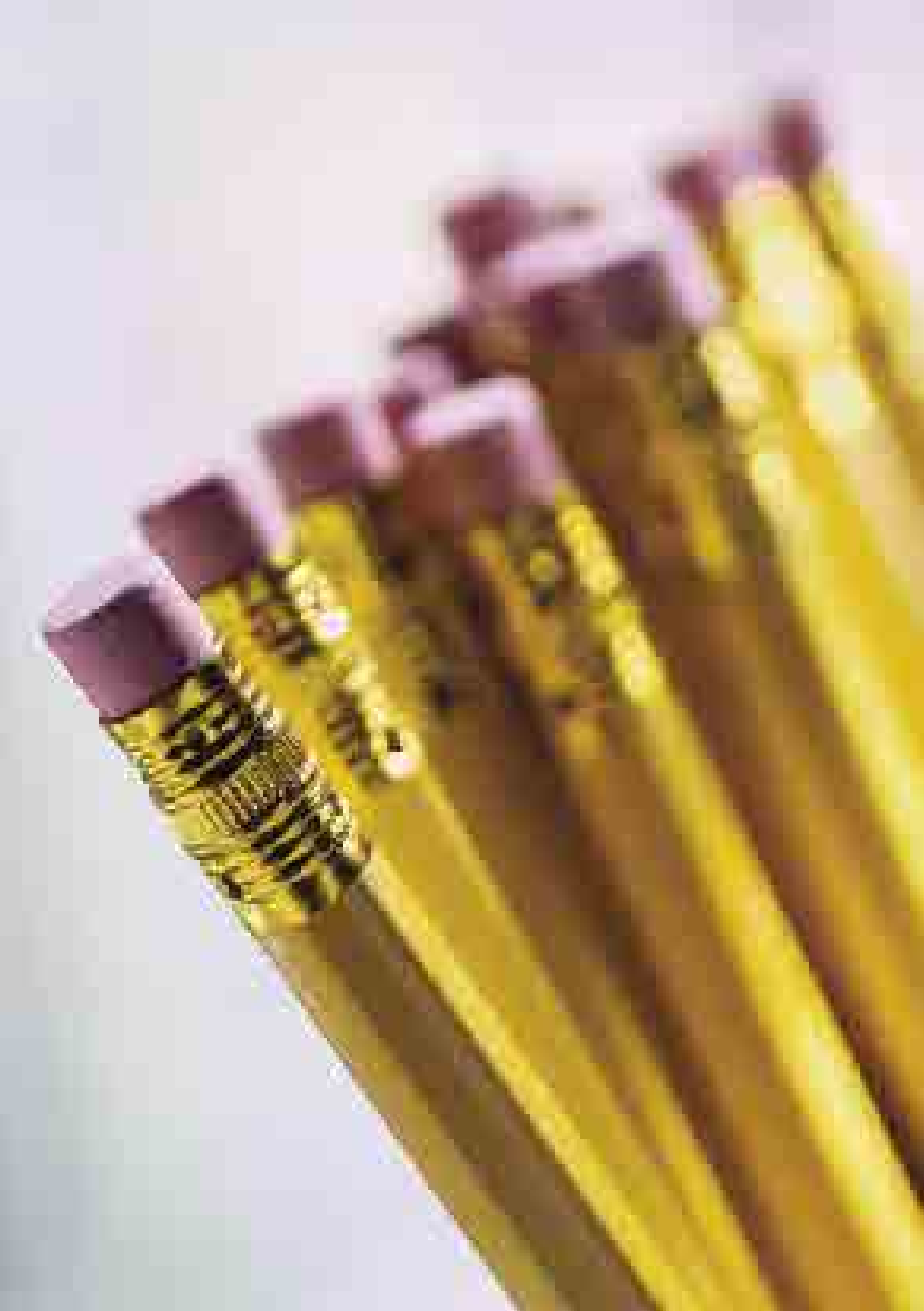
Wealth distribution 2005



Wealth distribution 2004



Employees
Governments
Providers of capital
Reinvested in the Group



contents

Corporate governance according to the guidelines of the King II report is a key priority for the Board.

The Group has also adopted a risk philosophy to maximise business success and shareholder value by balancing risk and reward.

corporate governance

In 2005, the MTN Group continued to build on the solid corporate governance foundation it had set down in previous years. The Group aims to comply fully with every aspect of the recommendations and requirements of King II and the JSE.

The Board accepts responsibility for the management and implementation of good governance and is assisted by management and four sub-committees of the Board in discharging this responsibility.

Significant progress in several areas was made during the year under review including:

- Inclusion in the JSE Sustainability Index;
- Further progress with regard to the board and sub-committee evaluation process;
- Successful operation of the Group Tender Committee, established during the previous financial year;
- Establishment of a sub-committee of the Risk and Governance Committee specifically to manage risk and governance issues facing the operation in South Africa;
- A conflict of interest policy and gift policy was approved and implemented. The code of ethics has been implemented and will continue to be reviewed and improved when required; and
- MTN Group, through its Legal & Regulatory division in South Africa, has made positive contributions toward the ICT Charter.

A unitary Board consists of seven non-executive directors and five executive directors. Five of the non-executive directors are independent. During the year under review Ms SN Mabaso and Mr LC Webb, alternate director to Ms Mabaso, resigned and Ms MA Moses was appointed to the Board. Mr Cyril Ramaphosa chairs the Board, which subscribes to an approved written Charter detailing its responsibilities, powers and *modus operandi*. The Board contains a mix of skills and the non-executives assist the executive directors in major decision-making, policymaking, investment decisions and long-term strategic planning. The Board, together with sub-committees, set policies and executive management ensures the implementation of and compliance with these policies.

The Group subscribes to a policy of providing meaningful, transparent, timely and accurate communication to its primary stakeholders. The financial statements are subject to a high quality audit and incorporate full and responsible disclosure.

During the year under review the Company Secretary resigned and Mr LC Jooste was appointed as acting Company Secretary to assist the Board, advise on its responsibilities and together with executive directors, to ensure that Board resolutions are implemented. The Company Secretary ensures that all meetings are accurately minuted and that proper records are kept. Subsequent to year-end a Company Secretary has been recruited with the appointment effective from 1 August 2005.

All members of the Board have access to the Executive Directors, the CEO and the Company Secretary as well as external expertise when required.

Directors are subject to retirement by rotation and re-election by shareholders at least once every three years in accordance with the Company's Articles of Association.

corporate governance *continued*

Board meetings

Details of attendance by directors at quarterly Board meetings during the current financial year are set out below.

Names of directors	10/06/2004	8/09/2004	18/11/2004	18/03/2005
DDB Band***	P	P	P	P
SL Botha*	P	A	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
SN Mabaso**	P	P	NAD	NAD
MA Moses**	NAD	NAD	A	P
PF Nhleko*	P	P	P	P
RD Nisbet*	P	P	P	P
MC Ramaphosa***	P	P	P	P
JHN Strydom**	P	P	P	P
AF van Biljon***	P	P	P	P
LC Webb (Alternate to SN Mabaso)	P	P	NAD	NAD

A = Apologies P = Present NAD = Not a director at the time

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

Details of attendance by directors at Special Board meetings held during the year under review are set out below:

Names of directors	12/05/2004	14/06/2004	22/06/2004	7/12/2004	7/03/2005
DDB Band	P	A	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
SN Mabaso	P	A	A	NAD	NAD
MA Moses	NAD	NAD	NAD	A	A
PF Nhleko	P	P	P	P	P
RD Nisbet	P	P	P	P	P
MC Ramaphosa	P	P	A	P	P
JHN Strydom	P	P	P	P	P
AF van Biljon	P	P	P	P	P
LC Webb (Alternate to SN Mabaso)	A	P	P	NAD	NAD

Committees

Executive Committee

The Executive Committee is responsible for the day-to-day management of the business of the Group. The Chief Executive chairs the Executive Committee. The Executive 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 companies and the Board. The Executive Committee is also responsible for recommendations to the Board with regard to the Groups' policies and strategies and for monitoring their implementation according to the Board's directives.

corporate governance *continued*

Members of the Executive Committee:

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

* Subsequent to year end Mr Utton has taken up the position as CEO of MTN Cameroon and, therefore, has resigned as a member of Exco.

Board committees

Specific responsibilities have been delegated to several board committees with defined terms of reference.

The primary board committees are as follows:

Group Audit Committee

The Group Audit Committee has adopted formal written terms of reference dealing with membership, structure and levels of authority and duties. The Group Audit 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 internal controls within the Group. 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.

Mr Alan van Biljon currently chairs the Group Audit Committee, which consists of three other non-executive directors. Three of the four members, including the chairman are independent. The consideration of the committee's mandate, together with the evaluation of the committee, is undertaken annually. The Group Audit Committee meets with senior management, including the 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 to the Group Audit Committee on a regular basis.

A sub-committee of the Group Audit Committee, namely the IFRS Steering Committee, has been established to oversee the sustainable implementation of all relevant IFRS Accounting Standards and to review disclosures. The IFRS Steering Committee is assisted by a technical committee which, in turn, has access to external expertise.

The members of the Group Audit Committee are as follows:

Mr AF van Biljon (Chairman)
Mr DDB Band
Mr PL Heinamann
Ms SN Mabaso (resigned during the year under review)
Mr LC Webb (alternate to Ms SN Mabaso – resigned during the year under review)
Mr JHN Strydom (appointed subsequent to year-end)

Details of attendance by members of the committee during the year under review are set out below.

Names of members	26/5/2004	3/6/2004	30/8/2004	5/11/2004	16/11/2004	8/2/2005
AF van Biljon	P	P	P	P	P	P
DDB Band	P	P	P	P	P	A
PL Heinamann	P	P	P	A	P	P
SN Mabaso	A	P	P	NAM	NAM	NAM
LC Webb (Alternate to SN Mabaso)	P	A	A	NAM	NAM	NAM

A = Apologies P = Present NAM = Not a member

corporate governance *continued*

Group Risk Management and Corporate Governance Committee

The Group Risk Management and Corporate Governance Committee's primary task is to ensure that significant risks and corporate governance matters are identified and mitigated or minimised where possible. The committee is further assisted by a sub-committee, namely, the Risk Management and Corporate Governance Committee for MTN South Africa. In the smaller operations, the audit committee and, ultimately, the relevant boards of these operations ensure that risk management and corporate governance are managed efficiently.

The members of the Group Risk Management and Corporate Governance Committee are:

Mr PL Heinamann (Chairman)

Mr ZNA Cindi

Mr PF Nhleko

Mr RS Dabengwa

Mr LC Webb*

Mr CG Utton**

Mr A van Biljon

Details of attendance by members of the committee during the year under review are set out below.

Names of members	1/4/2004	5/7/2004	5/8/2004	15/11/2004	17/3/2005
ZNA Cindi	P	P	P	P	P
RS Dabengwa	P	A	A	P	P
PL Heinamann	P	P	P	P	P
PF Nhleko	P	P	P	P	P
LC Webb	P	P	P	NAM	NAM
CG Utton	P	P	P	P	A
AF van Biljon	P	P	P	P	P

A = Apologies   P = Present   NAM = Not a member

* Resigned November 2004

** Subsequent to year end Mr Utton has taken up the position as CEO of MTN Cameroon and therefore has resigned as a member of the Risk Management and Corporate Governance Committee

Group Nominations, Remuneration & Human Resources Committee

The purpose of the Group N,R & HR Committee is:

- To review the size, structure and composition of the Board;
- To conduct an annual assessment of the Board's performance;
- To set criteria for the nomination of directors and committee members of the Board;
- To identify, evaluate and nominate candidates for appointment to the Board to fill vacancies as and when they arise;
- To determine the remuneration of executive directors, consider, review and approve the Group's policy on executive remuneration and to communicate this policy to stakeholders in the annual report;
- To make recommendations to the Board on annual salary increases and performance-related bonus awards;
- To review and approve performance-related incentive schemes, performance criteria and measurements, including share option allocations to executive directors and all senior staff;
- To review and approve new remuneration methodologies for the management team including, but not limited to, incentive schemes, benefit funds and salary sacrifice options; and
- To review fees payable to non-executive directors (as a separate process from executive remuneration reviews) for confirmation by the Board and shareholders, senior management and staff.

Membership

Mr Doug Band chairs the Group N,R & HR Committee. This committee consists of three non-executive directors. The N,R & HR Committee is constituted as a sub-committee of the Board and operates within the terms of reference set by the Board.

The members of the N,R & HR Committee are:

Mr DDB Band (Chairman)

Mr MC Ramaphosa

Mr PL Heinamann

Ms SN Mabaso (resigned during the year under review)

Mr LC Webb (alternate to Ms SN Mabaso – resigned during the year under review)

Details of attendance by members of the committee during the year under review are set out below.

Names of members	3/5/2004	2/6/2004	8/9/2004	7/12/ 2004	7/3/2005
DDB Band	P	P	P	P	P
PL Heinamann	NAM	NAM	NAM	P	P
MC Ramaphosa	P	P	P	P	A
SN Mabaso	A	A	A	NAM	NAM
LC Webb	P	P	P	NAM	NAM

A = Apologies P = Present NAM = Not a member

corporate governance *continued*

Group Tender Committee

The Group Tender Committee's primary objective is to promote a sustainable and fair tender culture and to ensure that the tender policies are applied consistently, always bearing in mind best business practice in order to develop all markets and promote economic development. Similar tender committees exist in all the operations throughout Africa.

The members of the Group Tender Committee are:

Mr D Marole (Independent Chairman)

Mr I Hassen (Chairperson of MTN South Africa Tender Committee)

Mr RS Dabengwa (Chairperson of MTN Nigeria Tender Committee and Group Chief Operating Officer)

Ms I Charnley (Commercial Director)

Mr CS Wheeler (Group Executive: Commercial Legal)

Mr RD Nisbet (Group Finance Director)

Mr A Hussain (Alternate to RD Nisbet)

Mr A Githiari (Alternate to I Charnley)

Mr R Madzonga (Alternate to CS Wheeler)

and on rotation, the Chairperson of MTN Cameroon, MTN Uganda, MTN Swaziland and MTN Rwanda Tender Committees.

Details of attendance by members of the committee during the year under review are set out below.

Names of members	12/5/2004	14/5/2004	7/12/2004
D Marole	P	P	P
I Hassen	P	P	A
RS Dabengwa	NAM	NAM	A
I Charnley	P	P	P
RD Nisbet	P	A	P
CS Wheeler	P	P	P
A Hussain (alternate to RD Nisbet)	ANR	P	ANR
A Githiari (alternate to I Charnley)	ANR	ANR	ANR
R Madzonga (alternate to CS Wheeler)	ANR	ANR	ANR

A = Apologies P = Present NAM = Not a member
ANR = Attendance not required

Corporate code of conduct

The Group is committed to promoting the highest standards of ethical behaviour amongst its directors, management and employees. In accordance with this objective, a code of ethics has been adopted and circulated throughout the Group to provide a clear guide to the conduct expected of all employees in their dealings with each other, with the Group's operations and with the Group's stakeholders. All employees of the Group are required to maintain the highest ethical standards to ensure that the Group's business practices are conducted with these standards and expectations.

Having regard to the provisions of the Insider Trading Act and the regulations of the JSE the Company imposes "closed periods" prior to the publication of its interim and year-end financial results, during which periods directors, officers and other employees of the Group may not deal in the shares or other instruments pertaining to the shares of the Company or in any investment in the Company's shares. The principle is also applied at other times whenever deemed appropriate by the Board of Directors, in respect of Executive Directors, officers and other employees likely to be in possession of share price sensitive information.

Relations with shareholders

It is the policy of the Company, where practicable, to pursue dialogue with institutional shareholders and to involve private investors in its annual general meeting. In addition to the facilities offered by the Group Secretarial department, as well as the Investor Relations department, the Company has appointed Computershare Investor Services, a company specialising in shareholder communication to liaise with institutional and private investors.

The Group encourages shareholders to attend its annual general meetings, which provide opportunities for shareholders to ask questions of the Board including the chairpersons of the Group Audit, Nominations, Remuneration and Human Resources, and the Group Risk Management and Corporate Governance Committees.

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

A corporate website address (http//:www.mtn.co.za) facilitates the dissemination of the latest Group financial and operational data, as well as relevant historical information.

Stakeholder communication

The Group acknowledges that it operates within a community and values good working relationships with its stakeholders. The Group consistently strives to strengthen links with stakeholders through regular, timeous, objective, relevant and transparent communication.

Improved communication throughout the Group has increased employee awareness of international business activities and their counterparts in various operations.

corporate governance *continued*

Employment equity

It is the Group's policy to comply in all respects with the South African Employment Equity Act for all South African business operations.

The Directors believe that economically viable and self-sustaining employment equity is an essential and integral part of corporate governance. Employment equity targets are set and the objectives are measured as part of the performance management framework.

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 and if possible exceeded. The Code of Conduct details policies regarding the above.

Going concern

The Board has considered all the necessary facts and information and has concluded that the Group will continue as a going-concern. The Board and Group Audit Committee review this fact regularly.

The going-concern basis has been adopted in preparing the annual financial statements. The directors have no reason to believe that the Group will not continue to be a going concern for the coming year.

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 architecture that addresses both these markets. We have therefore formulated an integrated 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 in order 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 within a business context.

The Company is cognisant of the fact that each employees' work experiences are almost infinitely different from each other, therefore, our approach to Total Rewards addresses the myriad 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.

Guaranteed package

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 are 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 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 relates, 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 settled by the Group N, R & HR Committee, after independent verification and approved by the Board.

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 the above elements are restricted within parameters representing both a minimum achievable target and a capped ceiling.

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.

corporate governance *continued*

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.

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

Employees not participating in the Share Incentive Scheme, participate in a Super Bonus Scheme.

MTN notional share options 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 interest 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 the 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 above mentioned 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 provisions to adequately cater for some of the demands of their lifestyles and circumstances.

Directors' emoluments, share options and Newshelf 664 (Pty) Ltd

The directors' emoluments, share options and interests held in the MTN Group through shareholding in Newshelf 664 are outlined in detail in the directors' report.

Non-executive directors

Non-executive directors are remunerated in accordance with their membership of the various boards and committees of the MTN Group. Market practices, external remuneration surveys and the load of meeting attendance and preparation are taken into account in determining the remuneration payable.

Non-executive directors of the MTN Group are excluded from participation in any of the Group incentive schemes.

The payments received by non-executive directors for their services are detailed in the directors' report.

risk management

Risk philosophy

Risk management is fundamental to effective corporate governance and the development of a sustainable business.

The King report on corporate governance states that "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".

MTN endorses these principles and has adopted a risk philosophy to maximise business success and deliver shareholder value by optimising the balance between risk and reward.

Responsibility and accountability for the management of risks remain primarily with MTN's business units, supported by its overall governance structure and integrated risk management framework.

Risk management objectives

In MTN, risk management is ultimately about:

- Proactively identifying and understanding the risk factors and events that may affect the achievement of MTN's strategic and business objectives;
- Developing appropriate response strategies for risks. This could include taking certain considered and calculated risks and/or managing risks through various initiatives;
- Continuously monitoring and reporting risks;
- Ensuring that management is measured on the effectiveness of their risk management;
- Establishing a culture where risk management forms part of MTN's day-to-day activities; and
- Adhering to the value system of the Group.

Over the last year, MTN has made significant progress towards achieving our risk management objectives. We will continue to improve the process and embed it into the business.

Risk management framework

The MTN risk management framework has been approved by the Board and sets the foundation for risk management in MTN, guided by the risk philosophy and objectives.

Roles and responsibilities at all levels of the organisation have been defined and are enforced by setting key performance indicators for executive management and CEOs of MTN's various operations.

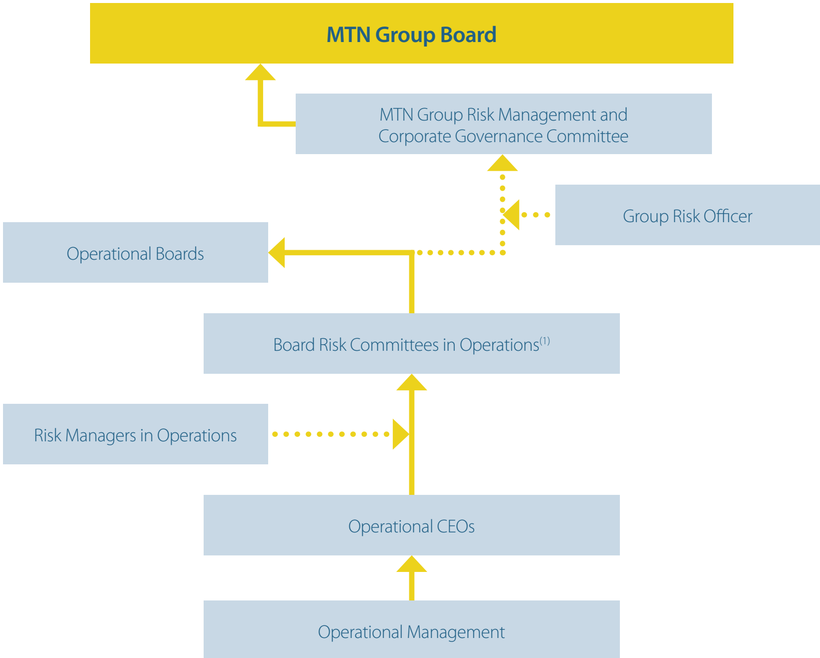
Risk management structures ensure continuous focus on risk management and provide an escalation structure where appropriate actions are taken and risks monitored.

A defined risk management process ensures consistency in the identification, evaluation and reporting of risks and appropriate responses.

MTN has recently adopted the COSO Enterprise Risk Management model. The risk management framework has been amended this year to align with COSO.

risk management *continued*

Risk management information flow



(1) *The role of the risk committees in the operations is, in most cases, fulfilled by the audit committee of the operation*

The MTN Board is ultimately responsible for ensuring that risks are managed effectively. The Board considers risk reports from the Group Risk Management and Corporate Governance Committee, and the assurance provided via the Group Audit Committee, to enable it to conclude on the effectiveness of risk management in MTN.

The Risk Management and Corporate Governance Committee is the oversight body for risk management in MTN and is a sub-committee of the Board. The committee sets and approves the risk management framework for the Group. The committee also reviews the adequacy and overall effectiveness of risk management structures and practices in the Group. It reviews the risk profile of the MTN Group as well as management's reports on the mitigation of key risks. The committee also oversees reporting on risk matters to shareholders and the public.

The Group risk officer is responsible for the risk management function and reports to the Group CEO as well as to the Risk Management and Corporate Governance Committee and Group Audit Committee. The risk management function is an independent specialist function that ensures an effective risk management framework is maintained throughout the Group. This includes:

- Facilitating, supporting and enabling executive management and the operating companies in performing their risk management processes;
- Providing a central source of information and guidance on risk management;
- Encouraging and creating awareness of risk management throughout MTN;
- Ensuring consistency in evaluating and reporting risks throughout MTN to facilitate comparability at an organisational level; and
- Performing a risk report co-ordinating and collating role on behalf of management and the board risk committee.

The risk and audit committees at operating company level are the oversight bodies for these companies for risk management. These committees are sub-committees of the boards of each country operation. The Risk Management and Corporate Governance Committee acts as the board risk committee for MTN South Africa. In all other country operations, the audit committee also fulfils the role of the risk committee with a separate agenda for risk management.

The CEO and management of each operation takes ownership for the day-to-day management of the operation and its risks, supported by the local risk manager and/or head of internal audit. Management is responsible for identifying new risks, deciding on mitigating strategies for risks and actively tracking and monitoring progress. Management has to ensure that the management of risks within their areas of responsibility is integrated with the operational management of their areas of responsibility. Each operation submits regular reports to the board risk committees of the operation as well as to the Group.

The Risk Management and Corporate Governance Committee and the risk committees for the country operations meet at least quarterly.

The CEOs of each operation have defined key performance indicators for ensuring that the Group risk management framework is implemented and that risks are well managed within that operation.

Risk management process

The process followed for risk management within MTN is in line with corporate governance requirements and general practice in the industry.

risk management *continued*

Risk identification

Risks are continuously identified through focused risk discussions as well as the use of a risk model (see MTN Risk Profile). The risk model is used to ensure that all operations consider the same types of risk while taking into account their different operating environments. Key projects follow formal project risk management processes to ensure proactive identification of project risks. To ensure continuous reassessment of risks, changes in MTN's external and internal environment are analysed in terms of the opportunities and threats they present:

External environment	Internal environment
Political environment	Policies
Regulatory environment	Procedures
Economic conditions	Strategies and business plans
Business environment	Structures
Customer behaviour and expectations	People
Stakeholder expectations	Systems and technology

The Group risk management function and the risk champions within the various operations drive, co-ordinate and facilitate the assessments. This is over and above the continuous consideration of risks by management in their day-to-day management of the business.

Risk evaluation

Risks are evaluated in terms of their potential impact on the organisation as well as the probability of occurrence. The impact of risks is assessed based on qualitative and quantitative guidelines that were developed and standardised across the Group. Inherent risk and residual risk factors are calculated based on these assessments.

Risks are classified as either strategic risks or business risks depending on their impact on the organisation. Strategic risks are monitored by the Executive Committee and the Board while business risks are managed and monitored by operational management.

The risk appetite is considered when response strategies for risks are determined.

As part of MTN's alignment to the COSO ERM framework, risk appetite will, in future, be more defined per type of risk, for example, human resource, bad debts, network availability etc.

Response strategies

Response strategies are developed or reconfirmed for all risks. These are determined by taking into account the risk appetite of the operation in which the risk exists as well as the inherent impact and probability of occurrence of the risk.

Response strategies depend on the nature of the risk and are often a combination of various actions which include insurance, outsourcing, risk avoidance and/or active management of the risk through people, processes and systems.

The cost of risk mitigation is taken into account in determining the response strategies. Certain risks are accepted based on their impact to the organisation and MTN's 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 the impact of the risks. This could include compliance, insurance, diversification, hedging or acceptance of the risk.

Monitoring

Ownership is allocated for each risk as well as for the response strategies of each risk. Risk owners are responsible for the day-to-day management and monitoring of risks and for the overall adequacy and effectiveness of mitigating actions.

The various risk management structures in the Group (outlined under risk management structures) provide additional management, escalation and oversight for risks.

Internal and external audit provide independent assurance that a sound risk management framework exists within the Group.

Risk management software

Risk management software is being used in each operation to assist management with recording and evaluating risks and controls, tracking progress on mitigating strategies and reporting to the various risk management structures.

Reporting

Regular reporting on new risks as well as the current status of MTN's strategic and business risk profiles is channelled to the various components of its risk management structure (outlined above).

One of the key reporting forums is the Group Quarterly Operations review where the CEO of each operation reports on the performance and status of the top risks within their operation.

MTN risk profile

The model on the next page contains the types of risks that are considered in all operations in the Group. Risk scenarios relating to these risk types are identified, considered, debated and prioritised in terms of their impact on the organisation. Response strategies are then considered and integrated into operational management activities.

risk management *continued*

MTN enterprise risk model

Business environment	**Financial**	**Human resources**	**Customer**	**Operations**
Social Political Economic Competition Natural hazards Safety and health National Pandemic	Market Credit Interest rates Commodity Currency Accounting Fraud	Motivation Productivity Retention HIV/Aids Compensation Training and development Skills and experience Key dependencies Employee actions Performance management	Market research Product development Advertising and promotion Customer service Customer management Pricing of products/ services Performance	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	**Legal and regulatory**	**Cultural**		**Systems**
Strategic planning and execution Governance structure Organisational structure Policy development Alliance/Partnering Stakeholders Business continuity	Regulatory change Social/ Environmental Employment Compliance Contractual liabilities Privacy and confidentiality	Ethics and values Goal alignment Communications Change readiness		Strategy Effectiveness Availability Obsolescence Integrity Maintenance Redundancy Service level support
Projects				**Network**
Alignment Feasibility Procurement Execution Change management				Strategy Effectiveness Availability Obsolescence Integrity Maintenance Redundancy Service level support Interdependence
Information				
Confidentiality Integrity Availability				

The table below contains a summary of those risks that have been assessed as key strategic risks due to the impact that they could have on the organisation if not well mitigated. The risks are not listed in order of priority or severity.

Risk	Response strategy/Control measures
Political risk MTN has expanded its business into various countries in recent years. The Group is planning to continue its expansion programme. The possibility of political instability and the impact on MTN's profits and strategic objectives is an inherent risk. The political scenario in each of the countries in which we currently operate has been stable over the last year. MTN expects the *status quo* to be maintained in the short- to medium-term.	• Extensive due diligence assessments are performed before investment decisions into new countries are finalised. • Operations are sufficiently ring-fenced to limit the systemic risk to the Group from possible failure in operations. • Continuous re-assessment of the macro environment. • Corporate citizenship and social responsibility programmes in each country. • Constant liaison with governments and regulators.
Regulatory risk The telecommunications industry, in South Africa as well as in the other countries in which we operate, is highly regulated. Regulatory changes in terms of tariffs, licence conditions and demographic restrictions might impact MTN's business. In the South African environment, regulatory changes include the Convergence Bill, Ministerial policy directives of September 2004 and the introduction of number portability. • The Convergence Bill, which is likely to change the structure of the telecommunications industry in South Africa, has been tabled in Parliament and is likely to be finalised before the end of the calendar year.	• Strict compliance with regulations is ensured through legal and regulatory compliance functions operate in each country. • Active participation in establishing regulatory frameworks. • Active participation in regulation and policy-making procedures such as public hearings relating to the Convergence Bill. • Constant liaison with governments and regulators. • Adapting business models to mitigate impact and, where possible, take advantage of business opportunities.

risk management *continued*

Risk	Response strategy/Control measures
• The impact of number portability will be driven by the competitiveness of product offerings and customer service. MTN is confident that our strategies around these aspects will mitigate the impact sufficiently and drive a positive customer experience. In Nigeria, a legal debate is ongoing with the local regulator regarding regulatory changes on interconnect pricing as well as the jurisdiction of the local regulator on interconnect pricing.	• Continuous focus to improve customer service and other initiatives to mitigate the potential impact of number portability.
Tax risk Compliance with relevant tax laws in the countries in which the Group operates is of paramount importance. Non-compliance and/or significant changes in tax laws could impact on the Group. During the year under review, correspondence was received from certain Nigerian authorities that could have created uncertainty as to whether or not MTN Nigeria has "pioneer status" entitling MTN Nigeria to a five year corporate tax holiday. Discussions have been ongoing with the relevant authorities in this regard. Subsequent to year-end, additional positive correspondence clarifying the position around pioneer status has been received. In the light of these factors, the Board remains confident that the granting of pioneer status to MTN Nigeria is, and will remain, in effect for the full five year period.	• Strict compliance with relevant tax laws • Group tax function to advise operations and ensure consistency • External audit focus and opinions • Use of external tax advisers whenever necessary • Active participation and engagement with policy-making authorities regarding changes to the laws

Risk	Response strategy/Control measures
Brand reputation risk The MTN brand is one of the most successful in South Africa and the leading brand in some of our African operations. Protecting the brand is very important and reputational damage might have negative consequences to the Group. Reputational damage could be caused by various factors including poor customer service, poor product development and poor performance and leakage of client confidential information.	• Group marketing and brand management function. • Group corporate communication function. • Mature product development processes. • Stable networks and network disaster recovery plans. • Constant market research and environment scanning. • Group-wide customer centricity project. • Managing stakeholder expectations.
Competition Competition risk in MTN refers to the risk of losing market share or the risk margin erosion in countries in which we operate. This could be a result of current competition or new competition entering the market. The MTN operation in the mature South African market is well established, with continuous focus on maintaining and preferably growing market share. The implementation of the Convergence Bill in South Africa as well as the liberalisation of the telecommunications industry will open up the market to more competition. Similarly, it will remain a key focus to continue growing market share in the other African countries. The probability of new competition entering these markets is high. Mitigation strategies for this risk are in place.	*Loss of market share to current competition:* • Marketing strategy. • Brand-building strategy. • Constant market research and environment scanning. • Customer feedback. • Innovative and proactive product design. • Speed to market. • Quality coverage with maximum availability. • Focus on customer service. *New competition entering the market:* • As above • Establishing the MTN brand ahead of competition. • Establishing extensive network infrastructures ahead of competition.

risk management *continued*

Risk	Response strategy/Control measures
Governance in MTN operations The implementation of consistently good governance practices at all operations in the Group is a key focus at this stage. Poor governance could obviously result in significant losses and reputational damage to the Group. The Group has made good progress on this front. However, it will remain a key focus especially in newer, less mature operations. MTN Nigeria in particular has made good progress in improving the maturity of their internal processes and governance practice.	• Operational policies and procedures. • Risk Management and Corporate Governance Committee (Board sub-committee). • Risk 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.
Investment decisions The Group's vision is to be the leader in telecommunications in developing markets. To further consolidate its position on the continent and to diversify its investment portfolio, the Group will continue to explore value-enhancing international expansion opportunities. Business opportunities complementary to the core mobile telephony business will also be pursued. Given the high upfront investment required it is crucial that these decisions are based on proper due diligence studies and that the risk involved in the investment is understood and factored into risk/return calculations. Failure in this regard could result in significant loss to the Group.	• Economic and political risk assessments are performed continuously in co-operation with external consultants. • Market research to assess market size potential. • Financial impact assessment. • Detailed build-up of business plans . • US dollar-based return requirements. • Assistance from financial advisers including international investment banks where required. • Strict financial valuation of opportunity where required. • Board approval process supported by investment steering committee .

Risk	Response strategy/Control measures
Repatriation of earnings Changes in regulations or fiscal policies regarding repatriation of earnings to South Africa in the countries in which we operate might pose a threat to the MTN Group. Payment of management fees from our operations as well as dividends from dividend-paying operations have flowed as intended.	• The MTN Group endeavours to invest in countries where the regulatory/exchange control framework is such that foreign direct investment and repatriation of returns on such investments are allowed at the time of investment. This aspect is a key consideration in due diligences performed 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. • Operations are sufficiently ring-fenced to limit risk to the Group of possible failure in operations .
Relationships with external shareholders in operations The external shareholders of MTN's operations in the rest of Africa fulfil an important role in the continued success of these operations. They are often key players in establishing good relationships with the local regulatory bodies and customer base. Since the Group's expansion into Africa, relationships with local shareholders have been a key strength. MTN is continually looking to enhance local ownership of operations whilst also ensuring that operational control is maintained.	• Shareholder representation on the board of operation. • Comprehensive shareholder agreements. • Effective communication between local shareholders/directors and MTN Group directors .

risk management *continued*

Risk	Response strategy/Control measures
Emerging technology Telecommunications is arguably the fastest-developing industry from a technology point of view. Emerging technology in the telecommunications industry evolves around the convergence of traditional voice and data into the so-called third- and fourth-generation wireless broadband technologies. Examples include Next Generation WLAN, 802.16e WIMAX and CDMA2000. These technologies bring both opportunity and risk to MTN. The opportunity lies in the increased demand in high-speed wireless date services, Voice over IP and content (TV, music, etc.) together with outstanding customer service and support. Similarly these technologies combined with the liberalisation of the telecoms industry will result in increased competition in the market with a reduced barrier to entry.	• Continuous research into emerging technologies and their impact on the market. • Market analysis. • Technology strategy ensuring that the right technology is provided at the right time. • Maintaining a balance between the implementation of the newer operationally more efficient technologies and optimisation of current technologies. • Organisational agility and speed to market • In-house development teams. • Project management and change management processes.
Network quality Quality and availability of our GSM networks are crucial to MTN's continued success. A key inherent risk to the business is the unexpected failure of the networks or components due to disasters, hardware or software failure, sabotage, etc. Intensive proactive management of this risk in all operations is crucial. This risk is adequately mitigated in the more established operations within the Group, including South Africa. The network roll-out in Nigeria has continued to be a key focus over the last year and MTN has invested more than US$1,8 billion in network infrastructure in the country. Network coverage and quality has improved significantly as has MTN's customer base. Continuous expansion of network coverage and capacity to keep up with market demands in Nigeria will remain a key focus in the short term.	• Network planning. • Comprehensive generator-powered infrastructure in Nigeria to compensate for unstable power infrastructure . • Network redundancy. • Proactive maintenance. • Network management centres in each operation. • Continuous and controlled upgrade of network equipment and software. • Disaster recovery plans. • Service level agreements with suppliers. • Continuous research into technology changes. • Physical security protection of network infrastructure. • ISO accreditation in some operations. • Accelerated network roll-out in Nigeria to continue.

Risk	Response strategy/Control measures
Information systems MTN depends on information systems to ensure excellent customer service, accurate billing and financial management of the business. An information system strategy that supports business needs is crucial. Control over information systems to ensure availability and continuity of systems, confidentiality of information and data integrity is key. Failure of these mechanisms could result in significant losses. Projects to replace and standardise the billing systems in MTN Nigeria and MTN SA are under way and progressing well.	• Information strategy that is aligned to business strategy. • Defined information architecture. • Change management, incident management, configuration management procedures. • Information security strategy. • Service level agreements with suppliers. • Implementation of well-known and well-supported ERP (enterprise resource planning) solutions . • Backup data centres in MTN South Africa and MTN Nigeria.
Procurement Procurement risk refers to the risk of fraud and wasted expenditure as a result of inadequate procurement practices and lack of proper controls. This could include: • Lack of proper procurement/supply chain policies and procedures; • Lack of continuous training and inappropriately-skilled procurement resources; • Uncontrolled supplier selection coupled with conflicting interest; • Non-value add procurement; • Poor management of the supply chain; • Unauthorised or unnecessary procurement; • Poor contract management and supplier management; and • Lack of clearly-defined procurement related KPIs Active management of this risk is key as MTN Group currently procures in excess of R12 billion per year (including capex).	• Tender Committee. • Procurement policy and supporting procedures. • A Group procurement function was established to ensure that we leverage synergies and economies of scale for the procurement of goods and services in the Group while ensuring compliance with best practice. • Implementation of supply chain management best practice, which includes strategic sourcing principles. • Formal tender processes. • Implementation of procurement related KPIs. • Preferred supplier list. • Local empowerment framework including BEE requirements in South Africa. • Delegation of authority structures. • Budget control. • Anti-fraud strategy. • Gift policy addressing the declaration and acceptance of gifts from suppliers. • Personal development plans to address job-related individual training needs.

risk management *continued*

Risk	Response strategy/Control measures
Currency risk This risk refers to potential losses due to currency fluctuations in the countries where MTN operates. Currency devaluation is outside MTN's control and response strategies are limited to mitigate 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.
Human resource risk This risk refers to the detrimental impact on the organisation if we are unable to attract, develop and retain the right staff in our operations and simultaneously meet our responsibilities regarding Employment Equity in the South African operation.	• Group human resource function. • Employment Equity targets and programmes. • Integrated performance management and development programmes. • Bonus incentive and share option schemes. • Succession planning. • Aids awareness programme. • MTN has recently launched the Y'ello Leadership Academy which is geared to develop leadership skills in the Group.

glossary of terms and acronyms

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, I-Talk and Leaf
MTN Service Provider	MTN Service Provider (Proprietary) Limited
MTN Nigeria	MTN Nigeria Communications Limited
MTN Cameroon	Mobile Telephone Networks Cameroon Limited
MTN Uganda	MTN Uganda Limited
MTN Rwanda	MTN Rwandacell S.A.R.L
MTN Swaziland	Swazi MTN Limited
MTN Foundation	Division of an operation responsible for corporate social investment
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
CV	Curriculum Vitae
DFI	Development Finance Institution
DRC	Democratic Republic of Congo
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation
EDGE	Enhanced Data for GSM Evolution
EPS	Earnings per share
ERM	Enterprise Risk Management
Euro	Currency of the European Union
EVP	Employee Value Proposition
EXCO	Executive Committee
GPRS WAP	General Packet Radio Service Wireless Application Protocol

glossary of terms and acronyms

Group N,R & HR Committee	Group Nominations, Remuneration & Human Resources Committee
GSM	Global System for Mobile Communications
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
ISO	International Organisation of Standards
ISP	Internet Service Provider
JSE	JSE Securities Exchange South Africa
KING II	King Committee report on Corporate Governance 2002
KPI	Key Performance Indicator
LIBOR	London Inter Bank Offer Rate
MD	Managing director
MHZ	Megahertz

MSC	Mobile Switching Centre
NCC	Nigerian Communications Commission
NGN/NAIRA	Nigerian Naira
ZAR/RAND	South African Rand
RWF	Rwandan Franc
SCMB	Standard Chartered Merchant Bank
SDH	Synchronous Digital Hierarchy
SIM	Subscriber Identity Module
SME	Small Medium Enterprise
SMS	Short Message Service
SPTC	Swaziland Post and Telecommunications Corporation
STC	Secondary Tax on Companies
UGS	Ugandan Shillings
USAL	Under Serviced Area Licence
USSD	Unstructured Supplementary Service Data
VANS	Value Added Network Services
VOIP	Voice Over Internet Protocol
VSAT	Very Small Aperture Terminal
VTU	Virtual Top-Up

contents

The Group's financial performance for the current year was strong. Revenue increased to R29 billion while the EBITDA margins of all operations increased. The Group's Adjusted Headline EPS increased to 366,6 cents per share, 56% of which was generated by MTN South Africa.

statement of directors' responsibilities

for the year ended 31 March 2005

The directors are responsible for the preparation, integrity and fair presentation of the financial statements of MTN Group Limited and its subsidiaries. The annual financial statements presented on pages 108 to 180 have been prepared in accordance with Statements of Generally Accepted Accounting Practice ("GAAP") in South Africa, and include amounts based on judgements and estimates made by management.

The directors consider that, 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 Statements of GAAP 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 year and the financial position of the Group and Company at year-end.

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

MTN Group Limited and its subsidiaries operate 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. 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 year 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 Incorporated, audited the financial statements and their report is presented on page 107.

The annual financial statements and Group annual financial statements which appear on pages 108 to 180 were approved by the Board of directors on 9 June 2005 and are signed on its behalf by:

PF Nhleko
Group Chief Executive Officer

RD Nisbet
Group Finance Director

Fairland
9 June 2005

certificate by the company secretary

for the year ended 31 March 2005

In my opinion as Acting Company Secretary, I hereby confirm, in terms of the Companies Act, 1973, that for the year ended 31 March 2005, the Company has lodged with the Registrar of Companies, all such returns as are required of a public company in terms of this Act and that such returns are true, correct and up to date.

LC Jooste
Acting Company Secretary

Fairland
9 June 2005

report of the independent auditors

for the year ended 31 March 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 108 to 180 for the year ended 31 March 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 South African Auditing Standards. 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;
- 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 Company and the Group at 31 March 2005 and the results of their operations and cash flows for the year then ended in accordance with South African Statements of Generally Accepted Accounting Practice, and in the manner required by the Companies Act in South Africa.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Registered Accountants and Auditors
Chartered Accountants (SA)
2 Eglin Road
Sunninghill

9 June 2005

SizweNtsaluba VSP Inc.

SizweNtsaluba VSP Inc.
Registered Accountants and Auditors
Chartered Accountants (SA)
1 Woodmead Drive
Woodmead

9 June 2005

directors' report

for the year ended 31 March 2005

The Directors have pleasure in presenting their report and audited financial statements for the year ended 31 March 2005.

Nature of business

MTN Group Limited (the "Group" or the "Company") carries on the business of investing in the telecommunications and satellite signal distribution industries through its subsidiaries, as follows:

Mobile Telephone Networks Holdings (Proprietary) Limited ("MTN Holdings"), a wholly owned subsidiary of MTN Group, is the holding company of a group of companies that operate telecommunications networks and provide related services to customers in six countries. MTN Holdings conducts its business through a number of directly and indirectly held subsidiaries, joint ventures and associates, the major ones being:

Subsidiaries:
- Mobile Telephone Networks (Proprietary) Limited ("MTN Network Operator"), a cellular network operator;
- MTN Service Provider (Proprietary) Limited ("MTN Service Provider"), a cellular service provider;
- MTN International (Proprietary) Limited ("MTN International") the holding company of the Group's telephony operations in territories outside South Africa;
- MTN International (Mauritius) Limited ("MTN Mauritius");
- MTN Nigeria Communications Limited ("MTN Nigeria");
- Mobile Telephone Networks Cameroon Limited ("MTN Cameroon"); and
- Nigerian Electronic Funds Transfer Operations Limited ("NEFTO").

Joint ventures (between MTN Group and other parties):
- MTN Network Solutions (Proprietary) Limited ("MTN Network Solutions");
- Swazi MTN Limited ("MTN Swaziland");
- RwandaCell S.A.R.L ("MTN Rwanda"); and
- MTN Uganda Limited ("MTN Uganda").

Associates:
- MTN Publicom Limited (Uganda);
- i-Talk (Proprietary) Limited;
- Leaf Wireless (Proprietary) Limited; and
- MTN Villagephone Limited (Uganda).

Orbicom (Proprietary) Limited ("Orbicom"), a wholly owned subsidiary of the Group, is a leading satellite signal distributor in Africa.

Subsequent to year end the Group has concluded an agreement for the disposal of Orbicom subject to regulatory approval. The Group also disposed of its investment in New Bucks (Proprietary) Limited during the year.

MTN Group Management Services (Proprietary) Limited, a wholly owned subsidiary of the Group which provides management services to certain other group companies.

Details of the entities in which MTN Group has a direct or indirect interest are set out in Annexures 1 and 2 of the financial statements on pages 178 and 179.

Directors and Company Secretary

The following were directors during the year:

DDB Band***		
SL Botha*		
I Charnley*		
ZNA Cindi***		
RS Dabengwa*		
PL Heinamann***		
SN Mabaso**		Resigned 15 November 2004
MA Moses**		Appointed 18 November 2004
PF Nhleko*	(Chief Executive Officer)	
RD Nisbet*		
MC Ramaphosa***	(Chairman)	
JHN Strydom**		
AF van Biljon***		
LC Webb**	(alternate to SN Mabaso)	Resigned 15 November 2004

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

The acting Company Secretary is LC Jooste, whose business and postal addresses are set out below:

Business address
216, 14th Avenue
Fairland
2195

Postal address
Private Bag 9955
Sandton
2146

Interests of directors and officers

During the financial year, no contracts were entered into in which directors and officers of the Company had an interest and 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. No long-term service contracts exist between executive directors and the Company, with the exception of the contract of service between the Group CEO and the Company, which commenced on 1 July 2002 and has a duration of five years.

Results of operations	2005 Rm	2004 restated Rm
Aggregate net profits in:		
Subsidiaries	**6 252**	4 525
Joint ventures	**167**	143
Associated companies	**18**	10
	6 437	4 678
Aggregate net losses in:		
Subsidiaries	**(30)**	(306)
Associated companies	**—**	(1)
	(30)	(307)

The financial statements on pages to 108 to 180 set out fully the financial position, results of operations and cashflows of the Group. Note 1 to the financial statements provides an analysis of the financial results by geographic segment.

directors' report *continued*

for the year ended 31 March 2005

Share capital and premium

Authorised share capital

There has been no change in the authorised share capital of the Company.

Issued share capital

The issued share capital of the Company was increased during the year by the allotment and issue to the beneficiaries of the MTN Staff Incentive Scheme of 512 261 ordinary shares at R35,24 each on 7 December 2004 in respect of the acquisition of 164 513 MTN Holdings ordinary shares from such beneficiaries. Further details of the MTN Staff Incentive Scheme are provided on page 114.

The issued share capital of the Company was further increased during the year by the following share allotments and issues to employees who exercised share options in terms of the MTN Group Share Option Scheme:

- 1 533 504 shares at R13,53
- 1 486 430 shares at R9,31
- 79 880 shares at R12,88
- 82 200 shares at R27,00

Accordingly, at 31 March 2005, the issued share capital of the Company was R166 249 (2004: R165 880) comprising 1 662 496 630 ordinary shares of 0,01 cent (2004: 1 658 802 355 before exclusion of treasury stock of 1 078 297 shares) held by the MTN Group Share Trust.

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, 1973 (Act no. 61 of 1973) (the Companies Act or the Act). As this general authority remains valid only until the next annual general meeting, which is to be held on 10 August 2005, 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.

Acquisition of the Company's own shares

At the last annual general meeting held on 18 August 2004, shareholders gave the Company or any of its subsidiaries, a general authority in terms of Sections 85 and 89 of the Companies Act of 1973, by way of a special resolution, for the acquisition of shares of the Company. As this general authority remains valid only until the next annual general meeting, which is to be held on 10 August 2005, 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 (2004: 41 cents per share) amounting to R1 076 million (2004: R680 million) was declared in respect of the 2005 year on 9 June 2005, payable to shareholders registered on 1 July 2005.

Shareholders' interest

Major shareholders

The following information was extracted from the Company's share register at 31 March:

	2005		2004	
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 Nominees Holdings	**636 049 096**	**38,26**	629 193 999	37,93
Standard Bank Nominees (Tvl) (Proprietary) Limited	**422 460 548**	**25,41**	460 293 756	27,75
First National Nominees (Proprietary) Limited	**164 320 530**	**9,88**	143 525 925	8,65
ABSA Nominees (Proprietary) Limited	**103 640 137**	**6,23**	104 407 544	6,29
Spread of ordinary shareholders				
Public	**1 415 017 414**	**85,11**	1 346 676 063	81,18
Non-public	**247 479 216**	**14,89**	312 126 292	18,82
– Directors of MTN Group Limited and major subsidiaries	**1 375 406**	**0,08**	1 416 347	0,09
– MTN Group Share Incentive Scheme	**—**	**—**	1 078 297	0,06
– MTN Group employees	**117 899**	**0,01**	631 648	0,04
– Newshelf 664 (Proprietary) Limited*	**245 985 911**	**14,80**	309 000 000	18,63
Total issued share capital	**1 662 496 630**	**100,00**	1 658 802 355	100,00

*Although Newshelf 664 has an economic interest in 309 million MTN Group shares, it currently only has voting rights over 246 million MTN Group shares. Further details of the Newshelf 664 shareholding are provided on page 121.

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:

	2005		2004	
Beneficial shareholders holding 5% or more	**Number of shares**	**% of issued share capital**	Number of shares	% of issued share capital
Newshelf 664 (Proprietary) Limited*	**245 985 911**	**14,80**	309 000 000	18,63
Transnet Pension Fund	**110 461 920**	**6,64**	—	—
Old Mutual Group	**144 297 579**	**8,68**	119 402 686	7,20
Public Investment Commissioners	**208 646 818**	**12,55**	171 012 112	10,31

*Although Newshelf 664 has an economic interest in 309 million MTN Group shares, it currently only has voting rights over 246 million MTN Group shares. Further details of the Newshelf 664 shareholding are provided on page 121.

Certain of these shareholdings are partially or wholly included in the nominee companies mentioned above. Apart from this, the Company is not aware of any other party who has a shareholding of more than 5% in the Company.

directors' report *continued*

for the year ended 31 March 2005

The MTN Group 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 for them to contribute to the Company's continued growth.

In terms of the 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 when approved by shareholders in 2001.

MTN Group Share Option Scheme ("the Option Scheme")

The following information is provided in accordance with the provisions of the Option Scheme:

	2005 Number of shares	2004 Number of shares
Options allocated and reserved at beginning of year	**26 079 606**	26 028 930
Add: Options allocated and reserved in the year	**2 001 720**	3 779 540
Less: Options no longer reserved due to participants leaving the employment of the Group and lapsing of offers during the year	**(818 850)**	(1 289 223)
Less: Options exercised and allotted in the year	**(4 192 862)**	(2 439 641)
Options allocated at end of year	**23 069 614**	26 079 606

The vesting periods under the Option Scheme are as follows: 20%, 20%, 30% and 30%, on the anniversary of each of the second, third, fourth and fifth years respectively after the grant date of the options. The strike price for the options is determined as the closing market price for MTN Group Limited shares on the date of issue. All options expire ten years after date of offer.

Options exercised during the year yielded the following proceeds, after transaction costs:

	2005 Rm	2004 Rm
Ordinary share capital – at par	*	*
Share premium	**34 887**	30 975
Proceeds	**34 887**	30 975
Fair value, at exercise date, of shares issued	**120 448**	60 554

**Amount less than R1 million*

Share options outstanding at the end of the year have the following terms:

2005			2004		
Number outstanding at 31 March	**Exercise price R**	**Remaining contractual life (years)**	Number outstanding at 31 March	Exercise price R	Remaining contractual life (years)
4 798 385	**13,53**	**6,40**	6 814 647	13,53	7,40
319 520	**12,88**	**7,48**	399 400	12,88	8,48
12 523 849	**9,31**	**7,48**	15 086 019	9,31	8,48
959 540	**16,81**	**7,98**	959 540	16,81	8,98
2 510 600	**27,00**	**8,30**	2 820 000	27,00	9,30
300 100	**33,09**	**9,30**	—	—	—
1 657 620	**40,50**	**9,40**	—	—	—
23 069 614			26 079 606		

directors' report *continued*

for the year ended 31 March 2005

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 will expire by 2011. The following information is provided in accordance with the provisions of the Incentive Scheme:

	2005 Number of shares	2004 Number of shares
Shares allotted and issued to the share trust at beginning of year	**1 078 297**	2 098 271
Less: Shares purchased by participants during the year and shares lapsed during the year	**(67 449)**	(922 154)
Less: Shares allotted and issued to participants in the Option Scheme	**(1 010 848)**	(97 820)
	—	1 078 297
Shares allocated and reserved in previous years	**3 279 881**	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)**	(3 178 642)
Add: Shares held by share trust at end of year and available for allocation	**—**	977 058
Shares held by share trust at end of year	**—**	1 078 297

One third of the shares allocated with deferred delivery vest on the anniversary of each of the third, fourth and fifth years after the grant date of the shares or options and expire ten years after the date of offer. Unvested and vested but not exercised shares are subject to cancellation upon termination of employment.

MTN Staff Incentive Scheme ("the MTN Debenture Scheme")

In terms of the MTN Debenture Scheme, which was established prior to MTN Holdings becoming a wholly owned subsidiary of MTN Group, debentures issued by MTN Holdings, upon vesting, are converted into MTN Holdings ordinary shares on a one for one basis. MTN Group agreed to acquire the MTN Holdings ordinary shares in exchange for MTN Group ordinary shares based on valuations and a formula agreed upon by the boards of the respective companies. Historically, the exchange ratio used has approximated 3.1 MTN Group ordinary shares for each MTN Holdings ordinary share. All debentures have vested and none are outstanding at 31 March 2005 (2004: 188 917). The number of participants remaining in the scheme as at 31 March 2005 was nil (2004: 315). Since inception of the MTN Debenture Scheme, MTN Group has issued 36 808 008 ordinary shares for MTN Holdings shares acquired under the MTN Debenture Scheme. The last issue of debentures took place in December 2000 and the last vesting occurred on 1 December 2004. Debentures bear interest at a rate not less than the "official rate of interest" according to South African Revenue Service.

Equity compensation benefits for executive directors and officers

MTN Group Share Option Scheme

Year ended 31 March 2005

Director	Balance at beginning of year	Options allocated during the year	Option offer price	Date of allocation	Exercised during the year	Balance at end of year	Exercisable options	Offer price	Initial exercisable date
MTN Group									
I Charnley	230 000	—	R13,53	28/09/01	130 000	100 000	6 666	R13,53	28/09/2003
	528 900	—	R9,31	02/09/02	—	528 900	105 780	R9,31	02/09/2004
	758 900					628 900	93 334	R13,53	28/09/2004
							105 780	R9,31	02/09/2005
							158 670	R9,31	02/09/2006
							158 670	R9,31	02/09/2007
SL Botha	959 540	—	R16,81	07/07/03	—	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	02/09/02	66 140	264 560	66 140	R9,31	02/09/2005
	291 100	—	R27,00	01/12/03	—	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	02/09/02	187 160	748 640	187 160	R9,31	02/09/2005
	64 500	—	R27,00	01/12/03	—	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	02/09/02	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
LC Jooste#	5 360	—	R13,53	28/09/01	660	4 700	680	R13,53	28/09/2004
							2 010	R13,53	28/09/2005
							2 010	R13,53	28/09/2006
MMR Mackintosh*	24 100	—	R9,31	02/09/02	4 820	Resigned			

*Group Company Secretary resigned on 01 October 2004

#Acting Group Company Secretary

directors' report *continued*

for the year ended 31 March 2005

Equity compensation benefits for executive directors and officers *continued*

MTN Group Share Option Scheme *continued*

Year ended 31 March 2005

Director	Balance at beginning of year	Options allocated during the year	Option offer price	Date of allocation	Exercised during the year	Balance at end of year	Exercisable options	Offer price	Initial exercisable date
MTN Subsidiaries									
Z Bulbulia	75 900	—	R13,53	28/09/01	—	75 900	15 180	R13,53	28/09/2003
	92 400	—	R9,31	02/09/02	—	92 400	18 480	R9,31	02/09/2004
	24 700	—	R27,00	01/12/03	—	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	01/12/03	—	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	02/09/02	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
FL Molusi	148 200	—	R9,31	02/09/02	—	Resigned			
Y Muthien	326 080	—	R9,31	02/09/02		326 080	81 520	R9,31	02/09/2004
							122 280	R9,31	02/09/2005
							122 280	R9,31	02/09/2006
PD Norman	550 100	—	R9,31	02/09/02	110 020	440 080	110 020	R9,31	02/09/2005
	—	33 900	R40,50	01/12/04	—	33 900	165 030	R9,31	02/09/2006
	550 100	33 900			110 020	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	02/09/02	124 120	496 480	124 120	R9,31	02/09/2005
	—	31 100	R40,50	01/12/04	—	31 100	186 180	R9,31	02/09/2006
	620 600	31 100			124 120	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
MB Manyatshe	—	300 100	R33,09	01/11/04	—	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
MH Steinlechner	207 900	—	R9,31	02/09/02	41 580	166 220	41 580	R9,31	02/09/2005
	—	19 200	R27,00	01/12/03	—	19 200	62 370	R9,31	02/09/2006
	207 900	19 200			41 580	185 420	62 370	R9,31	02/09/2007
							3 840	R27,00	01/12/2005
							3 840	R27,00	01/12/2006
							5 760	R27,00	01/12/2007
							5 760	R27,00	01/12/2008
CG Utton	350 600	—	R9,31	02/09/02	70 120	280 480	70 120	R9,31	02/09/2005
	83 200	—	R27,00	01/12/03	—	83 200	16 640	R27,00	01/12/2005
	433 800				70 120	363 680	105 180	R9,31	02/09/2006
							16 640	R27,00	01/12/2006
							105 180	R9,31	02/09/2007
							24 960	R27,00	01/12/2007
							24 960	R27,00	01/12/2008

Equity compensation benefits for executive directors and officers *continued*

MTN Group Share Option Scheme *continued*

Year ended 31 March 2004

Director	Balance at beginning of year	Options allocated during the year	Option offer price	Date of allocation	Exercised during the year	Balance at end of year	Exercisable options	Offer price	Initial exercisable date
MTN Group									
I Charnley	280 000	—	R13,53	28/09/01	50 000	230 000	43 333	R13,53	28/09/2002
	528 900	—	R9,31	02/09/02	—	528 900	93 333	R13,53	28/09/2003
	808 900				50 000	758 900	105 780	R9,31	02/09/2004
							93 334	R13,53	28/09/2004
							105 780	R9,31	02/09/2005
							158 670	R9,31	02/09/2006
							158 670	R9,31	02/09/2007
SL Botha	—	959 540	R16,81	07/07/03	—	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	02/09/02	—	330 700	66 140	R9,31	02/09/2004
	—	291 100	R27,00	01/12/03	—	291 100	66 140	R9,31	02/09/2005
	330 700	291 000				621 800	58 220	R27,00	01/12/2005
							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	02/09/02	—	935 800	187 160	R9,31	02/09/2004
	—	64 500	R27,00	01/12/03	—	64 500	187 160	R9,31	02/09/2005
	935 800	64 500				1 000 300	12 900	R27,00	01/12/2005
							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	02/09/02	—	2 388 700	477 740	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
PL Zim†	682 900	—	R13,53	28/09/01	136 580	Resigned			
MMR Mackintosh*	24 100	—	R9,31	02/09/02	—	24 100	4 820	R9,31	02/09/2004
							4 820	R9,31	02/09/2005
							7 230	R9,31	02/09/2006
							7 230	R9,31	02/09/2007

*Group Company Secretary

†Mr Zim resigned on 30 September 2003

directors' report *continued*

for the year ended 31 March 2005

Equity compensation benefits for executive directors and officers *continued*

MTN Group Share Option Scheme *continued*

Year ended 31 March 2004

Director	Balance at beginning of year	Options allocated during the year	Option offer price	Date of allocation	Exercised during the year	Balance at end of year	Exercisable options	Offer price	Initial exercisable date
MTN Subsidiaries									
K Badimo	365 100	—	R9,31	02/09/02	—	Resigned			
Z Bulbulia	75 900	—	R13,53	28/09/01	—	75 900	15 180	R13,53	28/09/2003
	92 400	—	R9,31	02/09/02	—	92 400	18 480	R9,31	02/09/2004
		24 700	R27,00	01/12/03	—	24 700	15 180	R13,53	28/09/2004
	168 300	24 700				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	01/12/03	—	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	02/09/02	—	529 600	105 920	R9,31	02/09/2004
							105 920	R9,31	02/09/2005
							158 880	R9,31	02/09/2006
							158 880	R9,31	02/09/2007
FL Molusi	148 200	—	R9,31	02/09/02	—	148 200	29 640	R9,31	02/09/2004
							29 640	R9,31	02/09/2005
							44 460	R9,31	02/09/2006
							44 460	R9,31	02/09/2007
Y Muthien	407 600	—	R9,31	02/09/02	81 520	326 080	—	R9,31	02/09/2003
							81 520	R9,31	02/09/2004
							122 280	R9,31	02/09/2005
							122 280	R9,31	02/09/2006
PD Norman	550 100	—	R9,31	02/09/02	—	550 100	110 020	R9,31	02/09/2004
							110 020	R9,31	02/09/2005
							165 030	R9,31	02/09/2006
							165 030	R9,31	02/09/2007
KW Pienaar	620 600	—	R9,31	02/09/02	—	620 600	124 120	R9,31	02/09/2004
							124 120	R9,31	02/09/2005
							186 180	R9,31	02/09/2006
							186 180	R9,31	02/09/2007
MH Steinlechner	207 900	—	R9,31	02/09/02	—	207 900	41 580	R9,31	02/09/2004
							41 580	R9,31	02/09/2005
							62 370	R9,31	02/09/2006
							62 370	R9,31	02/09/2007
CG Utton	350 600	—	R9,31	02/09/02	—	350 600	70 120	R9,31	02/09/2004
	—	83 200	R27,00	01/12/03	—	83 200	70 120	R9,31	02/09/2005
	350 600	83 200				433 800	16 640	R27,00	01/12/2005
							105 180	R9,31	02/09/2006
							16 640	R27,00	01/12/2006
							105 180	R9,31	02/09/2007
							24 960	R27,00	01/12/2007
							24 960	R27,00	01/12/2008

The exercise of options and resulting share trades can be viewed under "directors' share dealings" on page 120.

MTN Staff Incentive Scheme

Year ended March 2005

Director	Balance at beginning of year	Issue price	Date of allocation	Quantity vested during the year	Vesting date	MTN Group shares awarded during the year	Balance at end of year	Future debenture vestings	Issue price	Date of vesting
MTN Group										
RS Dabengwa	**60 389**	**R36,43**	**01/12/99**	**60 389**	**01/12/04**		**All vested**	—	—	—
MTN Subsidiaries										
FL Molusi	**3 898**	**R36,43**	**01/12/99**	**3 898**	**01/12/04**		**All vested**	—	—	—
CG Utton	**15 555**	**R36,43**	**01/12/99**	**15 555**	**01/12/04**		**All vested**	—	—	—

Year ended March 2004

Director	Balance at beginning of year	Issue price	Date of allocation	Quantity vested during the year	Vesting date	MTN Group shares awarded during the year	Balance at end of year	Future debenture vestings	Issue price	Date of vesting
MTN Group										
RS Dabengwa	120 779	R36,43	01/12/99	60 390	01/12/03	187 703	60 389	60 389	R36,43	01/12/04
RD Nisbet	214 664	R13,11	03/06/98	214 664	03/06/03	667 909	All vested			
MTN Subsidiaries										
Z Bulbulia	13 730	R13,11	03/06/98	13 730	03/06/03	42 720	All vested			
JB McGrath	64 642	R13,11	03/06/98	64 642	03/06/03	201 124	All vested			
FL Molusi	7 796	R36,43	01/12/99	3 898	01/12/03	12 116	3 898	3 898	R36,43	01/12/04
Y Muthien*	28 433	R84,41	01/12/00	28 433	11/02/04	88 375	All vested			
PD Norman	61 006	R13,11	03/06/98	61 006	03/06/03	189 814	All vested			
KW Pienaar	189 294	R13,11	03/06/98	189 294	03/06/03	588 969	All vested			
CG Utton	31 110	R36,43	01/12/99	15 555	01/12/03	48 348	15 555	15 555	R36,43	01/12/04

**By way of resolution passed by the trustees of the MTN Debenture Scheme, and in agreement with Dr Muthien all of her outstanding debentures were vested on 11 February 2004. The resulting shares were sold and the associated loan account settled in full. Dr Muthien was issued share options as compensation.*

The share trades resulting from the debenture conversions can be viewed under "directors' share dealings" on page 120.

directors' report *continued*

for the year ended 31 March 2005

Directors' shareholdings

The interests of the directors and alternate directors in the ordinary shares of the Company were as follows:

	Beneficial		Non-beneficial	
Director	**2005**	2004	**2005**	2004
DDB Band	**14 023**	14 023	**—**	—
I Charnley	**13 800**	43 800	**—**	—
RD Nisbet*	**1 111 066**	1 111 066	**—**	—
Z Bulbulia* (major subsidiary director)	**10 000**	20 871	**—**	—
JB McGrath* (major subsidiary director)	**—**	—	**216 517**	216 517
PD Norman* (major subsidiary director)	**—**	—	**10 000**	10 000

**Shares acquired through the MTN Debenture Scheme.*

No changes occurred to the above outlined shareholding subsequent to year end until 9 June 2005.
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 detailed on page 121 of this report.

Directors' share dealings

Share trades by directors for the year ended 31 March 2005

Director	Shares sold	Price obtained	Total gain**	Date of sale
MTN Group				
I Charnley	160 000			
– sold under option scheme	130 000	R41,72	R3 664 700	26/11/04
– sold from private holding	30 000	R30,85	n/a	27/09/04
RS Dabengwa	254 179			
– sold under option scheme	66 140	R30,64	R1 410 766	30/09/04
– sold under debenture scheme	188 039	R39,66	R5 257 570	14/12/04
RD Nisbet*	187 160	R39,68	R5 684 049	25/11/04
MTN Subsidiaries				
Z Bulbulia##	10 871	R41,00	n/a	02/12/04
JB McGrath*	105 920	R40,00	R3 250 685	01/12/04
FL Molusi#	12 138	R41,07	R356 493	07/01/05
PD Norman*	110 020			
	70 000	R30,64	R1 493 100	30/09/04
	40 020	R40,00	R1 228 214	30/11/04
KW Pienaar*	124 120	R41,19	R3 956 946	03/12/04
C Utton	118 555			
– sold under option scheme	48 435	R41,35	R1 436 098	10/01/05
– sold under debenture scheme	70 120	R30,35	R1 475 325	30/09/04
MH Steinlechner*	41 580	R30,64	R886 901	30/09/04

Derivatives traded by director

Director	Derivatives traded	Strike price call options	Average price obtained	Total gain	Date of trade
PF Nhleko	395 000	R9,31	R22,51	R8 891 450	09/09/04

* *Shares exercised under the MTN Group Share Option Scheme*
*** Total gain only includes gains made on shares exercised under the MTN Group Option Scheme and MTN Debenture Scheme*
 # Shares acquired through the MTN Debenture Scheme
Shares sold from private holding

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 shares (equivalent to 18,6% (2004: 18,6%) of the issued capital of 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 March 2005 Newshelf had voting rights over 246 million MTN Group shares (equivalent to 14,8% of the total voting rights of MTN Group). Pursuant to a contractual undertaking contained in the original agreements for the funding of Newshelf, and as a prerequisite to the funders entering into the funding arrangements, Newshelf 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 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 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 Directors"). The Newshelf Directors as well as S 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 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% (2004: 7,9270%)
– I Charnley	5,5869% (2004: 5,5869%)
– RS Dabengwa	5,5869% (2004: 5,5869%)
– RD Nisbet	5,5869% (2004: 5,5869%)
– S Botha	1,1634% (2004: 1,1634%)

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.

directors' report *continued*

for the year ended 31 March 2005

In addition, the Newshelf 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 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 Directors thus have an indirect beneficial interest in the MTN Group 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. The early redemption agreement has been entered into pursuant to a request to reduce downside risk in the structure from certain of the funders to Newshelf 664.

If it becomes unconditional, the early redemption agreement will enable the funders and Newshelf 664 to reduce the risk in the existing funding structure, leaving Newshelf 664 with reduced debt, and reduced risk and a greater certainty of ultimate outcomes for the benefit of the Trust's beneficiaries.

The salient terms of the early redemption (subject to the fulfillment of the suspensive conditions) are as follows:

- Newshelf 664 will distribute 118 652 167 MTN shares to the PIC in full settlement of the the Newshelf 664 "B" class redeemable preference shares and the "B" class participating preference share held by the PIC; and
- Newshelf 664 will sell 75 242 411 MTN shares to the PIC in exchange for the PIC effectively assuming the obligations of Newshelf 664 to fully redeem the Newshelf 664 "C" class participating redeemable preference share held by a wholly-owned subsidiary of Newshelf 664, in which all economic benefits currently vest in Transnet.

If the early redemption agreement is implemented, Newshelf 664 will retain 115 105 422 MTN shares, equal to 6,9% of the aggregate issued share capital of MTN, prior to:

- the sale of MTN shares, if any, for the settlement by Newshelf 664 of the resultant costs and taxes, including Secondary Tax on Companies, of the early redemption; and
- the redemption of the A preference shares, if applicable.

It is not envisaged that the early redemption will result in the disposal by Newshelf 664 of any MTN shares other than those distributed or sold for the purpose of redeeming the preference shares and settling the resultant costs and taxes. A portion of the voting rights and economic value attaching to the retained shares remains unavailable to Newshelf 664 as a result of an existing hedging transaction, as discussed above. The eventual beneficial interest of Newshelf 664 in MTN shares, pursuant to settlement of the abovementioned items, will, accordingly, be significantly lower but will, however, remain a significant unencumbered interest held by a strategic BEE investor in MTN, particularly in view of MTN's significant non-South African operations.

It is further the intention of the Trust to preserve the Newshelf 664 structure following the early redemption for the long-term benefit of its beneficiaries and the MTN Group, as contemplated by the Trust deed.

If the early redemption agreement is implemented, the Newshelf Directors will dispose of their economic interests (acquired in terms of the option discussed above) in the redeemable preference shares and the participating preference share back to the PIC for a consideration to be paid in the form of 276 837 MTN Group ordinary shares. The MTN Group ordinary shares will be distributed to the Newshelf Directors *pro rata* to their acquisition considerations, as follows:

– PF Nhleko	89 283
– I Charnley	62 518
– RS Dabengwa	62 518
– RD Nisbet	62 518
Total	276 837

If implemented, the early redemption agreement will result in the PIC, which currently owns approximately 12,6% of MTN Group, increasing its shareholding to an estimated 24,3%. The PIC has confirmed its intention to remain a long term investor in MTN Group.

Directors emoluments and related payments

Year ended 31 March 2005

	Date appointed	Date resigned	Directors fees R'000	Salaries R'000	Retire-ment benefits R'000	Other benefits R'000	Bonuses R'000	Total R'000
Executive directors								
PF Nhleko (CEO)	1 Jul 02			4 347	360	234	9 172	14 113
SL Botha	7 Jul 03			2 196	282	30	2 961	5 469
I Charnley	1 Aug 01			1 653	237	184	2 273	4 347
RS Dabengwa	1 Oct 01			2 192	373	336	2 861	5 762
RD Nisbet	1 Oct 01			2 046	262	157	2 324	4 789
Non-executive directors								
DDB Band	1 Oct 01		526					526
ZNA Cindi	23 Apr 99		440					440
PL Heinamann	1 Oct 01		592					592
MC Ramaphosa	1 Oct 01		728					728
SN Mabaso*	1 Jul 02	15 Nov 04	210					210
AF van Biljon	1 Nov 02		611					611
LC Webb (alternate to SN Mabaso)*	15 Nov 00	15 Nov 04	103					103
JHN Strydom	11 Mar 04		504					504
MA Moses	18 Nov 04		75					75
			3 789	12 434	1 514	914	19 591	38 269

**Paid to Transnet Limited*

directors' report *continued*

for the year ended 31 March 2005

Directors emoluments and related payments *continued*

Year ended 31 March 2004

	Date appointed	Date resigned	Directors fees R'000	Salaries R'000	Retire-ment benefits R'000	Other benefits R'000	Bonuses R'000	Total R'000
Executive directors								
PF Nhleko (CEO)	1 Jul 02			3 655	332	613	9 200	13 800
SL Botha	7 Jul 03			1 367	192	933	2 028	4 520
I Charnley	1 Aug 01			1 523	220	337	2 098	4 178
RS Dabengwa	1 Oct 01			1 880	249	164	2 625	4 918
RD Nisbet	1 Oct 01			1 623	238	430	2 509	4 800
Non-executive directors								
DDB Band	1 Oct 01		472					472
ZNA Cindi	23 Apr 99		374					374
PL Heinamann	1 Oct 01		498					498
MC Ramaphosa	1 Oct 01		586					586
JRD Modise (alternate to MC Ramaphosa)*	1 Oct 01	25 Aug 03	25					25
SN Mabaso**	1 Jul 02		210					210
AF van Biljon	1 Nov 02		465					465
LC Webb (alternate to SN Mabaso)**	15 Nov 00		82					82
JHN Strydom	11 Mar 04		35					35
Past director								
PL Zim	1 Oct 01	30 Sep 03		960	110	306		1 376
			2 747	11 008	1 341	2 783	18 460	36 339

**Paid to Johnnic Communications Management Services (Proprietary) Limited*
***Paid to Transnet Limited*

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 year.

Post balance sheet events

There were no significant post balance events.

Pioneer status

During the year under review, correspondence was received from certain Nigerian authorities that could have created uncertainty as to whether or not MTN Nigeria has Pioneer Status entitling it to a 5 year corporate tax holiday. Discussions have been ongoing with the relevant authorities in this regard. Subsequent to year end, additional positive correspondence clarifying the position around Pioneer Status has been received. In the light of these factors, the boards of directors of both MTN Nigeria and the Group remain confident that the grant of Pioneer Status to MTN Nigeria is and will remain in effect for the full five year period.

Change in year end

The financial year end of MTN Group and 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. The Group will still report half year results to 30 September 2005 followed by final results for the nine months ending 31 December 2005.

Auditors

PricewaterhouseCoopers Inc. and SizweNtsaluba VSP Inc. will continue in office as joint auditors in accordance with section 270(2) of the Companies Act.

principal accounting policies

for the year ended 31 March 2005

1. Presentation of financial statements

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity ("the measurement currency"). The financial statements are presented in South African Rand, which is the measurement currency of the parent.

2. Summary of principal accounting policies

The financial statements have been prepared in accordance with South African Statements of Generally Accepted Accounting Practice and the requirements of the South African Companies Act. The financial statements have been prepared under the historical cost convention as modified by the revaluation of available-for-sale investment securities and financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

The preparation of financial statements in conformity with Statements of Generally Accepted Accounting Practice requires the use of 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.

Adoption of statements

The Group adopted the South African Statements of Generally Accepted Accounting Practice listed below with effect from 17 July 2000:

- IFRS3 (AC140) (issued 2004) Business Combinations
- IAS36 (AC128) (revised 2004) Impairment of Assets
- IAS38 (AC129) (revised 2004) Intangible Assets
- IAS27 (AC132) (revised 2004) Consolidated and Separate Financial Statements

Change in accounting policy

The adoption of IFRS3 (AC140) (issued) requires simultaneous adoption of IAS36 (AC128) (revised) and IAS38 (AC129) (revised). The adoption of these statements as well as IAS27 (AC132) (revised) resulted in a change in accounting policies applied previously to goodwill and to the acquisition and sale of minorities.

The effects of adopting the above statements and the resultant change in accounting policies are as follows:

- When minority interests are purchased/sold after 17 July 2000, the difference between the purchase price/consideration received and the book value of the minority interest is recorded directly in equity, rather than as additional goodwill or in the income statement;
- Amortisation of previously recognised goodwill ceased with effect from 17 July 2000; and
- From the year ended 31 March 2001 onwards, goodwill is tested annually for impairment, as well as when there are indications of impairment.

All changes in the accounting policies have been made in accordance with the transitional provisions in the respective statements. The impact of these changes is set out in note 39 to the financial statements.

2.1 Basis of consolidation

The financial statements incorporate the financial statements of MTN Group Limited and all its subsidiaries, joint ventures, associates and special purpose entities for the year ended 31 March 2005.

2.1.1 Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies or has a shareholding of more than one half of the voting rights so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or currently convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

All intercompany transactions, balances between Group enterprises and unrealised gains on transactions between Group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment 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.

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 up, equity instruments issued and liabilities undertaken 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 (note 2.2).

Minority shareholders are treated as equity participants and therefore all acquisitions of minority interests or disposals by the Group of its interests in subsidiary companies 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. Refer to notes 2 and 39 for details relating to the change in accounting policy in this regard.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.1.2 Associated companies

Associates are all entities over which the Group exercises significant influence with respect to its financial and operating policies but which it does not control, jointly or otherwise.

Investments in associates are accounted for using the equity method of accounting. Under this method, the Group's share of post-acquisition accumulated profits or losses of associated companies, which is 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.

principal accounting policies *continued*

for the year ended 31 March 2005

2. Summary of principal accounting policies *(continued)*

2.1.2 Associated companies (continued)

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 Group's investment in associates includes goodwill 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.

2.1.3 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.

2.2 Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interests in the fair value of the net identifiable assets of a subsidiary, associate or jointly controlled entity at the date of acquisition (refer notes 2.1.1, 2.1.2 and 2.1.3).

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 within the carrying amount of the associate.

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. 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. Each of those cash-generating units represents the Group's investment in each country of operation.

2.3 Investments

Investments in subsidiaries, associates and joint ventures are recognised at cost less accumulated impairment losses in the financial statements of the Company.

The Group classifies its investments in debt and equity securities into the following categories: loans and receivables, available-for-sale and financial instruments held at fair value through profit or loss. The classification is dependent on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates such designation on an annual basis.

Financial instruments held at fair value through profit and loss comprise of investments that are not held for trading but are reflected at fair value through profit and loss.

Investments intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, are classified as available-for-sale. They are included in non-current assets unless management has the express intention of holding the investment for less than 12 months from the balance sheet date, or unless they will need to be sold to raise operating capital, in which case they are included in current assets.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable. 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.

Purchases and sales of investments are recognised on the trade date, which is the date that the Group commits to purchase or sell the asset. Investments are initially recognised at cost. Cost of purchase includes transaction costs.

Available-for-sale investments and financial instruments held at fair value through profit and loss are subsequently carried at fair value. Unrealised gains and losses arising from changes in the fair value of securities classified as available-for-sale are recognised in equity. Realised and unrealised gains and losses arising from changes in the fair value of the financial assets at fair value through profit and loss are included in the income statement in the periods they arise. Loans and receivables, and held-to-maturity investments are carried at amortised cost using the effective yield method.

The fair value of investments is based on quoted bid prices or amounts derived from cash flow models. Fair values for unlisted equity securities are estimated using applicable price/earnings or price/cash flow ratios refined to reflect the specific circumstances of the issuer. 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. When there is a significant or prolonged decline in the fair value of available-for-sale investments, the cumulative loss is removed from equity and recognised in the income statement. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the income statement as gains and losses from investments.

Assets are derecognised when the enterprise loses control of contractual rights that comprise the assets and liabilities or when the obligation is extinguished.

2.4 Revenue recognition

Revenue comprises the fair value of goods and services supplied by the Group, net of indirect taxes 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:

2.4.1 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.

principal accounting policies *continued*

for the year ended 31 March 2005

2. Summary of principal accounting policies *(continued)*

2.4.1 Contract products (continued)

- Airtime
  Revenue is recognised on the usage basis commencing on the date of activation. The terms and conditions of the bundled airtime products allow the carry over of unused minutes and accumulation to a maximum of one month's allocation. This unused airtime is deferred in full. Deferred revenue related to the unused airtime is recognised when utilised by the customer or upon expiry date in respect of carry over minutes. Upon termination of the customer contract, all deferred revenue for unused airtime is recognised.

2.4.2 Prepaid products

- Connection fees
  Revenue is recognised on the date of activation.
- Airtime
  Revenue is recognised on the usage basis commencing on the date of activation.
- SIM kits
  Revenue is recognised on the date of sale.

2.4.3 Other revenue

- Equipment sales
  All equipment sales are recognised only when risks and rewards of ownership are transferred to the buyer.
- Interconnect/Roaming/Data
  Revenue is recognised on the usage basis.
- Interest
  Revenue is recognised on the time proportion basis with reference to the principal amount receivable and the effective interest rate applicable.
- Dividends
  Dividends are recognised when the right to receive payment is established.

2.5 Leases

Leases of 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 as a finance lease obligation. 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 year, the Group acted as the lessee.

2.6 Connection incentives

Connection incentives are expensed in the period in which they are incurred.

2.7 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 other vested benefits 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.

Equity and compensation plans

Where debentures vest or employees exercise options in terms of the rules and regulations of the various 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 Securities Exchange South Africa 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. No cost is recognised in income in respect of these options. Further details of equity compensation schemes are provided in the Directors' report.

Defined contribution plans (pension and provident funds)

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 during a period are recognised as an employee benefit expense when they are due.

Termination benefits

Termination benefits may be payable when an employee's employment is terminated before the normal retirement date or an employee accepts voluntary redundancy in exchange for these benefits. 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. Benefits falling due more than 12 months after balance sheet date are discounted to present value.

2.8 Provisions

A provision is recognised when there is a legal or constructive obligation as a result of a past event for which it is more likely than not that a transfer of economic benefits 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.

principal accounting policies *continued*

for the year ended 31 March 2005

2. Summary of principal accounting policies *(continued)*

2.9 Deferred taxation

Deferred taxation is provided 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 arises 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 that have been enacted or substantially enacted by 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.

2.10 Property, plant and equipment

Property, plant and equipment are stated at cost 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 values, on the straight-line basis over their expected useful lives as follows:

Buildings	2% – 10%
Generators	25% – 50%
Network infrastructure	10% – 25%
Information systems equipment	25% – 33%
Furniture and fittings	10% – 20%
Leasehold improvements	20% – 50%
Office equipment	15% – 20%
Motor vehicles	25% – 33%

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 expenditure relating to an item of property, plant and equipment is capitalised when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group, and the expenditure can be measured reliably. All other subsequent expenditure is recognised as an expense in the period in which it is incurred. Borrowing costs are not capitalised.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between sales proceeds and the carrying amount of the asset, and is included in operating profit. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount (note 2.11).

Repairs and maintenance are charged to the income statement during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group. Major renovations are depreciated over the remaining useful life of the related asset.

2.11 Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are 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 may not be recoverable. An impairment loss is recognised 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 and 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).

2.12 Intangible assets

Intangible assets represent identifiable assets from which it is probable that future economic benefits will flow to the Group which can be reliably measured. Intangible assets, including payments in relation to up-front licence fees are stated at cost less accumulated amortisation and impairment losses (if applicable). Intangible assets are amortised to the income statement on a straight-line basis over their estimated useful lives, but not exceeding 20 years. Intangible assets are not revalued.

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits to levels in excess of the originally assessed standard of performance in respect of the specific asset to which it relates. All other subsequent expenditure is expensed as incurred.

2.13 Inventories

Inventories are stated at the lower of cost and net realisable value on a weighted average basis. 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 less all estimated costs to completion and costs to be incurred in marketing, selling and distribution. Where appropriate, an impairment provision is raised in respect of slow moving, obsolete and defective inventories.

2.14 Trade and other receivables

Trade and other receivables originated by the Group are recognised initially at fair value and subsequently at amortised cost using the effective interest rate 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. The amount provided is the difference between the carrying amount and the estimated recoverable amount, being the present value of expected cash flows, discounted at the market rate of interest for similar borrowers. The movement in the provision is recognised in the income statement.

2.15 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call and Letters of Credit issued by banks, and investments in money market instruments, net of bank overdrafts, all of which are available for use by the Group unless otherwise stated. Bank overdrafts are included within current liabilities on the balance sheet.

principal accounting policies *continued*

for the year ended 31 March 2005

2. Summary of principal accounting policies *(continued)*

2.16 Borrowings

Financial liabilities include interest bearing borrowings, convertible debentures, trade creditors and other payables. Management determines the classification of its liabilities depending on the purpose for which the liability was incurred.

Borrowings are recognised initially at 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 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.

2.17 Foreign currency transactions

2.17.1 Transactions and balances

Transactions in foreign currencies are translated into the measurement currency at the rate of exchange ruling at the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Gains and losses arising on translation or settlement of these transactions are credited to or charged against income, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Where a related forward exchange contract is designated as a hedge, the costs of hedging are included in the measurement of the underlying transaction. Where forward exchange contracts are not designated as hedges, they are marked to market at year-end and the exchange differences are included in the income statement. During the year, none of the forward exchange contracts entered into were designated as hedges.

2.17.2 Group companies

The financial statements of foreign entities are translated into the reporting currency as follows:

- Assets and liabilities are translated at rates of exchange ruling at the financial year-end;
- Income and expenditure and cash flow items are translated at weighted average exchange rates for the year; and
- Foreign exchange translation differences are recognised in a foreign currency translation reserve.

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 at the balance sheet date.

Where a foreign subsidiary is determined to be an integrated foreign operation, the income statement items are translated at the appropriate exchange rates when the transaction occurs. Monetary items are translated at the ruling exchange rates at the balance sheet dates. Translation gains and losses are taken to income for the period.

Currently, all foreign Group companies are classified as foreign entities and accounted for accordingly.

2.18 Derivative instruments

Derivative financial instruments, including embedded derivatives separated from their host contracts, are initially recognised on the balance sheet at fair value of the consideration received/paid and are subsequently remeasured to fair value. Fair value movements are recognised in the income statement.

2.19 Basis of accounting for underwriting activities

Underwriting results are determined on the annual basis whereby the incurred cost of claims, commission and related expenses is charged against the earned proportion of premiums, net of reinsurance, as follows:

- Premiums written related to business incepted during the year and exclude value-added tax.
- Unearned premiums represent the portion of premiums written during the year 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 year 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.

2.20 Dividends

Dividends payable are recorded in the Group's financial statements in the period in which they are approved by the Board of directors.

2.21 Share capital

Ordinary shares are classified as equity. Incremental external costs directly attributable to the issue of new shares, 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 purchases the Company's share capital, the consideration paid, including any attributable incremental external costs net of income taxes, is deducted from total shareholders' equity as treasury shares until they are cancelled. 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.

2.22 Segment reporting

The geographic location of the Group's telecommunication network facilities constitute 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. Reconciling items comprise inter-company eliminations. 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.

Capital expenditure represents the total costs incurred during the period to acquire segment assets that are expected to be used during more than one period (namely, property, plant and equipment and intangible assets).

principal accounting policies *continued*

for the year ended 31 March 2005

2. Summary of principal accounting policies *(continued)*

2.23 Financial risk management

2.23.1 Financial risk factors

The Group's activities expose it to a variety of financial risk, market risk, credit risk, liquidity risk and cash flow 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. Certain entities in the Group, particularly in South Africa, use forward contracts to hedge their exposure to foreign currency risk in connection with the measurement 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 (LCs) when each order is placed. The Company has a number of investments in foreign subsidiaries whose net 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.

Interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group has no significant interest bearing assets, other than cash deposits. The Group primarily borrows at variable rates, and its exposure to interest rate risk is reflected under the respective borrowings (note 20).

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 the impairment of trade receivables). 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.

2.23.2 Accounting for derivative financial instruments and hedging activities

Derivative financial instruments are initially recognised in the balance sheet at cost and subsequently are 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 IAS39 (AC133). The fair values of derivative instruments used for economic hedging purposes are disclosed in note 38.

2.23.3 Fair value estimation

The fair value of forward foreign exchange contracts is determined using 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.

For financial assets and liabilities with a maturity of less than one year, the face values less any estimated credit adjustments, are assumed to approximate their fair values. 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.

2.24 Earnings per ordinary share

Attributable earnings per ordinary share is calculated using the weighted average number of ordinary shares in issue during the period and is based on the net profit attributable to ordinary shareholders.

Headline earnings per ordinary share is calculated using the weighted average number of ordinary shares in issue during the period and is based on the earnings attributable to ordinary shareholders, after excluding those items as required by Circular 7/2002.

2.25 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 developing or 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).

2.26 Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentation (note 8 and 10) and accounting policies during the year (note 39).

group income statement

for the year ended 31 March 2005

	Note	2005 Rm	2004 restated Rm
Revenue	2	**28 994**	23 871
Cost of sales		**(10 848)**	(9 659)
Gross profit		**18 146**	14 212
Operating expenses – net of other operating income		**(9 082)**	(7 533)
Profit from operations	3	**9 064**	6 679
Finance income	4	**305**	144
Finance costs	5	**(571)**	(748)
Share of results of associates	11	**18**	9
Profit before tax		**8 816**	6 084
Income tax expense	6	**(1 502)**	(1 101)
Profit after tax		**7 314**	4 983
Minority interest	19	**(907)**	(612)
Net profit		**6 407**	4 371
Earnings per ordinary share (cents)			
– attributable	7	**386,0**	264,2
– basic headline	7	**385,0**	264,2
– adjusted headline	7	**366,6**	253,6
Dividend per share (cents)		**41,0**	—

group balance sheet

at 31 March 2005

	Note	2005 Rm	2004 restated Rm
ASSETS			
Non-current assets		**18 727**	13 637
Property, plant and equipment	8	**15 623**	10 904
Goodwill	9	**33**	33
Intangible assets	10	**1 686**	1 784
Investments in associates	11	**43**	33
Investment	12	**300**	302
Originated loans	13	**261**	225
Deferred tax assets	14	**781**	356
Current assets		**10 637**	8 643
Inventories	15	**649**	515
Receivables and prepayments	16	**3 515**	2 791
Taxation prepaid		**44**	1
Cash at bank and on hand	25	**5 838**	3 648
Securitised cash deposits	25	**591**	1 688
Total assets		**29 364**	22 280
EQUITY			
Ordinary shares and share premium	17	**14 239**	14 178
Retained earnings		**15 079**	9 353
Other reserves	18	**(13 385)**	(13 403)
Share capital and reserves		**15 933**	10 128
Minority interest	19	**2 324**	1 418
Total equity		**18 257**	11 546
LIABILITIES			
Non-current liabilities		**3 618**	4 376
Borrowings	20	**3 011**	3 710
Deferred tax liabilities	14	**607**	666
Current liabilities		**7 489**	6 358
Trade and other payables	21	**5 944**	4 787
Provisions	22	**247**	189
Current tax liabilities		**1 081**	943
Borrowings	20	**167**	334
Bank overdraft	20, 25	**50**	105
Total liabilities		**11 107**	10 734
Total equity and liabilities		**29 364**	22 280

group statement of changes in equity

for the year ended 31 March 2005

	Note	Share capital Rm	Share premium Rm	Treasury shares Rm	Retained earnings Rm	Other reserves Rm	Total Rm
Balance at 31 March 2003		*	14 090	(7)	3 493	(520)	17 056
Change in accounting policy – IAS39 (AC133)		—	—	—	(15)	—	(15)
Change in accounting policy – IFRS 3 (AC140)	39	—	—	—	1 508	(11 789)	(10 281)
Balance at 1 April 2003 – restated		*	14 090	(7)	4 986	(12 309)	6 760
Net profit		—	—	—	4 371	—	4 371
– as previously reported		—	—	—	3 700	—	3 700
– change in accounting policy	39	—	—	—	671	—	671
Transfers between reserves		—	—	—	(4)	4	—
Issue of share capital		*	94	1	—	—	95
Change in accounting policy	39	—	—	—	—	(110)	(110)
– additional goodwill		—	—	—	—	(38)	(38)
– loss on sale of 4,5% of MTN Nigeria		—	—	—	—	(72)	(72)
Currency translation differences		—	—	—	—	(988)	(988)
Balance at 31 March 2004 – restated		*	14 184	(6)	9 353	(13 403)	10 128
Net profit		—	—	—	6 407	—	6 407
Transfers between reserves		—	—	—	(1)	1	—
Dividends paid		—	—	—	(680)	—	(680)
Issue of share capital		*	55	6	—	—	61
Purchase/Sale of non-controlling interests		—	—	—	—	(12)	(12)
Currency translation differences		—	—	—	—	29	29
Balance at 31 March 2005		*****	**14 239**	**—**	**15 079**	**(13 385)**	**15 933**
Note		17	17	17		18	

**Amounts less than R1 million*

group cash flow statement

for the year ended 31 March 2005

	Note	2005 Rm	2004 Rm
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers		**28 045**	23 458
Cash paid to suppliers and employees		**(15 742)**	(13 431)
Cash generated from operations	23	**12 303**	10 027
Interest received	4	**258**	125
Interest paid	5	**(521)**	(634)
Dividend paid		**(680)**	—
Tax paid	24	**(1 859)**	(921)
Net cash generated from operating activities		**9 501**	8 597
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment and software	8, 10	**(7 576)**	(5 048)
– to maintain operations		**(162)**	(191)
– to expand operations		**(7 414)**	(4 857)
Proceeds from sale of property, plant and equipment		**11**	3
Proceeds from associates, other investments and advances	11	**—**	7
Increase of interest in joint venture		**—**	(7)
Proceeds from reduction of interest in subsidiary		**—**	117
Interest received	4	**9**	14
Proceeds from other loans and advances		**5**	16
Net cash utilised in investing activities		**(7 551)**	(4 898)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of ordinary shares		**42**	31
(Repayments of)/Proceeds from borrowings		**(901)**	202
Net cash (utilised in)/generated from financing activities		**(859)**	233
Net increase in cash and cash equivalents		**1 091**	3 932
Effect of exchange rate changes		**57**	(632)
Cash and cash equivalents at beginning of year		**5 231**	1 931
Cash and cash equivalents at end of year	25	**6 379**	5 231

group notes to the annual financial statements

for the year ended 31 March 2005

2005	South Africa Rm	Nigeria Rm	Rest of Africa Rm	Reconciling items Rm	Consolidated Rm
1. GEOGRAPHIC SEGMENTS					
REVENUE					
External sales	17 755	9 310	2 334	(405)	28 994
Total revenue	17 755	9 310	2 334	(405)	28 994
EBITDA	6 016	4 883	1 120	—	12 019
Depreciation	(1 127)	(1 319)	(262)	—	(2 708)
Amortisation of intangible assets	(77)	(135)	(35)	—	(247)
Finance costs	(85)	(401)	(93)	8	(571)
Finance income	222	23	68	(8)	305
Share of profits of associates	17	—	1	—	18
Income tax expense	(1 572)	406	(336)	—	(1 502)
Minority interest	—	(866)	(41)	—	(907)
Net profit/(loss)	3 394	2 591	422	—	6 407
BALANCE SHEET					
Assets					
Non-current assets	9 159	10 681	5 947	(7 060)	18 727
Tangible assets	5 187	8 802	1 634	—	15 623
Intangible assets (including goodwill)	160	1 170	389	—	1 719
Other non-current assets	3 812	709	3 924	(7 060)	1 385
Current assets	7 578	2 265	794	—	10 637
Bank balances and security cash deposits	4 379	1 518	532	—	6 429
Other current assets	3 199	747	262	—	4 208
Total assets	16 737	12 946	6 741	(7 060)	29 364
Capital, reserves and minority interest	11 743	8 473	5 101	(7 060)	18 257
Non-current liabilities	816	2 108	694	—	3 618
Long-term liabilities	303	2 108	600	—	3 011
Deferred taxation	513	—	94	—	607
Current liabilities	4 178	2 365	946	—	7 489
Interest bearing liabilities	80	46	91	—	217
Non-interest bearing liabilities	4 098	2 319	855	—	7 272
Total equity and liabilities	16 737	12 946	6 741	(7 060)	29 364
CASH FLOW INFORMATION					
Net cash generated by operations	6 028	5 164	1 102	9	12 303
Net finance cost	127	(370)	(20)	—	(263)
Dividends paid	(680)	—	—	—	(680)
Taxation paid	(1 679)	—	(180)	—	(1 859)
Cash inflows from operating activities	3 796	4 794	902	9	9 501
Acquisitions of property, plant and equipment	(1 745)	(5 518)	(313)	—	(7 576)
Other investing activities	25	2	7	(9)	25
Cash (outflows)/inflow from investing activities	(1 720)	(5 516)	(306)	(9)	(7 551)
Cash (outflows)/inflows from financing activities	33	108	(1 000)	—	(859)
Net movement in cash and cash equivalents	2 109	(614)	(404)	—	1 091
Average number of employees for the year for each of the Group's principal segments were as follows:	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.

2004	South Africa Rm	Nigeria Rm	Rest of Africa Rm	Reconciling items Rm	Consolidated Rm
1. GEOGRAPHIC SEGMENTS *(continued)*					
REVENUE					
External sales	15 184	6 973	2 053	(339)	23 871
Total revenue	15 184	6 973	2 053	(339)	23 871
EBITDA	4 522	3 557	976	—	9 055
Depreciation	(1 231)	(759)	(214)	—	(2 204)
Amortisation of intangible assets	(17)	(117)	(38)	—	(172)
Finance costs	(130)	(349)	(271)	2	(748)
Finance income	91	32	23	(2)	144
Share of profits of associates	9	—	—	—	9
Income tax expense	(998)	226	(329)	—	(1 101)
Minority interest	—	(566)	(46)	—	(612)
Net profit	2 246	2 024	101	—	4 371
BALANCE SHEET					
Assets					
Non-current assets	8 614	6 282	5 801	(7 060)	13 637
Tangible assets	4 638	4 742	1 524	—	10 904
Intangible assets (including goodwill)	169	1 237	411	—	1 817
Other non-current assets	3 807	303	3 866	(7 060)	916
Current assets	4 674	2 762	1 207	—	8 643
Bank balances and security cash deposits	2 323	2 090	923	—	5 336
Other current assets	2 351	672	284	—	3 307
Total assets	13 288	9 044	7 008	(7 060)	22 280
Capital, reserves and minority interest	8 975	5 033	4 598	(7 060)	11 546
Non-current liabilities	911	1 877	1 588	—	4 376
Long-term liabilities	332	1 877	1 501	—	3 710
Deferred taxation	579	—	87	—	666
Current liabilities	3 402	2 134	822	—	6 358
Non-interest bearing liabilities	3 284	189	2 446	—	5 919
Interest bearing liabilities	118	1 945	(1 624)	—	439
Total equity and liabilities	13 288	9 044	7 008	(7 060)	22 280
CASH FLOW INFORMATION					
Net cash generated by operations	4 873	4 115	1 039	—	10 027
Net finance cost	(54)	(315)	(139)	(1)	(509)
Taxation paid	(809)	—	(112)	—	(921)
Cash inflows from operating activities	4 010	3 800	788	(1)	8 597
Acquisitions of property, plant and equipment	(1 073)	(3 403)	(573)	1	(5 048)
Other investing activities	(800)	1	127	822	150
Cash (outflows)/inflow from investing activities	(1 873)	(3 402)	(446)	823	(4 898)
Cash (outflows)/ inflows from financing activities	(351)	1 251	155	(822)	233
Net movement in cash and cash equivalents	1 786	1 649	497	—	3 932
Average number of employees for the year for each of the Group's principal segments were as follows:	3 142	1 244	1 004	—	5 390

group notes to the annual financial statements *continued*

for the year ended 31 March 2005

		2005 Rm	2004 Rm
2.	**REVENUE**		
	Wireless telecommunications	**26 376**	21 564
	– Airtime and subscription fees	**19 777**	15 827
	– Interconnect	**6 036**	5 030
	– Connection fees	**563**	707
	Cellular telephones and accessories	**2 153**	1 962
	Other	**385**	257
	Satellite communications	**80**	88
		28 994	23 871
3.	**PROFIT FROM OPERATIONS**		
	The following items have been included in arriving at profit from operations:		
	Auditors' remuneration:	**(16)**	(44)
	– Audit fees	**(10)**	(8)
	– Fees for other services	**(6)**	(36)
	– Expenses	**(*)**	(*)
	Directors' emoluments:	**(38)**	(36)
	– Services as director	**(34)**	(33)
	– Directors' fees	**(4)**	(3)
	– Other expenses	**—**	(*)
	Operating lease rentals:	**(320)**	(205)
	– Property	**(287)**	(152)
	– Equipment and vehicles	**(33)**	(53)
	Profit/(Loss) on disposal of property, plant and equipment (note 23)	**3**	(8)
	Impairment (charge)/reversal on inventories (note 15)	**(5)**	32
	Impairment charge on trade receivables (note 16)	**(304)**	(199)
	Depreciation on property, plant and equipment (notes 8, 23):	**(2 708)**	(2 204)
	– Buildings:		
	Owned	**(72)**	(54)
	Leased	**(16)**	(15)
	– Leasehold improvements	**(74)**	(58)
	– Network infrastructure	**(2 277)**	(1 732)
	– Information systems, furniture and office equipment	**(230)**	(315)
	– Vehicles	**(39)**	(30)

**Amounts less than R1 million*

		2005 Rm	2004 Rm
3.	**PROFIT FROM OPERATIONS *(continued)***		
	Amortisation of intangible assets (notes 10, 23)	**(247)**	(172)
	– Licence fees	**(143)**	(160)
	– Software	**(93)**	—
	– Other	**(11)**	(12)
	Staff costs:	**(1 411)**	(1 096)
	– Wages and salaries	**(1 196)**	(981)
	– Pension costs – defined contribution plans	**(70)**	(54)
	– Other	**(145)**	(61)
	Average number of employees:	**6 258**	5 390
	Fees paid for services:	**(377)**	(435)
	– Administrative	**(61)**	(91)
	– Management	**(90)**	(74)
	– Professional	**(124)**	(183)
	– Secretarial	**(6)**	(3)
	– Technical	**(96)**	(84)
	Impairment reversed against loan arising on disposal of 20% of MTN Cameroon to reflect net asset value (note 23)	**11**	9
	Impairment of interest in associates and subsidiaries (notes 11, 23)	**—**	(4)
	Profit on sale of associate (note 23)	**4**	—
	Net foreign exchange (losses)/gains from trading activities	**(7)**	6
	Repairs and maintenance expenditure on property, plant and equipment	**(518)**	(415)
	Analysis of operating expenses by function		
	Administration, marketing and network	**(6 407)**	(5 191)
	Sales and distribution	**(2 675)**	(2 342)
		(9 082)	(7 533)

group notes to the annual financial statements *continued*

for the year ended 31 March 2005

		2005 Rm	2004 Rm
4.	**FINANCE INCOME**		
	Interest income	**299**	128
	Foreign exchange transaction gains	**6**	16
		305	144
	Reconciliation of interest received to finance income		
	Interest received (operating activities)	**258**	125
	Interest received (investing activities)	**9**	14
	Interest accrued on other loans	**24**	—
	Fair value adjustments	**14**	5
	Finance income recognised in the income statement	**305**	144
5.	**FINANCE COSTS**		
	Interest expense – borrowings	**(491)**	(487)
	Interest expense – finance leases	**(36)**	(37)
	Foreign exchange transaction losses	**(44)**	(224)
		(571)	(748)
	Reconciliation of interest paid to finance cost		
	Interest paid (operating activities)	**(521)**	(634)
	Arrangement fees	**(43)**	—
	Fair value adjustments	**(3)**	—
	Unrealised exchange loss related to international sinking fund policy	**—**	(72)
	Unrealised foreign exchange transaction losses	**(4)**	(42)
		(571)	(748)

	2005 Rm	2004 Rm
6. INCOME TAX EXPENSE		
Current tax		
Normal tax	**(1 885)**	(1 343)
Current year	**(1 801)**	(1 343)
Prior year under provision	**—**	*
Secondary tax on companies	**(84)**	—
Foreign tax		
Foreign income and withholding tax	**(107)**	(119)
Deferred tax (note 14)	**490**	361
Current year	**493**	361
Change in tax rate	**(3)**	—
	(1 502)	(1 101)

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 tax rate reconciliation is 30% as this is the corporate tax rate still applicable as at the end of the financial year. Deferred tax, however, is measured at tax rates (and tax laws) that have been enacted or substantially enacted by the balance sheet date. The 29% tax rate has been "substantially enacted" in South Africa with effect from the date of the Budget speech. Therefore, deferred tax for the current year is measured at 29% (2004: 30%). Taxation for foreign jurisdictions is calculated at the rates prevailing in the respective jurisdiction.

MTN Mauritius has been deemed to be South African resident for tax purposes by the South African Revenue Services.

Tax rate reconciliation

The charge for the year can be reconciled to the effective rate of taxation in South Africa as follows:

	2005 %	2004 %
Tax at standard rate	**30,0**	30,0
Expenses not deductible for tax purposes	**1,0**	5,2
Effect of different tax rates in other countries	**0,3**	0,4
Income not subject to tax	**(0,3)**	(0,2)
Effect of pioneer status/tax credit granted	**(15,3)**	(19,1)
Withholding taxes	**1,1**	1,4
Effect of foreign dividends	**0,4**	0,8
Effect of STC	**1,3**	—
Effect of tax rate change (deferred tax)	**(0,1)**	—
Other	**(1,4)**	1,8
	17,0	20,3

**Amounts less than R1 million*

group notes to the annual financial statements *continued*

for the year ended 31 March 2005

7. EARNINGS PER ORDINARY SHARE

The calculation of attributable earnings per ordinary share is based on net profit for the year of R6 407 million (2004: R4 371 million), and weighted average number of shares of 1 659 670 617 (2004: 1 654 380 353) ordinary shares in issue (excluding treasury shares).

The calculation of basic and adjusted headline earnings per ordinary share is based on basic headline earnings of R6 389 million (2004: R4 370 million) and adjusted headline earnings of R6 084 million (2004: R4 196 million) respectively, and weighted average number of shares of 1 659 670 617 (2004: 1 654 380 353) ordinary shares in issue (excluding treasury shares).

The calculation of diluted attributable, basic headline and adjusted headline earnings per ordinary share is based on the respective earnings as indicated above, and the weighted average of 1 675 654 318 (2004: 1 681 045 602) 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.

	2005 Rm	2004 Rm
Reconciliation between net profit and headline earnings		
Net profit for the year	**6 407**	4 371
Less:		
Profit on sale of associate	**(4)**	—
(Profit)/Loss on disposal of property, plant and equipment	**(3)**	8
Impairment reversed against loan arising on disposal of 20% holding in MTN Cameroon	**(11)**	(9)
Basic headline earnings	**6 389**	4 370
Less: Adjustment		
Reversal of deferred tax asset (note 14)	**(305)**	(174)
Adjusted headline earnings	**6 084**	4 196
Earnings per ordinary share (cents)		
– Attributable	**386,0**	264,2
– Basic headline	**385,0**	264,2
– Adjusted headline	**366,6**	253,6
Diluted earnings per share (cents)		
– Attributable	**382,4**	260,0
– Basic headline	**381,3**	260,0
– Adjusted headline	**363,1**	249,6
	'000	'000
Weighted average no. of shares	**1 659 670**	1 654 380
Adjusted for:		
– share options	**15 627**	26 079
– assumed conversion of convertible debentures	**357**	586
Weighted average no. of shares for diluted earnings per share	**1 675 654**	1 681 045

	Owned					Leased	
	Land and buildings Rm	Leasehold improvements Rm	Network infrastructure Rm	Information systems, furniture and office equipment Rm	Vehicles Rm	Land and buildings (notes 20, 31) Rm	Total Rm
8. PROPERTY, PLANT AND EQUIPMENT							
8.1 Analysis of net book amount							
Year ended 31 March 2005							
Cost	**905**	**434**	**20 905**	**1 666**	**165**	**316**	**24 391**
Accumulated depreciation	**(182)**	**(202)**	**(7 258)**	**(1 003)**	**(82)**	**(41)**	**(8 768)**
Net book amount	**723**	**232**	**13 647**	**663**	**83**	**275**	**15 623**
Year ended 31 March 2004							
Cost	677	234	14 382	1 272	106	316	16 987
Accumulated depreciation	(113)	(124)	(4 986)	(781)	(54)	(25)	(6 083)
Net book amount	564	110	9 396	491	52	291	10 904
8.2 Movement in net book amount							
Year ended 31 March 2005							
Opening net book amount	**564**	**110**	**9 396**	**491**	**52**	**291**	**10 904**
Additions	**236**	**193**	**6 544**	**399**	**70**	**—**	**7 442**
Re-allocations	**(3)**	**—**	**3**	**—**	**—**	**—**	**—**
Disposals	**(1)**	**—**	**(7)**	**—**	*****	**—**	**(8)**
Depreciation charge	**(72)**	**(74)**	**(2 277)**	**(230)**	**(39)**	**(16)**	**(2 708)**
Exchange differences	**(1)**	**3**	**(12)**	**3**	*****	**—**	**(7)**
Closing net book amount	**723**	**232**	**13 647**	**663**	**83**	**275**	**15 623**
Year ended 31 March 2004							
Opening net book amount	420	88	7 853	652	55	306	9 374
Additions	274	98	4 302	333	41	—	5 048
Re-allocations	—	—	(27)	(111)	—	—	(138)
Disposals	—	(1)	(8)	(1)	(1)	—	(11)
Depreciation charge	(54)	(58)	(1 732)	(315)	(30)	(15)	(2 204)
Exchange differences	(76)	(17)	(992)	(67)	(13)	—	(1 165)
Closing net book amount	564	110	9 396	491	52	291	10 904

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.

**Amounts less than R1 million*

group notes to the annual financial statements *continued*

for the year ended 31 March 2005

8. PROPERTY, PLANT AND EQUIPMENT *(continued)*

8.3 Encumbrances

MTN Nigeria

Loans to MTN Nigeria are secured by a fixed charge over the company's moveable assets, the book value of which is R8 874 million (2004: R4 777 million) (note 20).

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 R51,8 million (2004: R45,4 million) (note 20).

MTN Uganda

In terms of the Inter-creditor Security Package, MTN Uganda has provided a first fixed charge totalling R141,3 million (2004: R143,2 million) over its property, plant and equipment as security for a syndicated loan made to MTN Uganda by various banks and financial institutions (note 20).

MTN Cameroon

The International Amortising Senior Debt Facility (IASDF) and Domestic Amortising Senior Debt Facility (DASDF) were secured for the 2004 financial year by a notarial bond over MTN Cameroon's tangible fixed assets with a book value of R1 035 million and land with an estimated book value of R11,6 million (note 20).

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 (2004: R45 million) (note 20).

	2005 Rm	2004 Rm
9. GOODWILL		
COST		
Balance at beginning of the year	33	17
Goodwill on acquisition of 9% of MTN Rwanda	—	16
Balance at end of the year	33	33

The goodwill relates to the Group's investment in MTN Network Solutions, MTN Rwandacell and MTN Uganda (cash generating units).

During the year ending 31 March 2005, the Group determined that there is no impairment of any of its cash generating units to which goodwill has been attributed.

In view of the immateriality of these amounts, the additional disclosures required by IAS36 (AC128) have not been provided.

	Licences Rm	Software** Rm	Other intangible assets Rm	Total Rm
10. INTANGIBLE ASSETS				
Year ended 31 March 2005				
Cost	**2 107**	**531**	**55**	**2 693**
Accumulated amortisation	**(620)**	**(352)**	**(35)**	**(1 007)**
Net book amount	**1 487**	**179**	**20**	**1 686**
Year ended 31 March 2004				
Cost	2 094	397	55	2 546
Accumulated amortisation	(479)	(259)	(24)	(762)
Net book amount	1 615	138	31	1 784
The movement in the net book amount of intangible assets is comprised as follows:				
Year ended 31 March 2005				
Opening net book amount	**1 615**	**138**	**31**	**1 784**
Amortisation charge	**(143)**	**(93)**	**(11)**	**(247)**
Additions	**13**	**134**	**—**	**147**
Exchange differences	**2**	**—**	*****	**2**
Closing net book amount	**1 487**	**179**	**20**	**1 686**
Year ended 31 March 2004				
Opening net book amount	2 220	—	43	2 263
Re-allocations	—	138	—	138
Amortisation charge	(160)	—	(12)	(172)
Exchange differences	(445)	—	—	(445)
Closing net book amount	1 615	138	31	1 784

The Ugandan Communication Commission has granted consent for the licence of MTN Uganda with a book value of R16,6 million (2004: R16,4 million) to be used as security for the syndicated loan made by various banks and financial institutions (note 20).

Included in closing net book amount is the licence relating to MTN Nigeria of R1 091 million (2004: R1 202 million) which has been provided as security against borrowings (note 20). The balance relates to licences in South Africa, Cameroon, Rwanda and Swaziland.

Other intangible assets consist primarily of subscriber bases acquired.

**Amounts less than R1 million*

***During the year software was re-classified to intangibles from property, plant and equipment*

group notes to the annual financial statements *continued*

for the year ended 31 March 2005

	2005 Rm	2004 Rm
11. INVESTMENTS IN ASSOCIATES		
Balance at beginning of year	**33**	40
Impairment (note 3)	**—**	(4)
Share of results after tax	**18**	9
Sale of associate	**(3)**	—
Loan to associates	*****	—
Exchange differences	**2**	*
Repayment of loan	**—**	(7)
Dividends	**(7)**	(5)
Balance at end of year	**43**	33
There are no significant contingent liabilities relating to the Group's interest in associates.		
12. INVESTMENT		
Financial instruments held at fair value through profit and loss		
International sinking fund policy	**300**	302

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 Rands at the ruling spot rate at balance sheet date, together with the investment costs, amounted to R200 million (2004: R198 million), which have 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 so as to include listed shares in offshore companies on recognised bourses, listed bonds on recognised bourses and investments in various cash instruments and bank deposits.

**Amounts less than R1 million*

	2005 Rm	2004 Rm
13. ORIGINATED LOANS		
Loans to employees in respect of share incentive scheme (note 13.1)	**—**	7
Loan in respect of restraint of trade agreement	**5**	21
Loan to minorities in MTN Nigeria (note 13.2)	**114**	94
Loan to Broadband Limited (note 13.3)	**142**	103
– loan	**142**	144
– *less:* impairment of loan	**—**	(41)
	261	225

13.1 Loans are granted to participants to assist in the funding of the scheme debentures. During the current year, all outstanding debentures vested. These loans were secured against debentures (2004: 188 917) and bear interest at a variable rate ranging between 9% and 14,5% per annum. Loans are repayable once employees sell their shares.

13.2 Loans by MTN Mauritius to minority shareholders of MTN Nigeria are USD denominated and interest free. The amount consists of two loans:

Loan 1: USD9 million (2004: USD7,7 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 these loans approximates book value.

Loan 2: USD12 million (2004: USD6,3 million). There is no fixed repayment date. The loan is repayable out of all shareholder distributions to which the borrower is entitled. This loan was not fair valued on initial recognition date, due to the loans not having specified repayment dates.

13.3 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: 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 these loans approximates book value.

Loan 2: USD15,2 million attracting interest at LIBOR + 6% 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 fair value of these loans approximates book value.

10% tranche

The USD denominated loan of 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. 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 financial statements include 80% of the results 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.

group notes to the annual financial statements *continued*

for the year ended 31 March 2005

	1 April 2003 Rm	Charged to income statement Rm	Exchange differences Rm	31 March 2004 Rm	**Charged to income statement Rm**	**Exchange differences Rm**	**31 March 2005 Rm**
14. DEFERRED INCOME TAXES							
Movement							
Deferred tax liabilities							
Tax allowances over book depreciation	867	(50)	(16)	801	**(31)**	**6**	**776**
Other temporary differences	(21)	89	2	70	**(192)**	**—**	**(122)**
Working capital allowances	(39)	(166)	—	(205)	**158**	**—**	**(47)**
	807	(127)	(14)	666	**(65)**	**6**	**607**
Deferred tax assets							
Provisions and other temporary differences	(42)	(9)	—	(51)	**(21)**	**—**	**(72)**
Tax loss carried forward	(3)	1	—	(2)	**2**	**—**	**—**
MTN Nigeria deferred tax asset	(128)	(226)	51	(303)	**(406)**	**—**	**(709)**
	(173)	(234)	51	(356)	**(425)**	**—**	**(781)**
	634	(361)	37	310	**(490)**	**6**	**(174)**

The Group's subsidiary in Nigeria has been granted a five-year company income tax holiday from date of approval. Furthermore, all capital allowances arising 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 R305 million (2004: R174 million) after excluding minority interests, relating to these deductible temporary differences has been recognised for the year ending 31 March 2005 in terms of the South African Statement of Generally Accepted Accounting Practice – IAS12 (AC102) 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 IAS12 (AC102) in this regard, the Board of directors has reservations about the appropriateness of this treatment in view of the fact that no cognizance 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.

Refer to the Directors' report for more information on the pioneer status of MTN Nigeria.

	2005 Rm	2004 Rm
15. INVENTORIES		
Finished goods (handsets, SIM cards and accessories) – at cost#	**669**	512
Consumable stores and maintenance spares – at cost	**20**	22
Work in progress – at cost	**—**	16
Less: Provision for impairment of inventories	**(40)**	(35)
	649	515

	At beginning of year Rm	Additions Rm	Utilised/ Unused Rm	Exchange differences Rm	At end of year Rm
Impairment movement					
Year ended 31 March 2005					
Movement in provision for impairment of inventories	**(35)**	**(53)**	**48**	*****	**(40)**
Year ended 31 March 2004					
Movement in provision for impairment of inventories	**(78)**	**—**	**32**	**11**	**(35)**

Included in inventory are amounts of R123,8 million (2004: R141,5 million) encumbered by borrowings relating to MTN Nigeria and R1,8 million relating to MTN Swaziland for 2004 (note 20).

	2005 Rm	2004 Rm
16. RECEIVABLES AND PREPAYMENTS		
Trade receivables	**3 591**	2 630
Less: Provision for impairment of trade receivables	**(876)**	(572)
	2 715	2 058
Sundry debtors and prepayments	**800**	733
	3 515	2 791

	At beginning of year Rm	Additions Rm	Utilised/ Unused Rm	Exchange differences Rm	At end of year Rm
Impairment movement					
Year ended 31 March 2005					
Movement in provision for impairment of trade receivables	**(572)**	**(304)**	*****	*****	**(876)**
Year ended 31 March 2004					
Movement in provision for impairment of trade receivables	**(429)**	**(199)**	**—**	**56**	**(572)**

In 2004, MTN Cameroon entered into a financing arrangement with Standard Chartered Bank ("SCB") whereby it transferred receivables amounting to R57 million to SCB in exchange for cash. SCB collected this amount directly from the third party debtor and these receivables were accordingly de-recognised from the balance sheet.

MTN Nigeria's external borrowings are secured by a fixed charge over the company's trade receivables, the book value of which is R630,5 million (2004: R537,9 million) (note 20).

**Amounts less than R1 million*

group notes to the annual financial statements *continued*

for the year ended 31 March 2005

		2005 Rm	2004 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		
	1 662 496 630 (2004: 1 658 802 355) ordinary shares of 0,01 cent each	*	*
	Share premium		
	Balance at beginning of year	**14 184**	14 090
	Arising on the issue of shares during the year (net of share issue expenses)	**55**	94
	Balance at end of year	**14 239**	14 184
	Treasury shares		
	Balance at beginning of year	**(6)**	(7)
	Reduction in treasury shares	**6**	1
	Balance at end of year	**—**	(6)
	Total ordinary shares and share premium	**14 239**	14 178
18.	**OTHER RESERVES**		
	Non-distributable reserves		
	Balance at beginning of year	**(13 403)**	(520)
	Change in accounting policy (note 39)	**—**	(11 789)
	Translation difference of foreign subsidiaries	**29**	(988)
	Purchase/sale of non-controlling interests	**(12)**	(110)
	Transfer from retained earnings	**1**	4
	Balance at end of year	**(13 385)**	(13 403)
	Consisting of:		
	Contingency reserve (as required by insurance regulations)	**17**	16
	Statutory reserve (as required by Rwandan legislation)	**7**	7
	Purchase/sale of non-controlling interests	**(11 911)**	(11 899)
	Translation difference of foreign subsidiaries	**(1 498)**	(1 527)
		(13 385)	(13 403)

A statutory contingency reserve has been created in terms of the Short-term Insurance Act, 1988. Transfers to the contingency reserve are treated as an appropriation 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.

**Amounts less than R1 million*

		2005 Rm	2004 Rm
19.	**MINORITY INTEREST**		
	Balance at beginning of year	**1 418**	882
	Increase in minorities due to reduction in stake in MTN Nigeria	**—**	208
	Share of net profit of subsidiaries	**907**	612
	Foreign exchange movements	**(1)**	(284)
	Balance at end of year	**2 324**	1 418
20.	**BORROWINGS**		
	Unsecured		
	MTN Holdings		
	Debenture liability		
	(2004 – 188 917) unsecured variable rate convertible debentures of R9,95, R13,11, R36,43 and R84,41 each, bearing interest at a rate not less than the "official rate of interest" according to the South African Revenue Service (2004: 11,55% per annum). In terms of the MTN Staff Incentive Scheme, these debentures will either be redeemed by MTN Holdings at a premium or converted into MTN Holdings shares on a one for one basis, which will then be exchanged for MTN Group shares in terms of a formula to be agreed upon by the Boards of the respective companies.	**—**	8
	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 7% and 10% per annum (2004: between 8,5% and 14% per annum).	**14**	104
	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 over the year varied between 7% and 10% per annum (2004: between 8,5% and 14% per annum).	**36**	—
	MTN Rwanda		
	Overdraft		
	Facility bearing interest at a variable rate. The effective interest rate for 2004 was 15,5% per annum.	**—**	1
	MTN Swaziland		
	Standard Bank Swaziland Limited		
	The loan attracts a floating interest rate of prime less 0,25% per annum (effective rate of 10,04% per annum) (2004: 10,87% per annum) and will be repaid by April 2006.	**3**	3
	MTN Cameroon		
	Government of Cameroon		
	Loan of Communaute Financiere Africaine Franc (CFA) 10,6 billion arising on incorporation of MTN Cameroon. The original terms require that the repayments be made six monthly beginning on 31 May 2002 until 30 November 2007 except for the CFA 1,4 billion access fee loan which is to be repaid quarterly over one year. The annual interest rate is fixed at 7,88% per annum except for the access fee loan which bears no interest.	**—**	123

group notes to the annual financial statements

for the year ended 31 March 2005 *continued*

	2005 Rm	2004 Rm
20. BORROWINGS *(continued)*		
Unsecured *(continued)*		
MTN Cameroon (continued)		
Syndicated Medium Term		
Loan of Communaute Financiere Africaine Franc (CFA) 35 billion. Repayments are deferred for 1 year, with the first repayment of CFA 2,8 billion due on 15 March 2006. The balance is repayable in 8 payments of CFA 4,025 billion per semester starting on 30 September 2006. The annual interest rate is fixed at 7,35% per annum.	**417**	—
MTN Mauritius		
Syndicated revolving loan		
Facility arranged by Standard Bank London Limited and Sumitomo Mitsui Banking Corporation Europe Limited of USD 250 million, bearing interest at LIBOR plus 0,85% per annum (effective rate of 3,04% per annum) (2004: 2,85% 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.	**187**	1 008
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) (2004: effective rate of 21,49% 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 maturing in December 2005.	**3**	7
Citibank Uganda		
Short-term multi-currency facility with Citibank Uganda Limited of USD5 million equivalent. The facility is utilised through the issue of a UGS3 billion promissory note and a dollar denominated note of USD3 million. Interest is payable monthly in arrears at an effective money market rate of 9,5% per annum on the Shilling portion of the facility and 4,5% per annum on the USD denominated portion of the facility.	**15**	—
Stanbic Bank Promissory Note		
Short-term multi-currency facility of UGS11 billion equivalent, utilised through the issue of promissory notes to the value of UGS5 billion and a promissory note of USD2 million. Interest is payable monthly in arrears at an effective money market rate of 9,5% per annum on the Shilling portion of the facility and 4,16% per annum on the USD denominated portion of the facility.	**16**	—
Standard Chartered Bank		
Facility of USD5 million equivalent with Standard Chartered Uganda Limited bearing interest on the Uganda Shilling portion at an effective rate of 9,5% per annum. This loan is repaid monthly with the option of a roll-over.	**4**	—
Barclays Bank		
Facility of USD5 million equivalent with Barclays Bank Uganda Limited bearing interest on the Uganda Shilling portion at an effective rate of 9,5% per annum. This loan is repaid monthly with the option of a roll-over.	**4**	—
Total unsecured loans	**699**	1 254

	2005 Rm	2004 Rm
20. BORROWINGS *(continued)*		
Secured		
MTN Holdings		
Rand Merchant Bank		
Facility bearing interest at 13,92% (2004: 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		
Finance lease obligation capitalised at an effective rate of 11,8% (2004: 11,7%) per annum. The lease term is ten years with seven years to run, with renewal options of 20 years in total, and instalments payable monthly. The book value of the underlying property is R275 million (2004: R291 million) (notes 8, 31).	**308**	314
MTN Uganda		
Principal project loan		
Facility of UGS18 billion bearing interest at prime less 1% per annum (effective rate of 18,6% per annum) (2004: 18% per annum) based on the weighted average of bank prime and repayable quarterly from December 2000 to September 2004.	**—**	4
Development Finance Company of Uganda		
Facility of UGS453 million bearing interest at prime less 1% per annum (effective rate of 15,5% per annum) (2004: 15,5% per annum) based on weighted average of bank prime and repayable quarterly from December 2000 to September 2005.	*****	1
European Investment Bank		
Loan of USD4,8 million (2004: USD4,8 million) bearing interest at 7,5% per annum (2004: 7,5% per annum) and repayable semi-annually from February 2002 until August 2009. The loan was fully repaid in February 2005.	**—**	16
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 from the three years ending 31 March 2008. Lenders are entitled to a remuneration fee pro-rata to dividends declared to ordinary shareholders. The inherent interest rate applicable to this facility having considered the estimated repayment instalment equates to 11,5% per annum (2004: 16% per annum).	**11**	10

group notes to the annual financial statements *continued*

for the year ended 31 March 2005

	2005 Rm	2004 Rm
20. BORROWINGS *(continued)*		
Secured *(continued)*		
MTN Uganda (continued)		
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 from the three years ending 31 March 2008. Lenders are entitled to a remuneration fee pro-rata to dividends declared to ordinary shareholders. The inherent interest rate applicable to this facility having considered the estimated repayment instalment equates to 11,5% per annum (2004: 16,0% per annum).	**11**	10
Stanbic Bank Promissory Note		
Facility of UGS6 billion bearing interest at 1% less than Stanbic Bank prime rate (effective rate of 16% per annum) repayable monthly with a roll-over option.	**—**	10
Standard Bank London/LB KIEL Loan		
Facility of USD19 million bearing interest at LIBOR + 1,25% (effective rate of 3,9% per annum) (2004: 2,4% per annum). Facility repayable semi annually over 4 years commencing May 2003.	**16**	27
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 providing security of R141,3 million (2004: R143,2 million) by means of a first 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 bearing interest at prime plus 2% per annum, effective interest rate of 11,7% per annum (2004: 12,14% per annum), repayable monthly from May 2002 to April 2006 and secured over first notarial general covering bond over specific network assets and inventories (notes 8, 15).	**1**	2
MTN Cameroon		
International Amortising Senior Debt Facility (IASDF)		
Facility of Euro 58,5 million bearing interest at EURIBOR plus 2,25% per annum (effective interest rate of 4,4% per annum) repayable bi-annually, starting 30 June 2003 and secured against the shares held by MTN Mauritius in MTN Cameroon and a notarial bond over property, plant and equipment (note 8).	**—**	335

	2005 Rm	2004 Rm
20. BORROWINGS *(continued)*		
Secured *(continued)*		
MTN Cameroon (continued)		
Domestic Amortising Senior Debts Facility (DASDF)		
Facility of CFA 23 billion bearing interest at Taux d'Interets de Appels D'Offres (TIAO) plus 1,75% per annum (effective rate of 7,93% per annum) repayable bi-annually, starting 30 June 2003 and secured against the shares held by MTN Mauritius in MTN Cameroon and a notarial bond over property, plant and equipment. A credit enhancement agreement was provided by MTN Holdings which guarantees the obligations of MTN Cameroon under the facility in certain circumstances (note 8).	**—**	255
MTN Nigeria		
IFC Facility		
The facilities include a USD50 million standby guarantee facility (to be utilised in event of a shortfall at each of the 2006 and 2008 roll-over 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 6,96% per annum) (2004: 5,01% per annum).	**242**	120
Local facility		
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 18,43% per annum) (2004: 22,88% per annum).	**1 517**	1 562
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 6,51% per annum) (2004: 4,47% 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 5,99% per annum)	**158**	69

group notes to the annual financial statements *continued*

for the year ended 31 March 2005

	2005 Rm	2004 Rm
20. BORROWINGS *(continued)*		
Secured *(continued)*		
MTN Nigeria (continued)		
SCMB Facility		
US$40 million facility from a combined Export Credit Insurance Corporation of South Africa (ECICSA)/Standard Corporate Merchant Bank (SCMB) repayable in 6 equal instalments from September 2005 until March 2008. The interest rate is linked to LIBOR (effective interest rate of 5,7% per annum) (2004: 3,9% per annum).	**237**	126
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 and 16). MTN Mauritius has also provided its shares in MTN Nigeria as security for these loans.		
MTN Rwanda		
Syndicated loan from four local banks totalling RWF2,9 million bearing interest at an effective rate of 16% per annum (2004: 16% per annum), repayable over 39 months from April 2003. The loan is secured by a floating charge over MTN Rwanda's fixed assets and by subordination of the shareholders' loan (note 8).	**5**	9
BPC Loan Facility of USD600 000 bearing interest at 9,25% per annum, repayable in 12 equal instalments commencing April 2004. The loan is secured by a floating charge over the assets and the subordination of shareholder loans (note 8).	**—**	1
Total secured borrowings	**2 530**	2 895
Total borrowings	**3 229**	4 149
The maturity of the above loans and overdrafts is as follows:		
Payable within 1 year or on demand	**217**	439
Short-term borrowings	**167**	334
Bank overdrafts	**50**	105
More than one year but not exceeding two years	**874**	1 035
More than two years but not exceeding five years	**1 190**	1 627
More than five years	**948**	1 048
	3 229	4 149
Less: amounts included within current liabilities	**(217)**	(439)
	3 011	3 710

Further details of the Group's finance lease commitments are presented in note 31 to the financial statements.

	2005 Rm	2004 Rm
21. TRADE AND OTHER PAYABLES		
Trade payables	**1 982**	1 586
Sundry creditors	**645**	554
Accrued expenses and other payables	**3 317**	2 647
	5 944	4 787

22. PROVISIONS

	At beginning of year Rm	Additional provisions Rm	Utilised Rm	Exchange differences Rm	At end of year Rm
Year ended 31 March 2005					
Leave pay	**33**	**21**	**(14)**	*	**40**
Bonus	**105**	**160**	**(109)**	*	**156**
Onerous leases	**51**	—	—	—	**51**
	189	**181**	**(123)**	*	**247**
Year ended 31 March 2004					
Leave pay	31	18	(14)	(2)	33
Bonus	80	115	(84)	(6)	105
Onerous leases	80	(8)	(21)	—	51
	191	125	(119)	(8)	189

**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 subsidiary companies.

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 pre-determined 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.

group notes to the annual financial statements *continued*

for the year ended 31 March 2005

		2005 Rm	2004 Rm
23.	**CASH GENERATED FROM OPERATIONS**		
	Profit before tax	**8 816**	6 084
	Adjustments for:		
	Share of profits in associates less dividends received (note 11)	**(11)**	(4)
	Finance cost (note 5)	**571**	748
	Finance income (note 4)	**(305)**	(144)
	Depreciation of property, plant and equipment (notes 3, 8)	**2 708**	2 204
	Amortisation of intangible assets (notes 3, 10)	**247**	172
	(Profit)/loss on disposal of property, plant and equipment (note 3)	**(3)**	8
	Impairment (reversed)/raised against loan arising on disposal of 20% of MTN Cameroon (note 3)	**(11)**	(9)
	Profit on sale of associate (note 3)	**(4)**	—
	Impairment of interest in associate/subsidiary (notes 3, 11)	**—**	4
		12 008	9 063
	Changes in working capital	**295**	964
	Increase in inventories	**(130)**	(124)
	Increase in receivables and prepayments	**(719)**	(435)
	Increase in trade and other payables	**1 144**	1 523
	Cash generated from operations	**12 303**	10 027
24.	**TAX PAID**		
	Opening balance	**(942)**	(407)
	Amounts charged to income statement (note 6)	**(1 502)**	(1 101)
	Deferred tax credit (note 14)	**(490)**	(361)
	Exchange differences	**5**	51
	Withholding taxes not paid	**29**	—
	Revaluation of tax balance	**4**	(45)
	Closing balance	**1 037**	942
	Total tax paid	**(1 859)**	(921)

		2005 Rm	2004 Rm
25.	**CASH AND CASH EQUIVALENTS**		
	For purposes of the cash flow statement, cash and cash equivalents comprise the following:		
	Cash at bank and on hand	**5 838**	3 648
	Securitised cash deposits*	**591**	1 688
	Bank overdraft	**(50)**	(105)
		6 379	5 231

These monies are placed on deposit with banks in Nigeria to secure Letters of Credit, which at year end were un-drawn and the monies accordingly not freely available.

USD 2,5 million of the cash and cash equivalents held by MTN Cameroon is encumbered in favour of a creditor due to an order issued by the courts in Cameroon.

		2005 Rm	2004 Rm
26.	**UNDERWRITING ACTIVITIES**		
	Underwriting activities are conducted through special purpose entities on commercial terms and conditions and at market prices.		
	Income statement effect		
	– Gross premium written	**27**	24
	– Outwards reinsurance premium	**(50)**	(14)
	– Change in unearned premiums	**4**	(5)
	– Other	**50**	3
		31	8
	Balance sheet effects		
	Share of technical provision		
	– Outstanding claims	**(121)**	(127)
	– Provision for unearned premiums	**(28)**	(5)
	Receivables		
	– Investment in sinking fund policy	**142**	107
	– Unlisted preference shares	**8**	8
	– Cash	**13**	16
	– Short-term money-market deposits	**26**	21
	Payables	**(48)**	(4)

group notes to the annual financial statements *continued*

for the year ended 31 March 2005

	2005 Rm	2004 Rm
27. CONTINGENT LIABILITIES		
MTN International (Mauritius) Bid Bond*	—	192
Guarantee in favour of Rand Merchant Bank Properties#	**290**	100
Upgrade incentives†	**1 082**	493
Other	—	3
	1 372	788

**A Euro25 million bid bond was issued on 8 February 2004 on behalf of MTN International (Mauritius) Limited (MTN Mauritius) with a validity period of 180 days. This bid bond formed part of the bid submission for the second GSM licence in Iran. Mobile Telephone Networks Holdings (Proprietary) Limited, Mobile Telephone Networks (Proprietary) Limited as well as MTN Service Provider (Proprietary) Limited, have cross-guaranteed any outstanding liabilities under such bid bond. MTN Mauritius was not successful in its bid and the bid bond was returned and cancelled during the current financial year.*

#*The Group had signed guarantees in favour of Rand Merchant Bank of R290 million (2004: R100 million) for the bridging finance facility granted to Rand Merchant Bank Properties for the development of the second phase of the MTN Innovation Centre. Subsequent to balance sheet date, the guarantee has been extended to R311 million, being the final extension of the guarantee.*

†*The Group's present policy is to pay incentives to Service Providers ("SP") for handset upgrades. These upgrades are only payable once the subscriber has completed a 21 month period with the SP since the initial commencement of their contract or previous upgrade. The value of the obligation may vary dependent on the prevailing business rules at the time of upgrade. The total number of eligible subscribers who had not yet exercised their right to upgrade at 31 March 2005 was 379 000 (2004: 275 000). The estimated contingent liability at 31 March 2005 based on the prevailing business rules on such date amounts to R1 082 million (2004: R493 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.

28. COMMERCIAL COMMITMENT

The granting of a national cellular telecommunication licence placed an obligation on a subsidiary company, MTN Network Operator, 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 subsidiary company to assist in the development of the South African economy and, in particular, the telecommunications industry. As at 31 March 2005, MTN Network Operator had exceeded its obligations imposed in terms of its access to the 900Mhz spectrum.

In January 2005, ICASA imposed the following obligations relating to access granted to the 1800Mhz spectrum and UMTS (3G) licences issued:

- To distribute 2,5 million SIM card connection packages over 5 years commencing 2005;
- To provide 125 000 mobile phones over 5 years commencing 2005;
- To provide internet access and terminal equipment (10 per institution) to 140 institutions for people with disabilities over a 3 year period commencing 2005;
- To provide internet access to 5 000 public schools over 8 years commencing 2005.

The details of these obligations had not been finalised at year end, and therefore, a quantification of the commitment could not be performed.

		2005 Rm	2004 Rm
29.	**CAPITAL COMMITMENTS**		
	Capital expenditure contracted at the balance sheet date but not recognised in the financial statements was as follows:		
	Commitments for the acquisition of property, plant and equipment		
	Contracted but not provided for	**3 101**	3 490
	Authorised but not contracted for	**7 100**	5 838
	Group's share of capital commitments of joint ventures		
	Contracted but not provided for	**43**	26
	Authorised but not contracted for	**147**	148
	Total commitments	**10 391**	9 502
	Capital expenditure will be funded from operating cash flows and where necessary, from existing borrowing facilities.		
30.	**OPERATING LEASE COMMITMENTS**		
	The future aggregate minimum lease payments under non-cancellable operating leases were as follows:		
	Within one year	**183**	154
	More than one year but less than two years	**147**	162
	More than two years but less than five years	**249**	126
	More than five years	**100**	168
		679	610
31.	**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:		
	Within one year	**47**	43
	More than one year but less than two years	**52**	47
	More than two years but less than five years	**187**	170
	More than five years	**202**	270
		488	530
	Less: future finance charges on finance leases	**(180)**	(216)
	Present value of finance lease obligation	**308**	314
	Present value of finance lease obligations are as follows:		
	Within one year	**12**	6
	More than one year but less than two years	**18**	11
	More than two years but less than five years	**105**	78
	More than five years	**173**	219
		308	314

group notes to the annual financial statements *continued*

for the year ended 31 March 2005

		2005 Rm	2004 Rm
32.	**OTHER COMMITMENTS**		
	Soccer sponsorships	**95**	—
	Orders placed to purchase handsets	**307**	34

33. RETIREMENT BENEFIT PLANS

Employee benefit obligations

The Group operates 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 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.

		%	%
34.	**INTEREST IN JOINT VENTURES**		
	The Group had the following effective percentage interests in joint ventures:		
	Indirect		
	Swazi MTN	**30**	30
	MTN Uganda	**52**	52
	MTN Rwanda	**40**	40
	MTN Network Solutions	**60**	60

The following amounts represent the Group's share of the assets and liabilities, revenue and results of the joint ventures and are included in the consolidated balance sheet and income statement.

	Rm	Rm
Current assets	**163**	88
Non-current assets	**562**	308
Current liabilities	**(172)**	(116)
– Interest bearing	**(58)**	(38)
– Non-interest bearing	**(114)**	(78)
Non-current liabilities	**(123)**	(134)
– Interest bearing	**(30)**	(62)
– Non-interest bearing	**(93)**	(72)
Revenue	**742**	585
Expenses	**(235)**	(186)
Cash generated by operations	**171**	141
Cash invested	**(130)**	(148)
Cash (utilised in)/generated from financing activities	**(19)**	11
Average number of employees relating to joint ventures:		
– Full time	**608**	621
– Part time	**45**	22

There are no significant contingent liabilities relating to the Group's interests in the joint ventures.

35. 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 professional 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.

36. LICENCE AGREEMENTS

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 South African geographic territory. The licence was published on 29 October 1993 and is valid for a period of 15 years from 1 June 1994, automatically renewable on mutatis mutandis, the same terms and conditions, subject to certain provisions. The Group 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.

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 every 10 years thereafter. The Group paid an initial fee of CFA40,4 billion and the annual licence fee payable is CFA2,9 billion.

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 every 5 years thereafter. The Group paid an initial licence fee of USD285 million and 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 provide a 900, 1800 and 1900 MHz (including cellular public pay telephone) 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 pays an annual licence fee based on 2,5% of network revenue as defined in the licence, a frequency fee of USD2 000 per 1 MHz granted and an annual spectrum fee of USD50 000.

MTN Uganda

The national operator licence authorises MTN Uganda to construct, maintain and operate fixed-line, as well as 900 and 1800 MHz national second generation digital mobile radio telephony services 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 pays an annual spectrum fee of 1% of network revenue as contribution to the Rural Communications Development Fund.

MTN Swaziland

The licence authorises MTN Swaziland to provide and operate a 900 MHz GSM network within the Swaziland geographic territory. The licence was granted on 31 July 1998 and is valid for a period of 10 years, renewable for 10 years thereafter. The Group 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.

group notes to the annual financial statements *continued*

for the year ended 31 March 2005

		2005	2004
37.	**EXCHANGE RATES TO SOUTH AFRICAN RAND**		
	Year-end closing rates:		
	US Dollar	**0,16**	0,16
	Uganda Shilling	**280,08**	304,32
	Rwanda Franc	**92,33**	93,82
	Cameroon Communaute Financiere Africaine Franc	**83,39**	86,36
	Swaziland Emalangeni	**1**	1
	Nigerian Naira	**21,38**	21,21
	Average rates for the year:		
	US Dollar	**0,16**	0,14
	Uganda Shilling	**284,29**	277,87
	Rwanda Franc	**94,33**	80,29
	Cameroon Communaute Financiere Africaine Franc	**86,23**	80,61
	Swaziland Emalangeni	**1**	1
	Nigerian Naira	**21,45**	18,38

		Rm	Rm
38.	**FINANCIAL INSTRUMENTS**		
	Foreign exchange risk		
	Included in the Group balance sheet are the following amounts denominated in currencies other than the measurement currency of the reporting entities:		
	Assets:		
	Accounts receivable		
	– US Dollar	**133**	114
	– Euro	**17**	1
	– Emalangeni	**—**	4
	– Special drawing rights*	**23**	13
	Securitised cash deposits	**591**	1 688
	Total assets	**764**	1 820
	Liabilities:		
	Long-term liabilities		
	– US Dollar	**721**	909
	– Euro	**—**	85
		721	994
	Current liabilities:		
	– US Dollar	**306**	621
	– Pounds Sterling	**—**	3
	– Euro	**172**	299
	– South African Rand	**680**	2
	– Special drawing rights*	**4**	1
		1 162	926
	Total liabilities	**1 883**	1 920

**Unit of payment for international telecommunication transactions*

	Foreign amounts		Rand amounts	
	2005 million	2004 million	**2005 Rm**	2004 Rm
38. FINANCIAL INSTRUMENTS *(continued)*				
Outstanding forward exchange contracts are as follows:				
US Dollars	**15**	40	**97**	272
Euro	**27**	29	**216**	260
			Fair value	
US Dollars			**99**	260
Euro			**224**	243

Fair value gains recognised in the income statement amount to R10 million (2004: losses of R29 million).

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	
	2005 Rm	2004 Rm	**2005 Rm**	2004 Rm
Cash at bank and on hand; net of overdrafts	**5 788**	3 543	**5 788**	3 543
Letters of Credit	**591**	1 688	**591**	1 688
Receivables and prepayments	**3 515**	2 791	**3 515**	2 791
Trade and other payables	**(5 944)**	(4 787)	**(5 944)**	(4 787)

Effective interest rate on cash ranges from 2% – 15,6% (2004: 0,75% – 11%).

Deposits have an average maturity of less than 60 days (2004: 60 days).

group notes to the annual financial statements *continued*

for the year ended 31 March 2005

39. CHANGE IN ACCOUNTING POLICY

The Group has adopted IFRS3 (AC140) and the revised IAS27 (AC132), IAS36 (AC128) and IAS38 (AC129) with effect from 17 July 2000. Early adoption of these statements results in a change in the accounting policies previously applied.

The purchase of a minority interest is not a business combination in accordance with IFRS3 (AC140). Furthermore, the guidance in IAS27 (AC132) suggests that the holders of a minority interest are equity participants in a Group. Consequently, the Group has decided to treat minority shareholders as equity participants and therefore any purchase/sale of minority interests are now accounted for as equity transactions. As a result, differences between the consideration paid or received and the minority interests acquired or sold are recorded directly in equity as opposed to being recorded as goodwill or credited to the income statement.

The Group believes that its decision results in a more appropriate presentation of events and transactions in its financial statements. This treatment is consistent with the policy that the Group will apply following its conversion to IFRS. As a result, the Group believes that the information presented in these and future financial statements will provide greater comparability in respect of such transactions.

Adoption of the above mentioned statements from 17 July 2000 results in the excess of the purchase price over the book value of the minority interest relating to the acquisition by the Group of the remaining 23% interest in MTN Holdings from Transnet Limited on that date, amounting to R11,6 billion, now being recorded in equity as opposed to goodwill. Subsequent acquisitions/disposals have resulted in an amount of R0,3 billion also being recorded within equity.

The change in accounting policy did not have an effect on the net profit for the 2005 financial year. The table below sets out in more detail the financial effects of this change in accounting policy on the 2004 financial year.

	Gross Rm	Tax effect Rm	Net Rm
Retained earnings			
Opening retained earning – restated	4 986	—	4 986
Opening retained earnings as previously reported	3 478	—	3 478
Profit on sale of investment in MTN Cameroon to minorities	(91)	—	(91)
Reversal of goodwill amortisation	1 599	—	1 599
Net profit – restated	4 371	—	4 371
Net profit for the year as previously reported	3 700	—	3 700
Reversal of goodwill amortisation	599	—	599
Loss on sale of investment in MTN Nigeria to minorities	72	—	72
Transfer to reserves	(4)	—	(4)
Retained earnings at the end of the year (restated)	9 353	—	9 353
Other reserves			
Opening balance – restated	(12 309)		
Opening balance as previously reported	(520)		
Goodwill transferred to reserves	(11 880)		
Profit on sale of investment in MTN Cameroon to minorities	91		
Movement during the year	(110)		
Additional goodwill transferred to reserves	(38)		
Loss on sale of investment in MTN Nigeria to minorities	(72)		

40. POST BALANCE SHEET EVENTS

There were no material post balance sheet events.

company income statement

for the year ended 31 March 2005

	Note	2005 Rm	2004 Rm
Revenue		—	—
Cost of sales		—	—
Gross profit		—	—
Operating expenses – net of other operating income		(16)	(28)
Loss from operations	1	(16)	(28)
Finance income	2	687	2
Finance costs	3	*	*
Profit/(loss) before tax		671	(26)
Income tax expense	4	(9)	—
Net profit/(loss)		662	(26)

company balance sheet

at 31 March 2005

	Note	2005 Rm	2004 Rm
ASSETS			
Non-current assets		14 164	14 153
Interest in subsidiaries	5	14 164	14 147
Originated loans	6	*	6
Current assets		218	189
Receivables and prepayments		123	161
Taxation prepaid		–	1
Cash at bank and on hand	7	95	27
Total assets		14 382	14 342
SHAREHOLDERS' EQUITY			
Ordinary shares and share premium	8	14 238	14 184
Retained earnings		4	22
Total equity		14 242	14 206
LIABILITIES			
Current liabilities		140	136
Trade and other payables	9	140	136
Total liabilities		140	136
Total equity and liabilities		14 382	14 342

**Amounts less than R1 million*

company statement of changes in equity

for the year ended 31 March 2005

	Share capital Rm	Share premium Rm	Retained earnings Rm	Total Rm
Balance at 1 April 2003	*	14 090	48	14 138
Net loss	—	—	(26)	(26)
Issue of share capital	*	94	—	94
Balance at 31 March 2004	*****	**14 184**	**22**	**14 206**
Net profit	**—**	**—**	**662**	**662**
Dividend paid	*****	**—**	**(680)**	**(680)**
Issue of share capital	*****	**54**	**—**	**54**
Balance at 31 March 2005	*****	**14 238**	**4**	**14 242**
Note	8	8		

company cash flow statement

for the year ended 31 March 2005

	Notes	**2005 Rm**	2004 Rm
Cash flows from operating activities			
Cash received from customers		**—**	—
Cash from suppliers and employees		**29**	13
Cash generated from operations	10	**29**	13
Interest received	2	**3**	1
Interest paid	3	**(*)**	(*)
Tax paid	11	**(8)**	(4)
Dividend paid		**(680)**	—
Dividends received	2	**679**	—
Net cash generated from operating activities		**23**	10
Cash flows from investing activities			
Proceeds from/(Repayments of) other loans and advances		**9**	(7)
Net cash generated from/(used in) investing activities		**9**	(7)
Cash flows from financing activities			
Proceeds from issue of ordinary shares		**36**	31
Net cash generated from financing activities		**36**	31
Net increase in cash and cash equivalents		**68**	34
Cash and cash equivalents at beginning of year		**27**	(7)
Cash and cash equivalents at end of year	7	**95**	27

**Amounts less than R1 million*

company notes to the annual financial statements

for the year ended 31 March 2005

		2005 Rm	2004 Rm
1.	**LOSS FROM OPERATIONS**		
	The following items have been included in arriving at loss from operations:		
	Auditors' remuneration:	1	1
	– Audit fees	1	*
	– Expenses	*	*
	Directors' emoluments:	4	3
	– Directors' fees	4	3
	Fees paid for services:	19	104
	– Administrative	4	2
	– Management	15	102
	– Technical	*	*
	Management fees received	—	(107)
	Impairment of interest in associates and subsidiaries (notes 5, 10)	—	26
	Analysis of operating expenses by function		
	Administration, marketing and network	(16)	(28)
2.	**FINANCE INCOME**		
	Interest income	3	1
	Fair value adjustments	5	1
	Dividend income	679	—
		687	2
3.	**FINANCE COSTS**		
	Interest expense – borrowings	*	*

Amounts less than R1 million

company notes to the annual financial statements *continued*

for the year ended 31 March 2005

		2005 Rm	2004 Rm
4.	**INCOME TAX EXPENSE**		
	Current tax		
	Normal tax	**9**	—
	Current year	**9**	—
	South African normal taxation is calculated at 30% (2004: 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	**30,0**	30,0
	Exempt income	**(30,36)**	—
	Expenses not deductible for tax purposes	**1,70**	(30,0)
		1,34	—
5.	**INTEREST IN SUBSIDIARIES**		
	525 757 759 (2004: 525 593 246) shares (100%) in Mobile Telephone Networks Holdings (Proprietary) Limited at cost	**12 616**	12 599
	Loan owing by subsidiary (note 5.1)	**1 520**	1 520
	Net interest in subsidiary	**14 136**	14 119
	100 shares (100%) in Orbicom (Proprietary) Limited at cost	**1**	1
	Loan owing by subsidiary (note 5.2)	**53**	53
	Less: Impairment of loan account	**(26)**	(26)
	Net interest in subsidiary	**28**	28
	Total interest in subsidiary companies	**14 164**	14 147

5.1 This loan account has been subordinated in favour of certain of the Group's lenders.

5.2 This loan account has been subordinated in favour of all creditors of the subsidiary until such time as its assets, fairly valued, exceed its liabilities. In light of the subsidiary's investment in Ghana which was fully written-down at 2004 year-end, the directors took a decision to impair the carrying value of the loan during the prior year.

		2005 Rm	2004 Rm
6.	**ORIGINATED LOANS**		
	Loans to employees share incentive schemes*	**—**	6
7.	**CASH AND CASH EQUIVALENTS**		
	Cash at bank and on hand	**95**	27

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%

		2005 Rm	2004 Rm
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		
	1 662 496 630 (2004: 1 658 802 355) ordinary shares of 0,01 cent each	*	*
	Share premium		
	Balance at beginning of year	14 184	14 090
	Arising on the issue of shares during the year (net of share issue expenses)	54	94
	Balance at end of year	14 238	14 184
9.	**TRADE AND OTHER PAYABLES**		
	Sundry creditors	23	3
	Accrued expenses and other payables	117	133
		140	136
10.	**CASH GENERATED FROM OPERATIONS**		
	Profit/(loss) before tax	671	(26)
	Adjustments for:		
	Finance cost (note 3)	*	*
	Finance income (note 2)	(687)	(2)
	Impairment of interest in subsidiary	—	26
		(16)	(2)
	Changes in working capital	45	15
	Decrease/(increase) in receivables and prepayments	41	(103)
	Increase in trade and other payables	4	118
	Cash generated from operations	29	13
11.	**TAX PAID**		
	Balance at beginning of year	1	(3)
	Amounts charged to income statement	(9)	—
	Balance at end of year	—	(1)
	Total tax paid	(8)	(4)

**Amounts less than R1 million*

interest in major subsidiary companies and joint ventures

as at 31 March 2005

Annexure 1

Subsidiaries and joint ventures in which MTN Group Limited has a direct of indirect interest	Principal activity	Place of incorporation	Issued ordinary share capital (Rm)	Effective % interest in issued ordinary share capital		Book value of holding company interest			
						Shares		Indebtedness	
				2005 %	2004 %	**2005 Rm**	2004 Rm	**2005 Rm**	2004 Rm
Mobile Telephone Networks Holdings (Proprietary) Limited	Investment holding company	South Africa	5	**100**	100	**12 617**	12 599	**1 520**	1 520
Mobile Telephone Networks (Proprietary) Limited	Network operator	South Africa	*	**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	**—**	—	**—**	—
Mobile Telephone Networks Cameroon Limited	Network operator	Cameroon	2	**70**	70	**—**	—	**—**	—
MTN Nigeria Communications Limited	Network operator	Nigeria	*	**75**	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	*	**60**	60	**—**	—	**—**	—
Orbicom (Proprietary) Limited	Satellite telecommu-nications	South Africa	*	**100**	100	**1**	1	**27**	27
MTN Management Services (Proprietary) Limited	Management Services	South Africa	*	**100**	—	**—**	—	**—**	—
MTN Rwandacell S.A.R.L#	Network operator	Rwanda	*	**40**	40	**—**	—	**—**	—
MTN Uganda Limited#	Network operator	Uganda	*	**52**	52	**—**	—	**—**	—
Swazi MTN Limited#	Network operator	Swaziland	*	**30**	30	**—**	—	**—**	—
Nigerian Electronic Funds Transfer Operation	Virtual airtime	Nigeria	*	**100**	100	**—**	—	**—**	—

**Amounts less than R1 million*
#Joint Ventures

interest in associated companies

as at 31 March 2005

Annexure 2				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	**2005 %**	2004 %	**2005 Rm**	2004 Rm	**2005 Rm**	2004 Rm	**2005 Rm**	2004 Rm	**2005 Rm**	2004 Rm
Cellular Calls (Proprietary) Limited	Cellular dealership	South Africa	31 Mar	**26**	26	*****	*	**—**	—	**—**	—	*****	*
Cell Place (Proprietary) Limited	Cellular dealership	South Africa	31 Mar	**35**	35	*****	*	**—**	—	**—**	—	*****	*
I-Talk Cellular (Proprietary) Limited	Service Provider	South Africa	28 Feb	**41**	41	**4**	4	**—**	—	**14**	10	**18**	14
Leaf Wireless (Proprietary) Limited	Cellular dealership	South Africa	31 Mar	**40**	40	**16**	16	**—**	—	**5**	*	**22**	16
MTN Publicom Limited	Payphone Services	Uganda	31 Mar	**23**	23	*****	*	**3**	3	*****	(3)	**3**	*
New Bucks Holdings Limited	Internet exchange	South Africa	30 Jun	**—**	30	**—**	*	**—**	8	**—**	(5)	**—**	3
Transaction Management Services Limited	Electronic payments	Ghana	31 Mar	**—**	36	**—**	*	**—**	3	**—**	(3)	**—**	*
MTN Villigephone Limited	Payphone Services	Uganda	31 Mar	**26**	26	*****	*	**—**	—	*****	*	*****	*
Total book value of associated companies						**20**	20	**3**	14	**19**	(1)	**43**	33

**Amounts less than R1 million*

group's attributable interest in associated companies

as at 31 March 2005

Annexure 3	Effective interest		e-Bucks		i-Talk		Leaf		Publicom		Transaction Management Services		Villagephone	
	2005 Rm	2004 Rm	**2005 Rm**	2004 Rm	**2005 Rm**	2004 Rm	**2005 Rm**	2004 Rm	**2005 Rm**	2004 Rm	**2005 Rm**	2004 Rm	**2005 Rm**	2004 Rm
ASSETS AND LIABILITIES														
Property, plant and equipment	**9**	9	**—**	—	**7**	14	**4**	4	**17**	4	**—**	3	**—**	*
Investments and long-term receivables	**2**	35	**—**	118	**5**	—	**1**	—	**—**	—	**—**	—	**—**	—
Intangible assets	**12**	17	**—**	—	**—**	8	**29**	34	**—**	—	**—**	—	**—**	—
Current assets	**52**	67	**—**	107	**85**	72	**37**	12	**9**	1	**—**	—	**1**	*
Total assets	**75**	128	**—**	225	**97**	94	**71**	50	**26**	5	**—**	3	**1**	*
Long-term borrowings	**6**	76	**—**	228	**—**	*	**8**	10	**13**	17	**—**	—	**—**	—
Current liabilities	**35**	39	**—**	12	**70**	73	**12**	2	**3**	1	**—**	11	*****	*
Total liabilities	**41**	115	**—**	240	**70**	73	**20**	12	**16**	18	**—**	11	*****	*
Attributable net asset value	**31**	13	**—**	(15)	**27**	21	**51**	38	**10**	(13)	**—**	(8)	*****	*
Indebtedness	**3**	18	**—**	40	**—**	—	**—**	—	**13**	13	**—**	8	**—**	—
Impairment	**—**	(4)	**—**	—	**—**	—	**—**	—	**—**	—	**—**	—	**—**	—
Goodwill arising on acquisition	**7**	7	**—**	—	**—**	—	**—**	—	**—**	—	**—**	—	**—**	—
Goodwill amortised	**—**	(1)	**—**	—	**—**	—	**—**	—	**—**	—	**—**	—	**—**	—
Book value	**41**	33	**—**	25	**27**	21	**51**	38	**23**	*	**—**	—	*****	*
INCOME STATEMENT														
Revenue	**183**	153	**—**	50	**344**	300	**86**	35	**34**	6	**—**	*	**1**	*
Net profit (loss) for the year	**18**	9	**—**	8	**26**	19	**6**	*	**8**	*	**—**	*	**(1)**	*
Reversal of goodwill	**2**	—	**—**	—	**—**	—	**—**	—	**—**	—	**—**	—	**—**	—
Dividends	**(7)**	(5)	**—**	—	**(18)**	(13)	**—**	—	**—**	—	**—**	—	**—**	—

**Amounts less than R1 million*


essential

contents

The Group declared a dividend of 65 cents per share. Market capitalisation at 31 March 2005 was R73,2 billion

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 10th annual general meeting of shareholders of the Company will be held at 14th Avenue Campus, Fairland, Gauteng on Wednesday, 10 August 2005 at 09:00, for the following purposes:

ORDINARY BUSINESS

1. To receive, consider and adopt the annual financial statements of the Group and the Company for the year ended 31 March 2005, together with the report of the external auditors.
2. To authorise the appointment of directors of the Company referred to in 3 below, by single resolution in terms of the provisions of section 210 of the Companies Act, 1973 (Act 61 of 1973) as amended ("the Companies Act").
3. To re-elect Mr D D B Band, Mr R S Dabengwa, Mr P L Heinamann and Mr A F van Biljon as directors who retire by rotation at this meeting in terms of Article 84 of the articles of association and, being eligible, offer themselves for re-election.
4. To elect Mrs M A Moses as a director of the Company.
5. To transact any other business capable of being transacted at an annual general meeting.

Details of the directors who retire at this meeting and are offering themselves for re-election are as follows:

1. **DDB Band – Age: 60**
   Appointed: 1 October 2001
   Educational qualifications : BComm, CA(SA)
   Other Directorships: Standard Bank Group Limited, M-Net Limited, Tiger Brands Limited and The Bidvest Group Limited
   Member: Audit Committee, Nominations, Remuneration and Human Resources Committee
2. **RS Dabengwa – Age: 46**
   Appointed: 1 October 2001
   Educational qualifications: BSc (Eng) ; MBA (Wits)
   Other directorships: Peermont Global Limited
   Member: Risk Management, Corporate Governance Committee and Group Tender Committee
3. **PL Heinamann – Age: 63**
   Appointed: 1 October 2001
   Educational qualifications: AMP(INSEAD), FSRM(SA)
   Other directorships: Alexander Forbes Limited and Guardrisk Life Limited
   Member: Audit Committee, Risk Management and Corporate Governance Committee and Nominations, Remuneration and Human Resources Committee
4. **AF van Biljon – Age: 57**
   Appointed: 1 November 2002
   Educational qualifications: BCom, CA(SA), MBA
   Other directorships: Sage Group Limited, Hans Merensky Holdings and Peermont Global Limited
   Member: Audit Committee and Risk Management and Corporate Governance Committee

The details of the director offering herself for election are as follows:

1. **MA Moses – Age: 40**
   Appointed: 18 November 2004
   Educational qualifications: BA, MAP
   Directorships: Transnet Limited, Viamax Limited and Control Instruments Group Limited

notice of annual general meeting *continued*

SPECIAL BUSINESS

In addition, shareholders will be requested to consider, and if deemed fit, to pass the following special and ordinary resolutions with or without amendment:

SPECIAL RESOLUTION NUMBER 1

Preamble

For the purposes hereof "Group" shall bear the meaning assigned to it by the Listings Requirements ("JSE listings requirements") of the JSE Securities Exchange South Africa ("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. Although there is currently no intention to repurchase any of the Company's shares, 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 year ended 31 March 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 insufficient 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 insufficient 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 acquire 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:

- 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 ;
- authorisation thereto is given by the Company's articles of association;
- at any point in time, such Company may only appoint one agent to effect any repurchase(s) on its behalf;
- 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;
- 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;
- that all repurchases 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;

- 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;
- 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;
- 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."

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 places indicated:

- Directors and management – refer to page 69 of this report;
- Major shareholders – refer to page 69 of this report;
- Director's interest in securities – refer to page 120 of this report;
- Share capital of the Company – refer to page 110 of this report;
- The Directors, whose names are set out on pages 16 and 17 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 queries in this regard; and
- There are no legal or arbitration proceedings (including any such proceeding 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 March 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 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 Act and the JSE, 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 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 March 2005 and subject to the provisions of the Companies Act, 1973 (Act No 61 of 1973), as amended, and the Listings Requirements of the JSE.

notice of annual general meeting *continued*

ORDINARY RESOLUTION NUMBER 2

"RESOLVED THAT the pre-emptive rights, to which ordinary shareholders may be entitled in terms of the JSE Listings Requirements to participate in any future issues of equity securities (as defined in the JSE Listings Requirements) for cash which may be made by the Company subsequent to the date of passing this resolution be and are hereby waived subject to the following conditions:

1. That equity securities or rights that are convertible into equity securities to be issued for cash 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 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);
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; and
5. That the approval for the waiver of the pre-emptive rights 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 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.

ORDINARY RESOLUTION NUMBER 3

"RESOLVED THAT, any two directors of the Company be and are hereby authorised to do all such things as are necessary and to sign all such documents issued by the Company so as to give effect to special resolution number 1 and ordinary resolutions numbers 1 and 2."

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 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 14:30 on Friday, 5 August 2005.

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 14:30 on Friday, 5 August 2005.

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 14:30 on Friday, 5 August 2005.

By order of the Board

LC Jooste
Acting Company Secretary
9 June 2005

BUSINESS ADDRESS AND REGISTERED OFFICE

216 14th Avenue
Fairland, 2195
(Private Bag 9955, Sandton, 2146)

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 (if phoning from outside South Africa)

explanatory notes to resolutions for 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 year ended 31 March 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 year ended 31 March 2005, together with the report of the external auditors contained in this annual report.

Election of directors by a single resolution.

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. This is common corporate practice in South Africa.

Re-election of directors retiring at the annual general meeting.

In terms of articles 84 and 85 of the Company's articles of association, one third of the directors who have been longest in office since their last election are required to retire at each annual general meeting and may offer themselves for re-election. Biographical details of the retiring directors offering themselves for re-election are given on page 183 of the annual report.

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 shares in issue as at 31 March 2005

and

Ordinary resolution number 1

In terms of sections 221 and 222 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 Listings Requirements of the JSE Securities Exchange South Africa.

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.

Waiving the pre-emptive rights to which shareholders may be entitled on the issue of shares 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 shares 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.

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 one vote on a show of hands and on a poll shall be entitled to one vote for every share held. 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 09:00 on Wednesday, 10 August 2005, proxy forms or powers of attorney must be lodged on or before 14:30 on Friday, 5 August 2005. The names and addresses of the registrars are given on the back of the proxy form as well as on page 187 of the annual 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: Wednesday, 10 August 2005, at 09:00.

Venue: 14th Avenue Campus, Fairland, Gauteng.

Time: The AGM will start promptly at 09:00.

Shareholders wishing to attend are advised to be in the auditorium not later than 14:15. Staff will direct shareholders to the AGM. Refreshments will be served after the meeting.

Admission: Shareholders and others attending the AGM are asked to register at the registration desk in the auditorium reception area at the venue. 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 off 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 Acting Company Secretary, Mr L C Jooste on +27 (0) 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.

administration

COMPANY REGISTRATION NUMBER
1994/009584/06
ISIN code: ZAE 0000 42164
Share code: MTN

BOARD OF DIRECTORS
MC Ramaphosa
PF Nhleko*
DDB Band
SL Botha*
I Charnley*
ZNA Cindi
RS Dabengwa*
PL Heinamann
M A Moses
RD Nisbet*
JHN Strydom
AF van Biljon

**Executive*

ACTING COMPANY SECRETARY
Mr LC Jooste
216 14th Avenue, Fairland 2195
Private Bag 9955, Sandton, 2146

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
Computershare Investor Services 2004 (Pty) Ltd
Registration Number 2004/003647/07
70 Marshall Street, Marshalltown, Johannesburg, 2001
P O Box 61051, Marshalltown, 2107

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) Ltd
Registration Number 2004/003647/07
70 Marshall Street, Marshalltown, Johannesburg, 2001
P O Box 61051, Marshalltown, 2107

JOINT AUDITORS
PricewaterhouseCoopers Inc.
2 Eglin Road, Sunninghill, 2157
Private Bag X36, Sunninghill, 2157

SizweNtsaluba VSP Inc.
1 Woodmead Drive
Woodmead Estate, Woodmead, 2157
P O Box 2939, Saxonwold, 2132

SPONSOR
Merrill Lynch South Africa (Pty) Ltd
Registration Number 1995/001805/07
(Registered sponsor and member of the

Securities Exchange South Africa (JSE)
138 West Street, Sandown, Sandton, 2196
P O Box 5591, Johannesburg, 2000

ATTORNEYS
Webber Wentzel Bowens
10 Fricker Road, Illovo Boulevard, Sandton, 2196
P O Box 61771, Marshalltown, 2107

shareholders' diary

Annual general meeting		10 Aug 2005
REPORTS		
Preliminary announcement of annual financial results	Published	9 June 2005
Annual financial statements	Posted	18 July 2005
Interim for 6 months to 30 September 2005		17 Nov 2005
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 000042164

For use at the annual general meeting to be held at 09:00 on Wednesday, 10 August 2005, at 14th Avenue Campus, 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 09:00 on Wednesday, 10 August 2005 at 14th Avenue Campus, 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 year ended 31 March 2005			
2.	The appointment of directors referred to below by single resolution			
3.	The re-election of the following directors:			
3.1	DDB Band			
3.2	RS Dabengwa			
3.3	PL Heinamann			
3.4	AF van Biljon			
4.	The election of the following director			
4.1	MA Moses			
Special business				
5.	Special Resolution Number 1			
	To approve an authority for the Company and/or a subsidiary of the company, to acquire shares in the Company			
Ordinary resolutions				
6.1	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			
6.2	Ordinary resolution number 2			
	To waive pre-emptive rights to which shareholders may be entitled for the issue of equity securities for cash			
6.3	Ordinary resolution number 3			
	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.......................................⊠ 2005

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 a letter of representation 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 14:30 on Friday, 5 August 2005.
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 14:30 on Friday, 5 August 2005.
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 Chairman 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 Chairman 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 proxy is not obliged to use all the votes exercisable by the shareholder or by his/her 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 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 09:00 on Wednesday, 10 August 2005, proxy forms must be lodged on or before 14:30 on Friday, 5 August 2005.
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

BASTION GRAPHICS

MTN Group Limited

Business Report 2005