



MTN Group Limited

*Integrated business report
for the year ended 31 December 2007*



Our vision is to be the leading provider of telecommunications services in emerging markets.

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South and East Africa region

Revenue contribution to Group (Rm)

R31 453

Subscribers

1. **South Africa**
14 799 000
2. **Uganda**
2 362 000
3. **Botswana**
874 000
4. **Rwanda**
652 000
5. **Swaziland**
380 000
6. **Zambia**
262 000

West and Central Africa region

Revenue contribution to Group (Rm)

R31 115

Subscribers

1. **Nigeria**
16 511 000
2. **Ghana**
4 016 000
3. **Côte d'Ivoire**
2 679 000
4. **Cameroon**
2 559 000
5. **Guinea Conakry**
727 000
6. **Benin**
652 000
7. **Congo-Brazzaville**
316 000
8. **Liberia**
304 000
9. **Guinea Bissau**
235 000

Middle East and North Africa region

Revenue contribution to Group (Rm)

R10 779

Subscribers

1. **Iran**
6 006 000
2. **Syria**
3 109 000
3. **Sudan**
2 090 000
4. **Yemen**
1 507 000
5. **Afghanistan**
1 200 000
6. **Cyprus**
113 000

Total Group – 61,4 million subscribers

The MTN Group Limited (MTN Group) is a leading provider of telecommunications services, offering cellular network access and business solutions.

The MTN Group is listed in South Africa on the JSE under the Industrial – Telecommunications sector.

Launched in 1994, the MTN Group is a multinational telecommunications group, operating in 21 countries in Africa and the Middle East. As at the end of December 2007, MTN recorded more than 61 million subscribers across its operations

The MTN Group operates in Afghanistan, Benin, Botswana, Cameroon, Congo-Brazzaville, Côte d'Ivoire, Cyprus, Ghana, Guinea Bissau, Guinea Conakry, Iran, Liberia, Nigeria, Rwanda, South Africa, Sudan, Swaziland, Syria, Uganda, Yemen and Zambia. For further information on MTN, visit our website www.mtn.com

MTN Group operating regions

South and East Africa (SEA)

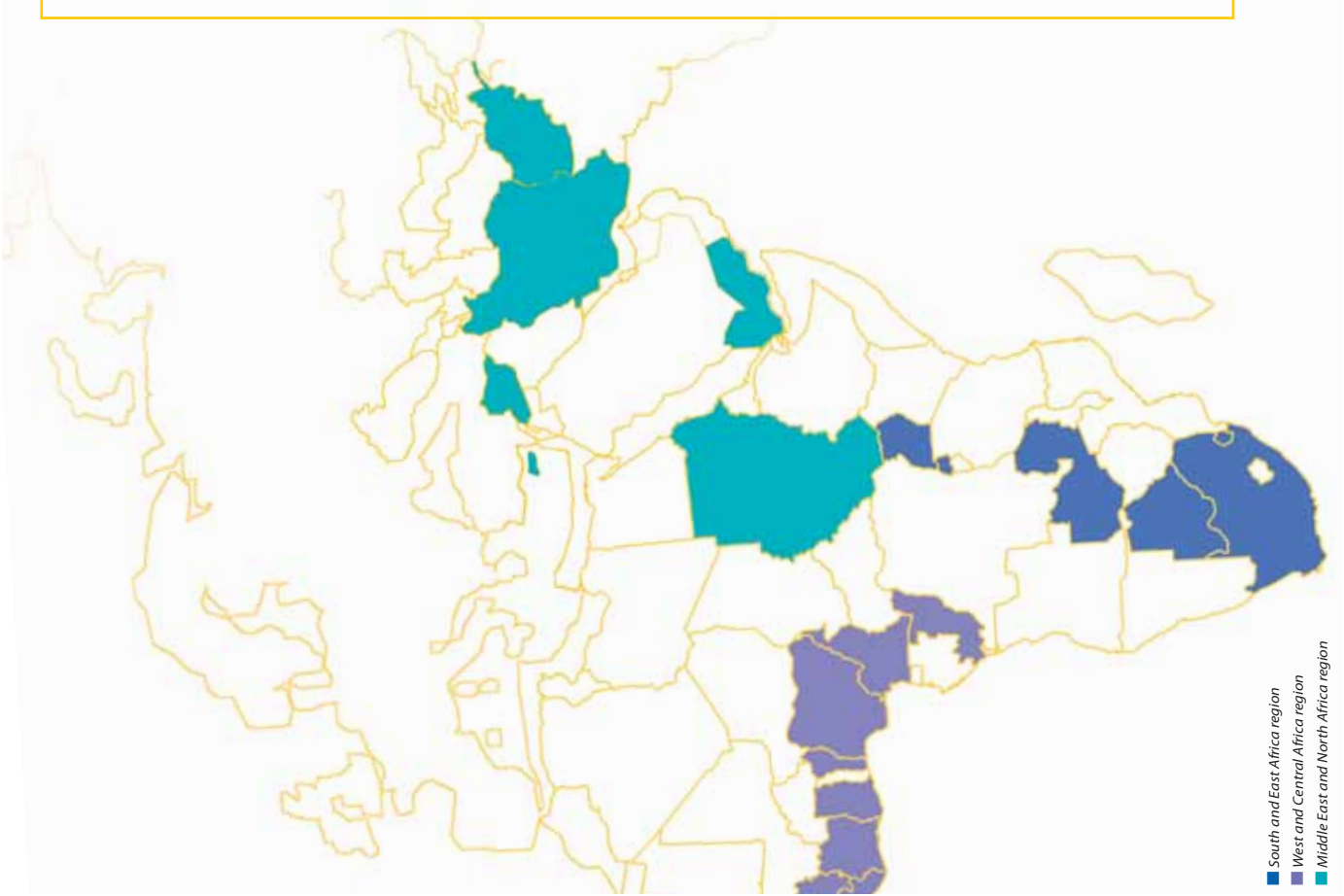
MTN South Africa, MTN Swaziland, MTN Zambia, MTN Uganda, MTN Rwanda and Mascom Botswana.

West and Central Africa (WECA)

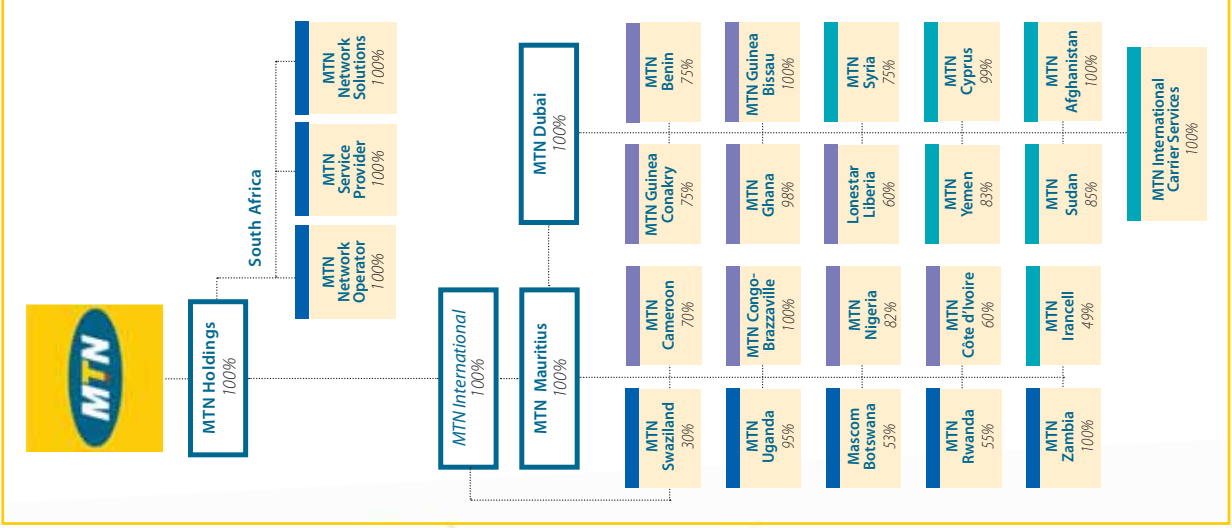
MTN Nigeria, MTN Cameroon, MTN Congo-Brazzaville, MTN Côte d'Ivoire, MTN Benin, MTN Ghana, MTN Guinea Bissau, MTN Guinea Conakry and Lonestar Liberia.

Middle East and North Africa (MENA)

MTN Iran, MTN Sudan, MTN Syria, MTN Cyprus, MTN Yemen and MTN International

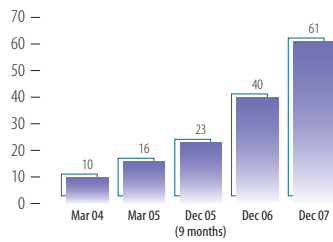


■ South and East Africa region
■ West and Central Africa region
■ Middle East and North Africa region

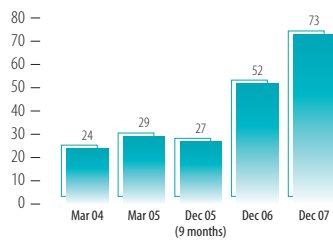


MTN Group financial highlights

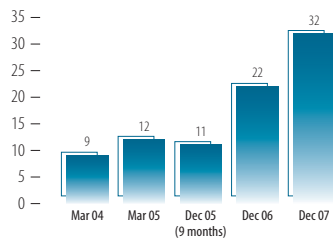
Subscribers (million)



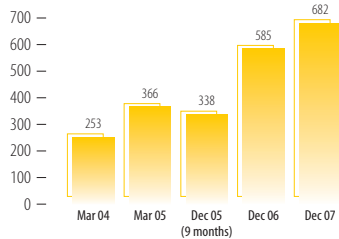
Group revenue (R billion)



EBITDA (R billion)



Adjusted HEPS (cents per share)



Revenue

R73,1 billion

up 42%

EBITDA

R31,8 billion

up 42%

Net debt to EBITDA

0,5 x

Dividend per share

136 cents

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Our values

Our conduct and interaction with stakeholders is founded on five shared values which drive MTN as we continue to break ground.



Chairman's statement

Dear stakeholders

MTN is evolving into a leading provider of telecommunications services in emerging markets. This is reflected in sustained strong performance, underpinned by steady organic growth, prudent acquisitions and rigorous governance.

The Group delivered an excellent performance in the 12 months to 31 December 2007, recording a 53% increase in subscriber numbers to 61,4 million, a 42% increase in revenue to over R73 billion and a 42% increase in earnings before interest, tax, depreciation and amortisation (EBITDA) to nearly R32 billion.

Working from a detailed strategic blueprint – explained in different sections of this report – we have approved an increase in capital expenditure to enhance quality and network coverage. In this rapidly growing and competitive industry, innovation is key and, again, MTN has proved its ability to innovate by introducing new relevant products based on existing and complementary technologies such as third-generation or 3G and GPRS. A diverse, high calibre workforce such as ours, with significant experience in developing markets is an unrivalled competitive advantage.

Geopolitical environment

Financial and political uncertainty is heightened across the globe, with investors becoming increasingly risk averse. Despite this backdrop MTN has proven that emerging markets offer sound growth opportunities. This is not expected to change going forward, given improving economic fundamentals and relatively low levels of penetration across the majority of markets in which we operate. The Group has a strong track record of constructively addressing the many challenges presented in emerging markets, including challenging regulatory environments, which is evidenced by strong financial and operational performance to date.

Robust risk management processes are substantially in place. Government relations and a policy of pro-active corporate citizenship and social responsibility programmes add tangible value to the quality of life of millions of people.

Industry developments

Mobile connectivity in emerging markets is fast becoming the primary means of communication and there is strong evidence that it represents the most far-reaching



Cyril Ramaphosa
Non-executive
chairman



**MTN is evolving into a leading provider
of telecommunications services
in emerging markets.**

Chairman's statement *continued*

solution to reduce the digital divide and bring economic growth to underdeveloped regions. MTN's anecdotal evidence supports this, highlighting two features that differentiate mobile telecommunications in emerging markets: firstly the rapid pace of subscriber acquisition to the point where mobile handsets far outnumber available fixed lines and, secondly, the role of mobile communications in sustainable development. Our sustainability report details some of the initiatives we are spearheading and supporting through MTN foundations that we are rolling out in each of our operations.

Convergence is a reality in emerging markets and therefore has a direct impact on MTN's business. Unified licences permit delivery of an increased range of services through any medium. Technology advancements allow for accelerated broadband speeds making the provision of many converged services possible.

Based on convergence, customers demand more integrated and sophisticated services. These range from individual products to tailor-made bespoke corporate solutions.

MTN is leveraging the considerable opportunity for providing converged communication services across voice and data.

Corporate governance

The board of directors endeavours to ensure that all operations comply with the Code of Corporate Practices and Conduct recommended by King II and the benchmarks of global best practice.

As a result of extensive new commitments, MA Ramphela and PL Woicke resigned as directors with effect from 18 March 2008. The board greatly appreciates their contribution to the achievements of the Group and wishes them well in their endeavours.

Sustainability reporting

MTN presents an annual integrated report to stakeholders – combining our economic, social and environmental performance, challenges and targets. In doing so, we are guided by international reporting benchmarks such as the Global Reporting Initiative (GRI) and its telecommunications-specific supplements. In operational areas where

stakeholder reporting standards are not yet fully developed, we apply best practice.

Our intention is to present a comprehensive and cohesive view of our Group – one that addresses the issues raised by ongoing stakeholder engagement, and elaborates on the way forward.

Appreciation

Our promise to every subscriber is that MTN will be *everywhere you go*. The same promise applies to the nearly 15 000 people who constitute the “MTN family” across 21 countries. These are extraordinary people with extraordinary skills and commitment. Combined, they create a community noted for its camaraderie and passion.

I thank our stakeholders – our shareholders, board members, management and staff, business partners and loyal customers – for allowing us to turn our promise of *everywhere you go* into reality, every day.

Cyril Ramaphosa

18 March 2008



The Group has a strong track record of constructively addressing challenges.



Group directorate

- 1 **PF Nhleko** (48)
Group president and CEO
- 2 **DDB Band** (64)
Non-executive director
- 3 **RS Dabengwa** (50)
Chief operating officer



- 4 **MA Ramphele** (60)*
Non-executive director
- 5 **MC Ramaphosa** (55)
Non-executive chairman

- 6 **KP Kalyan** (53)
Non-executive director
- 7 **RD Nisbet** (52)
Group finance director
- 8 **JHN Strydom** (69)
Non-executive director

- 9 **AF van Biljon** (60)
Non-executive director
- 10 **MJN Njeke** (49)
Non-executive director
- 11 **J van Rooyen** (58)
Non-executive director



- 12 **AT Mikati** (35)
Non-executive director
- 13 **PL Woicke** (65)*
Non-executive director
- 14 **ARH Sharbatly** (63)
Non-executive director
– not shown



*Resigned 18 March 2008



Group directorate *continued*

1 PF NHLEKO (48)

BSc (Civil Eng), MBA

Year appointed: 2001 as non-executive director (CEO since 2002)

Executive director

Board committee membership

Chairman of Group executive and steering committee. Attends various board committee meetings ex officio

Other directorships

Director of various companies in the MTN Group. Director of Newshelf 664 (Pty) Limited, Tsogo Sun Kwazulu-Natal (Pty) Limited and Engen Limited. Non-executive chairman of Worldwide African Investments Holdings (Pty) Limited, the GSMC association and Trustee of the Alpine Trust.

Skills, expertise and experience

Previously a director of Johnnic Holdings Limited, Nedcor Limited, The Bidvest Group Limited, Alexander Forbes Limited and co-founder of Worldwide African Investment Holdings (Pty) Limited. Prior to joining MTN he also served at Standard Corporate Merchant Bank.

2 DDB BAND (64)

BCom, CA(SA)

Year appointed: 2001

Independent non-executive director

Board committee membership

Chairman: nomination, remuneration, human resources and corporate governance committee and member of audit committee

Other directorships

Director of various companies in the MTN Group. Director of Business Against Crime South Africa, Myriad International Holdings BV, The Standard Bank of South Africa Limited, Standard Bank Group Limited, The Bidvest Group Limited and Tiger Brands Limited.

Skills, expertise and experience

Managing director of CNA Gallo Limited, CEO of The Argus Holdings Group and chairman and CEO of the Premier Group Limited. He also served as a consultant to the capital investments division of Standard Bank and qualified as a chartered accountant in 1967.

3 RS DABENGWA (50)

BSc (Eng), MBA

Year appointed: 2001

Executive director

Board committee membership

Group executive and steering committee and tender committee

Other directorships

Director of various companies in the MTN Group. Director of Newshelf 664 (Pty) Limited and a trustee of the Alpine Trust.

Skills, expertise and experience

Prior to joining MTN, he was employed by Eskom as an executive director responsible for sales, customer service, electrification and distribution technology. Prior to Eskom he worked as a consulting electrical engineer in the building services industry and in the mining and railway sectors.

4 MA RAMPHELE (60)

BCom, MBChB, PhD

Year appointed: 2006

Independent non-executive director

Board committee membership

Risk management and compliance committee

Other directorships

Director of various companies in the MTN Group. Director of Anglo American plc, Business Partners, Edu-Loan, IFA Lethu, Medi-Clinic Corporation Limited, Mo Ibrahim Foundation, Mpilo Investment Holdings (Pty) Limited. A trustee of the Mellon Foundation, Nelson Mandela Foundation and Rockefeller Foundation.

Skills, expertise and experience

Currently the executive chairperson of Circle Capital Ventures and was previously the managing director: human resources development, World Bank (Washington DC). Before joining the World Bank she was the vice-chancellor of the University of Cape Town.

Resigned 18 March 2008.



5 MC RAMAPHOSA (55)

BProc, LLD (HC)

Year appointed: 2001 as chairman

Independent non-executive director

Board committee membership

Nomination, remuneration, human resources and corporate governance committee

Other directorships

Director of various companies in the MTN Group. Executive chairman of Shanduka Group (Pty) Ltd. Non-executive chairman of The Bidvest Group Limited. Joint non-executive chairman of Mondi plc and Mondi Limited. Non-executive chairman of SASRIA Limited. Non-executive director of SAB Miller plc, Macsteel Global BV, Alexander Forbes Limited and The Standard Bank Group Limited. Cyril is also a director of Kangra Coal (Pty) Limited, Vancut Diamond Works (Pty) Limited, Assore Limited, Barberton Mines Limited, BDFM, Future Africa Investment Holdings (Pty) Limited, Future Africa Trading (Pty) Limited, Maxshell 80 Investments (Pty) Limited, Rentworks Africa (Pty) Limited, The Association of Black Empowerment in Higher Education, TBWA Hunt Lascaris Holdings (Pty) Limited, Tutuwa Strategic Holdings (Pty) Limited.

Skills, expertise and experience

Founder and executive chairman of Shanduka Group (Pty) Limited. Previously chairman of the Constitutional Assembly and was the only chairman of the specially formed Black Economic Empowerment Commission. He was also a member of parliament, secretary general of the ANC and secretary of the National Union of Mine Workers. Cyril is currently on the national executive committee of the ANC and has also received several honorary doctorates.

6 KP KALYAN (53)

BCom (Law) (Hons) Economic, Senior Executive Management Programme

Year appointed: 2006

Independent non-executive director

Board committee membership

Nomination, remuneration, human resources and corporate governance committee

Other directorships

Director of South African Business Trust, South African Bank Note Company and South African Mint Company of the South African Reserve Bank, and the UK/SA Business Initiative (London).

Skills, expertise and experience

Senior business development manager at Shell International Exploration Company, Koosum is currently based in London. Prior to that she was senior economist at the Chamber of Mines of South Africa and was an economist at the Electricity Commission of Victoria, Melbourne, Australia.

7 RD NISBET (52)

BCom, BAcc, CA(SA)

Year appointed: 2001

Executive director

Board committee membership

Group executive and steering committee and tender committee

Other directorships

Director of various companies in the MTN Group. Director of Newshelf 664 (Pty) Limited, SimJon Holdings (Pty) Limited and a trustee of the Alpine Trust.

Skills, expertise and experience

Rob qualified as a chartered accountant in 1981. He previously held financial directorships in both listed and unlisted companies as well as general management positions in engineering and mining companies. They include Mathieson and Ashley, Lennings (Pty) Limited, Stonestreet and Hansen (Pty) Limited.

Group directorate *continued*

8 JHN STRYDOM (69)

MCom (Acc), CA(SA)

Year appointed: 2004

Non-executive director

Board committee membership

Audit committee

Other directorships

Director of various companies in the MTN Group. Director of Public Investment Corporation Limited, Growthpoint Properties Limited, Anel Beleggings (Pty) Limited, Cardinal Investments (Pty) Limited, Janrit Beleggings (Pty) Limited, Milaeson Eiendomme (Pty) Limited, Phalalapa (Pty) Limited, Solly Investments (Pty) Limited, Strydoms Incorporated, Union Discounting Corporation (Pty) Limited and Woody Sue Beleggings (Pty) Limited.

Skills, expertise and experience

Jan is a registered auditor and a founding partner of Strydoms Incorporated Chartered Accountants (SA), a firm specialising in business valuations, litigation support and forensic investigations. He is also a senior member of the Special Income Tax Court for taxation appeals.

9 AF VAN BILJON (60)

BCom, CA(SA), MBA

Year appointed: 2002

Independent non-executive director

Board committee membership

Chairman: audit committee

Other directorships

Director of various companies in the MTN Group. Director of Hans Merensky Foundation and Hans Merensky Holdings (Pty) Limited.

Skills, expertise and experience

Alan has held the position of group financial director with Truworths Limited, The Greetermans Checkers Group, Sun International and The Standard Bank Group from 1975 to 2002. In 2002, he established a specialised financial services company under the name of Van Biljon & Associates.

10 MJN NJEKE (49)

BCom, BCompt (Hons), CA(SA), H Dip Tax Law

Year appointed: 2006

Independent non-executive director

Board committee membership

Audit committee and risk management and compliance committee

Other directorships

Director of various companies in the MTN Group. Director of Kagiso Trust Investments (Pty) Limited, Kagiso Asset Management (Pty) Limited, Kagiso Financial Services Limited, Kagiso Hedged Trading, Kagiso Media Limited, Kagiso Property Holdings (Pty) Limited, Kagiso Securities Limited, Kagiso Treasury Services (Pty) Limited, Kagiso Trust Enterprises (Pty) Limited, Kagiso Ventures (Pty) Limited, Business Against Crime South Africa, Compass Group (SA) (Pty) Limited, Foster Wheeler South Africa (Pty) Limited, Infrastructure Finance Corporation Limited, Lengau Logistics (Pty) Limited, Mittal Steel Limited, Izinyoni Holdings (Pty) Limited, Involve Procurement & Rental Partner, Metropolitan Health Group, Metropolitan Holdings Limited, NM Rothschild and Sons (SA) (Pty) Limited, Pareto Limited, PSU Revenue Management trading as PSU International, RTG Fleet Services (Pty) Limited, Resilient Property Income Fund Limited, Serengeti Properties (Pty) Limited, Salvage Management and Disposal (SMD).

Skills, expertise and experience

Johnson is the deputy chairman of Kagiso Media Limited. He served as a partner at PricewaterhouseCoopers and is a past chairman of the South African Institute of Chartered Accountants.

11 J VAN ROOYEN (58)

BCom, BCompt (Hons), CA(SA)

Year appointed: 2006

Independent non-executive director

Board committee membership

Chairman: risk management and compliance committee and member of audit committee

Other directorships

Director of various companies in the MTN Group. Director of SAB&T Ubuntu Limited, Pick 'n Pay Stores Limited, FCB Harlow Butler (Pty) Limited, Uranus Investment Holdings (Pty) Limited, Uranus Financial Services (Pty) Limited, Leshume Solutions (Pty) Limited, Uranus Management Group (Pty) Limited, Global Mandate Consulting (Pty) Limited, Uranus Consultancy (Pty) Limited, Oracle Compliance (Pty) Limited, Jeff van Rooyen Investments (Pty) Limited. Trustee of the International Accounting Standards Committee Foundation.

Skills, expertise and experience

Jeff is a founder member and CEO of Uranus Investment Holdings (Pty) Limited and previously served as CEO of the Financial Services Board. He is also a founder member and former president of the Association for the Advancement of Black Accountants (ABASA) and was chairperson of the Public Accountants and Auditors Board in 1995.

12 AT MIKATI (35)

BSc

Year appointed: 2006

Non-executive director

Board committee membership

None

Other directorships

CEO of M1 Group Limited, an international investment group with a strong focus on the telecommunications industry. A director on all M1 Group subsidiary boards as well as Easy Dial, EZ-Link, B-Pro Limited, B-Jet Limited, Horizon Global Services, IMC, Interserve, Mint Trading, Unioil.

Skills, expertise and experience

While completing his BSc in the United States, Azmi founded T-One, a telecoms company providing long-distance services between the United States and other international destinations. He became CEO of Investcom and, under his leadership, sales grew from USD30 million to USD1 billion, over less than seven years. At 33, he was the youngest CEO of a Middle Eastern publicly traded company.

13 PL WOICKE (65)

BCom

Year appointed: 2006

Independent non-executive director

Board committee membership

Nomination, remuneration, human resources and corporate governance committee and risk management and compliance committee.

Other directorships

Director of various companies in the MTN Group. Director of Anglo American plc, Raiffeisen International Bank Holding AG, Plug Power and Aldwych Holdings Limited.

Skills, expertise and experience

Peter is the former managing director of the World Bank and prior to that the managing director and CEO of JP Morgan Asia Pacific.

Resigned 18 March 2008.

14 ARH SHARBATLY (63)

Year appointed: 2006

Independent non-executive director

Board committee membership

None

Other directorships

Director of Riyadh Bank in Saudi Arabia, Saudi Company for Hardware, Marketing Services and Commercial Projects Operation Company as well as Saudi Arabian Refinery Company and South Valley Cement factory. He is also the chairman of Arabian International Corporation, Saudi Arabian Marketing and Agencies Company Limited and Golden Pyramids Plaza Company.

Skills, expertise and experience

Sheikh Sharbatly is a well-respected businessman in the Middle East and a co-founder of Citystars Development.

Group president and CEO's report

Overview

The MTN Group Limited delivered a strong performance, increasing subscribers by 53% to 61,4 million in the 12 months to 31 December 2007. This reflects the significant opportunities for growth in the Group's expanded footprint. Subscribers in the South and East Africa region (SEA) increased by 23% to 19 million, in the West and Central Africa (WECA) region by 43% to 28 million and the Middle East and North Africa (MENA) region recorded a 186% increase to 14 million, driven by the very strong growth of MTN Irancell. Average revenue per user (ARPU) has declined marginally in most operations, consistent with increased penetration into lower segments of each market.

Market potential continues to surprise on the upside and economic performance remains positive, with average GDP growth across our markets of between 4% and 6% and associated increases in disposable income. Within this high-growth context, the Group's trading environment remains challenging given competitive pricing, an influx of new entrants into the market, and onerous and sometimes difficult regulatory environments.

The Group recorded revenue growth of 42% for the period, with contributions to total revenue split 43%, 43% and 14% among the

SEA, WECA and MENA regions respectively. The Group EBITDA margin increased slightly to 43,5% compared to 2006. MTN South Africa's margin of 34,8% compares favourably to the December 2006 EBITDA margin of 33,9% and MTN Nigeria's EBITDA was unchanged at 57%.

Key objectives for the past period

MTN's objectives have evolved in line with the dynamic and high-growth nature of our industry. During the year, we made good progress on delivering against most of these objectives:

Appropriate expansion strategy to diversify earnings and consolidate the Group's leadership position

Our expansion strategy is based on actively seeking value-creating opportunities in emerging markets. The Group typically seeks bundles of assets and material single-asset opportunities in new and existing regions. Our investment approach is rigorous, with stringent evaluation criteria.

The Group supports meaningful local shareholder participation. During the year, the Group facilitated the increased shareholding of local shareholders in MTN operations in Uganda and Côte d'Ivoire to 5% and 40% respectively. The Group





Phuthuma Nhleko
Group president
and CEO



MTN's strong performance reflects the significant opportunities for growth in the Group's expanded footprint.

Group president and CEO's report *continued*

always seeks to hold a controlling interest in its operations wherever possible.

The Group will continue to explore value-enhancing opportunities to reduce the significant concentration of earnings in Nigeria and South Africa.

Increased market opportunities require investment in infrastructure

During the year, there was increased focus on a rapid and efficient roll out of infrastructure to ensure appropriate levels of quality and capacity to meet the high demand in our markets. This is particularly evident in countries such as Nigeria, which gathered momentum only in the second half of 2007. The infrastructure investment is focused on upgrading and expanding networks with new site builds, investment in software and hardware, the ongoing introduction of New Generation Networks as well as the roll out of 3G data services. Capital expenditure (including software) for 2007 was R15 348 billion, comprising 21% of revenue compared with 19% at 31 December 2006. While the pace and quality of network roll out remains the most significant barrier to higher growth, we are constantly exploring ways to accelerate the roll out process in all key markets.

Leverage opportunities in the value chain

Within its existing footprint, MTN has pursued opportunities to invest in technologies, businesses and licences that will allow us to deliver, *inter alia*, services in data and internet protocol connectivity. This has entailed acquisitions of internet service providers, rolling out fibre infrastructure and seeking access to WiMax frequencies. Products requiring connectivity beyond mobile voice – such as data – are becoming increasingly popular across our regions, particularly where fixed-line incumbents have not been able to deliver meaningful services to corporates. In 2007, MTN invested in XSBroadband and VGC Communications in Nigeria and acquired an internet service provider in Cameroon. MTN also established joint ventures with Standard Bank for mobile banking and Multichoice for mobile TV. The MTN Group is also pursuing these business models and technologies in countries where it does not currently have cellular operations.

Optimise operations

We have undertaken a number of initiatives to further optimise our operational performance.

During the year we embarked on a standardisation exercise in line with global best practice. This has helped ensure that

processes and operating platforms are streamlined across the Group to enhance efficiencies and extract regional synergies. This is expected to gain real momentum in 2008.

Optimise financial position by deleveraging core debt and gearing-up operations

MTN has taken significant steps to gear-up its underlying subsidiary operations. The most significant of these was the USD2 billion fundraising in Nigeria completed in October 2007, with smaller fundraising exercises in Cameroon, Uganda and Côte d'Ivoire. Challenges with the upstreaming of cash from Ghana and Syria persist but, due to the strong flow of dividends and management fees from the other operations, Group net debt has reduced by R6,8 billion to R16,1 billion since December 2006. This has resulted in continuing deleveraging of the Group, from 1,0 x EBITDA at year-end 2006 to 0,5 x EBITDA at 31 December 2007. This is well ahead of our stated target of 0,4 x EBITDA by 31 December 2008.

In February 2008, Moody's Credit Rating Agency upgraded MTN's national scale rating to A2.za from A3.za and affirmed the global scale issuer at Baa3. The outlook on the credit ratings was upgraded to positive from stable.

MTN Group results

MTN delivered a strong performance for the 12 months ended 31 December 2007, with both revenue and profits significantly above the prior year.

Revenue grew 42% to R73,1 billion (2006: R51,6 billion), mainly driven by South Africa, which rose 15% to R28,2 billion, and Nigeria, which increased by 36% to R20,3 billion. The SEA region contributed 43% of total revenue from 52% at December 2006; WECA 43% from 41% and MENA 14% from 7% at the end of 2006.

Group EBITDA increased by 42% to R31,8 billion (2006: R22,4 billion), with the EBITDA margin slightly improved to 43,5% from 43,4% last year. Excluding the impact of the high revenue share in Iran, the EBITDA margin would have been 44,3%.

The Group's total assets were 19% higher at R116 billion compared to R97 billion in 2006, driven mostly by investments in network capacity and infrastructure assets. A significant portion of the total borrowings of R34 billion (2006: R33 billion) is related to the acquisition of Investcom in July 2006. The net debt/equity ratio is 31,2% and the net debt/EBITDA cover is 0,5 times.

Group president and CEO's report *continued*

Operational review

South and East Africa (SEA)

The SEA region reported an increase of 3,7 million subscribers to 19,3 million, with MTN South Africa being the key driver of growth and profitability.

MTN South Africa increased subscribers from 12,7 million to 14,8 million while maintaining market share at 36%. Low-denomination vouchers have remained a key driver in stimulating use in the lower segments of the market. Increased focus on enhancing the quality and capacity of the network in South Africa saw 737 new base stations rolled out for both 2G and 3G. The MTN South Africa data proposition is gaining momentum with a 42% increase in data revenue to R2,8 billion for the period.

MTN Uganda increased subscribers by 767 000 to 2,4 million despite strong competition and the entry of two new operators. Significant improvements in infrastructure and more optimal use of the network enhanced performance towards the end of the year.

MTN Zambia was affected by a slow start to the infrastructure roll out and aggressive marketing and product campaigns by the market leader. Increased momentum in

infrastructure roll out and revised pricing plans will support improved performance.

Economic indicators in the SEA region are generally positive. The operations in the region are focused on meeting the needs of a converging market, regulatory developments, and increased competition. Infrastructure roll out in the region remains a priority and, accordingly, MTN South Africa will pursue a self-provisioning transmission strategy to improve the capacity and quality of mobile transmission and effectively manage margins.

West and Central Africa (WECA)

The WECA region now provides the highest absolute EBITDA contribution to the Group and revenue levels similar to the SEA region. Subscribers increased from 19,6 million to approximately 28 million in increasingly competitive markets. The year was characterised by accelerated network roll out to address capacity and quality constraints, particularly in Nigeria and Ghana.

Nigeria remains the major contributor in the WECA region, increasing subscribers by over 4 million to 16,5 million. Ghana and Côte d'Ivoire delivered strong performances, growing the number of subscribers by

1,4 million and 1,1 million respectively. Cameroon increased subscribers by 776 000 to 2,6 million, despite the impact of the numbering change plan in the first half of the year. Benin recovered well and ended the year with positive growth following the suspension of the network on the orders of the regulator between July 2007 and September 2007.

Given the continued strong growth expected across the region, additional investment in infrastructure will be required to meet demand and improve network quality. The regulatory environment remains challenging and we will continue to focus on building constructive relationships with the relevant authorities.

Middle East and North Africa (MENA)

The MENA region is the fastest-growing contributor of subscribers to the Group, recording impressive growth of over 9 million to 14,03 million subscribers at year-end. This was underpinned by the start-up nature of many of these operations and highly responsive markets.

During the year the key focus was on rolling out infrastructure to improve quality and capacity of the networks in each market. There will be ongoing investment in infrastructure roll

out, particularly in Iran and Sudan, to increase the Group's coverage and further improve the quality of service. MENA operations were formally rebranded to MTN which helped increase brand awareness.

MTN Irancell delivered strong performance as a start-up operation with net additional subscribers of 5,9 million. The stabilisation of the Iran operation is an important development for the region and, despite ongoing challenges,

the progress achieved is certainly encouraging.

Sudan performed well, increasing subscribers by 1,024 million, but continues to be affected by dual SIMs and low tariffs from competition, especially CDMA operators. MTN Syria delivered a good



Our expansion strategy is based on actively seeking value-creating opportunities in emerging markets.



Group president and CEO's report *continued*

performance, despite a highly regulated market, due to an aggressive sales drive and expanded product portfolio. Afghanistan delivered a strong increase in subscribers of 982 000, off a low base, due to a largely untapped and responsive market.

Corporate governance

The long-term sustainability of the MTN Group is largely dependent on managing operations in dispersed geographies, with diverse regulatory obligations and operational risks. We continue to work towards standardising our business principles and practices, and aligning governance processes across all our operations.

Sustainability performance

As a multinational telecommunications company operating in emerging markets, the MTN Group has a particular opportunity to make a meaningful contribution to social, economic and environmental development. A key challenge in a company such as MTN is to embed good sustainability practices at every level in every local operation. Key focus areas include:

- Regular engagement with all stakeholders who are directly or indirectly impacted by our operational activities, eg working closely with regulatory authorities to develop appropriate regulations.

- Increasing our contribution to socio-economic development imparted through local supplier support initiatives.
- Establishing MTN foundations in all operations. During the year, five additional operations established their foundations, bringing the total to nine.
- Embedding the MTN Group sustainability policy and management framework in all operations.

Our people

The MTN Group has almost 15 000 employees across 21 operations, and our success is attributable to the depth and quality of our people. As our business grows and expands, our ability to attract, retain and develop our people will be a key determinant of success.

The Group continues to invest significantly in training and skills development and is committed to a minimum target investment of approximately 5% to 6% of annual payroll. There are a number of initiatives in place, including a comprehensive learnership programme for interns as well as a strategic talent investment board to address the leadership capability and capacity needs of the organisation. Managing our people resources remains the most important priority for the Group.

Employing people from the various countries in which we operate is an ongoing focus area to ensure a representative employee profile. MTN South Africa has an Empowerdex AA rating.

Since publication of our last annual report, several key appointments were made: Nozipho January-Bardill was appointed as Group executive: corporate affairs and MTN spokesperson, Tim Lowry was appointed as vice president of the SEA region and managing director of MTN South Africa and Khumo Shuenyane was appointed as Group executive: mergers and acquisitions.

Looking forward

The Group's prospects for 2008 remain positive given the solid platform for creating value in our high-growth markets for shareholders and other stakeholders.

For 2008, our strategic priorities include:

- Actively seeking value-adding expansion opportunities in emerging markets with a view to diversifying our earnings beyond the concentration in Nigeria and South Africa.
- Ongoing infrastructure roll out to ensure appropriate levels of capacity and quality for new and existing subscribers and exploring high-growth opportunities in our existing markets.

- Ensuring the Group is well positioned to benefit from a rapidly converging data content and voice market.
- Driving efficiencies and optimising operating margins through dynamic tariffs, more efficient use of our network and streamlined processes.
- Constructive liaison with regulatory authorities.

Phuthuma Nhleko

18 March 2008



Executive management

1 PF Nhleko (48)
Group president and CEO

2 PN January-Bardill (57)
Group executive: corporate
affairs and MTN spokesperson

3 S Fakie (54)
Group executive: business
risk management



4 RS Dabengwa (50)
Chief operating officer

5 RD Nisbet (52)
Group finance director

6 PD Norman (42)
Group executive: human
resources



7 KW Pienaar (50)
Group chief technology and information officer

8 J Ramadan (51)
Regional vice president – MENA

9 T Lowry (52)
Managing director, MTN South Africa and regional vice president – SEA

10 KL Shuenyane (37)
Group executive: mergers and acquisitions

11 SL Botha (43)
Group executive: marketing

12 C de Faria (53)
Regional vice president – WECA

Executive management *continued*

1 PF NHLEKO (48)*

2 PN JANUARY-BARDILL (57)

Dip (HR Man), BA (Eng and Phil, MA Ling, Cert in Edu

Year appointed: 2007

Group executive: corporate affairs and

MTN spokesperson

Committee membership

Group executive and steering committee

Directorships

Director of various companies in the MTN Group.

Director of Afrisam (Holcim SA).

Skills, expertise and experience

Nozipho was a deputy director-general in the Department of Foreign Affairs. She was South Africa's ambassador to Switzerland from 2001 to 2005. She has also served on the boards of, among others, FirstRand Insurance (Momentum) and Southern Life Insurance Companies.

3 S FAKIE (54)

BCom, BCompt (Hons), CA(SA)

Year appointed: 2007

Executive: business risk management

Committee membership

Group executive and steering committee

Directorships

Director of various companies in the MTN Group.

Director of Absa Group Ltd.

Skills, expertise and experience

Shauket has over 31 years' experience in accounting, auditing, consulting and advisory work. In 1999, he was appointed as Auditor-General of South Africa for a seven-year term which ended in November 2006.

4 RS DABENGWA (50)*

5 RD NISBET (52)*

6 PD NORMAN (42)

MA (Psych)

Year appointed: 1997

Executive: human resources

Committee membership

Group executive and steering committee

Directorships

Director of various companies in the MTN Group.

Trustee of the Chartered Accountants Medical Aid Fund.

Skills, expertise and experience

Paul has been an executive at MTN since 1997. He has spent over 12 years in the field of human resources and has worked extensively in the transport and telecommunications industries. He was awarded HR Practitioner of the Year in 2003 by the Institute of People Management.

7 KW PIENAAR (50)

BSc (Elec & Electron Eng) PrEng

Year appointed: 2001

Group chief technology and information officer

Committee membership

Group executive and steering committee

Directorships

Director of various companies in the MTN Group.

Skills, expertise and experience

Karel started his career at Telkom SA Ltd. Subsequently, he held executive positions at Elex Electronic Ltd and Multichoice, where he was instrumental in the start-up of MTN in 1994. He served as CEO of MTN Nigeria during the first year of its start-up phase.

**Profiles of these executives appear on pages 10 and 11 of this report.*

8 J RAMADAN (51)

MA (Inf Tech)

Year appointed: 2006

Regional vice president – MENA region

Committee membership

Group executive and steering committee

Directorships

Director on the boards of all MENA region operations and Lonestar Liberia.

Skills, expertise and experience

Jamal was an executive director of Investcom LLC, which he joined in 1996 as operations director. Prior to that he was director of IT at FTML (a subsidiary of France Telecom), operating in Lebanon.

9 T LOWRY (52)

BA (Soc Sci)

Year appointed: 2007

Managing director MTN South Africa and

Regional vice president – SEA region

Committee membership

Group executive and steering committee and tender committee

Directorships

Director on the boards of all SEA region operations.

Skills, expertise and experience

Tim has over 30 years' experience in the global telecommunications industry. He was the vice president for Western Europe at France Telecom. Prior to that he held executive positions at Orange, France Telecom and Cable & Wireless in Africa and Middle East, Australia and Europe.

10 KL SHUENYANE (37)

BEcon and Internat Stud; CA (England and Wales)

Year appointed: 2007

Group executive: mergers and acquisitions

Committee membership

Group executive and steering committee

Directorships

Director of various companies in the MTN Group.

Skills, expertise and experience

Khumo was head of direct investments and a member of the executive committee of Investec's South African operations. He was previously a member of Investec's corporate finance division.

11 SL BOTHA (43)

BEcon (Hons)

Year appointed: 2003

Group executive: marketing

Committee membership

Group executive and steering committee

Directorships

Director of various companies in the MTN Group.

Director of Tiger Brands Limited.

Skills, expertise and experience

Santie was an executive director at Absa Bank Ltd. She was awarded Marketer of the Year in 2002 by the Marketing Federation of South Africa. She also worked for Unilever (UK) for six years.

12 C DE FARIA (53)

Degree in Finance and Administration (CA)

Year appointed: 2006

Regional vice president – WECA region

Committee membership

Group executive and steering committee and tender committee

Directorships

Director on the boards of all WECA region operations.

Skills, expertise and experience

Christian was previously CEO of PT Excelcomindo Pratama, known as XL, the largest mobile operator in Indonesia and before that he was CEO of Telekom Malaysia, responsible for international strategy and involved in the rapid growth of investments in Sri Lanka, Bangladesh and Cambodia.

Group finance director's report

INTRODUCTION

MTN Group continued to deliver a solid performance in the 12 months to 31 December 2007, driven mainly by mobile subscriber growth across all operations.

The MTN Group reports operational performance by region, namely South and East Africa (SEA), West and Central Africa (WECA) and Middle East and North Africa (MENA).

When looking at the comparative 2006 results, it should be noted that Investcom LLC was acquired on 1 July 2006 and therefore the consolidated results at December 2006 include the Investcom results for a six-month period. In certain instances, to provide meaningful comparatives, unaudited results of the Investcom operations for the 12 months to December 2006 have been used.

The Group recorded revenue growth of 42% to R73,1 billion (2006: R51,6 billion). The SEA and WECA regions contributed 43% each of total Group revenue, and MENA the remaining 14%. This compares with 52% by SEA, 41% by WECA and 7% by MENA for the previous year, reflecting growth from a low base and start-ups in the MENA region. The Iran operation contributed 12% of MENA's total revenue (up from 2% last year). Without the positive effect of foreign currencies strengthening against the rand,

Group revenue growth would have been approximately 2% lower.

Group earnings before interest, tax, depreciation and amortisation (EBITDA) increased by 42% to R31,8 billion compared with 2006. Again, without the effect of foreign currencies strengthening against the rand, Group EBITDA growth would have been 3% lower. The SEA region contributed 36% to Group EBITDA and WECA 52%. The MENA region contributed 8% of Group EBITDA, up 3% from December 2006.

Profit after tax (PAT) decreased to R11,9 billion from R12,1 billion in 2006, owing to increased finance charges related to the Investcom acquisition and a higher tax charge arising mostly from the end of the Nigerian operation's pioneer tax status. Basic headline earnings per share (HEPS) dropped to 584,8 cents for the period, 4% below the 606,5 cents in 2006.

Adjusted HEPS, however, increased by 17% to 681,9 cents from 584,7 cents last year.

The Group's net debt decreased to R16 billion from R23 billion and the net debt to EBITDA ratio dropped to 0,5 times from 1,02 times at 31 December 2006, reflecting strong cash flow generation by the Group.

Macro-economic environment

Economic conditions in the markets in which the Group operates were favourable, with



Rob Nisbet
Group finance
director

**New market opportunities through a more
converged operating environment have
allowed us to expand our product base.**

Group finance director's report *continued*

reasonably low interest rates. The upward movement in most currencies against the US dollar resulted mainly from dollar

weakness. The telecommunications sector in most of the countries in which the Group operates remained extremely competitive.

Current versus previous year's exchange rates

	Average exchange rates			Closing exchange rates		
	January to December 2007 Actual	January to December 2006 Actual	% change	December 2007 Actual	December 2006 Actual	% change
Exchange rates vs rand						
USD (rand per dollar)	7,04	7,04	—	6,78	7,05	(4)
NGN (Nigeria)	17,89	18,70	(4)	17,46	18,23	(4)
GHC (Ghana)*	1 318,79	1 282,55	3	1 445,26	1 312,99	10
SDD (Sudan)	28,69	32,54	(12)	30,23	28,82	5
SYP (Syria)	7,09	7,20	(1,5)	7,08	7,24	(2)
IRR (Iran)	1 320,38	1 365,28	(3)	1 393,05	1 308,73	6

*Exchange rates before four zeros were knocked off the Ghana cedi effective 01 July 2007.

The table sets out movement in the closing and average exchange rates between the rand and the currencies of the Group's major international operations.

The closing balance sheet has been impacted by exchange rate movements between the rand and reporting currencies of the other operations.

The foreign currency translation reserve decreased by R1,3 billion as a result of the foreign operations' cross rates strengthening against the rand.

The movement in the average exchange rates of local currencies of the Group's major operations strengthened against the rand and had a positive effect on the Group's results.

MTN Group

Analysis of MTN Group revenue by region

	12 months December 2007 Rm	12 months December 2006 Rm	December 2006 to 2007 %	December 2007 % of total	December 2006 % of total	12 months December 2006 with Investcom 12 months Rm
SEA	31 453	26 586	18	43	52	26 586
South Africa	28 220	24 578	15	39	48	24 578
Other	3 233	2 008	61	4	4	2 008
WECA	31 115	21 208	47	43	41	22 653
Nigeria	20 250	14 900	36	28	29	14 900
Ghana	4 048	1 704	122	6	3	2 967
Other	6 817	4 604	48	9	9	4 786
MENA	10 779	3 756	187	14	7	6 097
Sudan	1 611	570	183	2	1	846
Iran	1 341	77	1 642	2	0	77
Syria	4 530	2 009	125	6	4	3 452
Other	3 297	1 100	200	5	2	1 722
Head office companies*	(202)	45	—	(1)	0	61
Total	73 145	51 595	42	100	100	55 397
Original MTN operations	58 024	45 608	27	79	88	45 608
Investcom operations	15 121	5 987	153	21	12	9 789
Total	73 145	51 595	42	100	100	55 397

*Includes adjustment for Ghana revenue in 2007.

Revenue

Group consolidated revenue increased by 42% to R73,1 billion (2006: R51,6 billion) largely as a result of strong subscriber growth and the full-year contribution of the former Investcom operations (reported for a six-month period in 2006). This was mainly driven by South Africa, which lifted revenue by 15% to R28,2 billion, and Nigeria, which increased revenue by 36% to R20,3 billion.

Ghana and Syria generated revenues of R4 billion and R4,5 billion respectively, again driven by strong subscriber acquisition.

Former Investcom operations increased revenue by 54% to R15,1 billion (2006: R9,8 billion, 12 months unaudited). These operations contributed R5,7 billion (18%) to WECA revenue and R9,4 billion (88%) to MENA revenue for the review period.

Group finance director's report *continued*

The SEA region's contribution to Group revenue changed significantly from 52% in the previous year to 43%. This is mainly the result of substantial revenue growth in the MENA region driven by strong subscriber growth in Iran, Afghanistan, Sudan and Syria. Year-on-year revenue growth was also positively impacted by the full-year consolidation of Investcom operations in this region.

The 61% increase in 2007 of the other operations in the SEA region is a result of full consolidation of Uganda revenue compared with 2006 when revenues were only proportionately consolidated in accordance with the shareholding's joint venture of 52%.

WECA region's revenue increased by 47% to R31,1 billion year on year, a contribution of 43% to Group revenue and up two percentage points from the previous year.

Analysis of the MTN Group EBITDA by region

	12 months December 2007 Rm	12 months December 2006 Rm	December 2006 to 2007 %	December 2007 % of total	December 2006 % of total	12 months December 2006 with Investcom 12 months Rm
SEA	11 329	9 346	21	36	42	9 346
South Africa	9 814	8 340	18	31	37	8 340
Other	1 515	1 006	51	5	4	1 006
WECA	16 601	11 355	46	52	51	12 153
Nigeria	11 605	8 529	36	36	38	8 529
Ghana	2 072	890	133	7	4	1 356
Other	2 924	1 936	51	9	9	2 268
MENA	2 530	1 117	126	8	5	1 671
Sudan	576	99	482	2	0	160
Iran	(180)	(58)	(210)	(1)	0	(58)
Syria	1 381	700	97	4	3	1 109
Other	753	376	100	2	2	460
Head office companies	1 385	595	133	4	3	860
Total	31 845	22 413	42	100	100	24 030
Original MTN operations	25 582	20 100	27	80	90	20 100
Investcom operations	6 263	2 313	171	20	10	3 930
Total	31 845	22 413	42	100	100	24 030

EBITDA

Group EBITDA increased by 42% to R31,8 billion (2006: R22,4 billion) against strong revenue growth and initiatives to improve operational efficiencies, as well as the impact of full-year contribution by the Investcom operations.

The former Investcom operations generated R6,3 billion of total EBITDA for the year. Excluding these operations, the Group's EBITDA increased year on year by 27,3% to R25,6 billion.

The SEA region's EBITDA increased by 21%, accounting for 36% of the Group's EBITDA. This was driven mostly by EBITDA from South Africa and full consolidation of Uganda's EBITDA. South African margins increased by almost a full percentage point to 35% from productivity and cost-efficiency initiatives, especially on distribution and commission expenses. The WECA region's EBITDA increased by 46% and accounted for 52% of Group EBITDA, up one percentage point from 31 December 2006, driven largely by the EBITDA contribution of Nigeria at 57%.

The MENA region contributed 8% to Group EBITDA, up three percentage points from December 2006. Revenue share agreements in Iran and in Syria have the effect of diluting the region's EBITDA margin. Excluding revenue share, Iran's EBITDA margins would be 27% and Syria 67%.

The Group's EBITDA margin improved slightly to 43,5%, compared with 43,4% for the 12 months ended 31 December 2006.

Depreciation and amortisation

The Group depreciation charge increased by R1,7 billion to R6,8 billion for the period. R0,8 billion of this is attributable to the full-year depreciation charge from Investcom operations when compared with six months in the previous year. Additional investment, mainly in South Africa, Iran and Nigeria, contributed to the remainder. The depreciation related to former Investcom operations amounted to R1,3 billion, with Ghana, Syria and Sudan at R327 million, R509 million and R200 million respectively.

Group amortisation of intangible assets increased by R0,9 billion to R2,2 billion compared with 2006. Amortisation relating to the acquisition of Investcom operations increased by R0,5 billion to R1,1 billion for the year as a result of full-year expense compared with half-year expense in 2006. Iran contributed a further R98 million. Nigeria's amortisation increased by R60 million, mainly as a result of acquiring a 3G licence at a cost of USD150 million.

Net finance costs

Net finance costs of R3,2 billion were higher by R1,7 billion compared to 2006 and related mostly to the full-year impact of borrowings related to the Investcom acquisition.

MTN Nigeria's net finance income of R92 million in 2006 reversed to a net finance cost of R291 million because of lower cash balances and refinancing costs related to the USD2 billion debt portfolio medium-term fund.

Group finance director's report *continued*

MTN Nigeria's net debt at 31 December 2007 was R1 billion, a slight reduction from R1,2 billion at the end of 2006.

MTN Irancell's net finance cost increased to R185 million from net finance income of R43 million in 2006, against higher debt incurred mainly to finance network expansion after the operation launched in October 2006.

Net finance costs in South Africa were lower than last year by R77 million mainly as a result of lower levels of borrowings in the current year.

MTN's share of the fair-value adjustment of the put option in Nigeria was R366 million, which has been included in finance charges, while functional currency gains of R29 million in MTN International Mauritius after transfers to reserves (IAS 21) were recognised in finance income for the year.

Taxation

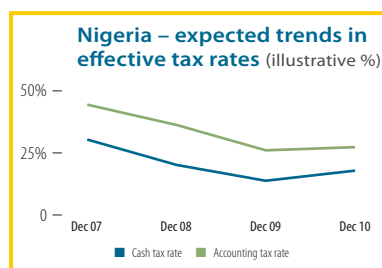
The Group's taxation charge increased by R5,2 billion compared to the previous year. This relates mostly to the end of the pioneer status tax holiday in Nigeria in March 2007, resulting in a tax charge of R3,8 billion in 2007 compared with a tax credit of R0,8 billion in 2006.

As a result, the MTN Group's effective tax rate increased from 17,6% at December 2006 to 39,5% at December 2007.

From April 2007, profits generated in Nigeria are liable for company income tax at 30% and

education tax at 2%. The provisions of the Nigerian Industrial and Development Act deem a new business to have started on the first day after the pioneer period. According to the commencement provisions of the Company Income Tax Act, MTN Nigeria will be subject to double taxation from 1 April 2007 to March 2008. This will result in a tax rate of approximately 65% from 1 April 2007 to 31 March 2008. MTN Nigeria's effective tax rate for the year ending December 2007 was 46,2% as a result of the first three months still being in the pioneer period.

The Group's effective tax rate for 2008 is expected to be in the mid-thirties percentage range.



According to IAS 12: *Income Taxes*, MTN Nigeria has recognised a deferred tax asset of R404 million at 31 December 2007. Movement during the year in the deferred taxation balance amounts to a decrease of R1,7 billion, which represents a reversal in deferred income tax now debited to the income statement for the period. The Group has adjusted its headline earnings to exclude this effect.

Headline earnings per share

The Group's board continues to report adjusted headline EPS in addition to basic headline EPS. The adjustments are for the:

- Impact on earnings from the Nigerian deferred tax credit, which decreases adjusted headline EPS by 12,0 cents
- Unwinding of a previously reversed deferred tax asset in Nigeria, which increased adjusted headline EPS by 89,4 cents.
- IFRS requirement that the Group accounts for a written put option held by a minority shareholder of a Group subsidiary – which gives the minority the right to require the subsidiary to acquire its shareholding at fair value. The net impact is an increase in adjusted headline EPS of 19,7 cents

Adjusted headline EPS of 681,9 cents for the year-end compares favourably with adjusted headline EPS of 584,7 cents for the previous year.

IAS 32 requires that, in the circumstances described in the previous paragraph relating to the put option:

- (a) the present value of the future redemption amount be reclassified from equity to financial liabilities and that the financial liability so reclassified subsequently be measured in accordance with IAS 39
- (b) in accordance with IAS 39, all subsequent changes in the fair value of the liability,

together with the related interest charges arising from present valuing the future liability, be accounted for in the income statement

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

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

- (a) recording a liability for the present value of the future strike price of the written put option results in recording a liability that is inconsistent with the framework, as there is no present obligation for the future strike price
- (b) the shares considered subject to the contracts are issued and fully paid-up, have the same rights as any other issued and fully paid-up shares and should be treated as such
- (c) the written put option meets the definition of a derivative and should therefore be accounted for as a derivative, in which case the liability and the related fair value adjustments recorded through the income statement would not be required.

Group finance director's report *continued*

OPERATIONS

MTN South Africa

MTN South Africa revenue and expenses summary

	12 months to December 2007 Rm	12 months to December 2006 Rm	December 2007 vs 2006 %
Wireless telecommunications	24 805	21 230	17
Airtime and subscription fees	15 674	13 640	15
Interconnect fees	6 346	5 600	13
Data and SMS	2 756	1 938	42
Connection fees	29	52	(44)
Cellular telephone and accessories	2 989	2 976	0,4
Other	426	372	15
Total revenue	28 220	24 578	15
Direct network operating costs	1 897	1 557	22
Costs of handsets, accessories and recharge cards	4 426	3 503	26
Interconnect and roaming costs	4 387	3 869	13
Employee costs	1 132	1 040	9
Professional consulting expense	384	130	195
Selling, distribution and marketing costs	5 032	5 367	11
Other expenses (general and administration)	1 148	772	15
Total operating expenses	18 406	16 238	13
EBITDA	9 814	8 340	18
EBITDA margin	34,8%	33,9%	0,9% pts

Revenue

MTN South Africa increased revenue by 15%, mainly because of the 17% increase in the total subscriber base. Revenue, excluding handset and other revenue, increased by 17%. Pre-paid revenue increased by 23% with a 19% increase in subscribers to 12,3 million. The increased subscriber base, higher average minutes of use (MOUs) and the launch of the R5 voucher drove prepaid revenue growth in the year. In the postpaid segment, revenue increased by 11% and subscribers by 9%. The low growth is due to MTN entering the on-biller segment and an overall slowdown in postpaid acquisitions as the market reaches maturity.

Airtime and subscription revenue have increased by 15% compared with the previous year. Prepaid airtime revenue comprised 66% of total airtime revenue compared with 63% in 2006.

Interconnect revenue rose by 13% year on year, given the increase in incoming minutes from other telecommunication operators. Interconnect revenue comprised 22% of total revenue in both 2006 and 2007.

Total handset revenue and accessories increased by 0,4% on 2006 while handset costs increased by more than 26%. The low growth in revenue and large negative margin on handsets reflects the subsidies required to remain competitive in the retail market.

Data revenue increased by 42% to R2,8 billion driven by new price plans and additional

bundle offerings. Data contributed 10% to total revenue, up from 8% in the previous year.

EBITDA

MTN South Africa's EBITDA increased by 18% compared with the previous year. This was driven mostly by higher revenue. The EBITDA margin improved to 34,8% at 31 December 2007, 0,9% higher than the previous year.

- Direct network operating costs were 22% higher than last year mainly as a result of increases in maintenance, rental and utilities arising from the commissioning of 359 new 2G base transceiver stations (BTS) and 378 3G BTS, and renewals of some BTS leases
- Costs of handsets, accessories and recharge cards increased by 26% compared to 2006, mainly as a result of higher handset prices, despite the lower volume of handsets distributed during 2007
- Interconnect and roaming costs were 13% higher mainly because of the increase in traffic to other operators as the competition's subscriber bases grow, and changes in the calling patterns of our subscribers
- Employee benefits increased by a modest 9% while consulting costs increased 195% mainly because of professional and consulting fees on several projects including automation of the warehouse facility, client service, management and wholesale billing development
- Selling, distribution and marketing costs comprise marketing expenses, commission and distribution and connection incentives. These decreased by 6% as a result of lower commissions to the distribution channel.

Group finance director's report *continued*

MTN Nigeria

MTN Nigeria revenue and expenses summary

	12 months to December 2007 Rm	12 months to December 2006 Rm	December 2007 vs 2006 %
Wireless telecommunications	20 100	14 717	37
Airtime and subscription fees	17 166	12 247	40
Interconnect fees	2 763	2 364	17
Connection fees	171	106	61
Cellular telephone and accessories	22	9	144
Other	128	174	(26)
Total revenue	20 250	14 900	36
Direct network operating costs	1 943	1 302	49
Costs of handsets, accessories and recharge cards	505	318	59
Interconnect and roaming costs	2 042	1 604	27
Employee benefits and consulting costs	795	617	29
Selling, distribution and marketing costs	1 795	1 307	37
Other expenses (general and administration)	1 565	1 223	28
Total operating expenses	8 645	6 371	36
EBITDA	11 605	8 529	36
EBITDA margin	57,3%	57,2%	0,1% pts

Revenue

Naira revenues were 30% up on the previous year as a result of higher subscriber numbers. The strengthening of the naira against the rand resulted in revenue growth of 36% in rand terms.

Interconnect revenue increased by 17% over the previous year, driven mainly by significant growth in competitor subscriber bases and the increase in international calls terminating on MTN Nigeria's network. This was achieved by streamlining partners and reviewing agreements to enhance inbound minutes.

The increase is lower than growth in the subscriber base and this is attributable to the reduction in the mobile-to-mobile interconnect peak tariff from N18 to N11 in September 2006.

The increase in connection revenue of 61% was attributable to the rising number of gross connections.

EBITDA

MTN Nigeria's EBITDA was 36% higher than in the previous year and the EBITDA margin remained at previous year's levels. This resulted chiefly from increased revenue and

effective cost controls. Areas of significant expenditure growth are summarised below.

- Direct network operating costs increased by 49% mainly as a result of increases in rent and utilities and maintenance related to the roll out of 785 additional sites. Increased use of diesel and fuel costs resulting from network expansion also contributed to this increase. Revenue-based operator's levies to the regulator also contributed to this category of costs
- Interconnect and roaming costs increased by 27% because of increases in the competitors' subscriber base, traffic on PTO (public telecommunications operator) networks at higher interconnect PTO rates effective September 2006
- Sales, distribution and marketing expenses increased by 37% in line with revenue growth driven mainly by commissions to dealers. Significant marketing costs were incurred on the relaunch of Extra Connect and a media campaign focusing on increasing the usage of services
- EBITDA margins are expected to trend lower towards the low 50% range as competitive pressure increases in the market and as both rising energy costs and higher network-related operating expenditure impact the profitability line.

Group finance director's report *continued*

MTN Irancell

MTN Irancell revenue and expenses summary

	12 months to December 2007 Rm	12 months to December 2006* Rm
Wireless telecommunications	2 737	157
Airtime and subscription fees	944	7
Interconnect fees	786	4
Data and SMS	209	1
Connection fees	798	145
Other	1	—
Total revenue	2 738	157
Direct network operating costs	1 761	97
Costs of sim cards and recharge cards	128	3
Interconnect and roaming costs	316	2
Employee benefits and consulting costs	177	100
Selling, distribution and marketing costs	547	32
Other expenses (general and administration)	176	41
Total operating expenses	3 105	275
EBITDA	(367)	(118)
EBITDA margin	(13,4%)	(75,2%)

*Iran information is at 100%, but 49% is consolidated in accordance with the joint venture structure.

Revenue

All revenue lines increased substantially over the previous year as a result of MTN Irancell operating for only two months in the December 2006 financial year.

greater of 28,1% of qualifying revenue or the amount stipulated in the licence. Additional fees, including frequency fees, can add up to an additional 5% of revenue. Excluding the revenue share, MTN Irancell's EBITDA margins would be 27% for 2007.

EBITDA

The EBITDA margin of (13,4%) is influenced by the revenue-share arrangement MTN Irancell has with the government. The operation has been reporting positive EBITDA on a monthly basis since September 2007. The revenue share is computed at the

Major expense items include direct network operating costs and selling, distribution and marketing costs resulting from significant network roll out and marketing campaigns to increase the subscriber base.

MTN Ghana

MTN Ghana revenue and expenses summary

	12 months to December 2007 Rm	6 months to December 2006 Rm	Unaudited 12 months to December 2006 Rm
Wireless telecommunications*	4 014	1 665	2 897
Airtime and subscription fees	3 426	1 357	2 365
Interconnect fees	560	290	508
Connection fees	28	18	24
Cellular telephones and accessories	21	20	37
Other	13	19	33
Total revenue	4 048	1 704	2 967
Direct network operating costs	216	69	137
Costs of handsets, accessories and recharge cards	63	36	93
Interconnect and roaming costs	364	162	248
Employee benefits and consulting costs	280	98	156
Selling, distribution and marketing costs	170	285	388
Other expenses (general administration)	883	338	589
Total operating expenses	1 976	988	1 611
EBIDTA	2 072	716	1 356
EBIDTA margin	51,2%	42,0%	45,7%

*Revenue adjusted to include dealer discounts, consistent with all other operations.

Group finance director's report *continued*

MTN Ghana *continued*

Revenue

Revenue increased by 36% to R4 billion compared with the previous unaudited 12 months. This was mainly driven by the increase in airtime and on strong subscriber growth in a highly competitive market. Increased use and the higher subscriber base (by 55%) drove year-on-year revenue higher. Interconnect revenue increased 10% over the previous 12 month period despite the reduction of mobile interconnect tariffs by 17% during the year.

EBITDA

EBITDA increased by 53% on higher revenues and cost controls and the EBITDA margin for the year was 51,2% compared with 45,7% in the previous unaudited 12-month period.

The main items of expenditure affecting EBITDA are summarised below:

- Staff expenses rose by 55% compared with the previous year because of an increase in the number of employees and consulting fees
- Direct network operating costs increased by 58% as a result of growth in BTS sites from 942 to 1 660
- Interconnect costs rose by 47% because of an increase in off-net, outgoing minutes, which was offset slightly by lower interconnect tariffs
- Marketing costs were 42% higher than 2006 due to the rebranding to MTN and to the preparation for Afcon 2008.

MTN Sudan

MTN Sudan revenue and expenses summary

	12 Months to December 2007 Rm	6 Months to December 2006 Rm	Unaudited 12 months to December 2006 Rm
Wireless telecommunications	1 526	550	821
Airtime and subscription fees	1 071	375	539
Interconnect fees	420	164	266
Connection fees	35	11	16
Cellular telephone and accessories	–	12	12
Other	85	8	13
Total revenue	1 611	570	846
Direct network operating costs	224	66	89
Costs of handsets, sim and recharge cards	35	31	36
Interconnect and roaming costs	316	140	243
Employee benefits and consulting costs	144	65	111
Selling, distribution and marketing costs	207	64	97
Other expenses (general and administration)	109	105	110
Total operating expenses	1 035	471	686
EBITDA	576	99	160
EBITDA margin	35,8%	17,4%	18,9%

Group finance director's report *continued*

MTN Sudan *continued*

Revenue

Total revenue increased by 90% to R1,6 billion compared to the previous unaudited 12-month period. This is mainly because of the 96% rise in subscribers to 2,1 million.

Interconnect fees, which make up 26% of total revenue, increased by 58%. This resulted from the growing numbers of subscribers on both the MTN and competitor networks generating increased incoming traffic.

EBITDA

The significant increase in revenue contributed to EBITDA rising by 260%, compared with unaudited EBITDA in 2006 off a lower base during the start-up phase. Margins at 35,8% are impacted by strong pricing pressure in the market and the recent start-up of the operation. Tight control of

operating expenditure, coupled with the start-up phase in 2006 contributed to the 16,9 percentage-point increase in EBITDA margin to 35,8% at December 2007, when compared with the unaudited EBITDA margin in 2006.

The main items of expenditure are summarised below:

- Marketing and advertising costs rose by 113% because of increased marketing activity and rebranding of the network to MTN
- Direct network operating costs (maintenance, rentals and utilities) increased by 151% following the commissioning of an additional 575 sites to the 407 original sites
- Interconnect and roaming costs rose by 30% as an increase in competitor subscribers boosted outgoing net minutes.

MTN Syria

MTN Syria revenue and expenses summary

	12 months to December 2007 Rm	6 months to December 2006 Rm	Unaudited 12 months to December 2006 Rm
Wireless telecommunications	4 458	1 983	3 386
Airtime and subscription fees	4 017	1 766	3 012
Interconnect fees	350	169	283
Connection fees	91	48	91
Other	72	42	66
Total revenue	4 530	2 025	3 452
Direct network operating costs	1 994	771	1 455
Costs of handsets, accessories and recharge cards	35	18	25
Interconnect and roaming costs	336	142	230
Employee benefits and consulting costs	154	75	119
Selling distribution and marketing costs	248	106	182
Other expenses (general and administration)	382	213	332
Total operating expenses	3 149	1 325	2 343
EBITDA	1 381	700	1 109
EBITDA margin	30,5%	34,6%	32,1%

Group finance director's report *continued*

MTN Syria *continued*

Revenue

Total revenue increased by 31% to R4,5 billion against the previous unaudited 12-month period mainly because of a 39% rise in subscribers to 3,1 million. Prepaid subscribers rose by 52% to 2,5 million and postpaid subscribers by 1% to 572 000.

Airtime and subscription revenue increased by 33% because of higher subscriber numbers. Interconnect revenue rose by 24% because of growing incoming traffic resulting from the higher subscriber base.

EBITDA

EBITDA margins are relatively lower in this market compared with those of other operations because of a revenue-share arrangement (40% in 2007). The revenue share steps up in mid-2008 to 50%. Finalisation of the licence commencement date is still under discussion with the regulator.

The main items of expenditure are summarised below:

- Direct network operating costs increased primarily because of 337 sites being added to the 1 683 in operation at 31 December 2006
- Rent and utilities increased as a result of the following:
 - Increase in number of sites
 - Increase in the electricity charge to offices and branches
 - Increase in office occupancy taxes.
- Maintenance rose by 66% because of network supplier maintenance contracts
- Advertising and marketing, selling, distribution and marketing costs increased by 29% mostly due to rebranding to MTN
- Interconnect charges increased by 46% because of a rise in outgoing traffic to the fixed network.
- Employee benefits and consulting costs increased by 39% mainly from an increase in staff numbers.

MTN GROUP

Balance sheet and cash flow

	December 2007 Rm	December 2006 Rm	Change %
Non-current assets	82 085	76 282	8
Property, plant and equipment	39 463	30 647	29
Goodwill	25 744	27 017	(5)
Other intangibles	13 053	13 088	—
Deferred tax	1 332	2 605	(49)
Loans, investments and other non-current assets	2 493	2 925	(15)
Current assets	33 501	20 635	62
Bank balances and security cash deposits	17 607	10 091	74
Other current assets	15 894	10 544	51
Total assets	115 586	96 917	19
Capital, reserves and minority interests	51 502	42 729	21
Ordinary shareholders' interests	47 315	38 696	22
Minority interests	4 187	4 033	4
Non-current liabilities	29 114	34 203	(15)
Deferred taxation	2 676	2 778	(4)
Long-term liabilities	23 007	28 587	(20)
Non-current liabilities	3 431	2 838	21
Current liabilities	34 970	19 985	75
Non-interest-bearing liabilities	24 320	15 593	56
Interest-bearing liabilities	10 650	4 392	142
Total equity and liabilities	115 586	96 917	19

Group finance director's report *continued*

The total assets of the Group increased by 19% to R116 billion at December 2007 compared with R97 billion at 31 December 2006.

The closing balance sheet has been affected by exchange rate movements between the rand and the reporting currencies of the other operations.

Property, plant and equipment

Property, plant and equipment increased by R8,8 billion from 31 December 2006. This included acquisitions of R14,8 billion across the Group – R4,8 billion in Nigeria, R2,6 billion in South Africa and R1,5 billion in Iran (MTN's share only).

Goodwill and intangibles

Goodwill decreased by 5% to R25,7 billion as a result of the exchange rate movement of local currencies against the rand on the translation of Investcom LLC's goodwill.

Intangible assets before amortisation increased by R2,1 billion, mainly because of the acquisition of the 3G licence and the 7,5MHz frequency spectrum band licence awarded to MTN Nigeria.

During the year under review, the purchase price allocation process as required by IFRS 3 for the prior-year acquisition of Investcom LLC and MTN Uganda Limited was finalised. On finalisation, certain goodwill amounts previously attributed to the underlying Investcom LLC cash-generating units (CGUs)

were reallocated. The reallocation was done as part of a decision to allocate goodwill to the Investcom CGUs based on the CGUs, enterprise valuation in relation to the total purchase consideration paid.

Deferred tax

The Group's deferred tax asset has decreased by R1,3 billion, mainly because of Nigeria's deferred tax asset reducing by R2,0 billion (R1,7 billion excluding minorities), as a result of pioneer status ending on 1 April 2007 (tax holiday).

Current assets

Current assets grew by R12,9 billion to R33,5 billion, because of the increase in receivables of R5,4 billion to R15,9 billion and cash balances increasing by R7,5 billion to R17,6 billion. The movement in trade and other receivables was driven mainly by Nigeria, which increased by R388 million to R519 million (interconnect receivables and prepayments), and South Africa, which increased by R1,1 billion to R7,1 billion.

Net debt decreased from R22,9 billion to R16 billion, reflecting the strong cash generation of the Group. This was after cash outflows of R14,5 billion for capital expenditure, R1,7 billion for dividends, R91 million additional equity purchased in subsidiaries and joint ventures (net inflow of R52 million when offset against cash balance acquired) and R4,2 billion in taxes paid.

Interest-bearing liabilities

Of the total interest-bearing liabilities of R34 billion (2006: R33 billion), a significant portion was originally used to fund the Investcom transaction via Mauritius. This debt includes R5 billion four-year bonds, R1,3 billion eight-year bonds, as well as syndicated facilities consisting of two five-year term loans of USD750 million and R7 billion each, and a three-year revolving credit facility of USD1,25 billion. R5,2 billion of unproductive debt was repaid in 2007, reducing it to R14,9 billion.

MTN Irancell's debt increased by R1,6 billion to R3,4 billion, primarily because of funding for network roll out and operational and other working capital requirements. The company entered into deferred payment facility arrangements with Nokia, Ericsson and Huawei to fund network roll out.

MTN Nigeria's debt increased by R1,4 billion to R5 billion, as a result of funding its network roll out and dividend payments. In October 2007, Nigeria signed an unsecured USD2 billion, medium-term debt fund made up of 80% local currency and a 20% US dollar portion.

Net debt to EBITDA at 31 December 2007 improved to 0,5 times from 1,05 times as a result of strong cash generation and the increase in EBITDA. The Group's target is to reduce total debt to mid to low 0,4 times EBITDA by the end of 2008.

Other liabilities

Other liabilities consist of trade payables, accruals, taxation, provisions and revenue received in advance. These liabilities increased by R9 billion from December 2006 to R24 billion and include discounted fair-value options held by minority shareholders of certain subsidiaries. Trade payables increased by R4,5 billion to R17 billion at 31 December 2007. South Africa, Nigeria, Iran and Syria trade payables increased by R622 million, R1 billion, R1 billion and R546 million respectively. MTN Nigeria has recognised a tax provision of R2 billion covering the period April to December 2007. The actual payment for the first year will begin in June 2008 when the returns for the first post-pioneer period will be filed with the tax authority, followed by instalments until November 2008.

Cash flow

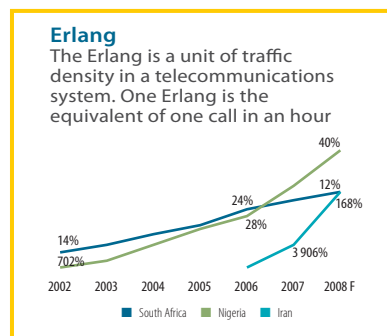
Cash generated from operations improved from R22,9 billion in the previous period to R34 billion on a strong operating performance. The Group generated cash of R26 billion after paying a dividend of R1,7 billion and tax of R4,2 billion. Cash outflows from investing activities amounted to R17,2 billion.

Capital commitments

The Group has committed to invest R30,5 billion in capital expenditure over the next year, mainly in network infrastructure to increase capacity for growing demand

Group finance director's report *continued*

and to address congestion on networks to improve quality. Significant growth in traffic in Nigeria in 2007, following the value propositions introduced in the market in late 2006, have necessitated a revision of previous estimates for capacity and roll out. We have also redefined addressable markets in various countries. All these factors have the effect of pushing network-related investments higher in 2008. Nigeria committed to R13,1 billion, South Africa R7 billion and Iran R2,1 billion (MTN share). R26 billion of these commitments is expected to impact the balance sheet by the end of 2008. These commitments will be financed through cash flows from operations and raising appropriate debt facilities in operations where cash flows are insufficient. Calendar 2008 is expected to be a "peak capex" year for MTN, after which capex investments will return to more normalised levels.



Dividends

A dividend of 136 cents per share has been declared. The Group's dividend policy of five to six times adjusted headline earnings has not been altered.

Conclusion

The Group performance for the year was positive with strong growth in revenue and profitability. The full-year contribution of the former Investcom operations, compared with six months in 2006, had a significant and positive impact on Group results. The Group's net debt-to-EBITDA ratio dropped to 0,5 times from 1,02 times as a result of strong cash flow generated by the Group.

The strong balance sheet positions the Group to take advantage of viable expansion opportunities.

RD Nisbet

18 March 2008

Value added statement

for the year ended 31 December 2007

	December 2007 Rm	December 2006 Rm
Cash value added		
Cash value generated from revenue	70 589	48 942
Cost of materials and services	(30 330)	(21 258)
Cash value added by operations	40 259	27 684
Finance income	1 013	1 382
	41 272	29 066
Cash value distributed		
Employees	3 379	2 453
Salaries, wages and other benefits	3 035	2 117
Employees' tax	344	336
Governments	11 984	9 087
Corporate and indirect taxation	8 221	7 253
Regulatory fees	3 763	1 834
Providers of capital	5 264	2 608
Finance costs	3 589	1 525
Dividends	1 675	1 083
Total cash value distributed	20 627	14 148
Reinvested in the Group	20 645	14 918
	41 272	29 066

Cash value distributed and reinvested in the Group



Five-year review

Financial information	December 2007	December 2006	December 2005**	March 2005*	March 2004*
Income statement – extracts (Rm)					
Revenue	73 145	51 595	27 212	28 994	23 871
EBITDA	31 845	22 413	11 231	12 000	9 055
Profit from operations	22 872	16 094	8 478	8 998	6 679
Net finance costs	(3 173)	(1 427)	(373)	(270)	(604)
Income tax expense	(7 791)	(2 591)	(1 411)	(1 494)	(1 101)
Minority interests	(1 308)	(1 489)	(838)	(895)	(612)
Attributable earnings	10 608	10 610	5 866	6 357	4 371
Basic headline earnings	10 886	10 628	5 984	6 339	4 370
Balance sheet – extracts (Rm)					
Property, plant and equipment	39 463	30 647	20 676	15 787	10 904
Goodwill	25 744	27 017	2 650	33	33
Intangible assets	13 053	13 088	4 057	1 846	1 784
Investments and loans	2 493	2 925	2 367	667	560
Deferred taxation	1 332	2 605	1 386	818	356
Bank balances, deposits and cash	17 607	10 091	7 560	6 429	5 336
Other current assets	15 894	10 544	6 116	4 150	3 307
Total assets	115 586	96 917	44 812	29 730	22 280
Ordinary shareholders' interest	47 315	38 696	19 716	16 083	10 128
Minority interests	4 187	4 033	3 380	2 333	1 418
Interest-bearing liabilities	33 657	32 979	8 605	3 240	4 149
Non-interest-bearing liabilities	27 751	18 431	12 258	7 378	5 919
Deferred taxation	2 676	2 778	853	696	666
Total liabilities	64 084	54 188	21 716	11 314	10 734
Total equity and liabilities	115 586	96 917	44 812	29 730	22 280
Cash flow statement – extracts (Rm)					
Net cash flow from operations	34 334	22 934	11 367	12 303	10 027
Cash inflows from operating activities	25 850	17 622	9 159	9 501	8 597
Cash outflows for investing activities	(17 152)	(35 711)	(12 920)	(7 551)	(4 898)
Cash outflows/inflows from financing activities	(2 135)	18 993	5 357	222	233
Cash and cash equivalents	15 546	9 008	7 164	5 772	5 231
Dividends paid	(1 675)	(1 083)	(1 081)	(680)	—
Capital expenditure	(15 348)	(9 796)	(6 732)	(7 576)	(5 048)
Performance per ordinary share					
Basic headline earnings (cents)	584,8	606,5	359,8	382,0	263,7
Adjusted headline earnings (cents)	681,9	584,7	338,2	366,0	253,1
Attributable earnings (cents)	569,9	605,4	352,7	383,0	253,1
Dividends (cents)	90,0	65	65	41	—
Net asset value – book value (rand) ⁽¹⁾	25,4	20,80	11,84	9,67	6,11
Returns and profitability ratios					
Return on assets (%) ^{(2)***}	21,5	22,7	30,33	34,6	33,3
Return on average shareholders' funds (%) ^{(3)***}	25,3	36,4	44,57	48,4	51,7
EBITDA margin (%)	43,5	43,4	41,3	41,4	37,9
Enterprise value/EBITDA multiple (times) ^{(4)***}	8,1	8,3	7,2	6,0	6,1
Effective taxation rate (%)	39,5	17,6	17,4	17,1	18,1
Solvency and liquidity ratios					
Gearing (%) ⁽⁵⁾	31,2	53,6	4,5	(17,3)	(10,3)
Interest cover (times) ⁽⁶⁾	4,6	4,9	10,7	15,3	8,9
Dividend cover (times) ⁽⁷⁾	4,3	6,3	5,2	5,6	6,2
Net debt to EBITDA ^{(8)***}	0,5	1,0	0,1	(0,3)	(0,1)
Operating cash flow/revenue (%)	46,9	44,5	41,8	42,4	42,0
Share performance					
Number of ordinary shares in issue (million)					
– at year-end	1 864,8	1 860,3	1 665,3	1 662,5	1 658,8
– weighted average during the year	1 861,5	1 752,3	1 663,2	1 659,7	1 654,4
Closing price (cents per share)	12 806	8 530	6 215	4 400	3 296
Market capitalisation (Rm)	238 806	158 684	103 498	73 150	54 674

Operational information	2007 December	2006 December	2005 December	2005 March	2004 March
South Africa					
Mobile penetration (%)	86	74	62	44	36
Market share (%)	36	36	35	38	38
Subscribers (million)	15	12	10	8	6
ARPU (ZAR)	149	159	169	184	203
EBITDA margin (%)	35	34	32	34	30
Capex/sales (%)	10	10	15	10	7
Nigeria					
Mobile penetration (%)	28	19	13	7	3
Market share (%)	43	46	47	47	48
Subscribers (million)	17	12	8	6	2
ARPU (USD)	17	18	22	40	51
EBITDA margin (%)	57	57	52	52	51
Capex/sales (%)	24	25	43	59	49
Ghana**					
Mobile penetration (%)	33	22			
Market share (%)	52	52			
Subscribers (000)	4 016	2 585			
ARPU (USD)	15	17			
EBITDA margin (%)	51	42			
Capex/sales (%)	31	28			
Sudan**					
Mobile penetration (%)	21	12			
Market share (%)	28	25			
Subscribers (000)	2 090	1 066			
ARPU (USD)	12	16			
EBITDA margin (%)	36	17			
Capex/sales (%)	60	74			
Iran					
Mobile penetration (%)	37	20			
Market share (%)	23	1			
Subscribers (000)	6 006	154			
ARPU (USD)	10	9			
EBITDA margin (%)	(13)	(75)			
Capex/sales (%)	116	1 003			

Definitions

- (1) Ordinary shareholders' interest divided by the number of ordinary shares in issue at year-end
- (2) Profit from operations as a percentage of the average of the opening and closing balances of total assets
- (3) Headline earnings as a percentage of the average of the opening and closing balances of ordinary shareholders' interest
- (4) Market capitalisation less net debt (interest-bearing liabilities less bank balances, deposits and cash) divided by EBITDA
- (5) Net debt as a percentage of total equity
- (6) Profit from operations divided by finance costs
- (7) Headline earnings divided by total dividend
- (8) Interest-bearing liabilities less cash, divided by EBITDA

* restated to comply with IFRS

** included from date of acquisition

*** annualised

nine months to 31 December 2005



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**Innovation is the ability to see change
as an opportunity – not a threat.** (Anonymous)



Group chief operating officer's report

OVERVIEW

The MTN Group is firmly established as a leading provider of telecommunication services in emerging markets. The Group's continued high-growth performance is largely due to the acquisition of new operations and licences, and strong operational performance. It has also been underpinned by solid economic fundamentals with relatively strong GDP growth across the majority of its markets.

Operational excellence and execution are key factors to ensure delivery on our strategy. From an operational perspective, the common areas of focus during 2007 were on accelerating infrastructure roll out and extracting efficiencies and regional synergies.

• Infrastructure roll out

There has been a significant increase in demand in the rapidly growing markets in which the Group operates. A key challenge continues to be the ability to forecast market demand. Our approach has been to stress test the markets as we expand, and revise the addressable market sizes accordingly. The combined market size of all the operations is estimated at over 300 million subscribers by 2012.

During the year, we focused on accelerating the roll out of infrastructure to ensure the appropriate levels of quality and capacity to meet demand, which is currently outstripping existing capacity. This is key in regions such as Nigeria and Iran. Capital expenditure for 2007 was R15 billion, which increased to 21% of revenue from 19% at 31 December 2006.

• Efficiencies and regional synergies

We have embarked on a standardisation initiative that ensures processes and operating platforms are streamlined across the Group to enhance efficiencies and extract regional synergies. During the year, a number of procedures were standardised

across the regions, including: capital projects management, churn management, network operations and maintenance, base transceiver station site-build criteria and a customer-experience blueprint.

The "MTN way" of doing things will ensure consistency in the way that networks and data centres are managed, and that the customer experience and procurement processes are congruent across the board. This creates an environment where there is less need for intervention by the Group head office and greater autonomy in each operation.

Commercial and technology committees have been established at Group level to identify and align key priority areas that need to be addressed.

The rebranding of the former Investcom operations to MTN has been effectively completed. There are two countries remaining, Afghanistan and Liberia, which will be rebranded in the near future. The rebranding has helped to further establish the Group's leadership position across our markets.

Looking forward

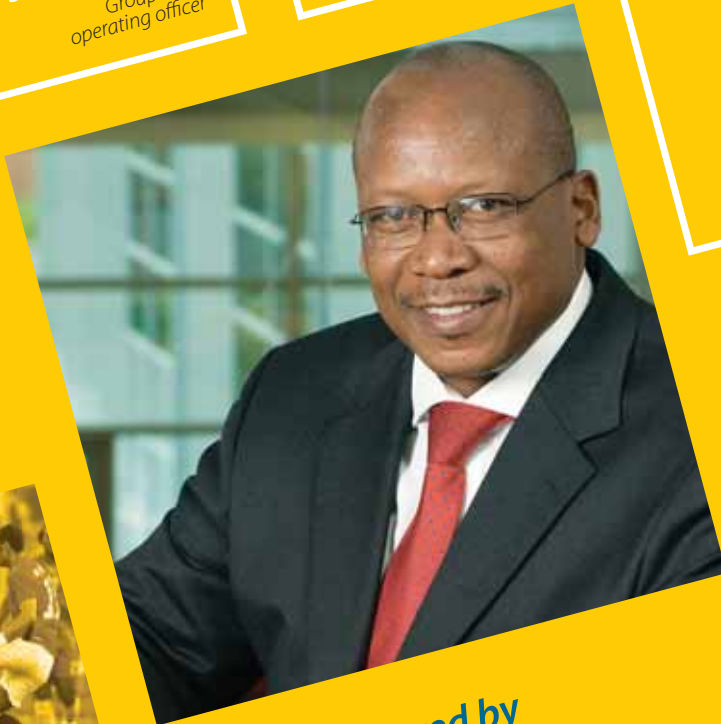
In 2008, infrastructure roll out will continue to be a major focus to ensure MTN takes advantage of demand and maximises its growth potential. MTN will actively explore ways to accelerate this in all key markets.

MTN will also continue efforts to align the Group more closely to both internal and external domestic and international benchmarks and best practice, and to ensure the benefits of synergies and standardisation between operations and regions are realised.

A more detailed overview of the key operations in the SEA, WECA and MENA regions follows.



Sifiso Dabengwa
Group chief
operating officer



**Strong growth has been achieved by
improving service delivery to our
growing subscriber base.**

South and East Africa region

Revenue contribution to Group

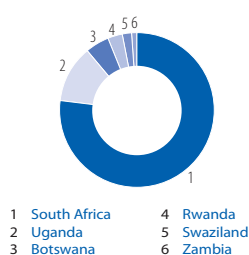
R31 453 million

South and East Africa regional contribution to Group total

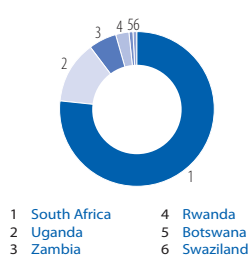
Population (million) and % of Group total	Subscribers (000) and % of Group total	Revenue (Rm) and % of Group total	EBITDA (Rm) and % of Group total	PAT (Rm) and % of Group total	Capex (Rm) and % of Group total
100,8 20%	19 329 31%	31 453 43%	11 329 36%	6 155 52%	3 707 24%

Country contributions to SEA region total

Subscribers %



Capex %



The South and East Africa (SEA) region includes South Africa, Swaziland, Zambia, Botswana, Uganda and Rwanda. The region is the largest contributor to the Group in terms of revenue and second in terms of subscribers, with MTN South Africa being the key driver of growth and profitability.

Tim Lowry was appointed vice president of the SEA region and managing director of MTN South Africa on 1 June 2007.

Performance

Subscribers in the region increased by 3,7 million to 19,3 million over the past 12 months. ARPU in most markets declined by between USD1 and USD2, which is consistent with increased penetration. ARPU declined to USD10 in Zambia due to low minutes of use (MOUs) as a result of uncompetitive pricing and the prevalence of dual SIMS.

Operational

MTN South Africa delivered a stable performance, increasing subscribers by 17% to 14,8 million and



South and East Africa region

maintaining market share at 36%. Low-denomination vouchers and bundled offerings have stimulated use. The increased focus on enhancing the quality and capacity of the network in South Africa continued during the period. The MTN data proposition is gaining momentum with a 42% increase in data revenue to R2,8 billion.

MTN Uganda performed well, increasing subscribers by 48% to 2,4 million. Market share, however, dropped to 56% in this highly competitive market. The high-growth nature of this market and significant improvements in infrastructure and use of the network have underpinned this performance.

MTN Zambia increased subscribers by 40% to 262 000 despite a slow start to infrastructure roll out and aggressive marketing and product campaigns by competitors. The combination of revised pricing plans and the increasing pace of infrastructure roll out are expected to ensure improved performance in future.

The Group increased its ownership in Mascom Botswana from 51% to 53% and MTN Rwanda from 40% to 55%. The Botswana operation however, remains a joint venture.

Outlook

Economic indicators in the SEA region are positive with growing disposable income in all markets.

MTN South Africa will remain focused on developing and implementing the optimal operating model to meet the needs of a converging market, regulatory developments and increased competition. The operation is pursuing a self-provisioning strategy to improve the capacity and quality of mobile transmissions and effectively manage margins.

All operations in the region continue to focus on improving operational efficiencies, extending network coverage and service innovation.



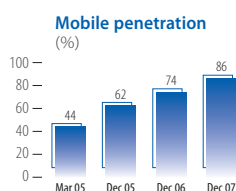
**The SEA region
is the largest
contributor to the
Group in terms
of revenue.**

South and East Africa region *continued*

MTN South Africa

South African market information and results

	2007	2006
Population (million)	48	47
Mobile penetration (%)	86	74
Market share (%)	36	36
Market sizing (million) (2012)	56	
Shareholding (%)	100	
Launch date	June 94	



Overview

MTN South Africa performed well despite challenging conditions. Subscribers increased by 17% to 14,8 million with market share maintained at 36% at 31 December 2007. The postpaid subscriber base grew by 9% to 2,5 million subscribers and the prepaid subscriber base by a healthy 19% to 12,3 million over the 12-month period. Low-denomination vouchers have continued to be a key driver in stimulating use.

The postpaid segment had a tough year largely due to the unwinding of a specific

on-biller agreement, which resulted in almost 300 000 postpaid subscribers, who had previously been prepaid subscribers, migrating back to prepaid. This segment's strong recovery towards the end of 2007 reflected further enhancements to both its distribution channel strategy and customer value proposition.

Blended ARPU for the South African operation decreased by 6% to R149 from R159 at 31 December 2006. Prepaid ARPU remained relatively stable, declining marginally to R92 from R93 at 31 December 2006, due to further market penetration and awarding of more affordable lower-denomination vouchers. Postpaid ARPU decreased to R396 from R441 due to increased penetration into the lower-usage segment.

The MTN South Africa data proposition continues to gain momentum with a 42% increase in data revenue to R2,8 billion for the period. This was due to competitive pricing and increased 3G roll out.

The MTN South Africa brand was successfully relaunched with the "GO" campaign, which received a number of accolades including the Markinor Top Brands Survey and the Loerie Awards for advertising. There were also significant improvements in customer service levels. This was ratified by the Ask

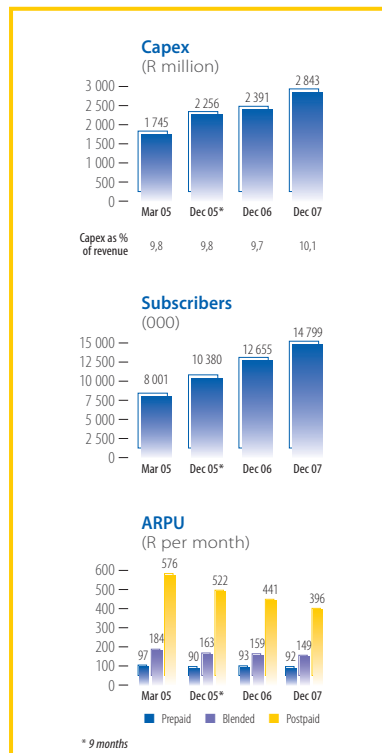
South and East Africa region

Africa Orange Index Survey, which named MTN South Africa the leading customer service provider in the telecommunications industry.

As part of the increased focus on improving capacity to deliver on the business strategy, MTN South Africa has been restructured into a functional organisational design. This has resulted in revised sales and service, marketing, and strategy and business development departments being implemented. This structure has been supported by a number of senior appointments. MTN South Africa has also entered into an information system outsourcing contract to gain access to a broader pool of skills.

Market environment

Strong economic expansion continued during the year, with GDP growth of 5,1% against inflation of 7,1%. The increase in interest rates from 11,20% to 13,08% over the period and the introduction of more stringent lending criteria have caused growth in domestic consumption to partially slow. The medium-term outlook for the South African economy remains strong due to the planned infrastructure development programme and anticipated rise in government spending. The rand remained stable against the dollar, averaging R7,04/USD1 for the year as it was in 2006.



The South African mobile communications market is a highly competitive and rapidly changing environment. Included in the range of new competitors are four broadband suppliers and the imminent entry of two fixed-line operators.

Despite a maturing market, MTN's five-year estimates for the addressable market in

South and East Africa region *continued*

2012 have been revised upwards to 56 million, with market penetration of 103%. This increase is due to the impact of multiple SIMS, multiple pricing plans and improved affordability with lower-denominated vouchers.

Infrastructure

In line with the focus on enhancing the capacity and quality of the South African network, R2,8 billion was invested over the year, primarily in radio transmission, the core network and the value-added services platform. Over the period, 359 2G base transceiver stations and 378 3G BTSs were commissioned. At year-end, the total number of 3G sites was 1 379 and 904 000 3G handsets and data cards were in use.

MTN South Africa is pursuing a self-provisioning strategy to improve the capacity and quality of mobile transmissions and effectively manage margins. The roll out of approximately 5 000km of fibre and microwave backbone throughout South Africa is expected to be completed by 2010. Capital expenditure of R212 million has been allocated for the fibre project in 2008.

Products and services

A number of innovative and customer-focused products were introduced over the year. MCharge, MTN's virtual recharge mechanism, was revamped to increase the

availability of MTN airtime. This, together with introducing R5 as MTN's lowest airtime denomination, is targeted at dormant and low-usage customers. Two new pricing plans, PAYG call per second peak and peak maximizer reposition, were introduced and are designed around peak use and targeted at high ARPU prepaid customers.

International calling tariffs, especially to neighbouring countries, have been simplified by grouping countries into zones and reducing charges to as little as R2,90 per minute. MTN's instant social messaging chat service, noknok, was launched free of charge for a promotional period towards the end of 2007.

Data is becoming increasingly important as a driver of growth and, during the year, data contributed 10% (8% in 2006) of total revenue, resulting from more competitive pricing offers.

Distribution

MTN South Africa's distribution strategy was revised to enhance its sales effectiveness and profitability. Key activities included realigning the channel mix, managing discounts to the channel and improving the customer experience.

Black economic empowerment (BEE)

The ICT charter has been aligned to government's BEE codes and submitted

South and East Africa region

to the Department of Trade and Industry (dti) for evaluation. BEE expenditure and achieving employment equity targets remain priorities for the company. Accordingly, procurement strategies and appointing employment equity candidates remain key focus areas as the company establishes its BEE leadership position. MTN South Africa has an Empowerdex AA rating.

Regulatory environment

The South African regulatory environment continues to pose some challenges.

MTN South Africa enjoys a constructive relationship with the regulatory authorities and has worked closely with a wide range of stakeholders to address key issues. Key developments over the period include:

- ICASA issued draft regulations on interconnect following public hearings held on 15 October 2007. A second draft was published on 24 December 2007 for comment, however interconnect definitions and guidelines are still to be finalised.
- The community service interconnect dispute between MTN South Africa and a competitor was referred to the Competition Tribunal and is currently being adjudicated.
- Regulation on Interception and Provision of Communication Related Information Act (RICA), which affects subscriber and

registration information, is likely to be implemented in 2008.

- MTN South Africa's access to the LTE (long-term evolution) spectrum required for 3G evolution is being discussed.
- There are ongoing delays in finalising licences in line with the Electronic Communications Act (ECA).
- The lack of clarity on the status of the submarine cable could potentially impact MTN South Africa's ability to provide international connectivity for data use.

Outlook

Looking forward, MTN South Africa is gathering momentum and is well positioned to deliver a good performance. A key focus area will be network roll out particularly in terms of improving quality of service, capacity and self-provisioning. Further improvements to the overall value proposition, distribution and customer service will contribute to this performance. Data, 3G in particular, is expected to show stronger growth due to more competitive pricing and increased coverage.

West and Central Africa region

Revenue contribution to Group

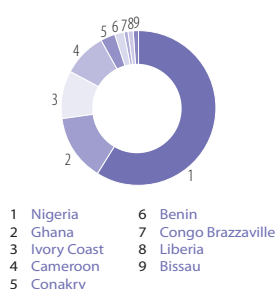
R31 115 million

West and Central Africa regional contribution to Group total

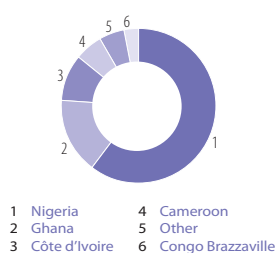
Population (million) and % of Group total	Subscribers (000) and % of Group total	Revenue (Rm) and % of Group total	EBITDA (Rm) and % of Group total	PAT (Rm) and % of Group total	Capex (Rm) and % of Group total
227,7 44%	27 999 46%	31 115 43%	16 601 52%	6 529 55%	7 915 52%

Country contributions to WECA region total

Subscribers %



Capex %



Overview

The WECA region provided the second-highest revenue and highest EBITDA contribution to the Group. The region continues to show significant opportunities for growth given low regional penetration of 28% and a healthy economic environment with average GDP growth of between 4% and 6%.

Performance

Subscribers increased by 43% to 28 million. ARPU declined by approximately USD1 to USD3 across most markets, which is consistent with increased penetration into lower-use segments. ARPU declined by USD5 in Côte d'Ivoire due to a drop in prices and a reduction in prepaid MOUs from new customers.

Operational

The year was characterised by an accelerated roll out of the network to address capacity and quality constraints, particularly in Nigeria and Ghana.

West and Central Africa region

Nigeria continues to be the major contributor to the region, increasing subscribers by 34% to 16,5 million, which is effectively 59% of the total WECA subscriber base. The medium- and smaller-sized countries are also showing strong growth. Ghana increased subscribers by 55% to 4 million and Côte d'Ivoire by 65% to 2,7 million. Cameroon increased its subscribers by 44% to 2,6 million, despite the impact of the numbering change plan in the first half of the year.

Competition has increased significantly across the region with an influx of new providers. Ghana, Benin and Guinea Bissau were rebranded during the year and this, together with an enhanced value proposition in all markets, has assisted in addressing competition.

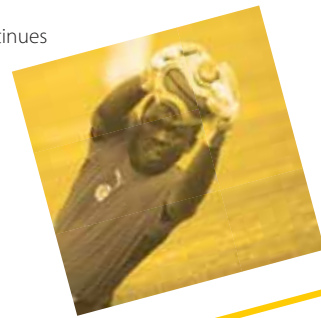
Outlook

There will be significantly increased investment in infrastructure to meet demand and improve network quality, given the strong growth expected from the region.

There are a number of opportunities to extract regional synergies such as leveraging common products, services and infrastructure through a more systematic implementation of regional hubs. We will also focus on enhancing our offering in line

with the converging telecommunications industry.

The regulatory environment continues to be challenging in a number of markets and we will continue to focus on building constructive relationships with the regulatory authorities.



An accelerated roll out of network addressed capacity and quality constraints.



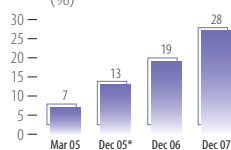
West and Central Africa region *continued*

MTN Nigeria

Nigeria market information and results

	2007	2006
Population (million)	141	139
Mobile penetration (%)	28	19
Market share (%)	43	46
Market sizing (million) (2012)	80	
Shareholding (%)	82	
Launch date	Aug 01	

Mobile penetration (%)



Overview

MTN Nigeria increased its subscriber base by 34% to 16,5 million subscribers and maintained its leadership position with market share at 43%, despite network capacity and quality constraints and a highly competitive environment. This performance was achieved through a combination of an effective value proposition, strong brand preference, competitive pricing and an improving Nigerian economy. Accelerated infrastructure roll out in the second half of 2007 helped to address network quality and capacity issues.

In addition, MTN Nigeria has not embarked on any promotional activity during the second half of the year.

During the period, ARPU declined from USD18 to USD17, consistent with increased penetration into the lower-use segment of the market.

On 18 February 2008, MTN International disposed of an overall equity interest of 5,96% in MTN Nigeria for US\$594,5 million as part of the private placement, reducing its interest to 76,8%. Results for 2007 do not reflect this change in shareholding.

Market environment

The Nigerian economy remained strong with GDP growth of 5% and disposable income of approximately USD900 (2007) and this is anticipated to increase to USD970 in 2008. These improvements are underpinned by increased local and foreign investment, the benefits of structural reforms that government has implemented over recent years and a high oil price. All indications point to the emergence of a vibrant middle class, with additional opportunities in the youth, rural and grassroots markets.

West and Central Africa region

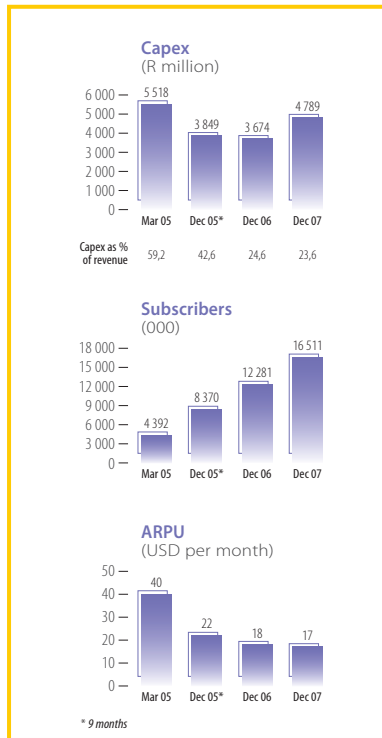
The size of the Nigerian market is estimated to be 80 million subscribers by 2012. This estimation is based on the growing economy boosting consumer purchasing power and the prevalence of dual and triple SIMS.

General elections held in April 2007 led to a change in government in May 2007.

MTN remains the market leader, with market share of 43%. The Nigerian market is highly competitive with an influx of new providers with strong potential to compete. Two new GSM licences were awarded during the period and will begin commercial activities in 2008. Two additional CDMA operators and a satellite data services operator are also expected to launch in 2008. There has been significant investment in PTOs by major international operators that want to compete in the broadband corporate market.

Products

During the period a number of products and innovations were launched such as GPRS roaming, Edge and Blackberry services.



West and Central Africa region *continued*

Infrastructure

There have been considerable network challenges, largely due to insufficient capacity and voice quality. Power supply issues in Nigeria continued to affect performance.

Significant improvements were made to the network, particularly in the second half of the year, with 785 base transceiver stations and transmission sites commissioned, bringing the total number to 3 422 sites. Approximately 77 sites have now been integrated with 3G technology. Going forward, the data business is poised for a large scale upgrade.

The Lagos Metro (82km) and Niger Delta (342km) fibre optic cabling were completed in the second half of 2007. The integration and commissioning of the IP/MPLS backbone to service corporate customers has significantly increased capacity.

During the year, R4 789 million was invested in infrastructure development.

Distribution

MTN Nigeria's distribution points are segmented into wholesale and retail.

The wholesale channel is well suited to the Nigerian market and now generates the majority of prepaid business. In total, MTN Nigeria reaches its market through 202 active appointed distributors. There is a second/third tier of distribution totalling 22 877 points identified through existing distributors. In addition, there are 30 000 informal distribution points that are identified by third-party contractors. Twelve service centres are currently in operation to support retail offerings with 26 Connect Stores located in strategic areas.

Regulatory

There has been an increased level of scrutiny on the performance of network operators, especially in terms of quality of service. In the second half of the year, the Nigerian Communications Commission (NCC) issued a directive to operators to pay compensation to subscribers for failing to achieve

West and Central Africa region

prescribed quality thresholds. MTN Nigeria and another operator have challenged this and the matter remains pending in court.

There has been full liberalisation and commencement of a unified licensing regime, which has provided more certainty to the Nigerian market.

The NCC has begun consultations for the implementation of number portability, which is likely to be introduced during 2009.

MTN Nigeria was awarded a 15-year 2GHz spectrum licence on 1 May 2007, at a cost of USD150 million, for the delivery of 3G services. In addition the UASL licence was extended for five years.

Looking forward

The outlook for MTN Nigeria is positive with strong growth in subscribers expected to continue. MTN Nigeria aims to maintain its leading market position given its strong brand preference and an effective value

proposition. The operation will also leverage on MTN's sponsorship of the MTN Africa Cup of Nations.

MTN Nigeria will continue to invest in improving the capacity and quality of the network. The network roll out plan has been modified and the operation is now better positioned to adapt to growing demand and quality requirements.

The Nigerian market is ripe for convergence services and hence there will be increased focus on data and non-traditional telecommunications such as 3G and the internet. The operation will also focus on regional benefits such as unified products, services and tariffs and a rural telephony project will be deployed.



West and Central Africa region *continued*

MTN Ghana

Ghana market information and results

	2007	2006
Population (million)	22,9	22,4
Mobile penetration (%)	33	22
Market share (%)	52	52
Market sizing (million) (2012)	15	
Shareholding (%)	98	
Launch date	Nov 96	

Overview

MTN Ghana delivered a good performance for the year ended 31 December 2007. Subscribers increased by 55% from 2,6 million to 4 million and market share was maintained at 52%. This was largely underpinned by improvements in network coverage and quality and an enhanced competitive proposition. The operation was rebranded MTN Ghana in August 2007.

ARPU decreased from USD17 to USD15 due to increased penetration and reduced tariffs.

Cost efficiencies were maintained despite electricity supply constraints in the first half of 2007.

Market environment

Ghana's economy continues to perform well with average GDP growth of 6,2% for 2007 reflecting increased investment, particularly in construction as well as strong performances in the mining and tourism industries. Private consumption is expected to remain buoyant, assisted by higher wage increases and the benefits of the MTN Africa Cup of Nations football tournament.

Ghana has become an increasingly competitive environment with four mobile operators. A foreign operator has purchased a majority stake in one of the non-performing operators, which is expected to launch in the second quarter of 2008. There are currently five mobile licences in issue. The regulator has indicated that another licence may be issued in future. The proposed 10 PTO licences have not materialised to date.

Products

MTN Ghana has enhanced its customer proposition with a strong focus on product development. A new segmented tariff offering was launched as part of the rebranding campaign in August 2007. New products included GPRS roaming, Please call

West and Central Africa region

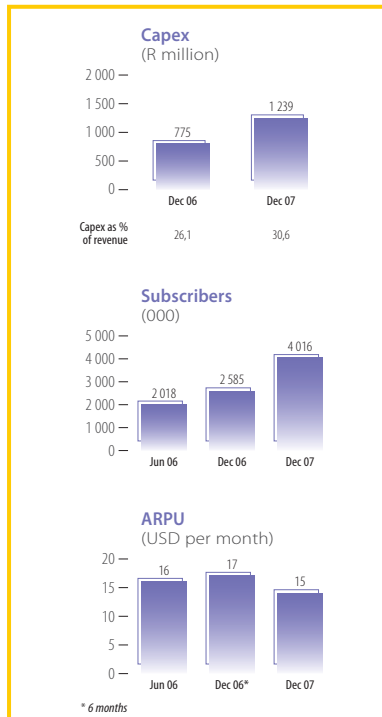
me, Me2U, Access 4 Life, SMS Chat and Ring Back Tones. The operation also launched international calls at local call rates to MTN operations in the WECA region.

MTN Ghana's marketing strategy is focused on leveraging music and football platforms. In line with this, the operation hosted the MTN Africa Cup of Nations football (Afcon) tournament between 20 January 2008 and 10 February 2008 as part of its focus.

Infrastructure

The capacity and quality of the network was significantly enhanced with the number of base transceiver stations increasing by 718 to 1 660 and four new switches rolled out, increasing the number to 14 switches. At 31 December 2007, geographic coverage was 28% and population coverage was 72%. The benefits of the roll out were highlighted when peak-hour congestion more than halved over the period. These network improvements were facilitated by outsourcing site-building operations.

Over 1 600km of fibre network is planned for 2008, with trenching on metropolitan rings and national routes under way. The



microwave backbone transmission rings are substantially complete although upgrades are a continual process.

R1 239 million was invested in infrastructure over the period to enhance coverage and network quality.

West and Central Africa region *continued*

Distribution

During the period, there was heightened focus on increasing accessibility and driving sales through the regions. The regional branches have been restructured under the sales and distribution executive and distribution points are being decentralised, with regional dealers now supplied by regional distribution points.

Distribution channels were expanded with 13 exclusive super dealers, 28 service centres, 12 Connect Stores and 73 000 points of presence. Electronic voucher distribution (EVD) has now been opened up to all primary dealers and their subdealers.

Regulatory

MTN Ghana has a constructive relationship with the regulatory authorities who support the operation's plans and processes to address quality issues. Interaction was strengthened by the appointment of a corporate services executive during the early part of 2007.

MTN Ghana has applied for a 3G licence which is expected to be issued in early 2008. WiMax licences are likely to be issued later

in 2008. Interconnection termination rates were reduced in April 2007 with no further reductions expected during 2008.

Regulatory fees were increased from a flat USD750 000 per annum to 1% of revenue with effect from 1 January 2008. It is expected that communications tax of between 4% and 6% of revenue will be implemented during 2008.

Looking forward

MTN Ghana is focused on improving its value proposition through competitive pricing, innovative product offerings and improved network quality and capacity.

MTN Ghana is now well positioned to embark on a comprehensive corporate and postpaid strategy by introducing advanced products for discerning subscribers. These include internet services, managed data services, mobile money, 3G deployment and WiMax. MTN Ghana will focus on increasing regional sales through the expanded distribution network and improving public access through initiatives such as village phones. The operation will also continue to leverage the benefits of MTN's West African presence.

Middle East and North Africa region

Revenue contribution to Group

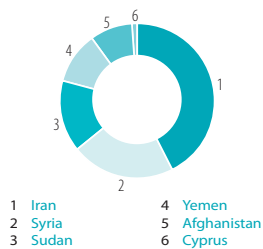
R10 779 million

Middle East and North Africa regional contribution to Group total

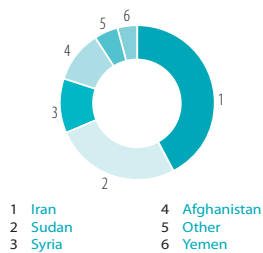
Population (million) and % of Group total	Subscribers (000) and % of Group total	Revenue (Rm) and % of Group total	EBITDA (Rm) and % of Group total	PAT (Rm) and % of Group total	Capex (Rm) and % of Group total
182,3 36%	14 025 23%	10 779 14%	2 530 8%	730 6%	3 676 24%

Country contributions to Middle East and North Africa region total

Subscribers %



Capex %



The MENA region is the fastest-growing contributor to the Group. The region is characterised by an improving economic performance and average penetration of 27%. The regional territories include Afghanistan, Cyprus, Iran, Sudan, Syria and Yemen.

Performance

There was impressive subscriber growth of 186% to 14 million. This was underpinned by the very strong growth of MTN IranCell. ARPU in most operations reduced by between USD1 and USD2. ARPU in Sudan, however, declined by USD4 due to dual SIMs and lower tariffs.

Operational

The key focus during the year was on rolling out infrastructure to improve quality and capacity of the networks in each market. The MENA operations, excluding Afghanistan, were formally rebranded

Middle East and North Africa region *continued*

to MTN. This helped to increase brand awareness in the region.

MTN Irancell recorded an exceptional performance, increasing subscribers from 154 000 to 6 million. MTN Sudan increased its subscriber base by 96% to 2,1 million and market share from 25% to 28% in a highly competitive market. MTN Syria delivered a stable performance and increased subscriber numbers by 39% to 3,1 million. This was underpinned by an increased sales focus and GSM services. The highly revenue share, however, remains a challenge. Afghanistan delivered a strong growth increase in subscribers of 982 000, off a low base, due to an untapped and highly responsive market. MTN Yemen maintained its leading position in a competitive market with 40% market share. A fourth operator was launched in Yemen in December 2007.

Outlook

In the years ahead there will be further investment in infrastructure roll out, particularly in Iran and Sudan, to improve the quality of service. Given the relatively undeveloped regulatory environment in the region, there will be ongoing focus on building constructive relationships with the regulator in each market. There are a number of opportunities to leverage synergies in terms of products and procurement in the region.

Middle East and North Africa region

MTN Irancell

Irancell market information and results

	2007	2006
Population (million)	70,6	69,5
Mobile penetration (%)	37	20
Market share (%)	23	1
Market sizing (million) (2012)	52	
Shareholding (%)	49	
Launch date	Oct 06	

Overview

MTN Irancell was awarded the second GSM mobile licence in Iran in November 2005 and launched commercial operations with postpaid services in October 2006. Prepaid services were launched in January 2007.

During the period, MTN Irancell delivered exceptional performance as a start-up operation, increasing subscribers from 154 000 to 6 million. This equates to an average net acquisition rate of 488 000 subscribers per month. Prepaid subscribers comprise 94% of the base. This was underpinned by effective pricing and innovative promotions targeted at regional customer segments.

ARPU increased from USD9 at 31 December 2006 to USD10 at 31 December 2007. This was a result of high MOUs due to usage-

stimulating packages and improvements to the quality and capacity of the network and increased coverage.

During 2007, there was a strong focus on infrastructure roll out to ensure appropriate levels of coverage and quality of service.

Market environment

There is entrenched competition in the Iranian market with one fixed-line operator and two mobile operators. Trading conditions were initially difficult given the wider coverage of competitors.

At 31 December 2007, MTN Irancell had 23% market share and was gaining 48% of new connections. The increase in market share was achieved through an extensive network roll out, which



The MENA region is the fastest-growing contributor to the Group.



Middle East and North Africa region *continued*

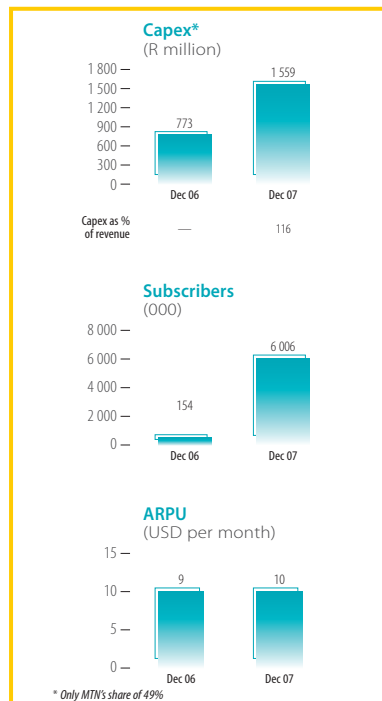
ensured improved levels of quality and coverage, and a very competitive proposition with a number of innovative products and services that appeal to Iran's large youth population. MTN Irancell also has a comprehensive customer care approach, which includes a call centre providing country-wide services, access through the internet and self-management as well as dealer portal services.

The outlook for the Iranian economy remains strong with GDP growth forecast at approximately 5%. The economy is buoyed by oil revenues as well as the benefits of structural economic reforms introduced since 2000.

Products

The Iranian market is predominantly focused on voice services. During the period, MTN Irancell introduced its prepaid offering with leading products such as flat competitive rates for national calls, standard per-second billing with no round-up charges and innovative subscription packages. The Buy One Get One Free offering introduced in June 2007 was also very successful.

MTN Irancell was first to market in providing GPRS which has enabled email solutions, MMS, data SIMs and Vitrin.



Infrastructure

During the period, MTN Irancell faced the network coverage and quality challenges typically experienced by a new entrant to a market. The operation is focused on expanding the network to improve quality and coverage and synchronise the introduction of new products and services with available capacity.

Middle East and North Africa region

Following a slow network roll out in 2006, the operation had sufficient capacity to service 6,5 million subscribers at 31 December 2007. There are 2 023 live sites across 30 provincial capitals and 339 cities. Geographic coverage is 3%, population coverage is 50% and there is 1 500km of road coverage. Three core locations, two in Tehran and one in Esfahan, provide resilience to the network and the IP core and backbone provide a ready upgrade path to converged services.

R1 559 million (MTN share) was invested over the period.

Distribution

MTN Irancell has significantly increased its distribution channels in all 30 provinces of Iran, which remains a key differentiator for the operation. There are five regional warehouses and one central warehouse for the distribution of SIM cards and recharge cards. There are 12 main distributors with 4 945 registered dealers for the distribution of starter packs and recharge cards and 20 000 unregistered (second tier/informal) dealers for distribution of recharge cards. MTN Irancell has five service centres located in the key capital cities.

The MTN Irancell distribution footprint will continue to be expanded by adding dealers in new towns and areas with network capacity.

Regulatory environment

The regulatory environment in Iran is underdeveloped and hence poses a number of challenges. MTN Irancell has complied with licence conditions to date. The process for issuing a third licence will start in the new Iranian year with the third operator expected to be operational by the second quarter of 2009.

The interconnection agreement is yet to be signed. There is constructive dialogue between all parties.

MTN Irancell is pursuing an ISP licence and regional 3G licences may be awarded in Iran in 2008.

Next steps

In the years ahead, a key focus will be on improving the perception of value and quality among customers. This will be greatly assisted by the aggressive roll out of the network, which will continue into 2008.

There is significant potential from MTN Irancell given the relatively under penetrated market that has reacted well to the operation's products and service offerings. MTN Irancell also has the benefit of being competitive and agile as well as being able to leverage off the global MTN Group.



Middle East and North Africa region *continued*

MTN Sudan

Sudan market information and results

	2007	2006
Population (million)	37	36,3
Mobile penetration (%)	21	12
Market share (%)	28	25
Market sizing (million) (2012)	18,4	
Shareholding (%)	85	
Launch date	Sep 05	

Overview

MTN Sudan increased its subscriber base by 96% to 2,1 million at 31 December 2007 and market share from 25% to 28% in a highly competitive market. Subscriber acquisitions in the first quarter of 2007 were slightly lower due to technical challenges during the migration to the new billing system. In July 2007, the Sudan operation was successfully rebranded as MTN Sudan.

ARPU declined from USD16 to USD12 due to increased penetration into the lower-usage market, the high use of dual SIMs and low tariffs. MTN Sudan has introduced a segmented pricing offering, which will stimulate traffic and should support ARPU.

Market environment

The Sudanese market has relatively low penetration of 21% but is highly competitive, with two GSM operators and one CDMA operator introduced in 2007. MTN Sudan and the other GSM operator have exclusivity on the GSM licence until 2011.

Competition increased significantly during the year, particularly with the low flat tariff introduced by the CDMA operator and the rebranding exercise of the other mobile operator. Despite challenging market conditions, MTN Sudan recorded the highest growth in subscribers of all participants in this market. This was largely due to a technically sound network, and the delivery of value-added services such as 3G and international roaming.

Despite relatively low GDP figures of approximately USD1 262 per capita, the economy is showing signs of growth with GDP growth estimated at 12,8%. In terms of mobile use, the population is highly communicative and the market size is expected to grow to 18 million by 2012.

Middle East and North Africa region

Products and services

MTN Sudan introduced a number of innovative products and value-added services during the period. These included: Caller Tunez, voice SMS, prepaid multi-profiles, bulk SMS, 3G connect card, IVR content services, and super clip. MTN Sudan is the only provider of per-second billing and pioneered customer care management in the country.

Infrastructure

During the period, there was extensive network deployment focused on stabilising the network and extending core capacity to 3 million subscribers. Some 575 base transceiver sites were rolled out, taking the total to 982. Despite difficulties in rolling out infrastructure in areas of ongoing conflict, MTN Sudan managed to roll out over 40 sites in Darfur. At year-end, population coverage was 43% and geographic coverage 3%.

MTN Sudan aims to improve the infrastructural backbone by laying 1 200km of fibre cabling from Khartoum to Port Sudan and introducing next generation networking

as part of its advanced technical strategy.

Capital expenditure was R964 million for the year.

Distribution

The MTN Sudan distribution network was significantly increased. The operation partnered with 16 main distributors to 6 000 points of sale through subdealers. The aim for 2008 is to cover all rural areas and main cities and to support or create required distribution channels outside greater Khartoum.

Regulatory

MTN Sudan actively engages with the regulator (NTC) on key issues, although the regulatory



MTN Sudan recorded the highest growth in subscribers of all participants in the Sudanese market.



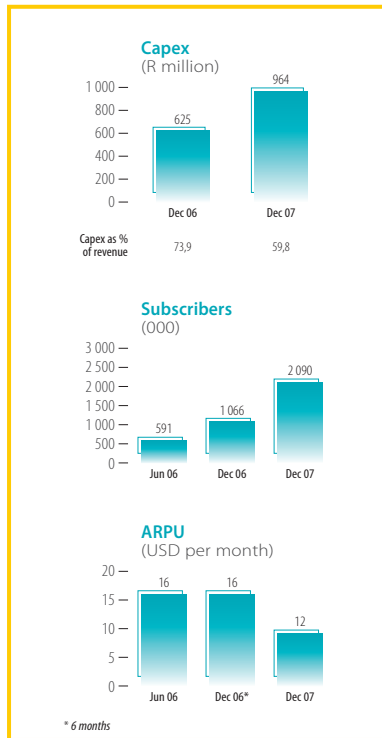
Middle East and North Africa region *continued*

environment remains challenging. MTN Sudan has an interconnect agreement with one mobile operator and negotiations are ongoing with the incumbent.

Looking forward

The outlook for the Sudanese economy is positive, with the mobile environment expected to remain highly competitive. MTN Sudan will increase its focus on enhancing brand awareness with a targeted approach to different customer segments. Advanced 3G and high-speed data services such as HSDPA are expected to boost growth in the postpaid segment.

MTN Sudan will concentrate on increasing the subscriber base outside Khartoum. Accordingly, there will be a drive to strengthen distribution channels, continue the infrastructure roll out and maintain stability of the network. In addition, there will be refinements to network vendors in line with the MTN Group policy.



Middle East and North Africa region

MTN Syria

Syria market information and results

	2007	2006
Population (million)	19,3	18,8
Mobile penetration (%)	35	26
Market share (%)	45	46
Market sizing (million) (2012)	11,7	
Shareholding (%)	75	
Launch date	Jun 02	

Overview

MTN Syria recorded a strong performance with subscriber numbers increasing by 39% to 3,1 million at 31 December 2007. This was underpinned by an aggressive sales drive, a broader product portfolio and enhanced network quality. The rebranding to MTN in July 2007 has been positively received.

Data revenues are relatively low at 6% of overall revenue but low internet penetration of 10% provides significant upside.

Blended ARPU was slightly down from USD22 at 31 December 2006 to USD20 at 31 December 2007 due to increased penetration from 26% to 35%.

Prepaid ARPU was USD15 with postpaid at USD42.

The prepaid subscriber base continues to show a high churn rate of 59% due to affordability and the short-term validity of recharge cards. There are difficulties in extending the validity of recharge cards as the competitor needs to be in agreement. The prepaid multi-profiling product, scheduled to be introduced in the second half of 2008, should assist in addressing this issue.

Market environment

Syria is a highly regulated environment due to the build, operate and transfer (BOT) structure. This limits full competition and flexibility in defining market strategies. Competition is intense, with one fixed-line operator, two mobile operators and seven active ISPs. A third mobile operator is expected in mid-2009.

The Syrian economy remains challenging given high inflation, low GDP and a price-sensitive market. There are, however, encouraging signs of GDP growth, with 2,6% growth expected in 2008.

Middle East and North Africa region *continued*

Products and services

The Syrian market is receptive to innovation. A number of new products and services were introduced during the year as part of an increased focus on enhancing the customer experience. These include mobile banking services, electronic prepaid vouchers, virtual top-up and data-only cards.

Infrastructure

MTN Syria continued to focus on improving coverage in major cities and providing coverage in rural and coastal areas. In the 12 months to 31 December 2007, 317 BTSs were rolled out. Population coverage and geographic coverage were 98% and 78% respectively. During 2007, R418 million was invested in the network.

During the year, 3G trial services were launched in Damascus and Aleppo. The roll out of 3G will continue in 2008 with the installation of over 200 new 3G sites and coverage in the four main cities.

Distribution

MTN Syria has a well-developed distribution system with over 7 000 retail shops and more than 38 MTN-owned customer service centres covering all regions.

Regulatory

The BOT structure requires a fairly high revenue share and for MTN Syria to provide GSM services in line with the competitor. MTN Syria will continue its efforts to convert the BOT contract into a licence.

MTN Syria has applied for an ISP licence, which is expected to be awarded in the first quarter of 2008.

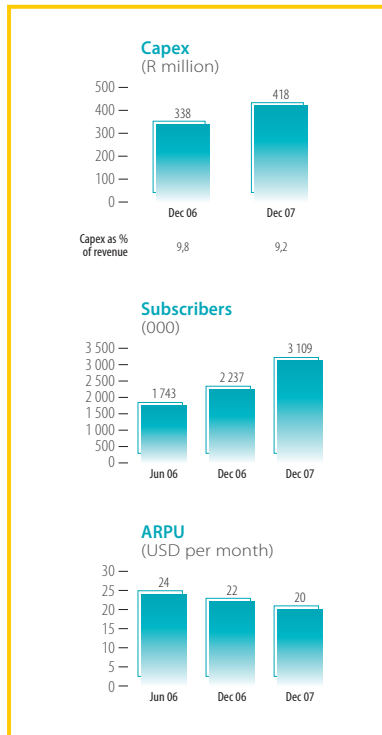
Outlook

There is growth potential in the Syrian market, particularly in prepaid services. MTN Syria has embarked on market segmentation and a prepaid multi-profiling approach to access subscribers in the lower-income segments. There will also be greater focus on improving the customer experience with 12 additional customer care centres planned for 2008.

Middle East and North Africa region

While voice remains dominant, MTN Syria will continue to invest in data-related technologies such as 3G, high-speed data and internet service provider offerings.

As part of the Group's strategy to provide leading technology, the legacy core network will be replaced with the NGN core network and an IP transmission backbone will be installed.



Regional summaries

South and East Africa region summary

	Sub total	RSA	Botswana	Zambia	Swaziland	Uganda	Rwanda
Shareholding (%)		100	53	100	30	95	55
Market overview							
Population (million)	100,8	47,9	1,8	11,5	1,1	29,0	9,4
Mobile penetration (%)		86	80	13	40	15	7
Market position		2	1	2	1	1	1
Number of operators	17	3	3	3	1	5	2
Market size (2012) – million*	80,7	56,0	1,8	5,9	0,7	14,9	2,0
Operational data							
Subscribers (000)	19 329	14 799	874	262	380	2 362	652
ARPU (USD)	17	21	15	10	18	10	12
Market share (%)		36	65	17	100	56	96
Key financials (Rm)							
Revenue	31 453	28 220	507	238	151	2 032	305
EBTDA	11 329	9 814	256	(7)	88	1 008	170
EBITDA margin (%)	36	35	50	(3)	58	50	56
PAT	6 155	5 532	170	(59)	50	365	97
Capex	3 707	2 843	31	213	27	490	102

West and Central Africa region summary

	Sub total	Nigeria	Ghana	Cameroon	Côte d'Ivoire	Congo B	Benin	Guinea Bissau	Guinea Conakry	Liberia
Shareholding (%)		82	98	70	60	100	75	100	75	60
Market overview										
Population (million)	277,7	140,7	22,9	17,3	21,1	3,5	7,8	1,5	9,5	3,2
Mobile penetration (%)		28	33	25	33	35	23	21	15	17
Market position		1	1	1	2	2	1	1	1	1
Number of operators	36	4	6	3	4	3	5	3	4	4
Market size (2012) – million*	128,2	80	15,1	7,5	7,8	1,5	3,6	0,5	3,1	1,0
Operational data										
Subscribers (000)	27 999	16 511	4 016	2 559	2 679	316	652	235	727	304
ARPU (USD)	15	17	15	14	13	20	12	17	15	19
Market share (%)		43	52	59	38	26	36	72	53	54
Key financials (Rm)										
Revenue	31 115	20 250	4 048	2 484	2 289	496	551	177	471	349
EBITDA	16 601	11 605	2 072	1 201	937	159	148	113	230	136
EBITDA margin (%)	53	57	51	48	41	32	27	64	49	39
PAT	6 529	4 255	928	526	397	99	6	86	206	26
Capex	7 915	4 789	1 239	462	787	238	115	64	129	91

*Management estimate

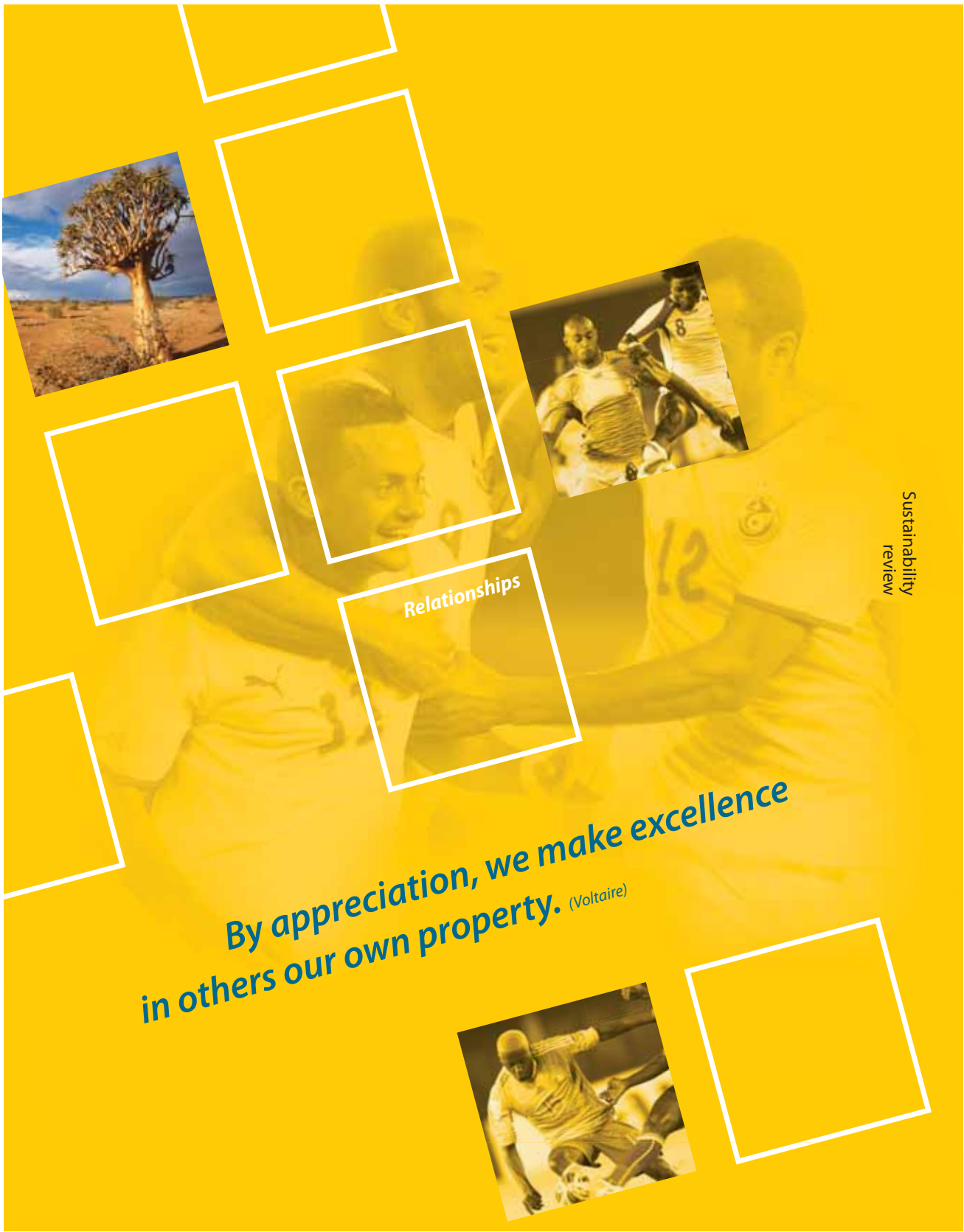
Middle East and North Africa region summary

	Sub total	Sudan	Iran	Afghanistan	Cyprus	Syria	Yemen
Shareholding (%)		85	49	100	99	75	83
Market overview							
Population (million)	182,3	37,5	70,6	32,0	0,9	19,3	21,9
Mobile penetration (%)		21	37	15	82	35	17
Market position		2	2	3	2	2	1
Number of operators	18	3	3	4	2	2	4
Market size (2012) – million*	105,2	18,4	52,5	13,0	0,9	11,7	8,8
Operational data							
Subscribers (000)	14 025	2 090	6 006	1 200	113	3 109	1 507
ARPU (USD)	16	12	10	11	39	20	9
Market share (%)		28	23	25	15	45	40
Key financials (Rm)							
Revenue	10 779	1 611	1 341	553	360	4 530	1 117
EBITDA	2 530	576	(180)	93	28	1 381	569
EBITDA margin (%)	24	36	(13)	17	8	31	51
PAT	730	191	(474)	38	(16)	609	347
Capex	3 675	964	1 559	400	156	418	150

*Management estimate

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Relationships

**By appreciation, we make excellence
in others our own property.** (Voltaire)



Sustainability
review

Sustainability review

THIS REVIEW

This brief review details our performance highlights for 2007.

A comprehensive sustainability report is available on the Group's website (www.mtn.com) where it can be downloaded in sections or in its entirety. The report covers the following broad issues and stakeholder groups:

- Tariffs
- Network coverage
- Licensing obligations
- Our customers
- Our suppliers
- Our employees
- Corporate social responsibility initiatives
- Our environmental responsibility

The website also contains supplementary information such as Group policies and procedures as well as individual operating country reports.

CEO'S STATEMENT

The review period was a year of consolidation with recently acquired operations integrating the MTN way into their daily business operations. During the year, the Group worked to assimilate its multinational position, and with the rebranding of several operations – including, Yemen, Sudan, Syria and Ghana – MTN has become a pre-eminent emerging market mobile operator. Our staff complement now stands at approximately 15 000, comprising more than 40 different nationalities.

May was a sad month for the MTN Group, when we learned of the loss of our four MTN Cameroon colleagues and friends in the Kenya Airways crash on Saturday, 5 May. This was one of the most devastating occurrences in MTN's 13-year history. We extend our sincere condolences to the families and friends of MTN Cameroon CEO Campbell Utton; MTN Cameroon CFO, Sarah Stewart and her husband, Adam Stewart; MTN Cameroon company secretary, Patrick Njamfa; and MTN Cameroon network engineer, Patrice Enam.

Our growth has come with unique challenges. For one, it has been a challenge to embed and standardise policies and frameworks across our new operations in the anticipated time frames. This is particularly true for our sustainability framework and policy. Different countries have different sustainability priorities given their local socio-economic contexts. We are, however, confident that the sustainability framework will be integrated into operations as the Group drives regional synergies for its overall business performance.

To further integrate sustainability across the operations, in line with our sustainability management framework, the Group is considering appointing a Group-level sustainability resource as well as operational managers to integrate, monitor and report on the sustainability framework.

As a Group we have committed to establishing an MTN foundation in each of our operations. With five additional foundations launched in 2007, we now have foundations in nine countries. Operations that launched foundations in 2007 are Ghana, Uganda, Sudan, Yemen and Guinea Bissau.

MTN operates in a fast-paced and dynamic sector of the global economy. Mobile telephony users have experienced both personal and economic empowerment from communication and associated services. In emerging markets where communities are, for the most part, playing "technology catch-up", mobile telephony is enriching people's lives and enabling trade and commerce.

With this in mind, our sustainability initiatives are often focused on areas where mobile telephony can itself become a broader enabler for our sustainability programmes. For instance, our ICT Rural Entrepreneurship Programme in South Africa gives rural women access to mobile communication infrastructure to facilitate economic opportunities. It also addresses the challenge of business isolation. By the end of 2007, 48 ICT business centres had been established with a total of 1 600 women trained. Similarly, our VillagePhone projects in Rwanda and Uganda have expanded exponentially. Through this initiative, MTN allocates public payphone boxes to local entrepreneurs to manage. In Rwanda, the success of the VillagePhone project was highlighted during



Sustainability review continued

the year as it expanded to all 30 Rwandan districts, establishing 1 100 new businesses.

We also announced MTN's involvement as mobile operator partner in the "Phones for Health partnership" initiative at the 2007 3GSM World Congress. Through this initiative mobile telephony helps to address HIV/Aids and other major health challenges in Africa. Field workers can use their mobile phones to submit critical health information directly to qualified health practitioners and receive immediate responses. We look forward to rolling out this service to all our Africa operations.

MTN aspires to be the leading mobile operator in emerging markets. This aspiration is underpinned by our responsibility to make our products and services "market appropriate" and "customer relevant". It is our ongoing intention to capture the expanding lower-end subscriber base and to increase mobile market penetration by decreasing service costs. During the year, tariffs remained unchanged in most operational countries while our operations worked to improve network coverage through enhanced technology infrastructure.

MTN's subscriber base grew by 53% to reach 61,4 million subscribers during the year.

Our call centres across all operations experienced mounting pressure from the increased subscriber base – both as a result of new market expansion and the introduction of new services. In the year ahead, we will continue to increase the number of call centre agents and implement new technology to respond to routine enquiries. These enhancements will go hand-in-hand with a renewed focus on training for call centre staff to improve every level of customer interaction.

Worldwide, technology convergence is becoming increasingly important. We therefore need to ensure that our products and services are able to deliver on our customers' needs for more integrated technology solutions. MTN will continue to explore ways to increase its data and mobile content services in 2008. Opportunities have already emerged from the value chain, such as payment solutions that enable the transfer of funds in under-served markets. Our mobile banking offering is just one of the enabling initiatives to empower subscribers



in emerging markets and will be expanded to more countries in the year ahead.

In South Africa, energy supply challenges have put businesses under pressure to find alternative energy sources. To address the impact of power disruptions, we have installed standby generators at our headquarters in Johannesburg, South Africa. Our operations too have explored innovative ways to ensure the reliability of future electricity delivery. In Zambia, we have engaged the energy parastatal to ensure reliable energy and in Uganda, MTN is exploring ways to reduce its energy use as well as to become more energy efficient. MTN Rwanda is exploring the use of alternative power sources such as wind, solar and hydrogen to run its base stations.

Our stakeholder engagement process has been more complex this year and responses have not always been forthcoming, given the focus of our newer operations on business integration across borders. In the year ahead, the Group will promote better stakeholder communications to assess the true impact of its products and services.

Our employees are fast becoming a global family. In the year ahead, we will not only capitalise on the cultural diversity of our people but also on the unique and positive contribution of each person to our Group's collective growth and prosperity. Our Y'elloStar Award programme for staff will continue to reward the exceptional performance of committed individuals across the Group. We encourage our MTN leadership to support all our staff by promoting a shared vision, upholding ethical business practices, and providing a safe and supportive work environment for all employees.

MTN has made substantial progress in its vision of being the leading telecommunications provider in emerging markets. Our strategy is to continue to expand and search for new opportunities in emerging and growing markets. Industry trends illustrate that the approach of offering enhanced and integrated mobile telecommunication solutions is gaining momentum. In this regard, the Electronic Communications Act (ECA) in South Africa offers the company a real opportunity in its licence requirements to provide "technology-neutral" solutions.



Sustainability review continued

The drive for continual expansion will be balanced by our commitment to sustainable development. We look forward to a rewarding and productive 2008.

Sustainability and MTN

MTN sustainability policy

MTN's sustainability policy describes the Group's commitment to the sustainable development of communities within which it operates. Moreover, it guides the responsible management of the social, economic and environmental aspects of operations.

The Group has also developed a sustainability framework aimed at assisting its operations to articulate and understand MTN's contributions to sustainable development. The framework gives guidance on what operations should be reporting on and also on indicators that need to be managed. However, sustainability management goes beyond mere reporting. It requires the responsible monitoring and management of sustainability issues to ensure long-term sustainable development. Further details of the framework are available on the Group website, www.mtn.com.

Sustainability vision

MTN's vision statement "to be the leading provider of telecommunications services in emerging markets" is underpinned by its commitment to sustainable development in the communities within which it operates. MTN is constantly evolving its governance structures, targets and reporting mechanisms to maintain a balance between economic, social and environmental performance.

As a telecommunications network operator in emerging markets, the Group acknowledges the key role mobile communications can play in socio-economic development. MTN's goal is to be a valuable partner to individuals, communities and businesses in increasing access to quality communication services, enhancing universal access for remote customers and contributing to the general quality of life of the people and communities it serves.

MTN recognises that although standard business practices apply across the Group, each operational country holds unique challenges and opportunities. Hence, priorities are ultimately driven by each

country's own economic, business and social dynamics.

Risk management and accountability

The Group risk management and corporate governance committee, as appointed by the board, assumes overall responsibility for identifying, monitoring and evaluating sustainability management performance and associated risks and provides the control measures to be implemented by the Group executive committee.

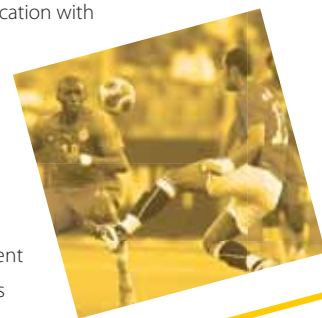
Group risk management is responsible for the development of the sustainability management framework and the implementation of the framework within the Group and its operations.

Stakeholder engagement

The Group engages with a wide range of stakeholders with varying interests. The stakeholders identified in this report are a combination of individuals or groups with common interests, who may be affected by or have an impact on MTN's operational activities. Although the Group has no defined stakeholder engagement policy,

each operation is required to develop its own policy, which defines its identification of, engagement with and communication with stakeholders.

Certain aspects of stakeholder engagement are largely standardised across the Group. For instance, given the complexities of engaging different government stakeholders across cultural borders, the Group has initiated a standard government relations framework across operations, which aims to establish a consistent approach to initiating and managing government relations.



MTN's sustainability policy guides the responsible management of all social, economic and environmental aspects.



Sustainability review *continued*

MTN Group's stakeholders across operations are identified as:

- Regulators
- Government ministries or officials
- Community groups
- Media
- Investors and shareholders
- Customers
- Suppliers
- Distributors
- Employees
- Unions
- Business partners.

MTN operations identify their stakeholders within these categories as those individuals or groups of people who may have a direct or indirect impact on the business in areas such as revenue, product use, brand reputation and perception. Operations use a combination of approaches to engage with their stakeholders:

- Print or electronic media such as email, SMS, newspapers, fliers, letters, television and radio campaigns, press releases, pamphlets and brochures
- Awareness programmes
- Seminars and presentations
- Contracts
- Invoices.

Sustainable business management

The Group recognises that responsible sustainable development ultimately translates into future growth for the business in terms of expanded market share and customer retention. The operations demonstrate their commitment by maintaining a positive and prominent corporate image, focusing on the creation of both short and long-term customer and business linkages as well as the creation of "authentic value" for the organisation rather than focusing simply on short-term profitability.

By ensuring the long-term sustainability of the business, the operations contribute to the sustainability of the country of operation. This is demonstrated predominantly through the local MTN foundations' contributions through various initiatives relating to social, economic and environmental development. Other areas where the Group demonstrates its commitment are by:

- Investing in infrastructure to ensure the operations provide quality service to local customers and extend their reach, thereby also contributing to universal access
- Meeting licensing obligations such as providing access to telephony services which in turn facilitate trade and commerce

- Offering accessible and affordable products
- Taking responsibility for the life-cycle management of products through initiatives such as electronic voucher distribution (EVD), which was implemented to reduce the environmental impact caused by airtime cards.

Our commitments

For MTN, sustainable development is about achieving a responsible balance between economic, environmental and social impacts. It is imperative for a company with MTN's African and Middle Eastern footprint to promote ethical business practices and sound corporate governance. We are committed to providing a safe and healthy working environment for all our employees and to enhance future opportunities for talented and loyal professionals to develop and excel.

In our cross-border expansion, it has been essential to actively integrate diverse cultures while implementing business standards and Group-wide processes. Inherent in this process is a commitment to and celebration of cultural diversity

and welcoming unique and innovative approaches to all that we do. This has been particularly evident in the diverse approaches to environmental preservation and social development initiatives in different countries of operation. As far as possible, operations strive to minimise adverse environmental impacts and to maximise their contributions to social and economic development within their local business and communal contexts.

In 2008, the Group will restructure and refine the formal reporting and management structures for sustainability management. To this end, a specialised Group-level resource will be appointed to monitor and report on the sustainability framework and implementation of the sustainability policy. In addition, a monitoring tool will be implemented at Group level to capture and collate electronic data on sustainability management. It is expected that the tool will be rolled out to all MTN operations in 2008 to standardise sustainability reporting and trend evaluation. Sustainability managers will also be appointed at operational unit level to report on tactical sustainability targets and achievements.



Sustainability review *continued*

Our sustainability performance at a glance

Progress against targets

Economic and governance structures

What we said we will do	What we have achieved	What we still need to improve
Conduct an annual reputation review that addresses our expanding Group and harnesses the value of local initiatives and stakeholder engagement processes.	No progress achieved. New operations to be engaged on reputation management and associated tools. Suitable interventions and tools for reputation management will be confirmed in 2008.	Embedding reputation management across all operations.
Expand the use of whistle-blowing in the Group.	There has been limited progress in rolling out to all operations. Group business risk management undertook leading practice research to confirm best strategy for Group-wide implementation of a whistle-blowing programme. A Group forensic manager has been appointed and will drive implementation of the programme across all operations.	Confirm best tools for receiving, recording and reporting whistle-blowing for all 21 operations.
MTN South Africa will focus increasingly on enterprise development by fostering a culture of black business support, with specific emphasis on companies owned by black women.	MTN South Africa exceeded its BEE target of R1,5 billion expenditure in 2007 by achieving R2,08 billion. The available base of entrepreneurial businesses owned by black women has not increased significantly. Accordingly, MTN has been unable to increase its support of these businesses materially during the year.	Continue to pursue increased expenditure with companies owned and managed by black women.

What we said we will do	What we have achieved	What we still need to improve
Cement the sustainability management framework; confirm performance indicators and lines of responsibility for operational sustainability reporting and management. Conduct reviews of sustainability framework compliance and performance data gathering.	Group business risk and corporate affairs have investigated international leading practice on sustainability management and will table recommendations to the executive and risk and compliance committees in 2008.	Ensure thorough Group-wide understanding of the sustainability policy, management framework. Improve sustainability reporting.
MTN Group will use electronic sustainability data collection tools to improve the quality of data collected and achieve greater and more tangible assurance on sustainability performance.	Data collection tools have not yet had the desired impact due to the lack of progress in identifying dedicated resources to manage and report on sustainability performance at operational levels.	Secure professional secondments to meet sustainability performance requirements. Customise data-gathering tools to ensure easy use by our French and Arabic-speaking operations.
Further embed the culture of risk management across operations and refine risk reporting.	Extensive progress has been realised. Group business risk has completed risk assessments of all operating companies. Business risk management units, generating monthly and quarterly reports, have been established.	Further refine and cement the culture of risk management and reporting.



Sustainability review *continued*

Our sustainability performance at a glance *continued*

Progress against targets *continued*

Social performance

What we said we will do	What we have achieved	What we still need to improve
To support the company's customer-centric focus, MTN South Africa will roll out a diversity management programme to inform its customer-facing activities.	The diversity management training forms part of our more targeted customer-service approach. Improved training has resulted in improvements across the entire operation. This was ratified by our ranking in the Ask Africa Orange Index Survey which named MTN South Africa as the leading customer-service provider in the telecommunications industry.	Continue with diversity management initiatives to ensure good customer service.
Confirm academy's roll out in all other operations, including newly acquired Africa and Middle East operations.	Informed by the widely dispersed, highly fragmented and decentralised training across Group companies, in 2007. We commissioned a feasibility study in 2007 to look into the establishment of a corporate learning centre. The outputs of this will inform our way forward.	Interpret study results and, where possible, implement recommendations.
Extend government relations framework to all operations and generate quarterly status reports.	Operating companies have been engaged on the government relations framework and how this can be reconciled with their strategies.	Assisting operations with limited capacity to implement the framework.
In line with the Group's customer-centric focus, continue improving call centre response rates across all operations.	Call centre service interventions have resulted in MTN South Africa achieving a positive improvement in its customer service levels from about 36% (prepaid: 43%) in December 2006 to over 82% (prepaid: 73%) in December 2007.	Ensure that customer centricity remains a focus across all operations.

PROOF 4 – 15 April 2008

What we said we will do	What we have achieved	What we still need to improve
A group corporate social responsibility (CSR) policy will be adopted in 2007.	Undertook a comparative multi-national company research to confirm best structure for Group-wide CSR management and content of the policy. Policy in draft phase and targeted for adoption and implementation in 2008.	Finalise policy and secure adoption and implementation in 2008.
Further align CSR activities and projects with the CSR framework. Support newly acquired operations in establishing CSR management functions and preparing foundation launches (where appropriate).	CSR framework has been implemented Group-wide and informs the majority of CSR projects.	In 2007, nine operations (42%) had established MTN foundations, up from four (19%) at end 2006. Operations that launched foundations in 2007 are Yemen, Uganda, Ghana, Guinea Bissau and Congo-Brazzaville. Benin launched in February 2008.
Our staff turnover rate target for 2007 is between 5% and 7%.	Staff turnover exceeds the set target, reaching 9,9%.	Ensure that MTN retains scarce skills despite the industry-wide staff turnover trends.

Sustainability review *continued*

Our sustainability performance at a glance *continued*

Progress against targets *continued*

Environmental performance

What we said we will do	What we have achieved	What we still need to improve
Expand the implementation of Cura risk management system across MTN South Africa to track and manage environmental risks and incidents.	Cura risk management system expanded and used to track safety and health incidents. System generates statistics and graphs that detail percentage of safety and health incidents.	Increase Cura risk management system to track hours of disability as a consequence of injuries.
Obtain approval to increase environmental management resource capacity Group-wide. Improve co-ordination of this requirement for the Group. Expand the implementation of the Cura environmental risk management system.	Capacity restrictions have limited any measurable progress including the extension of the Cura environmental management system.	Ensure there is Group-level capacity to embed environmental management and support operations.
Work with business units and other stakeholders to develop a more intensive programme to increase customer awareness of handset recycling and the use of biodegradable cards.	The MTN South Africa environmental management unit routinely sends emails and reminders to staff and clients on handset recycling.	Extend and recruit other MTN operations to establish similar recycling initiatives.
Obtain approval to increase environmental management resource capacity. Improve co-ordination of this requirement across the Group.	Capacity restrictions have limited any measurable progress.	Establish Group-level capacity to assist and advise operating companies in environmental management.
EMF health and safety level site agreement to be fully implemented.	Agreement is fully implemented and managed in South Africa and has resulted in a reduction of queries received.	Ensure the agreement is implemented across the Group.

Acknowledgements and awards

MTN Nigeria

- Best Corporate Tax Payer in the communications industry for the year 2005/2006
- TITANS OF TECH AWARD as GSM Company of the Year awarded by ICT Africa
- Distinguished Corporate Award for contributions to the development and promotion of the human resources profession in Nigeria, awarded by the Chartered Institute of Personnel Management
- GSM Company of the Year Award at the Lagos Enterprise Awards
- Best Health Merit Award, awarded by the Lagos State Government

MTN Swaziland

- Confederation of African Football 50th celebration award by the Football Association of Swaziland for its contribution to the development of football in Swaziland

MTN Rwanda

- Best Tax Payer for the Year

MTN Uganda

- Voted preferred employer in the telecommunications sector by graduates and final-year students in a survey conducted by a Kampala-based education consultancy
- Voted most respected company for the second consecutive year in a survey conducted by PricewaterhouseCoopers (PWC)

MTN South Africa

- Received the following Loerie advertising awards:
 - Silver for "Handclap"
 - Bronze for "Stickies"
 - Bronze for "Skinny", "Homeward Bound", and "Chicken" retail adverts
 - Several Loeries for elements of its "Go!" campaign

MTN Ghana

- Ranked number one company in Ghana by the Ghana Investment Promotion Centre (GIPC)
- Topped the GIPC Ghana Club 100 companies list for the fourth consecutive year

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Corporate
governance

**What really matters is not just our
own winning but helping other
people to win, too. (Fred Rogers)**



Corporate governance

The MTN Group Limited, a company incorporated in South Africa and listed on the JSE, encompasses operations in 21 countries in Africa and the Middle East. In keeping with its vision and strategy, the MTN Group subscribes to the principles contained in the Code of Corporate Practices and Conduct recommended by King II. In addition, the board of directors endeavours to ensure that all operations comply with these principles and the requirements of global best practices. Likewise, the board places strong emphasis on achieving the highest standards of reporting, financial and risk management.

The directors share equally in the responsibilities for directing and managing the company's affairs. However, the Group president and CEO, together with the executive team, manages the day-to-day affairs of the company and ensures that board strategies, policies and resolutions are sustainably implemented and managed.

During the year, the unitary board remained unchanged and the board believes its composition and skills are sufficient to lead the company effectively and efficiently.

In March 2008, two independent non-executive directors resigned from the board due to excessive commitments and hence the board composition has changed post year-end. These changes are reflected on page 103 of this report.

The MTN Group board governance structure

The MTN Group board is assisted in discharging its duties through the following committees:

- Audit committee (Audit)
- Risk management and compliance committee (Risk)
- Nomination, remuneration, human resources and corporate governance committee (NRHR & CGC)
- Tender committee

This structure is largely replicated in MTN subsidiaries and associates. In smaller entities, the audit committee assumes responsibilities of the risk management and compliance committee. A summary of the MTN Group board and committee structure is outlined on page 103.

Directors	Age	Appointment	Audit	Risk	NRHR & CGC
Independent non-executives					
MC Ramaphosa (Chairman)	55	Oct 2001			Member
DDB Band**	64	Oct 2001	Member		Chairman
KP Kalyan	53	Jun 2006			Member
MJN Njeke	49	Jun 2006	Member	Member	
MA Ramphele*	60	Jun 2006		Member	
ARH Sharbatly (Saudi Arabian)	63	Jun 2006			
AF van Biljon	60	Nov 2002	Chairman		
J van Rooyen	58	Jul 2006	Member	Chairman	
PL Woicke (German)*	65	Jun 2006		Member	Member
Non-executives					
AT Mikati (Lebanese)	35	Jul 2006			
JHN Strydom	69	Mar 2004	Member		
Executives					
PF Nhleko	48	Jul 2001			
RS Dabengwa	50	Oct 2001			
RD Nisbet	52	Oct 2001			

*Subsequent to year-end these members resigned from the board and have withdrawn from the respective committees.
 **Refer to audit committee members on page 108.

The board operates within the guidelines of a regularly reviewed board charter, which prescribes that the board is also responsible for the evaluation, at least annually, of its own and its committees' performance and these evaluations are overseen by the chairman of the board and the chairman of the nomination, remuneration, human resources

and corporate governance committee in consultation with the Group secretary.

Delegation of authority

The ultimate responsibility for the Group's operations rests with the board. The board retains effective control through a well-developed governance structure of board

Corporate governance *continued*

committees which specialise in certain areas of the business. Certain authorities have been delegated to the Group president and CEO to manage the day-to-day business affairs of the company. The Group executive and steering committee assists the Group president and CEO in discharging his duties and the duties of the board when it is not in session. However, in terms of statute and the company's constitution, together with the revised delegation of authority, certain matters are still reserved for board and/or shareholder approval.

Induction programme

Continuing induction occurs annually and the induction programme is reviewed from time to time to ensure its effectiveness when inducting new board and committee members. New directors are inducted into the organisation via the Group secretarial office.

Group secretary

Sibongile Mtshali is the Group secretary and the board is aware of her duties in fulfilling her role as both compliance and governance officer of the MTN Group.

This office also communicates and monitors compliance, among others, with the Group

trade embargo policy, ensuring that no employee, executive director or non-executive director is allowed to deal in the Company's securities during prohibited periods.

Remuneration philosophy

The nomination, remuneration, human resources and corporate governance committee is responsible for, among other matters, the remuneration framework of the MTN Group and recommends to the board for approval strategic matters relating to remuneration. This would include non-executive directors' remuneration which is proposed by executive directors to the board, and is ultimately approved by shareholders.

Risk management philosophy

Details of the risk management philosophy appear on page 113 of the risk management report. The risk management and compliance committee is responsible for the risk management framework of the MTN Group and recommends to the board for approval matters relating to risk management strategies and policies.

Details of the risk management and compliance committee appear on page 109 of the corporate governance report.

Board meetings

A summary of the attendance of directors at board and/or committee meetings for the period 1 January 2007 to 31 March 2008 is outlined in the following tables:

Independent non-executive directors	Meetings attended *	Attendance record
MC Ramaphosa	11/12	91%
DDB Band	11/12	91%
KP Kalyan	12/12	100%
MJN Njeke	10/12	83%
MA Ramphele	7/12	58%
ARH Sharbatly	2/12	16%
AF van Biljon	11/12	91%
J van Rooyen	11/12	91%
PL Woicke	7/12	58%
Non-executive directors		
AT Mikati	12/12	100%
JHN Strydom	12/12	100%
Executive directors		
PF Nhleko	12/12	100%
RS Dabengwa	12/12	100%
RD Nisbet	12/12	100%

**Included in these meetings are five routine meetings and seven special board meetings of which three meetings began with an in-camera session of non-executive directors only.*

Special committee

In certain instances, the board is required to consider special projects which may result in additional meetings. In such cases, the board constituted special project committees which are granted the necessary authority to deal with salient matters under such projects, with final recommendations being approved by the board.

Special committees may consist of different directors depending on the expertise required to resolve any special matters under review by the committee.

In the period under review, special committee meetings were held on 21 February, 26 March, 26 April, 3 July, 3 September and 4 October 2007 to review special business.

Corporate governance *continued*

Executive and steering committee

The committee, led by Phuthuma Nhleko, is responsible for strategic and operational matters including day-to-day management of the business of MTN Group in terms of its delegated authority approved by the board of directors.

This committee facilitates the effective control of all the Group's operational activities, acting as a medium of communication and co-ordination between the various business units, Group subsidiary companies and the board. It is also responsible for recommendations to the board on the Group's policies and strategies and monitoring their implementation in line with the board's mandate. The committee is further assisted by three regional vice presidents who act as a medium of communication and co-ordinate the policies and strategies of the committee to the various subsidiary operations.

The committee is constituted as follows:

PF Nhleko (Chairman)
RS Dabengwa (Group COO)
RD Nisbet (Group finance director)
C de Faria (regional vice president of the West and Central Africa region – WECA)
J Ramadan (regional vice president of the Middle East and North Africa region – MENA)
T Lowry (regional vice president of the South and East Africa region – SEA)

SL Botha (Group executive – marketing)
S Fakie (Group executive – business risk management)
KW Pienaar (Group chief technology and information officer)
PD Norman (Group executive – human resources)
PN January-Bardill (Group executive – corporate affairs and MTN spokesperson)
KL Shuenyane (Group executive – mergers and acquisitions).

Ms I Charnley resigned from the MTN Group, in her capacity as a member of the committee and as a Group executive, on 30 June 2007.

Board statutory committees

Specific responsibilities have been delegated to several board committees with clearly defined terms of reference approved and reviewed by the board annually. The committee's profiles are detailed as follows:

Group audit committee

The Group audit committee is guided by its terms of reference, dealing with membership, structure and levels of authority and the following duties and responsibilities:

- The committee assists the board in discharging its responsibilities to safeguard the Group's assets and to ensure that proper accounting records are maintained.

- It also oversees financial reporting processes and ensures compliance with accounting policies, and legal requirements and reviews internal control procedures.
- It interacts with and evaluates the effectiveness of external and internal audit processes.
- The committee recommends to the board the appointment of external auditors and reviews and approves non-audit work performed by the external auditors.

The committee is chaired by Alan van Biljon (independent non-executive director). The Group president and CEO, the Group finance director, the Group chief operating officer, internal and external audit representatives attend all committee meetings as permanent attendees.

The head of business risk management and external auditors have unrestricted access to the committee and its chairman.

Audit committees exist in each Group operation and significant risk and audit matters relating to operations are regularly reported to the Group audit committee. The non-executive chairpersons of subsidiary audit committees are also invited to meet with the Group audit committee annually.

In-camera meetings: The main meetings of the committee are preceded by an in-camera session of non-executive members only and concluded by a separate in-camera session with the following key invitees:

- Management
- Internal audit
- External audit.

Internal audit and forensic services

The MTN Group's internal audit function is supported by similar audit functions in most operations. The internal auditor is mainly responsible for providing assurance on the adequacy and effectiveness of internal controls in the Group. The function reports to the Group president and CEO and to the chairman of the Group audit committee as well as the risk management and compliance committee.

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

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



Corporate governance *continued*

External audit

The joint external auditors provide an independent assessment of key accounting and information systems and controls in the Group and express an independent opinion on the annual financial statements. The auditors are appointed by the board on the recommendation of the Group audit

committee and ratified by shareholders.

The external auditors' performance and independence is regularly monitored by the Group audit committee. The non-audit work performed is periodically reviewed to ensure no conflict of interest exists, or auditor independence impairment occurs. The audit partners are rotated every five years.

Details of attendance by members of the Group audit committee for the period 1 January 2007 to 31 March 2008 are set out below:

Names of members	Meetings attended**	Attendance record
Independent non-executive directors		
AF van Biljon (Chairman)	8/8	100%
DDB Band*	7/8	87,5%
MJN Njeke	6/8	75%
J van Rooyen	8/8	100%
Non-executive director		
JHN Strydom	8/8	100%

*DDB Band resigned from the committee with effect from January 2008.

**Two of the eight meetings reflected above were held post year-end.

Group risk management and compliance committee

The Group risk management and compliance committee's primary mandate is reviewed annually by the board. The mandate details its key functions and responsibilities.

Significant risks and compliance matters are monitored by the committee which provides strategic direction in this regard. The committee is also responsible for the sustainability framework and sustainability reporting for the MTN Group.

The committee is constituted of independent non-executive directors only and details of attendance by members of the Group risk management and compliance committee for the period 1 January 2007 to 31 March 2008 are set out below:

Names of members	Meetings attended**	Attendance record
J van Rooyen (Chairman)	4/4	100%
MA Ramphela*	2/4	50%
MJN Njeke	4/4	100%
PL Woicke*	2/4	50%

*Following their resignation from the MTN Group board in March 2008, M Ramphela and PL Woicke have been withdrawn from the committee.

**One of the four meetings reflected above was held post year-end.

Group nomination, remuneration, human resources and corporate governance committee (NRHR&CGC)

The committee's mandate, which is reviewed annually by the board, defines its key responsibilities as outlined below:

- Reviews the size, structure and composition of the board.
- Conducts an annual assessment of the board's performance.
- Conducts an annual assessment of the chairman's as well as the Group president and CEO's performance.
- Sets criteria for the nomination of directors and committee members of the board.
- Identifies, evaluates and nominates candidates for appointment to the board to fill vacancies as they arise.
- Reviews and determines the remuneration of executive directors.
- Reviews and approves the Group's policy on executive remuneration.
- Reviews and approves Group policies on corporate governance.
- Monitors the Group's compliance with King II and other relevant legislation.
- Makes recommendations to the board on annual salary increases and performance-related bonus awards.
- Reviews and approves performance-related incentive schemes, performance criteria and measurements, including share scheme allocations to executive directors and senior staff.

Corporate governance *continued*

- Reviews and approves new remuneration methodologies for the management team including, but not limited to, incentive schemes, benefit funds and benefits related to salary-sacrifice options.
- Reviews philosophy regarding fees payable to non-executive directors, based on recommendations from the executive directors (as a separate process from executive remuneration reviews) which is for confirmation by the board and ratified by shareholders.
- Monitors and reviews compliance with employment equity practices.

The committee is constituted of independent non-executive directors only and details of attendance by members of the NRHR&CGC committee for the period 1 January 2007 to 31 March 2008 are set out below:

Names of members	Meetings attended**	Attendance record
DDB Band (Chairman)	5/5	100%
KP Kalyan	5/5	100%
MC Ramaphosa	5/5	100%
PL Woicke*	3/5	60%

*Following his resignation from the MTN Group board in March 2008, PL Woicke has been withdrawn from the committee.
**One of the five meetings reflected above was held post year-end.

Group tender committee

The Group tender committee's primary objective is to promote a sustainable and fair tender culture and to ensure that tender policies are applied consistently; always bearing in mind best business practices to develop all markets and promote economic development. Similar tender committees exist in all major operations. The committee's

charter, which is approved by the board and reviewed annually, aims to promote an effective, transparent and independent procurement and tender evaluation process. The committee, however, only reviews high-level tenders as the need arises. Various lower-level tender committees are in place to ensure that all other tenders are reviewed with the same level of efficiency.

Details of the committee's constitution and attendance by members of meetings of the Group tender committee during the period 1 January 2007 to 31 March 2008 are set out below:

Names of members	Meetings attended	Attendance record
D Marole (Independent non-executive chairman)	2/2	100%
RS Dabengwa	1/2	50%
C de Faria	2/2	100%
RD Nisbet	2/2	100%
T Lowry (appointed in July 2007)	1/1	100%
J Ramadan	—	0%
C Wheeler	2/2	100%

Code of conduct

The MTN Group is committed to promoting the highest standards of ethical behaviour among its directors, management and employees. In accordance with this objective and in the interests of good corporate governance, the code of conduct is subject to review annually and is cascaded down to all operations.

Shareholder communication

It is the policy of the company, where practical, to ensure that material information is timeously and accurately disseminated.

The MTN Group encourages shareholders to attend the annual general meeting, which provides an opportunity for shareholders to raise pertinent questions.

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

A corporate website (<http://www.mtn.com>) communicates the latest Group financial and operational data, as well as relevant historical information.

To ensure effective and efficient voting at the company's annual general meeting to be held on 19 June 2008, an electronic solution provided by the company's transfer secretaries will be used to conduct all voting.

Corporate governance continued

Environmental code

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

Sustainability reporting

A sustainability review appears on pages 86 to 99 of this report.

Sponsor

The corporate sponsor is Merrill Lynch, appointed in compliance with the JSE Listings Requirements.

Going concern

The board has considered and recorded the facts and assumptions on which it relies to conclude that the Group will continue to operate as a going concern.

Risk management

Introduction

MTN's risk philosophy continues to be underpinned by the following extract from the King II report on corporate governance.

"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."

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

MTN's objective with risk management is to embed the process into the day-to-day running of the business. This involves continual pro-active identification and understanding of risk factors and events that may impact business objectives,

development of appropriate response strategies and continual monitoring and reporting. This is done by making risk management a key performance measure for managers.

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

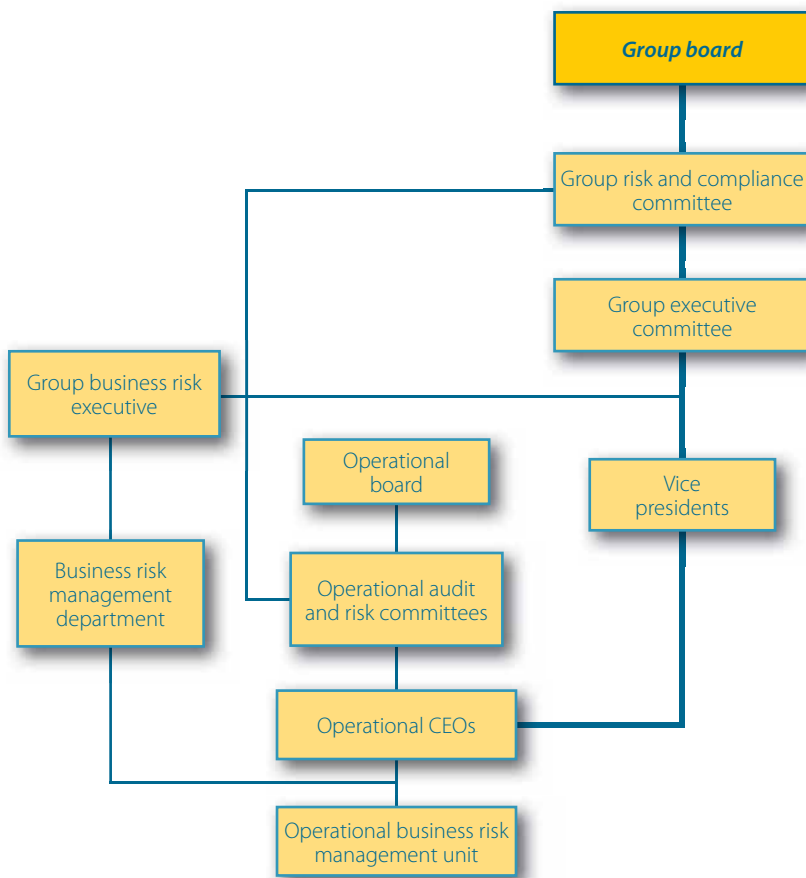
The process of risk management in the Group is guided by a risk framework which is based on best practice risk management processes. The Group business risk management function, together with management, has the mandate and task of ensuring that adequate risk management processes are implemented in all areas of the business in line with the risk framework. The focus of the Group business risk management function is to provide support and guidance to ensure that the maturity of risk management practices in all operations is improved. MTN has, over the last year, expanded its business risk management function at Group and at operational level. This has further embedded risk management processes across the Group.

Risk management *continued*

Governance roles and responsibilities for risk management are clearly defined. In summary, these are:

- **Group board:** The board has ultimate responsibility for risk management. It considers risk reports from the Group risk management and compliance committee and input from the Group audit committee in assessing the effectiveness of MTN's risk management.
- **Group risk management and compliance committee:** This sub-committee of the board is the oversight body for risk management. It sets and approves the Group risk management framework and reviews the overall effectiveness of risk management structures and practices. It reviews the Group risk profile and management's reports on the mitigation of key risks, and oversees reporting on risk matters to stakeholders. This committee meets regularly. At the various country operations, this oversight is performed by operational audit and risk committees.
- **Group risk executive:** The Group risk executive is not responsible for managing risk – this is a management responsibility – but is responsible for ensuring an effective framework for risk management and for driving its implementation throughout the Group. This is done by assisting and educating management on the topic. The Group risk executive also assists with the effective reporting and escalation of risks.
- **Operational audit and risk committees:** These are the oversight bodies for each country operation and are sub-committees of their boards. In all countries, the audit and risk committee also fulfils the role of risk committee with a separate agenda for risk management.
- **The chief executive and management of each operation** take ownership for day-to-day management of the operation and its risks, supported by the local risk manager or head of internal audit. CEOs report the risk profile of their operations regularly to Group management as well as to the risk and audit committee of their operation.

These roles and responsibilities are diagrammatically summarised as follows:



Risk management *continued*

Risk management process

The risk management process broadly consists of the following iterative phases:

- **Risk identification** – Risks are continually identified through focused discussions, workshops and scenario analyses.
- **Risk evaluation** – Risks are evaluated for their potential impact on the organisation, probability of occurrence and classified according to the nature of the risk.
- **Response strategies** – Response strategies depend on the nature of the risk and may often combine various actions, including insurance, outsourcing, risk avoidance or active risk management through people, processes and systems. The cost of risk mitigation is considered in determining response strategies. Certain risks are accepted based on their impact on the organisation and the Group'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 their impact. This could include continual monitoring, compliance, insurance, diversification, hedging or acceptance of the risk.
- **Monitoring and reporting** – Risks are reported to the right levels of management and response strategies are continually monitored for progress and changes.

During 2007, risk assessments were conducted at all 21 MTN operations and mitigating action plans produced. All operations currently report the status of their risks at least quarterly.

MTN's risk landscape

MTN's risk landscape largely consists of the following main categories of risk:

- Operating environment risk
- Regulatory risk
- Marketing and pricing risk
- Technology risk
- Human resources risk
- Financial risk
- Investment risk
- Physical interruption risk
- Governance risk
- Reputational risk
- Relationship and partnership risk.

Changes in MTN's risk landscape over the last year as well as progress made on the mitigation of risks were as follows:

Operating environment risk

The possibility of changes in the stability of countries in which MTN operates and the impact on profits and strategic objectives is an inherent risk to a company such as MTN which operates in varied markets. This is a key consideration in MTN's expansion strategy as far as risk and reward is concerned and, as a result, active mitigation of this risk is a priority. During the last year, challenges were experienced in countries such as Benin, Guinea Conakry and Afghanistan. In Benin, MTN went through a challenging period due to changes in licence conditions. This has, however, been resolved and the Benin operation is fully functional again. In Guinea Conakry, political unrest resulted in temporary instability in the country. This, however, did not have a material impact on the performance of MTN's operation in this country. In Afghanistan, continued political instability has made operating conditions challenging. MTN and other mobile operators have suffered minor losses as a result of political violence. There has been

significant focus on managing risk during the past year and control measures to mitigate against potential negative outcomes have been strengthened. These measures include:

- Ongoing focus on corporate citizenship and social responsibility programmes in each country
- The appointment of a Group crisis manager and development and implementation of a crisis management and monitoring process
- Physical and staff security measures
- Travel risk management
- Continual monitoring of the political environment in operating countries
- Ring-fencing operations to limit systemic risk from possible failure in operations
- Appropriate risk transfer structures and strategies.

Regulatory risk

Regulatory bodies in a number of MTN's operating countries are not fully matured, exposing MTN to risk in this area. The response strategies implemented to manage this risk include:

- Strict compliance with existing regulations
- Legal and regulatory compliance functions in each country



Risk management *continued*

- Active participation in establishing regulatory frameworks
- Active participation in regulation and rule-making procedures
- Policy-lobbying actions at legislative, executive and ministerial level where appropriate
- Relationship management with governments and regulators
- Ongoing focus on corporate citizenship and social responsibility programmes in each country.

Marketing and pricing risk

MTN's expansion into various African and Middle Eastern markets has reduced its dependence on certain markets. Adverse changes in these markets will now have less of an impact on the Group. However, overall dependence on the South African and Nigerian markets is still significant.

Large multinational players are increasingly entering markets in which MTN operates. This, in turn, demands that MTN adapts its marketing strategy and tests its products and services to remain competitive and satisfy customer demand. Furthermore the use of local suppliers and skills in combination with

global suppliers ensures that local market needs are understood and addressed. Pricing risk in certain markets remains an area of focus in the Group. This is mitigated by targeted segment-driven value propositions to manage and control churn and build customer loyalty.

Technology risk

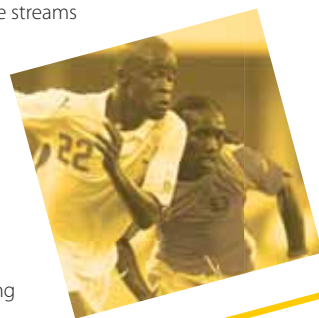
Technology risk in MTN is viewed from an internal and external perspective. The internal perspective refers to the availability, scalability, quality and efficiency of MTN's networks and information system. The external perspective refers to the risk and/or opportunity from changes in the technology world.

From an internal perspective, rapid growth in demand in certain countries like Nigeria and Ghana, for example, has resulted in network capacity constraints and MTN had to fast track its network roll-out programme. MTN will continue its significant network capitalisation programme in 2008. MTN has also made significant progress in improving the maturity of its information systems and business processes, surrounding these with the roll out of Group-wide standardisation projects.

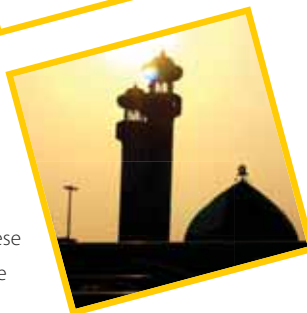
Standardisation of processes directed by industry best practice, eg eTOM and ITIL, ensures common business experiences across the Group and reduces operational risk. During 2008 business processes and common technical functionality in all operations will be standardised in the billing, revenue assurance and fraud areas. The implementation of regional management and support structures will further assist with this process.

From the external perspective, technology developments that could raise MTN's technology risk profile include technologies like WiMax, 3G Evolution and LTE as well as the next generation of converged services and network infrastructure. MTN has moved from the research and development stage on WiMax to fully operational phase in certain operations, thus enabling MTN to compete in this space. The next generation of converged services and NGN infrastructure include technologies such as voice-over internet protocol (VoIP), instant messaging and other IP technologies and mobile internet/telco2.0 services that are entering and converging with the fixed, mobile,

internet and media space. MTN has made good progress in competing in this area with the diversification of revenue streams by establishing internet service providers in a number of existing operations. Additionally, MTN has made good progress in providing innovative solutions leveraging the benefits of convergence to its consumers. This has been realised by providing increased internet access through mobile networks and the launch of social network solutions such as NokNok in South Africa. MTN constantly monitors the maturity of these technologies and market requirements to ensure that it competes with these technologies at the right time.



MTN's objective with risk management is to embed the process into the day-to-day running of the business.



Risk management *continued*

Human resource risk

MTN's expansion and evolution into a truly international company has brought more skills into the Group and increased its ability to attract the right skills. It has also given MTN more flexibility in the deployment of its staff. However, the limited availability of skills in the telecommunications industry is an ongoing challenge from a staff attraction and retention point of view. We know that the key to our success lies in our people. A number of initiatives are in place to address this challenge, one of which is the creation of a talent management board which is a sub-committee of the Group executive committee. The objective of this board is to focus on the development and retention of talent across the Group. Other initiatives include leadership development programmes, performance management programmes and succession planning. MTN plans to introduce a corporate learning centre to focus on building skills in MTN in 2008. The integration of the MTN and Investcom groups from a cultural, ethical and values perspective as reported previously has progressed well.

Financial risk

Repatriation of earnings

MTN continued to successfully repatriate earnings in the form of dividends, loan repayments and/or management fees from the majority of its operations. Remittances from Syria have been negatively affected by the slow pace of implementation of legislation, creating uncertainty following the liberalisation of financial markets. No dividends have been declared in the Ghanaian operation (due to an unresolved shareholder dispute). Part of treasury management activities is to manage conversion from local currency to ensure effective pricing and limit liquidity risk. The availability of foreign currency as well as the impact of sanctions do, however, remain risks to the Group. This is closely monitored.

Currency

The Group operates internationally and is exposed to foreign exchange risk. Currency exposures are diverse and complex. Some of these exposures are due to translation of local currency reporting to South African rand. Currency risks that are more tightly

managed are those relating to the mismatch of operational or capital expenses and/or asset and liabilities to revenues streams. We match these as much as possible by securing contracts in local currencies to ensure natural hedges. Where this is not possible, we hedge through derivatives, if these are available in the markets. MTN does not hedge translation risk nor does it take speculative positions in currencies. A foreign exchange policy contained in the treasury policy regulates the management of these risks.

Credit risk

The risk of bad debts from MTN's subscribers has always been low because MTN has a predominantly prepaid client base.

The risk of bad debts from key distributors is equally low as a result of the stringent credit policy and payment terms.

The recoverability of interconnect debt from other operators in certain of MTN's operating countries remains a risk to the Group and is problematic in certain operations. The expansion of the Group has reduced the overall impact of this as a result of reduced dependency on certain markets relating to this risk.

Tax

MTN's exposure to changes in tax legislation and its resultant impact remains a risk. The Group operates in jurisdictions where the maturity of tax bodies is varied. This risk is managed by ensuring compliance with tax regulations, external audits and the use of external tax advisers whenever necessary. Group tax functions advise operations and ensure consistency. Further progress has been made in this area with the implementation of a tax risk management programme.

Revenue assurance

The risk of revenue leakage as a result of system and/or process inefficiencies remains a risk. Progress with the implementation and standardisation of revenue assurance procedures in all operations has been slower than expected. This is as a result of the complex nature of the issue and resource constraints. Some changes have, however, been made and the project is progressing satisfactorily.

Risk management *continued*

Investment risk

MTN believes that as a company whose vision is to be the leading provider of telecommunications services in emerging markets, it is vital to exploit opportunities in these markets while balancing reward and risk. Given the high upfront investment levels required in the industry, it is crucial that investment decisions are based on sound due diligence studies and that risks are understood and factored into risk/return calculations. Failure in this regard could result in significant losses. Although investment risks are a reality, MTN believes its investment portfolio is sufficiently diversified to mitigate the overall impact of possible investment failure/loss.

Physical interruption risk

Extended failure of our GSM networks, international gateways and information systems due to disasters, sabotage, hardware/software failure could significantly affect the profitability and sustainability of an operation. Often it is not possible to eliminate the probability of this occurring but it is possible to reduce the impact of such an event.

Mitigating strategies such as redundancy of infrastructure and disaster recovery plans are important controls to ensure that the impact of failures and/or disasters is minimised. MTN's significant capital expansion programme for 2008, as well as the drive to standardise processes, will further improve its ability to recover from disaster events.

Governance risk

As a multinational company operating on two continents and listed on the JSE, MTN has extensive structures in place to ensure high standards of governance. These include board oversight and management structures as well as policies and procedures. The focus over the period was to embed these structures across the Group after the acquisition of Investcom in 2006. Significant progress has been made with the establishment of audit and risk committees in all the new operations, the creation business risk management functions in most new operations and the performance of risk assessments in all operations. MTN will continue to enhance its governance practices in 2008.

Reputational risk

The management of MTN's reputation from a subscriber, investment and media point of view is an integral part of the day-to-day focus of the Group executive committee. In addition, MTN has also strengthened its corporate affairs department by the appointment of Nozipho January-Bardill as the Group corporate affairs executive. A former South African ambassador to Switzerland, Nozipho brings a wealth of experience to MTN. In addition, MTN continues to focus on sustainability management as well as dedicated investor relations functions. MTN has received many awards in the past for its focus on sustainability management, including its corporate social responsibility contributions through the MTN foundations.

Relationship and partnership risk

MTN's business partners and subsidiary shareholders fulfil an important role in establishing good relations with local regulatory bodies and our customer base, and are a key strength. A breakdown in these relationships or loss of financial strength by partners could have a negative impact on our business or cause reputational damage. MTN mitigates this risk by careful selection of business partners, local shareholder representation on boards of operations, shareholder agreements and regular interaction and discussions between local shareholders/directors and MTN Group directors.



Glossary

Terms and acronyms

2G	Second generation
3G	Third generation
Afcon	Africa Cup of Nations
ADR	American depository receipt
ARPU*	Average revenue per user per month
BA	Bankers' acceptance rate
BEE	Black economic empowerment
BOT	Build operate and transfer
Bps	Basis points
BTS	Base transceiver station
BWP	Botswana pula
Capex	Capital expenditure
CDMA	Code-Division Multiple Access
CFA	Communaute Financière Africaine franc
CGU	Cash-generating units
CSR	Corporate social responsibility
CYP	Cypriot pounds
dti	South African Department of Trade and Industry
E	Emalengeni
EASSy	Eastern Africa Submarine Cable System
EBITDA	Earnings before interest, tax, depreciation and amortisation
ECA	Electronic Communications Act of South Africa
ECICSA	Export Credit Insurance Corporation of South Africa
EPS	Earnings per share
eTOM	enhanced telecom operations map
EUR	Euro
EURIBOR	Euro Interbank Offered Rate
EVD	Electronic voucher distribution
EXCO	Executive committee
FEC	Forward Exchange Contract

*ARPU is measured on a monthly basis. The revenue (including interconnect fees but excluding connection fees and visitor roaming revenue) is divided by the weighted average subscriber base over the reported period.

FIFA	Federation Internationale de Football Association
FIPPA	Foreign Investment Promotion and Protection Act
GDP	Gross domestic product
GHC	Ghana cedi
GPRS	General packet radio service
GRI	Global Reporting Initiative
GSM	Global system for mobile communications
HEPS	Headline earnings per share
HIV/Aids	Human immunodeficiency virus/acquired immune deficiency syndrome
HSDPA	High speed downlink packet access
IAS	International Accounting Standards
ICASA	Independent Communications Authority of South Africa
ICT	Information and communication technologies
IFC	International Finance Corporation
IFRIC	International Financial Reporting Interpretation Committee
IFRS	International Financial Reporting Standards
IP	Internet protocol
IRR	Iranian riyals
IS	Information Systems
ISO	International Standards Organisation
ISP	Internet service provider
ITIL	Information technology infrastructure library
IVR	Interactive voice response
JSE	JSE Limited – the South African stock exchange
JIBAR	Johannesburg Interbank Agreed Rate
King II	King committee report on corporate governance 2002
LCs	Letters of credit
Loerie	South African Advertising industry's accolades
LIBOR	London Interbank Offered Rate German Interbank Offered Bank
LTE	Long-term evolution

Glossary *continued*

Terms and acronyms continued

MCharge	MTN's virtual recharge mechanism
MENA	Middle East and North Africa region includes operations in Iran, Afghanistan, Syria, Yemen and Cyprus
MMS	Multimedia messaging service
MNP	Mobile number portability
MOU	Minutes of use
MPLS	Multiprotocol label switching
NCC	Nigerian Communications Commission
NGN	Next generation networking
NGN	Nigerian naira
NIBOR	Norwegian InterBank Offered Rate
NokNok	MTN's instant social messaging chat service, launched in 2007
NTC	National Telecommunications Corporation
off-net	Telephone calls originating and terminating on different networks
OIETAI	Organisation for Investment Economic and Technical Assistance of Iran
on-net	Telephone calls originating and terminating on the same network
PAT	Profit after tax
PAYG	Pay as you go
PIC	Public Investment Corporation
postpaid/contract	Services for which the subscriber has a contract and pays monthly
PTO	Public telecommunications operator
prepaid	Services for which the subscriber has paid in advance
PSTN	Public switched telephone network
PWC	PricewaterhouseCoopers
RICA	Communication related information Act
SAICA	South African Institute of Chartered Accountants
SARS	South African Revenue Services
SARs	Share Appreciation Rights Scheme
SDD	Sudanese dinars

SEA	South and East Africa includes operations in South Africa, Botswana, Swaziland, Uganda, Rwanda and Zambia
SHE	Safety, health and environment
SIM	Subscriber identity module
SME	Small and medium enterprise
SMS	Short message service
SP	Service Provider
SPE	Special purpose entities
STC	Secondary taxation on companies
SPV	Special purpose vehicle
STRATE	Share Transactions Totally Electronic
subscriber**	A customer who has participated in a revenue generating activity within the last 90 days
SYP	Syrian pound
UCT	University of Cape Town
Unisa	University of South Africa
USD	US dollar
UGX	Uganda shilling
VGC	VGC Communications Limited
VoIP	Voice over internet protocol
WECA	West and Central Africa includes operations in Nigeria, Cameroon, Côte d'Ivoire, Ghana, Benin, Liberia, Guinea Republic, Guinea Bissau and Congo-Brazzaville
WiMax	Worldwide interoperability for microwave access/broadband wireless technology
ZAR	South African rand
ZCA	Zambian Communications Authority
ZMK	Zambian kwacha

***South Africa subscribers (and therefore ARPU'S) now include community payphones into prepaid and application providers into postpaid. Prior periods have been adjusted for comparative purposes.*

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**Excellence is the unlimited ability to
improve the quality of what you have
to offer. (Rick Pitino)**



Annual financial
statements

Statement of directors' responsibilities

for the year ended 31 December 2007

The directors are responsible for the preparation, integrity and fair presentation of the financial statements of the MTN Group Limited and its subsidiaries in accordance with International Financial Reporting Standards ("IFRS") and the Companies Act, 61 of 1973 as amended ("the Companies Act"). The annual financial statements presented on pages 133 to 249 have been prepared in accordance with the requirements of IFRS and the Companies Act and include amounts based on judgements and estimates made by management.

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

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

The MTN Group operates in an established control environment, which is documented and regularly reviewed. This incorporates risk management and internal control procedures, which are designed to provide reasonable, but not absolute, assurance that assets are safeguarded and the risks facing the business are controlled. Any new acquisitions which do not apply the same standards and procedures will be integrated into the Group and, during such integration, uniformity of standards will be achieved. Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the 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, jointly audited the financial statements and their unqualified audit report is presented on page 132.

The annual financial statements and Group annual financial statements which appear on pages 133 to 249 were approved for issue by the board of directors on 18 March 2008 and are signed on its behalf by:



MC Ramaphosa
Chairman



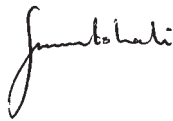
PF Nhleko
President and Group Chief Executive Officer

Fairland
18 March 2008

Certificate by the company secretary

for the year ended 31 December 2007

In terms of section 268(d) of the Companies Act, 61 of 1973 as amended ("the Companies Act"), I certify that, to the best of my knowledge and belief, the Company has lodged with the Registrar of Companies for the year ended 31 December 2007, all such returns as are required of a public company in terms of the Companies Act and that such returns are true, correct and up to date.



SB Mtshali
Group secretary
18 March 2008

Report of the independent auditors

for the year ended 31 December 2007

To the members of MTN Group Limited

Report on the annual financial statements

We have audited the annual financial statements and Group annual financial statements of MTN Group Limited, which comprise the directors' report, the balance sheet and the consolidated balance sheet as at 31 December 2007, the income statement and the consolidated income statement, the statement of changes in equity and the consolidated statement of changes in equity, the cash flow statement and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 133 to 249.

Directors' responsibility for the financial statements

The Company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

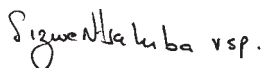
Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company and the Group as at 31 December 2007, and their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa.



PricewaterhouseCoopers Inc.

Director: S Sooklal
Registered Auditor
Sunninghill
18 March 2008



Sizwe Ntsaluba vsp

Partner: A Mashifane
Registered Auditor
Woodmead
18 March 2008



Directors' report

for the year ended 31 December 2007

The directors have pleasure in submitting their report on the annual financial statements of the Group for the year ended 31 December 2007.

Nature of business

MTN Group Limited (the "Group" or the "Company") carries on the business of investing in the telecommunications industry through its subsidiary companies, joint ventures and associate companies.

Review of financial results and activities

Review of financial results and the activities of the MTN Group are contained in the reports of the chairman, the Group president and CEO, the Group finance director, the Group chief operating officer and the annual financial statements.

Subsidiary companies

Details of entities in which MTN Group Limited has a direct or indirect interest are set out in Annexures 1 and 2 of the annual financial statements from pages 244 to 249.

Mergers and acquisitions

No material acquisitions or disposals occurred during the year under review.

Material resolutions

Details of special resolutions and other resolutions of a significant nature passed by the Company and its subsidiaries during the year under review requiring disclosure in terms of the Listings Requirements of the JSE are:

1. To approve an authority for the Company and/or subsidiary of the Company, to acquire shares in the Company;
2. MTN Nigeria Communications Limited passed special resolutions on 8 November 2007 relating to:
 - Amendment to the memorandum and articles of association of the company to reflect the restructure of the authorised share capital;
 - Amendment of the provision with respect to the voting rights of preference shareholders on a resolution
 - (i) Varying the rights attaching to the preference shares or (ii) the winding up of the company;
 - Amendment to the articles of association by the introduction of a new article (Article 59) to reflect the terms of the preference shares issued by the company.

Directorate and Group secretary

During the financial year under review, there were no changes to the MTN Group board of directors.

In accordance with the articles of association of the Company one third of the board is required to retire by rotation at each annual general meeting. Retiring directors are those who have been in office for the longest period since their last re-election and directors who have been appointed between annual general meetings.

Profiles of the directors seeking re-election are contained in the notice of the annual general meeting which forms part of the annual financial statements.

Directors' report *continued*

for the year ended 31 December 2007

The directors retiring by rotation in terms of the articles of association at the forthcoming annual general meeting are Ms KP Kalyan, Messrs RD Nisbet, JHN Strydom and Sheikh AH Sharbatly. The profiles for directors retiring by rotation can be viewed on page 253 of the notice to shareholders.

The composition and profiles of the board of directors of the MTN Group appear on pages 8 to 13.

The Group secretary is Ms SB Mtshali, whose business and postal addresses are:

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

Interests of directors and officers

During the year under review, no contracts were entered into in which directors and officers of the Company had an interest which significantly affected the business of the Group. The directors had no interest in any third party or company responsible for managing any of the business activities of the Group. The emoluments and perquisites of executive directors are determined by the Group nominations, remuneration, human resources and corporate governance committee and approved by the board. No long-term service contracts exist between executive directors and the Company, with the exception of the contract of service between the Group president and CEO and the Company, which commenced on 1 July 2002 and terminated on 30 June 2007. Shareholders have, however, approved the renewal of the Group president and CEO's contract at the annual general meeting held on 13 June 2007 and the new contract will expire on 30 June 2010.

Share capital

Authorised share capital

There was no change in the authorised share capital of the Company during the period under review. The authorised ordinary share capital of the MTN Group is 2,5 billion shares of 0,01 cents each. The following are the movements in the issued ordinary share capital from the beginning of the financial year to the date of this report:

Issued share capital

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

3 171 671	at R9,31
1 19 820	at R12,88
416 475	at R13,53
200 000	at R16,81
371 974	at R27,00
249 584	at R40,50

Accordingly, at 31 December 2007, the issued share capital of the Company was R186 480 (December 2006: R186 027) comprising 1 864 797 807 (December 2006: 1 860 268 283) ordinary shares of 0,01 cent each. No treasury shares were held at the date of this report.



Control of unissued share capital

The unissued ordinary shares are the subject of a general authority granted to the directors in terms of section 221 of the Companies Act, 1973 (Act No 61 of 1973) ("the Companies Act"). As this general authority remains valid only until the next annual general meeting, which is to be held on 19 June 2008, members will be asked at that meeting to consider an ordinary resolution placing the said unissued ordinary shares up to a maximum of 10% of the Company's issued share capital under the control of the directors until the next annual general meeting.

Further details of the authorised and issued shares as well as the share premium for the year ended 31 December 2007 appear in note 17 to the MTN Group annual financial statements.

Acquisition of the Company's own shares

At the last annual general meeting held on 13 June 2007, shareholders gave the Company or any of its subsidiaries, a general approval in terms of sections 85 and 89 of the Companies Act, by way of special resolution, for the acquisition of its own shares. As this general approval remains valid only until the next annual general meeting, which is to be held on 19 June 2008, 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 136 cents per share (December 2006: 90 cents per share) amounting to R2,536 million (December 2006: R1,675 million) in respect of the financial year ended 31 December 2007 was declared on Tuesday, 18 March 2008, payable to shareholders registered on Friday, 11 April 2008. The payments of future dividends will depend on the board's ongoing assessment of the MTN Group's earnings, financial position, including its cash need, future earnings prospects and other factors.

Shareholders on the South African register who dematerialised their ordinary shares receive payment of their dividends electronically, as provided for by STRATE. For those shareholders who have not yet dematerialised their shareholding in the Company in certificated form, the Company operates an electronic funds transmission service, whereby dividends may be electronically transferred to shareholders' bank accounts. These shareholders are encouraged to mandate this method of payment for all future dividends.

Results of operations

	Year ended 31 December 2007 Rm	Year ended 31 December 2006 Rm
Aggregate net profits in:		
Subsidiaries	13 259	10 872
Joint ventures	134	63
Associated companies	8	23
	13 401	10 958
Aggregate net losses in:		
Subsidiaries	(2 111)	(192)
Joint ventures	(682)	(156)
	(2 793)	(348)

Directors' report *continued*

for the year ended 31 December 2007

The financial statements on pages 133 to 249 set out fully the financial position, results of operations and cash flows of the Group. Note 1 to the financial statements provides an analysis of the financial results by geographic segment.

Shareholders' interests

Major shareholders

The following information was extracted from the Company's share register at 31 December 2007:

	December 2007		December 2006	
Nominees holding shares in excess of 5% of the issued ordinary share capital of the Company:	Number of shares	% of issued share capital	Number of shares	% of issued share capital
Nedcor Bank Nominees Limited	686 542 027	36,82	717 004 224	38,54
Standard Bank Nominees (Tvl) (Proprietary) Limited	575 585 098	30,87	554 492 303	29,81
First National Nominees (Proprietary) Limited	308 704 138	16,55	260 115 971	13,98
Spread of ordinary shareholders				
Public	1 437 498 643	77,09	1 432 667 637	77,01
Non-public	427 299 164	22,91	427 600 646	22,99
– Directors of MTN Group Limited and major subsidiaries	645 089	0,03	875 476	0,05
– MTN Group Limited Share Incentive Scheme	—	—	12 675	—
– MTN Uganda Staff Provident Fund	1 500	—	2 400	—
– Lombard Odier Darier Hentsch & Cie (M1 Limited)	183 152 564	9,82	183 210 084	9,85
– Newshel 664 (Proprietary) Limited	243 500 011	13,06	243 500 011	13,09
Total issued share capital	1 864 797 807	100,00	1 860 268 283	100,00

Disclosures in accordance with section 140A (8) (a) of the Companies Act and paragraph 8.63 of the JSE Listings Requirements

According to information received by the directors, the following shareholders held shares in excess of 5% of the issued ordinary share capital of the Company:

	December 2007		December 2006	
Beneficial shareholders holding 5% or more	Number of shares	% of issued share capital	Number of shares	% of issued share capital
Public Investment Corporation	247 425 249	13,27	244 104 739	13,12
Newshel 664 (Proprietary) Limited*	243 500 011	13,06	243 500 011	13,09
Lombard Odier Darier Hentsch & Cie (M1 Limited)	183 152 564	9,82	183 210 084	9,85

*Further details of the Newshel 664 shareholding are provided on pages 147 and 148.

Certain of these shareholdings are partially or wholly included in the nominee companies mentioned on page 132. Apart from this, the Company is not aware of any other party who has a shareholding of 5% or more in the Company.

The MTN Group share option and share appreciation rights schemes

The Company operates share option and share appreciation rights schemes (jointly referred to as "the schemes") and eligible employees, including executive directors, are able to participate in accordance with the schemes' rules. The schemes are designed to retain and recognise the contributions of executive directors and eligible staff and to provide additional incentives to contribute to the Company's continuing growth.

In terms of the Company's share option scheme, the total number of shares which may be allocated for the purposes of the scheme shall not exceed 5% of the total issued ordinary share capital of the Company from time to time, being 81 799 691 shares approved by shareholders in 2001.

MTN Group Limited Share Option Scheme ("the option scheme")

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

The vesting periods under the schemes are: 20%, 20%, 30% and 30% on the anniversary of the second, third, fourth and fifth years respectively, after the grant date. The strike price is determined as the closing market price for MTN Group Limited shares on the day prior to date of issue.

If the options or appreciation rights remain unexercised after a period of 10 years from the date of grant, they expire. Furthermore, options or appreciation rights are forfeited if the employee leaves the Group before they vest.

Details of the share options outstanding at year-end are:

	December 2007 Number of shares	December 2006 Number of shares
Options allocated and reserved at beginning of year	11 900 904	17 524 564
Adjustment to prior year closing balance	41 140	1 004 990
Add: Options allocated and reserved during the year	—	—
Less: Options no longer reserved due to participants leaving the employ of the Group and the lapsing of offers	(465 010)	(981 339)
Less: Options exercised and allotted during the year	(4 530 308)	(5 647 311)
Options allocated at year-end	6 946 726	11 900 904

The market weighted average share price on the dates that share options were exercised during the year was R118,10.

The options outstanding at the end of the year have a weighted average remaining contractual life of six years (December 2006: seven years). During the year ended 31 December 2007, no options were granted. These fair values were calculated using the stochastic model. The inputs into the model were:

	December 2007	December 2006
Weighted average share price for the period	R103,47	R61,82
Weighted average exercise price	R118,10	R65,01
Expected life	4 – 6 years	5 – 7 years
Risk-free rate	8,94% – 10,04%	8,16% – 11,87%
Expected dividend yield	1,11%	1,02%
Expected volatility	32,91% – 34,35%	48,35% – 60,3%

Expected volatility was determined by calculating the historical volatility of the Company's share price over the previous seven years. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. The expected dividend yield was determined based on historical data.

Directors' report *continued*

for the year ended 31 December 2007

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

	December 2007 R000	December 2006 R000
Ordinary share capital – at par	*	*
Share premium	60 181	66 878
Proceeds	60 181	66 878
Fair value, at exercise date, of shares issued	535 032	366 863

*Amount less than R1 million.

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

December 2007			December 2006		
Number outstanding	Exercise price R	Remaining contractual life (years)	Number outstanding	Exercise price R	Remaining contractual life (years)
4 008 500	9,31	4,67	7 261 171	9,31	5,67
119 820	12,88	5,00	239 640	12,88	6,00
596 414	13,53	3,75	1 034 819	13,53	4,75
550 000	16,81	5,58	750 000	16,81	6,58
954 076	27,00	5,92	1 447 774	27,00	6,92
717 916	40,50	6,92	1 167 500	40,50	7,92
6 946 726			11 900 904		

MTN Group Share Appreciation Rights Scheme ("the rights scheme")

The nominations, remuneration, human resources and corporate governance committee on 31 May 2006, considered and approved a share appreciation rights scheme to supersede the existing share option scheme, which was subsequently adopted by the board of directors.

Share appreciation rights have been granted for qualifying employees of MTN Group Limited. The exercise price of the granted appreciation rights range between R56,83 and R98,50 and represents closing market prices of the MTN Group Limited shares at the date of grant. The appreciation rights are equity settled and exercisable in accordance with the vesting periods outlined below. All rights lapse after a period of 10 years.

Details of grants made during the year and share appreciation rights in issue at year-end are outlined below:

	Number of rights	Strike price
Balance 31 December 2006	6 649 500	
Allocated 31 May 2006	3 036 600	R56,83
Allocated 22 November 2006	3 612 900	R71,00
Adjustment to prior year closing balance	(10 500)	
Adjustment: allocation of 31 May 2006	(19 100)	R56,83
Adjustment: allocation of 22 November 2006	8 600	R71,00
Rights allocated during the year	920 900	
2 January 2007	104 600	R85,30
2 April 2007	23 700	R98,50
22 June 2007	792 600	R96,00
Less: Rights no longer reserved due to participants leaving the employ of the Group and offer lapsing	(126 800)	
	(96 700)	R56,83
	(23 800)	R71,00
	(6 300)	R96,00
Rights exercised during the year	(496 360)	
	(458 960)	R56,83
	(37 400)	R71,00
Rights allocated at year-end	6 936 740	

Rights in issue at year-end

	Remaining contractual life (years)	SAR's	Strike price	Vesting dates	Vesting rights	
Grant date – 31 May 2006	7,08	2 028 440	R56,83	30/11/2007	20% after 18 months	405 688
				30/11/2008	20% after 30 months	405 688
				30/11/2009	30% after 42 months	608 532
				30/11/2010	30% after 54 months	608 532
Grant date – 31 May 2006	8,58	433 400	R56,83	31/05/2008	20% after 24 months	86 680
				31/05/2009	20% after 36 months	86 680
				31/05/2010	30% after 48 months	130 020
				31/05/2011	30% after 60 months	130 020
Grant date – 21 November 2006	8,92	3 560 300	R71,00	21/11/2008	20% after 24 months	712 060
				21/11/2009	20% after 36 months	712 060
				21/11/2010	30% after 48 months	1 068 090
				21/11/2011	30% after 60 months	1 068 090
Grant date – 2 January 2007	9,00	104 600	R85,30	02/01/2009	20% after 24 months	20 920
				02/01/2010	20% after 36 months	20 920
				02/01/2011	30% after 48 months	31 380
				02/01/2012	30% after 60 months	31 380
Grant date – 2 April 2007	9,25	23 700	R98,50	02/04/2008	33% after 12 months	7 900
				02/04/2009	33% after 24 months	7 900
				02/04/2010	34% after 36 months	7 900
				02/06/2009	20% after 24 months	157 260
Grant date – 22 June 2007	9,47	786 300	R96,00	22/06/2010	20% after 36 months	157 260
				22/06/2011	30% after 48 months	235 890
				22/06/2012	30% after 60 months	235 890

The weighted strike price of options granted during the year is R96. 413 588 share appreciation rights (2006: nil) with a strike price of R56,83 were exercisable at year-end.

The weighted average remaining contractual life in respect of the share appreciation rights outstanding at year-end, approximate 8,77 years (2006: 9,71 years).

A valuation has been prepared using the stochastic model to determine the fair value of the share appreciation rights and the expense to be recognised during the year.

The inputs into the stochastic model were as follows:

	2007
Share price at balance sheet date	R128,06
Expected life	1 to 6 years
Risk free rate	8,40% to 10,04%
Expected volatility	33,54% to 35,73%
Dividend yield	1,11%

Expected volatility was determined by calculating the historical volatility of MTN Group Limited's share price over the previous seven years. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. The expected dividend yield was determined based on historical data.

Directors' report *continued*

for the year ended 31 December 2007

Shareholders are advised that an ordinary resolution (ordinary resolution number 5) was passed at the annual general meeting held on 13 June 2007, in terms of which the board of directors and the trustees of the MTN Group Share Trust were authorised to accelerate the vesting periods in exceptional circumstances, provided always that the changes do not allow a participant to exercise 100% of the share appreciation rights granted to him/her prior to the expiry of three years from the date of grant. In this regard, shareholders are referred to the table below to note the vesting dates in respect of the Group president and CEO's share appreciation rights allocated on 21 November 2006 and 2 April 2007 which have been accelerated to align the vesting dates with his service contract.

Equity compensation benefits for executive directors and directors of major subsidiaries

MTN Group Limited share option and share appreciation rights schemes for the year ended 31 December 2007.

Director's/ officer's name	Balance as at 1 January 2007	Allocated during the year	Offer price	Date of allocation	Exercised during the year	Balance as at 31 December 2007	Exercisable options	Offer price	Exercisable date
MTN Group									
RS Dabengwa									
Share options	198 420		R 9,31	02/09/2002	198 420	—	58 220	R 27,00	01/12/2005
	291 100		R 27,00	01/12/2003		291 100	58 220	R 27,00	01/12/2006
Share appreciation rights	134 800		R 56,83	31/05/2006		134 800	26 960	R 56,83	30/11/2007
	43 400		R 71,00	21/11/2006		43 400	87 330	R 27,00	01/12/2007
							8 680	R 71,00	21/11/2008
							26 960	R 56,83	30/11/2008
							87 330	R 27,00	01/12/2008
							8 680	R 71,00	21/11/2009
							40 440	R 56,83	30/11/2009
							13 020	R 71,00	21/11/2010
							40 440	R 56,83	30/11/2010
							13 020	R 71,00	21/11/2011
	<u>667 720</u>					<u>469 300</u>			
PF Nhleko									
Share options	1 993 700		R 9,31	02/09/2002		1 993 700	82 740	R 9,31	02/09/2004
Share appreciation rights	516 400		R 71,00	21/11/2006		516 400	477 740	R 9,31	02/09/2005
		23 700	R 98,50	02/04/2007		23 700	716 610	R 9,31	02/09/2006
							716 610	R 9,31	02/09/2007
							172 133	R 71,00	21/11/2008
							7 900	R 98,50	02/04/2008
							172 133	R 71,00	21/11/2009
							7 900	R 98,50	02/04/2009
							172 134	R 71,00	21/11/2010
							7 900	R 98,50	02/04/2010
	<u>2 510 100</u>					<u>2 533 800</u>			
RD Nisbet									
Share options	561 480		R 9,31	02/09/2002		561 480	280 740	R 9,31	02/09/2006
	51 600		R 27,00	01/12/2003		51 600	12 900	R 27,00	01/12/2006
Share appreciation rights	197 400		R 71,00	21/11/2006		197 400	280 740	R 9,31	02/09/2007
							19 350	R 27,00	01/12/2007
							19 350	R 27,00	01/12/2008
							39 480	R 71,00	21/11/2008
							39 480	R 71,00	21/11/2009
							59 220	R 71,00	21/11/2010
							59 220	R 71,00	21/11/2011
	<u>810 480</u>					<u>810 480</u>			

Equity compensation benefits for executive directors and directors of major subsidiaries (continued)

MTN Group Limited share option and share appreciation rights schemes for the year ended 31 December 2007 (continued)

Director's/ officer's name	Balance as at 1 January 2007	Allocated during the year	Offer price	Date of allocation	Exercised during the year	Balance as at 31 December 2007	Exercisable options	Offer price	Exercisable date
MTN major subsidiaries									
AR Bing									
Share options	7 290		R9,31	02/09/2002		7 290	7 290	R9,31	02/09/2007
	33 350		R40,50	01/12/2004	6 670	26 680	3 240	R56,83	30/11/2007
Share appreciation rights	16 200		R56,83	31/05/2006		16 200	6 670	R40,50	01/12/2007
	3 200		R71,00	21/11/2006		3 200	640	R71,00	21/11/2008
		21 100	R96,00	22/06/2007		21 100	3 240	R56,83	30/11/2008
	<u>60 040</u>					<u>74 470</u>	10 005	R40,50	01/12/2008
							4 220	R96,00	22/06/2009
							640	R71,00	21/11/2009
							4 860	R56,83	30/11/2009
							10 005	R40,50	01/12/2009
							4 220	R96,00	22/06/2010
							960	R71,00	21/11/2010
							4 860	R56,83	30/11/2010
							6 330	R96,00	22/06/2011
							960	R71,00	21/11/2011
							6 330	R96,00	22/06/2012
Z Bulbulia									
Share options	60 720		R13,53	28/09/2001		60 720	18 480	R9,31	02/09/2004
	92 400		R9,31	02/09/2002		92 400	15 180	R13,53	28/09/2004
	24 700		R27,00	01/12/2003		24 700	18 480	R9,31	02/09/2005
Share appreciation rights	64 600		R56,83	31/05/2006		64 600	22 770	R13,53	28/09/2005
							4 940	R27,00	01/12/2005
	<u>242 420</u>					<u>242 420</u>	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
							12 920	R56,83	30/11/2007
							7 410	R27,00	01/12/2007
							12 920	R56,83	30/11/2008
							7 410	R27,00	01/12/2008
							19 380	R56,83	30/11/2009
							19 380	R56,83	30/11/2010
SL Botha									
Share options	750 000		R16,81	07/07/2003	200 000	550 000	262 138	R16,81	07/07/2007
Share appreciation rights		155 900	R96,00	22/06/2007		155 900	287 862	R16,81	07/07/2008
	<u>750 000</u>					<u>705 900</u>	31 180	R96,00	22/06/2009
							31 180	R96,00	22/06/2010
							46 770	R96,00	22/06/2011
							46 770	R96,00	22/06/2012
C de Faria									
Share appreciation rights	348 600		R71,00	21/11/2006		348 600	69 720	R71,00	21/11/2008
							69 720	R71,00	21/11/2009
							104 580	R71,00	21/11/2010
							104 580	R71,00	21/11/2011

Directors' report *continued*

for the year ended 31 December 2007

Equity compensation benefits for executive directors and directors of major subsidiaries (continued)

MTN Group Limited share option and share appreciation rights schemes for the year ended 31 December 2007 (continued)

Director's/ officer's name	Balance as at 1 January 2007	Allocated during the year	Offer price	Date of allocation	Exercised during the year	Balance as at 31 December 2007	Exercisable options	Offer price	Exercisable date
A Faroukh									
Share appreciation rights	277 900		R71,00	21/11/2006		277 900	55 580	R71,00	21/11/2008
							55 580	R71,00	21/11/2009
							83 370	R71,00	21/11/2010
							83 370	R71,00	21/11/2011
BG Gouldie									
Share options	22 050		R13,53	28/09/2001	22 050		3 060	R56,83	30/11/2007
	82 810		R40,50	01/12/2004	33 124	49 686	9 580	R71,00	21/11/2008
Share appreciation rights	15 300		R56,83	31/05/2006		15 300	3 060	R56,83	30/11/2008
	47 900		R71,00	21/11/2006		47 900	24 843	R40,50	01/12/2008
	<u>168 060</u>					<u>112 886</u>	9 580	R71,00	21/11/2009
							4 590	R56,83	30/11/2009
Resigned as a director of subsidiary company during 2007							24 843	R40,50	01/12/2009
							14 370	R71,00	21/11/2010
							4 590	R56,83	30/11/2010
							14 370	R71,00	21/11/2011
SB Mtshali									
Share appreciation rights	53 000		R56,83	31/05/2006		53 000	10 600	R56,83	31/05/2008
							10 600	R56,83	31/05/2009
							15 900	R56,83	31/05/2010
							15 900	R56,83	31/05/2011
PD Norman									
Share options	330 080		R9,31	02/09/2002	30 000	300 080	135 050	R9,31	02/09/2006
	33 900		R40,50	01/12/2004		33 900	6 780	R40,50	01/12/2006
Share appreciation rights	45 700		R56,83	31/05/2006		45 700	165 030	R9,31	02/09/2007
	72 100		R71,00	21/11/2006		72 100	9 140	R56,83	30/11/2007
	<u>481 780</u>					<u>451 780</u>	6 780	R40,50	01/12/2007
							14 420	R71,00	21/11/2008
							9 140	R56,83	30/11/2008
							10 170	R40,50	01/12/2008
							14 420	R71,00	21/11/2009
							13 710	R56,83	30/11/2009
							10 170	R40,50	01/12/2009
							21 630	R71,00	21/11/2010
							13 710	R56,83	30/11/2010
							21 630	R71,00	21/11/2011
KW Pienaar									
Share options	372 360		R9,31	02/09/2002	372 360		9 330	R40,50	01/12/2008
	31 100		R40,50	01/12/2004	12 440	18 660	9 330	R40,50	01/12/2009
Share appreciation rights	103 800		R71,00	21/11/2006		103 800	20 760	R71,00	21/11/2008
	<u>507 260</u>					<u>122 460</u>	20 760	R71,00	21/11/2009
							31 140	R71,00	21/11/2010
							31 140	R71,00	21/11/2011
J Ramadan									
Share appreciation rights	348 600		R71,00	21/11/2006		348 600	69 720	R71,00	21/11/2008
	<u>348 600</u>					<u>348 600</u>	69 720	R71,00	21/11/2009
							104 580	R71,00	21/11/2010
							104 580	R71,00	21/11/2011

Equity compensation benefits for executive directors and directors of major subsidiaries (continued)

MTN Group Limited share option and share appreciation rights schemes for the year ended 31 December 2006

Director's/ officer's name	Balance as at 1 January 2006	Allocated during the year	Offer price	Date of allocation	Exercised during the year	Balance as at 31 December 2006	Exercisable options	Offer price	Exercisable date
MTN Group									
RS Dabengwa									
Share options	198 420		R9,31	02/09/2002		198 420	58 220	R27,00	01/12/2005
	291 100		R27,00	01/12/2003		291 100	99 210	R9,31	02/09/2006
Share appreciation rights		134 800	R56,83	31/05/2006		134 800	58 220	R27,00	01/12/2006
		43 400	R71,00	21/11/2006		43 400	99 210	R9,31	02/09/2007
	<u>489 520</u>					<u>667 720</u>	26 960	R56,83	30/11/2007
							87 330	R27,00	01/12/2007
							8 680	R71,00	21/11/2008
							26 960	R56,83	30/11/2008
							87 330	R27,00	01/12/2008
							8 680	R71,00	21/11/2009
							40 440	R56,83	30/11/2009
							13 020	R71,00	21/11/2010
							40 440	R56,83	30/11/2010
							13 020	R71,00	21/11/2011
PF Nhleko									
Share options	1 993 700		R9,31	02/09/2002		1 993 700	82 740	R9,31	02/09/2004
Share appreciation rights		516 400	R71,00	21/11/2006		516 400	477 740	R9,31	02/09/2005
	<u>1 993 700</u>					<u>2 510 100</u>	716 610	R9,31	02/09/2006
							716 610	R9,31	02/09/2007
							103 280	R71,00	21/11/2008
							103 280	R71,00	21/11/2009
							154 920	R71,00	21/11/2010
							154 920	R71,00	21/11/2011
RD Nisbet									
Share options	748 640		R9,31	02/09/2002	187 160	561 480	280 740	R9,31	02/09/2006
	64 500		R27,00	01/12/2003	12 900	51 600	12 900	R27,00	01/12/2006
Share appreciation rights		197 400	R71,00	21/11/2006		197 400	280 740	R9,31	02/09/2007
	<u>813 140</u>					<u>810 480</u>	19 350	R27,00	01/12/2007
							19 350	R27,00	01/12/2008
							39 480	R71,00	21/11/2008
							39 480	R71,00	21/11/2009
							59 220	R71,00	21/11/2010
							59 220	R71,00	21/11/2011

Directors' report *continued*

for the year ended 31 December 2007

Equity compensation benefits for executive directors and directors of major subsidiaries (continued)

MTN Group Limited share option and share appreciation rights schemes for the year ended 31 December 2006 (continued)

Director's/ officer's name	Balance as at 1 January 2006	Allocated during the year	Offer price	Date of allocation	Exercised during the year	Balance as at 31 December 2006	Exercisable options	Offer price	Exercisable date
MTN major subsidiaries									
AR Bing									
Share options	19 440		R9,31	02/09/2002	12 150	7 290	6 670	R40,50	01/12/2006
	33 350		R40,50	01/12/2004		33 350	7 290	R9,31	02/09/2007
Share appreciation rights		16 200	R56,83	31/05/2006		16 200	3 240	R56,83	30/11/2007
		3 200	R71,00	21/11/2006		3 200	6 670	R40,50	01/12/2007
	<u>52 790</u>					<u>60 040</u>	640	R71,00	21/11/2008
							3 240	R56,83	30/11/2008
							10 005	R40,50	01/12/2008
							640	R71,00	21/11/2009
							4 860	R56,83	30/11/2009
							10 005	R40,50	01/12/2009
							960	R71,00	21/11/2010
							4 860	R56,83	30/11/2010
							960	R71,00	21/11/2011
Z Bulbulia									
Share options	75 900		R13,53	28/09/2001	15 180	60 720	18 480	R9,31	02/09/2004
	92 400		R9,31	02/09/2002		92 400	15 180	R13,53	28/09/2004
	24 700		R27,00	01/12/2003		24 700	18 480	R9,31	02/09/2005
Share appreciation rights		64 600	R56,83	31/05/2006		64 600	22 770	R13,53	28/09/2005
	<u>193 000</u>					<u>242 420</u>	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
							12 920	R56,83	30/11/2007
							7 410	R27,00	01/12/2007
							12 920	R56,83	30/11/2008
							7 410	R27,00	01/12/2008
							19 380	R56,83	30/11/2009
							19 380	R56,83	30/11/2010
SL Botha									
Share options	859 540		R16,81	07/07/2003	109 540	750 000	174 276	R16,81	07/07/2006
							287 862	R16,81	07/07/2007
							287 862	R16,81	07/07/2008
I Charnley									
Share options	100 000		R13,53	28/09/2001	100 000		105 780	R9,31	28/09/2004
	528 900		R9,31	02/09/2002		528 900	105 780	R9,31	28/09/2005
Share appreciation rights		174 300	R56,83	31/05/2006		174 300	158 670	R9,31	02/09/2006
		69 400	R71,00	21/11/2006		69 400	158 670	R9,31	02/09/2007
	<u>628 900</u>					<u>772 600</u>	34 860	R56,83	30/11/2007
							13 880	R71,00	21/11/2008
							34 860	R56,83	30/11/2008
							13 880	R71,00	21/11/2009
							52 290	R56,83	30/11/2009
							20 820	R71,00	21/11/2010
							52 290	R56,83	30/11/2010
							20 820	R71,00	21/11/2011
C de Faria									
Share appreciation rights		348 600	R71,00	21/11/2006		348 600	69 720	R71,00	21/11/2008
							69 720	R71,00	21/11/2009
							104 580	R71,00	21/11/2010
							104 580	R71,00	21/11/2011

Equity compensation benefits for executive directors and directors of major subsidiaries (continued)

MTN Group Limited share option and share appreciation rights schemes for the year ended 31 December 2006 (continued)

Director's/ officer's name	Balance as at 1 January 2006	Allocated during the year	Offer price	Date of allocation	Exercised during the year	Balance as at 31 December 2006	Exercisable options	Offer price	Exercisable date
A Farroukh									
Share appreciation rights		277 900	R71,00	21/11/2006		277 900	55 580	R71,00	21/11/2008
							55 580	R71,00	21/11/2009
							83 370	R71,00	21/11/2010
							83 370	R71,00	21/11/2011
BG Gouldie									
Share options	22 050		R13,53	28/09/2001		22 050	22 050	R13,53	28/09/2006
	82 810		R40,50	01/12/2004		82 810	16 562	R40,50	01/12/2006
Share appreciation rights		15 300	R56,83	31/05/2006		15 300	3 060	R56,83	30/11/2007
		47 900	R71,00	21/11/2006		47 900	16 562	R40,50	01/12/2007
	<u>104 860</u>					<u>168 060</u>	9 580	R71,00	21/11/2008
							3 060	R56,83	30/11/2008
							24 843	R40,50	01/12/2008
							9 580	R71,00	21/11/2009
							4 590	R56,83	30/11/2009
							24 843	R40,50	01/12/2009
							14 370	R71,00	21/11/2010
							4 590	R56,83	30/11/2010
							14 370	R71,00	21/11/2011
SB Mtshali									
Share appreciation rights		53 000	R56,83	31/05/2006		53 000	10 600	R56,83	31/05/2008
							10 600	R56,83	31/05/2009
							15 900	R56,83	31/05/2010
							15 900	R56,83	31/05/2011
PD Norman									
Share options	440 080		R9,31	02/09/2002	110 000	330 080	20	R9,31	02/09/2005
	33 900		R40,50	01/12/2004		33 900	165 030	R9,31	02/09/2006
Share appreciation rights		45 700	R56,83	31/05/2006		45 700	6 780	R40,50	01/12/2006
		72 100	R71,00	21/11/2006		72 100	165 030	R9,31	02/09/2007
	<u>473 980</u>					<u>481 780</u>	9 140	R56,83	30/11/2007
							6 780	R40,50	01/12/2007
							10 170	R40,50	01/12/2008
							14 420	R71,00	21/11/2008
							9 140	R56,83	30/11/2008
							10 170	R40,50	01/12/2009
							14 420	R71,00	21/11/2009
							13 710	R56,83	30/11/2009
							21 630	R71,00	21/11/2010
							13 710	R56,83	30/11/2010
							21 630	R71,00	21/11/2011
KW Pienaar									
Share options	496 480		R9,31	02/09/2002	124 120	372 360	186 180	R9,31	02/09/2006
	31 100		R40,50	01/12/2004		31 100	6 220	R40,50	01/12/2006
Share appreciation rights		103 800	R71,00	21/11/2006		103 800	186 180	R9,31	02/09/2007
	<u>527 580</u>					<u>507 260</u>	6 220	R40,50	01/12/2007
							20 760	R71,00	21/11/2008
							9 330	R40,50	01/12/2008
							20 760	R71,00	21/11/2009
							9 330	R40,50	01/12/2009
							31 140	R71,00	21/11/2010
							31 140	R71,00	21/11/2011

Directors' report *continued*

for the year ended 31 December 2007

Directors' shareholdings

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

Director	Beneficial		Non-beneficial	
	December 2007	December 2006	December 2007	December 2006
DDB Band	14 023	14 023	—	—
RD Nisbet	611 066	611 066	—	—
Z Bulbulia (major subsidiary director)	10 000	10 000	—	—
PD Norman (major subsidiary director)	—	—	10 000	10 000

Directors' share dealings

Shares traded by directors for the year ended 31 December 2007

Directors of MTN Group and major subsidiaries	Shares sold	Price obtained	Date of sale
PD Norman	30 000	R133,06	29/11/2007
RS Dabengwa	198 420	R131,65	05/12/2007
KW Pienaar	180 000	R131,65	05/12/2007
BG Gouldie	38 612	R92,90	27/06/2007
	16 562	R131,65	05/12/2007
SL Botha	200 000	R131,65	05/12/2007

The trades reflected above were in respect of shares exercised under the MTN Group Limited Share Appreciation Rights scheme ("SARs") and share option scheme.

Shareholders are referred to the Integrated Business Report for the year ended 31 December 2006, in which it was disclosed that Mr PF Nhleko entered into a forward purchase contract with a commercial bank on 24 May 2006 whereby 4 150 000 MTN Group shares would be acquired at a forward price of R63,97 per share on an 18-month term basis.

On 3 April 2007, Mr PF Nhleko entered into a zero cost collar on 935 000 of the 4 150 000 forward purchased MTN shares. The put option was purchased at a strike price of R98,27 per share and the call option sold at a strike price of R113,69 in respect of the 935 000 forward purchased MTN shares. The expiry date thereof was 26 November 2007.

The transactions were contractually up for renewal at the end of November 2007 and on 29 November 2007 the transaction was restructured. The put option was purchased at a strike price of R131,87 per share and the call option sold at a strike price of R171,97 in respect of the full 4 150 000 forward purchased MTN shares.

Furthermore, Mr PF Nhleko entered into another separate and independent 15-month term contract with a commercial bank on 28 December 2007 to acquire 15 893 822 shares at a call strike price of R133,21 per share and sold calls at R195 per share. This trade was financed through a forward sale of 2 610 000 shares at R149,63 per share.

Directors' interests in the MTN Group held through Newshelf 664 (Proprietary) Limited ("Newshelf 664")

Newshelf 664 (Proprietary) Limited ("Newshelf 664") owns 243,5 million MTN Group shares (equivalent to 13,06% (December 2006: 16,6%) of the issued capital of the MTN Group). Newshelf 664 exercises the voting rights in respect of such shares. These shares were acquired from Transnet Limited ("Transnet") at an average price of R13,90 per share between December 2002 and March 2003.

Newshelf 664's ordinary shares are held by the Alpine Trust ("the Trust") for the benefit of eligible permanent staff employed by MTN Group Limited and its South African subsidiaries as well as eligible senior staff members of its African operations. This is expected to benefit approximately 2 300 eligible employees. Such benefits vest over the six year funding period commencing in 2003 but will only be distributed 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. This is anticipated to occur after 31 December 2008.

The Trust's main objective is the advancement of black economic empowerment. In this regard, the Trust aims, *inter alia*, to allocate 75% of participation ratios to beneficiaries who are empowerment participants.

The Trust has six trustees, two of whom are directors of the MTN Group, namely PF Nhleko and RS Dabengwa. Ms I Charnley, also an executive of the MTN Group until June 2007, has retained her position as a trustee. The other trustees, being W Lucas-Bull, PM Jenkins (Chairperson) and Z Sithole, are independent. Furthermore, all the directors of Newshelf 664 have been appointed by the Trust, such directors being PF Nhleko, I Charnley, RD Nisbet and RS Dabengwa (jointly, "the Newshelf 664 Directors"). The Newshelf 664 Directors are also included among the eligible MTN employees who are beneficiaries of the Trust. Consequently, the interests of the Newshelf 664 Directors in respect of the MTN Group shares held by Newshelf 664 are:

- As a result of being trustees of the Trust, PF Nhleko and RS Dabengwa, together with the other trustees, have an indirect, non-beneficial interest in the MTN Group shares which are currently held by Newshelf 664.
- As a result of being directors of Newshelf 664, the Newshelf 664 Directors have an indirect, beneficial interest in respect of the voting rights pertaining to the MTN Group shares which are currently held by Newshelf 664.
- As a result of being beneficiaries of the Trust, the Newshelf 664 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 assets of the Trust which result from the distribution by Newshelf 664 of the remaining amount and/or assets (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 in value of the MTN Group Limited shares. The participation ratios of each of the Newshelf 664 Directors, who are currently also executive directors of MTN Group Limited are:

– PF Nhleko	7,9270% (2006: 7,9270%)
– RS Dabengwa	5,5869% (2006: 5,5869%)
– RD Nisbet	5,5869% (2006: 5,5869%)

Subject to the terms and conditions of the trust deed, the rights to participate will vest in the above persons in equal tranches of approximately 16,67% per annum for six years on the condition that, in the event that any such person is not in the employment of the MTN Group at the end of the six-year period (by reason of voluntary termination or dismissal), he or she will only be entitled to that percentage of the rights to participate which will have vested prior to such director leaving the employment of the MTN Group.

Directors' report *continued*

for the year ended 31 December 2007

Directors' interests in the MTN Group held through Newshelf 664 (Proprietary) Limited ("Newshelf 664") (continued)

In addition, the Newshelf 664 Directors have exercised an option to participate in 0,23% of the economic benefits attaching to the "B" class redeemable preference shares and the "B" class participating preference shares held by the Public Investment Corporation ("PIC"), as funders to Newshelf 664, for which option the Newshelf 664 Directors jointly paid an amount of R5 million. The capital acquisition consideration paid by each Newshelf 664 Director was:

– PF Nhleko	R1 612 577
– I Charnley	R1 129 141
– RS Dabengwa	R1 129 141
– RD Nisbet	R1 129 141
Total	R5 000 000

The Newshelf 664 Directors thus have an indirect beneficial interest in the MTN Group Limited shares acquired by Newshelf 664 to the extent that the proceeds of such shares (dividends and capital) are required to service and settle the preference share funding provided by the PIC, but only to the extent of the proportion that their funding of the preference shares bears to the total PIC funding.

Directors' emoluments and related payments for the year ended 31 December 2007

	Date appointed	Directors' fees R000	Salaries R000	Retirement benefits R000	Other benefits R000	Bonuses R000	Share options R000	Total R000
Executive directors								
PF Nhleko	01/06/01		5 971	514	414	9 358	—	16 527
RS Dabengwa	01/10/01		3 472	445	177	3 225	24 200	31 519
RD Nisbet	01/10/01		2 943	377	154	3 425	—	6 899
Sub-total executive directors			12 386	1 336	745	16 008	24 200	54 945
Non-executive directors								
DDB Band	01/10/01	649						649
KP Kalyan**	13/06/06	1 648						1 648
MJN Njeke	13/06/06	680						680
MC Ramaphosa	01/10/01	859						859
MA Ramphele	13/06/06	320						320
AT Mikati**+	17/07/06	2 132						2 132
ARH Sharbatly*	13/06/06	815						815
AF van Biljon	01/11/02	736						736
JHN Strydom	11/03/04	617						617
J van Rooyen	17/07/06	859						859
PL Woicke**	13/06/06	1 262						1 262
Sub-total								
Non-executive directors		10 577						10 577
Total		10 557	12 386	1 336	745	16 008	24 200	65 522

* The director's emoluments have been provided for but have not been paid as yet.

**The fees have been paid in euro but have been converted to rand for consistency.

+ Fees are paid to M1 Limited.

Directors' emoluments and related payments for the year ended 31 December 2006

	Date appointed	Date resigned	Directors' fees R000	Salaries R000	Retire-ment benefits R000	Other benefits R000	Bonuses R000	Share options R000	Total R000
Executive directors									
PF Nhleko	01/06/01			4 905	422	222	8 488	—	14 037
SL Botha*	07/07/03	13/06/06		1 095	140	17	—	—	1 252
I Charnley*	01/08/01	13/06/06		1 020	134	62	—	4 778	5 994
RS Dabengwa	01/10/01			3 066	453	6 469**	3 737	#	13 725
RD Nisbet	01/10/01			2 683	344	214	3 500	10 274	17 015
Sub-total executive directors				12 769	1 493	6 984	15 725	15 052	52 023
Non-executive directors									
DDB Band	01/10/01		676						676
KP Kalyan	13/06/06		762						762
MUN Njike	13/06/06		274						274
MC Ramaphosa	01/10/01		955						955
MA Ramphole	13/06/06		229						229
AT Mikati***+	17/07/06		494						494
ARH Sharbatly****	13/06/06		617						617
AF van Biljon	01/11/02		770						770
JHN Strydom	11/03/04		642						642
J van Rooyen	17/07/06		337						337
PL Woicke	13/06/06		834						834
Ex director at 13 June 2006									
ZNA Cindi	13/06/06		238						238
PL Heinemann	13/06/06		456						456
MA Moses (Transnet Ltd)	13/06/06		183						183
Sub-total non-executive directors			7 467						7 467
Total executive and non-executive directors			7 467	12 769	1 493	6 984	15 725	15 052	59 490

* Executive directors up to 13 June 2006 and the directors' emoluments represent the pro-rated portion of their annual remuneration.

** Includes expatriate payment of R6,406 million.

***The directors' emoluments have been provided for but have not been paid to the directors as yet.

Excludes R3 246 which was a prior year correction.

+ Fees are paid to M1 Limited.

Directors' report *continued*

for the year ended 31 December 2007

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. The 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, human resources and corporate governance committee, and are 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 financial period under review.

American depository receipt facility

A sponsored American depository receipt (ADR) facility has been established. This ADR facility is sponsored by the Bank of New York and details of the administrators are reflected under the administration page 263.

Borrowing powers

In terms of the articles of association of the Company, the borrowing powers of the Company are unlimited, however, all borrowings by the MTN Group are subject to limitations expressed in the treasury policy of the MTN Group. The details of borrowings appear in note 19 of the annual financial statements.

Post balance sheet events

Broadening of the Nigerian shareholder base in MTN Nigeria Communications Limited

Subsequent to year-end, Nigerian individuals and key institutions acquired a 9,45% interest in MTN Nigeria Communications Limited from MTN, acting through its wholly owned subsidiary, MTN International (Mauritius) Limited, and other shareholders in MTN Nigeria Communications Limited, pursuant to a private placement.

The main rationale for the transaction is to achieve MTN's stated intention of broadening the ownership of MTN Nigeria Communications Limited among Nigerian citizens and institutions and to reaffirm MTN's commitment of enabling greater Nigerian representation in MTN Nigeria Communications Limited.

MTN disposed of an overall equity interest of 5,96% in MTN Nigeria Communications Limited as part of the private placement for a consideration of USD594,50 million, thereby reducing its interest in MTN Nigeria Communications Limited to 76,08%. The allocation date for the private placement was 8 February 2008 and share transfers were effected on 18 February 2008.

MTN Côte d'Ivoire put option

The MTN Côte d'Ivoire put option amounting to R474 million (2006: R480 million) was cancelled subsequent to year-end for non-consideration. Upon cancellation, the outstanding balance was transferred to equity.

Going concern

The directors have reviewed the MTN Group's budget and cash flow forecast for the year to 31 December 2008. On the basis of this review, and in the light of the current financial position and existing borrowing facilities, the directors are satisfied that the MTN Group has access to adequate resources to continue in operational existence for the foreseeable future and is a going concern and have continued to adopt the going concern basis in preparing the financial statements.

Auditors

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

Change in tax rate

The Company is regarded as a tax resident in South Africa by the South African Revenue Services (SARS) and as such is subject to tax on its worldwide income in South Africa (note 6). On 20 February 2008 the South African Minister of Finance announced a change in the corporate tax rate from 29% to 28%. This change is effective for financial years ending on any date between 1 April 2008 and 31 March 2009.



Principal accounting policies

for the year ended 31 December 2007

1. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES

1.1 Basis of preparation

The principal accounting policies applied in the preparation of these consolidated financial statements have been consistently applied to all periods presented, unless otherwise stated.

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and the requirements of the South African Companies Act. The financial statements have been prepared under the historical cost convention as modified by the revaluation of available-for-sale financial assets and financial liabilities (including derivatives) at fair value through profit or loss. Amounts are rounded to the nearest million with the exception of earnings per share and the weighted average number of shares (note 7).

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period based on management's best knowledge of current events and actions. Actual results may differ from these estimates. Areas involving a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the Group financial statements are disclosed in notes 1.26 and 1.27.

1.2 Consolidation

The Group financial statements incorporate the financial statements of MTN Group Limited and all its subsidiaries, joint ventures, associates and special purpose entities ("SPE") for the year ended 31 December 2007.

1.2.1 Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or currently convertible are considered when assessing whether the Group has the power to control another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and are de-consolidated from the date that control ceases.

All intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated on consolidation. Unrealised losses are also eliminated but are considered an impairment indicator of the asset transferred. SPEs (including insurance cell captives and the various MTN Group staff incentive schemes) are consolidated when the substance of the relationship indicates that the SPE is controlled by the Group.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of acquisition plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets of the subsidiary acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Minority shareholders are treated as equity participants and, therefore, all acquisitions of minority interests or disposals by the Group of its minority interests in subsidiary companies where control is maintained subsequent to the disposal are accounted for as equity transactions with minorities. Consequently, the difference between the purchase price and the book value of a minority interest purchased is recorded in equity. All profits and losses arising as a result of the disposal of interests in subsidiaries to minorities, where control is maintained subsequent to the disposal, are also recorded in equity.

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

The Company accounts for investments in subsidiaries at cost, which includes transaction costs, less accumulated impairment losses.

1.2.2 Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights.

Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. Under this method, the Group's share of post-acquisition accumulated profits or losses of associated companies, which are generally determined from their latest audited financial statements, is included in the carrying value of the investments, and the annual profit attributable to the Group is recognised in the income statement. The Group's share of post-acquisition movement in reserves is recognised in other reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. The carrying amount of such interests is reduced to recognise any potential impairment, other than a temporary decline, in the value of individual investments.

The Group's investment in associates includes goodwill (net of accumulated impairment loss) identified on acquisition. When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses unless the Group has incurred obligations, issued guarantees or made payments on behalf of the associate.

Where another Group entity transacts with an associate of the Group, unrealised profits and losses are eliminated to the extent of the Group's interest in the relevant associate, except where unrealised losses provide evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies of the Group.

The Company accounts for investments in associates at cost, which includes transaction costs, less accumulated impairment losses.

1.2.3 Joint ventures

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity which is subject to joint control.

Joint venture arrangements which involve the establishment of a separate entity in which each venturer has an interest, are referred to as jointly controlled entities. The Group reports its interests in jointly controlled entities using the proportionate consolidation method of accounting. The Group's share of the assets, liabilities, income and expenses and cash flows of jointly controlled entities are combined with the equivalent items in the Group financial statements on a line-by-line basis.

Principal accounting policies *continued*

for the year ended 31 December 2007

1. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (continued)

1.2 Consolidation (continued)

1.2.3 Joint ventures (continued)

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.

The company accounts for investments in joint ventures at cost, which includes transaction costs, less accumulated impairment losses.

1.3 Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments.

A geographic segment is engaged in providing products or services within a particular economic environment that is subject to risks and returns that are different from those of segments operating in other economic environments.

The geographic location of the Group's telecommunication network facilities constitutes the primary segment. The basis of the segment reporting is representative of the internal structure used for management reporting.

Segment results include revenue and expenses directly attributable to a segment and the relevant portion of enterprise revenue and expenses that can be allocated on a reasonable basis to a segment, whether from external transactions or from transactions with other Group segments. Intersegment transfer pricing is based on cost plus an appropriate margin. Unallocated items mainly comprise corporate expenses which do not directly relate to the operating activities of the segments or which cannot be re-allocated on a reasonable basis. Segment results are determined before any adjustment for minority interest. Segment assets and liabilities comprise those operating assets and liabilities that are directly attributable to the segment or can be allocated to the segment on a reasonable basis. Segment assets are determined after deducting related allowances that are reported as direct offsets in the Group's balance sheet.

1.4 Foreign currency translation

1.4.1 Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the primary economic environment in which the entity operates ("the functional currency"). The Group financial statements are presented in South African rand, which is the functional and presentation currency of the parent company.

1.4.2 Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement except when deferred in equity as qualifying cash-flow hedges.

Changes in the fair value of monetary securities denominated in foreign currency classified as available-for-sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in the amortised cost are recognised in profit or loss, and other changes in the carrying amount are recognised in equity.

Translation differences on non-monetary financial assets and liabilities are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets and liabilities, such as equities held at fair value through profit or loss, are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available-for-sale are included in the available-for-sale equity reserve.

1.4.3 Group companies

The financial statements of all Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities are translated at rates of exchange ruling at the balance sheet date;
- Equity is translated at rates of exchange ruling at the transaction date;
- Income and expenditure and cash-flow items are translated at weighted average exchange rates for the period;
- Foreign exchange translation differences are recognised as a separate component of equity in a foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to equity (refer to note 18). When a foreign operation is sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the exchange rate ruling at the balance sheet date.

1.5 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. Property, plant and equipment acquired through business combinations are initially shown at fair value and are subsequently carried at the initially determined fair value less accumulated depreciation and impairment losses.

Cost includes all costs directly attributable to bringing the asset to working condition for its intended use and the present value of future decommissioning costs. Depreciation of property, plant and equipment is calculated to write off the cost of the asset to its residual value, on the straight-line basis, over its expected useful life as follows:

Buildings – owned	5 – 50 years
Buildings – leased	3 – 11 years (shorter of lease term and useful life)
Network infrastructure	3 – 20 years
Information systems equipment	3 – 10 years
Furniture and fittings	3 – 10 years
Leasehold improvements	3 – 10 years (shorter of lease term and useful life)
Office equipment	3 – 10 years
Motor vehicles	3 – 10 years

Principal accounting policies *continued*

for the year ended 31 December 2007

1. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (continued)

1.5 Property, plant and equipment (continued)

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Land is not depreciated. Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the expected term of the relevant lease.

Capital work in progress

Property, plant and equipment under construction is stated at initial cost and depreciated from the date the asset is placed in use over its useful life. The cost of self-constructed assets includes expenditure on materials and direct labour. Assets are transferred from capital work in progress to an appropriate category of property, plant and equipment when commissioned and ready for its intended use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Repairs and maintenance are charged to the income statement during the financial period in which they are incurred. Borrowing costs are not capitalised in accordance with Group policy.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the fair value of the sales proceeds and the carrying amount of the asset, and is included in operating profit.

1.6 Leases

Leases over property, plant and equipment are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. Assets held under finance leases are capitalised at the lower of the fair value of the leased asset and the estimated present value of the minimum lease payments at the inception of the lease. The corresponding liability to the lessor, net of finance charges, is included in the balance sheet under borrowings. Each lease payment is allocated between the liability and finance charges. Finance costs, which represent the difference between the total lease commitments and fair value of the assets acquired, are charged to the income statement over the term of the relevant leases so as to produce a constant periodic rate of interest on the remaining balance of the obligations for each accounting period.

Leases, where a significant portion of the risks and rewards of ownership are retained by the lessor, are classified as operating leases. Rentals payable under operating leases are charged to the income statement on a straight-line basis over the term of the relevant leases.

In all significant leasing arrangements in place during the period, the Group acted as the lessee.

1.7 Intangible assets

1.7.1 Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring the specific software into use. These costs are amortised over their estimated useful lives (three to five years).

Costs associated with maintaining computer software programs are recognised as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include the software development employee costs and an appropriate portion of relevant overheads. Expenditure that enhances or extends the performance of computer software programs beyond their original specifications is recognised as a capital improvement and added to the original cost of the software.

Computer software development costs recognised as assets are amortised over their estimated useful lives (not exceeding three years).

1.7.2 Licences

Licences are initially shown at historical cost. Licences have a finite useful life and are subsequently carried at costs less accumulated amortisation and impairment losses. Licences acquired through business combinations are initially shown at fair value and are subsequently carried at the initially determined fair value less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of licences over their estimated useful lives from the commencement of service of the network. The useful lives and renewal periods of licences are given in note 36, and are determined primarily with reference to the unexpired licence period, the conditions for licence renewal and whether licences are dependent on specific technologies.

1.7.3 Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary, associate or jointly controlled entity at the date of acquisition.

Goodwill arising on the acquisition of subsidiaries and jointly controlled entities is included in intangible assets. Goodwill arising on the acquisition of an associate is included in "investments in associates", and is tested for impairment as part of the overall balance.

Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash generating units or groups of cash generating units that are expected to benefit from the business combination in which the goodwill arose. Each of those cash-generating units represents the Group's investment in each country of operation.

Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill allocated to the entity sold.

1.7.4 Customer relationships

Customer relationships acquired through business combinations are initially shown at fair value, and are subsequently carried at the initially determined fair value less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method to allocate the value of the customer bases over their estimated useful lives. Prepaid customer bases are amortised over two to five years and postpaid customer bases are amortised over five years.

Principal accounting policies *continued*

for the year ended 31 December 2007

1. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (continued)

1.7 Intangible assets

1.7.5 Other intangible assets

Other intangible assets with finite lives are stated at cost less accumulated amortisation and impairment losses. Other intangible assets acquired through business combinations are initially shown at fair value and are subsequently carried at the initially determined fair value less accumulated amortisation and impairment losses. Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets from the date they are available for use. The estimated useful life for brands is 20 years.

1.8 Impairment of non-financial assets

Goodwill is deemed to have an indefinite useful life and is not subject to amortisation and is tested annually for impairment. The useful life of assets subject to amortisation is reviewed on an annual basis as is impairment testing. Assets that are subject to amortisation/depreciation are also reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised in the income statement for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

Non-financial assets other than goodwill that suffer impairment are reviewed for possible reversal of the impairment at each reporting date, in the event of which the impairment reversal is credited to the income statement, limited to what the carrying amount of the asset would have been if the original impairment had not taken place.

1.9 Financial instruments

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

1.9.1 Financial assets

The Group classifies its financial assets into the following categories: at fair value through profit or loss, loans and receivables and available-for-sale. The classification is dependent on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling the item in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets. Financial assets held for trading are accounted for in accordance with note 1.23.2.

(b) Loans and other receivables

Loans and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and other receivables include loans (note 12), trade and other receivables (excluding prepayments) (note 15), restricted cash (note 26) and cash and cash equivalents (note 25). Loans and receivables are classified as "Loans and other non-current receivables" in the balance sheet. For the accounting policy in respect of trade receivables, refer to note 1.12 and in respect of cash and cash equivalents, refer to note 1.13.

(c) **Available-for-sale financial assets**

Available-for-sale financial assets are non-derivative financial assets that are not classified in any of the other categories. They are included in non-current assets unless management has expressed their intention of holding the investment for less than 12 months from the balance sheet date.

Regular purchases and sales of investments are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Available-for-sale financial assets and financial assets held at fair value through profit or loss are subsequently carried at fair value.

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of security and other changes in the carrying amount of the security. The translation differences on monetary securities are recognised in profit or loss; translation differences on non-monetary securities are recognised in equity. Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised in equity. Gains and losses arising from changes in the fair value of financial assets at fair value through profit or loss, including interest and dividend income, are included in the income statement in the periods they arise.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement as "gains and losses from investment securities". Interest on available-for-sale securities calculated using the effective interest rate method is recognised in the income statement. Dividend income on available-for-sale equity instruments is recognised in the income statement when the Group's right to receive payment is established.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, and discounted cash flow analysis, making maximum use of market inputs and relying as little as possible on entity-specific inputs. Equity securities for which fair values cannot be measured reliably are recognised at cost less impairment.

The Group assesses at each balance sheet date if there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss, is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement. Impairment testing of trade receivables is described in note 1.12.

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

Principal accounting policies *continued*

for the year ended 31 December 2007

1. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (continued)

1.9 Financial instruments (continued)

1.9.2 Financial liabilities and equity

The Group measures all financial liabilities, including trade and other payables, at amortised cost using the effective interest rate method. Financial liabilities include borrowings (note 19); other non-current liabilities (excluding provisions) (note 20); and trade and other payables (excluding provisions) (note 21).

1.9.3 Trade payables

Trade payables are initially measured at fair value and are subsequently measured at amortised cost, using the effective interest rate method.

1.10 Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date the derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either:

- (a) hedges of the fair value of recognised liabilities (fair-value hedge);
- (b) hedges of a particular risk associated with a recognised liability or a highly probable forecast transaction (cash-flow hedge);
- (c) hedges of a net investment in a foreign operation (net investment hedge).

The Group documents, at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedged transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of various derivative instruments used for hedging purposes are disclosed in note 38. Movements on the hedging reserve in shareholdings' equity are shown in note 18. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

(a) Fair-value hedge

Changes in the fair value of derivatives that are designated and qualify as fair-value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

If the hedge no longer meets the criteria for hedge accounting, the adjustment of the carrying amount of a hedge item for which the effective method is used is amortised to profit or loss over the period to maturity.

(b) Cash-flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash-flow hedges are recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

Amounts accumulated in equity are recycled to the income statement in the periods when the hedged item affects profit or loss.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

(c) Net investment hedge

Hedges of net investments in foreign operations are accounted for similarly to cash-flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

Gains and losses accumulated in equity are included in the income statement when the foreign operation is partially disposed of or sold.

(d) Derivatives at fair value through profit or loss

Certain derivative instruments do not qualify for hedge accounting and are accounted for at fair value through profit or loss. Changes in the fair value of these derivative instruments that do not qualify are recognised immediately in the income statement.

1.11 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. Cost comprises direct materials and, where applicable, overheads that have been incurred in bringing the inventories to their present location and condition, excluding borrowing costs. Net realisable value represents the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Where appropriate, an impairment provision is raised in respect of obsolete and defective inventories.

1.12 Trade receivables

Trade receivables are recognised initially at fair value and subsequently at amortised cost using the effective interest method, less provision made for the impairment of these receivables. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount provided is the difference between the asset carrying amount and the estimated recoverable amount, being the present value of expected future cash flows, discounted at the effective rate of interest. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited to the income statement.

1.13 Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held on call and investments in money market instruments, net of bank overdrafts, all of which are available for use by the Group. Bank overdrafts are included within current liabilities on the balance sheet, unless the entity has a legally enforceable right to set off the amounts and intends to settle on a net basis, or realise the asset and settle the liability simultaneously. Derivative financial instruments with a maturity date of three months or less are included in cash and cash equivalents.

Principal accounting policies *continued*

for the year ended 31 December 2007

1. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (continued)

1.14 Share capital

Ordinary shares are classified as equity. Incremental external costs directly attributable to the issue of new shares or options, are shown in equity as a deduction, net of tax, from the proceeds.

Where the Company or its subsidiaries purchase the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental external costs net of income taxes, is deducted from total shareholders' equity as treasury shares until they are cancelled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in shareholders' equity.

1.15 Borrowings

Borrowings are recognised initially at the fair value of proceeds received, net of transaction costs incurred, when the relevant contracts are entered into. Borrowings are subsequently stated at amortised cost using the effective interest rate method; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings as interest.

Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

1.16 Current and deferred income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company's subsidiaries and joint ventures operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided for in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. However, if the deferred income taxes arise from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted at the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates and joint ventures, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

1.17 Employee benefits

Short-term employee benefits

Remuneration to employees in respect of services rendered during a reporting period is recognised as an expense in that reporting period. Provision is made for accumulated leave and for non-vested short-term benefits when there is no realistic alternative other than to settle the liability, and at least one of the following conditions is met:

- there is a formal plan and the amounts to be paid are determined before the time of issuing the financial statements; or
- achievement of previously agreed bonus criteria has created a valid expectation by employees that they will receive a bonus and the amount can be determined before the time of issuing the financial statements.

Share-based compensation

The Group operates two staff share incentive schemes, the MTN Group Limited Share Option Scheme and the MTN Group Share Appreciation Rights Scheme.

These schemes are accounted for as equity-settled share-based payments to employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non-market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the shares that will eventually vest and adjusted for the effect of non-market-based vesting conditions. Fair value is measured using the stochastic model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

Where employees exercise options in terms of the rules and regulations of the option schemes, treasury shares if available within the MTN Group Share Trust, are allocated, or alternatively new shares are issued to participants as beneficial owners. The directors procure a listing of these shares on the JSE Limited on which the Company's shares are listed. For the share option scheme, in exchange for the share options the participants entitled to such share options pay a consideration equal to 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 option price is credited to share premium. The share appreciation rights scheme is exercised at the participants' election in terms of the vesting period and on the date exercised the benefits associated with the share appreciation rights will be received by the participant. At the participants' election any tax associated with the rights awards and the settlement of the strike price can be settled either in cash or MTN would act as agent and dispose of the shares on the participants' behalf. The proceeds of the disposal will be used to settle the participants' obligations. Further details of equity compensation schemes are provided in the directors' report.

Principal accounting policies *continued*

for the year ended 31 December 2007

1. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (continued)

1.17 Employee benefits (continued)

Defined contribution plans

Group companies operate various defined contribution schemes.

A defined contribution plan is one under which the Group pays a fixed percentage of employees' remuneration as contributions into a separate entity (a fund), and will have no further legal or constructive obligations to pay additional contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. Contributions to defined contribution plans in respect of services rendered during a period are recognised as an employee benefit expense when they are due.

Termination benefits

Termination benefits may be payable when an employee's employment is terminated before the normal retirement date due to death or retrenchment. Termination benefits are charged against income when the Group is demonstrably committed to any such plan without the possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after balance sheet date are discounted to their present value.

1.18 Basis of accounting of underwriting activities

Underwriting results are determined on an 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 relate to business incepted during the period and exclude value added tax.
- Unearned premiums represent the portion of premiums written during the period that relate to unexpired terms of policies in force at the balance sheet date, generally calculated on a time-apportionment basis.
- Claims incurred comprise claims and related expenses paid in the period and changes in the provisions for claims incurred but not reported and related expenses, together with any other adjustments to claims from previous years. Where applicable, deductions are made for salvage and other recoveries.
- Claims outstanding represent the ultimate cost of settling all claims (including direct and indirect settlement costs) arising from events that have occurred up to the balance sheet date, including provision for claims incurred but not yet reported, less any amounts paid in respect of those claims. Claims outstanding are reduced by anticipated salvage and other recoveries.

1.19 Provisions

A provision is recognised when there is a present legal or constructive obligation as a result of a past event for which it is more likely than not that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The Group provides for onerous contracts when the expected benefits to be derived from a contract are less than the unavoidable costs of meeting the obligations under the contract. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense.

1.20 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown, net of indirect taxes, estimated returns and trade discounts and after eliminating sales within the Group.

Revenue from the sale of goods and the rendering of services is recognised when it is probable that the economic benefits associated with a transaction will flow to the Group and the amount of revenue, and associated costs incurred or to be incurred, can be measured reliably. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved.

The main categories of revenue and the bases of recognition are:

1.20.1 Contract (postpaid) 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 they relate.
- Airtime: Revenue is recognised on the usage basis commencing on the date of activation.

1.20.2 Prepaid products

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

1.20.3 Other revenue

- Equipment sales: All equipment sales to third parties are recognised only when the risks and rewards of ownership are transferred to the buyer.
- Interconnect/Roaming/Data: Revenue is recognised on a usage basis, unless it is not probable on transaction date that the interconnect revenue will be received; in which case interconnect revenue is recognised only when the cash is received.
- Interest income: Revenue is recognised on the time proportion basis with reference to the principal amount receivable and the effective interest rate applicable. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

1.21 Connection incentives

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

1.22 Dividends

Dividend income is recognised when the right to receive the payment is established.

Dividends payable are recorded in the financial statements in the period in which they are approved by the Company's shareholders.

Principal accounting policies *continued*

for the year ended 31 December 2007

1. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (continued)

1.23 Financial risk management

1.23.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: foreign exchange risk, credit risk, liquidity risk, cash flow and fair value interest rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses derivative financial instruments, such as forward exchange contracts, to hedge certain exposures but, as a matter of principle, the Group does not enter into derivative contracts for speculative purposes.

Risk management is carried out under policies approved by the board of directors of the Company and of relevant subsidiaries. The MTN Group executive committee identifies, evaluates and hedges financial risks in co-operation with the Group's operating units. The board provides written principles for overall risk management, as well as for specific areas such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments, and investing excess liquidity.

Market risk

Cash flow and fair value interest rate risk

Interest rate risk arises from the repricing of the Group's forward cover and floating rate debt, incremental funding or new borrowings, the refinancing of existing borrowings and the magnitude of the significant cash balances which exist.

Debt in the South African entities and all holding companies (including Investcom LLC and MTN International (Mauritius) Limited) is managed on an optimal fixed versus floating interest rate basis, in line with the approved Group Treasury Policy. Significant cash balances are also considered in the fixed versus floating interest rate exposure mix.

Debt in the majority of MTN's non-South African operations is at floating interest rates. This is due to the underdeveloped and expensive nature of products in these financial markets. MTN continues to monitor developments which may create opportunities as these markets evolve in order that each underlying operation can be aligned with the Group Treasury Policy.

The Group makes use of various products including interest rate derivatives and other appropriate hedging tools as a way to manage these risks; however, derivative instruments may only be used to hedge existing exposures.

Sensitivity analysis

The Group has used a sensitivity analysis technique that measures the estimated change to the income statement and equity of an instantaneous increase or decrease of 1% (100 basis points) in market interest rates, from the rate applicable at 31 December, for each class of financial instrument with all other variables remaining constant. This analysis is for illustrative purposes only as, in practice, market rates rarely change in isolation.

The Group is exposed mainly to fluctuations in the following market interest rates: JIBAR, LIBOR, NIBOR and EURIBOR. Changes in market interest rates affect the interest income or expense of floating rate financial instruments, and the fair value gain or loss in respect of interest rate derivatives. Changes in market interest rates affect profit or loss only in relation to financial instruments with fixed interest rates if these financial instruments are recognised at their fair value.

A change in the above market interest rates at the reporting date would have increased/(decreased) profit before tax by the amounts shown below.

The analysis has been performed on the basis of the change occurring at the start of the reporting period and assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2006.

GROUP	Change in interest rate	Increase/(decrease) in profit before tax	
		Upward change in interest rate	Downward change in interest rate
At 31 December 2007	%	Rm	Rm
JIBAR	1	(15,6)	15,6
LIBOR	1	(48,5)	48,5
3-month LIBOR	1	(1,8)	1,8
NIBOR	1	(14,4)	14,4
EURIBOR	1	2,2	(2,2)
6-month EURIBOR	1	(1,5)	1,5
Money market	1	(1,8)	1,8
Other	1	7,8	(7,8)
At 31 December 2006			
JIBAR	1	(107,4)	107,4
LIBOR	1	(44,5)	44,5
3-Month LIBOR	1	(3,1)	3,1
NIBOR	1	(15,5)	15,5
EURIBOR	1	1,9	(1,9)
6-Month EURIBOR	1	(2,0)	2,0
Money market	1	(1,5)	1,5
Other	1	5,4	(5,4)

Principal accounting policies *continued*

for the year ended 31 December 2007

1. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (continued)

1.23 Financial risk management (continued)

1.23.1 Financial risk factors (continued)

Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures. Foreign exchange risk arises when future commercial transactions or recognised assets and liabilities are denominated in a currency that is not the entity's functional currency. Certain entities in the Group use forward contracts to hedge their exposure to foreign currency risk in connection with the functional currency. The Group's Nigerian subsidiary manages foreign currency risk on major foreign purchases by placing foreign currency on deposit as security against Letters of Credit ("LCs") when each order is placed. The Company has foreign subsidiaries whose assets are exposed to foreign currency translation risk, which is managed primarily through borrowings denominated in the relevant foreign currencies to the extent that such funding is available on reasonable terms in the local capital markets.

Sensitivity analysis

The Group has used a sensitivity analysis technique that measures the estimated change to the income statement and equity of an instantaneous 1% strengthening or weakening in the rand against all other currencies, from the rate applicable at 31 December, for each class of financial instrument with all other variables remaining constant. This analysis is for illustrative purposes only as, in practice, market rates rarely change in isolation.

The Group is exposed mainly to fluctuations in foreign exchange rates in respect of South African rand, US dollar, Nigerian naira, euro, Syrian pound, Iranian riyals, Ghanaian cedi, Sudanese dinars and Zambian kwacha. This analysis considers the impact of changes in foreign exchange rates on profit or loss and equity, excluding foreign exchange translation differences resulting from the translation of Group entities that have a functional currency different from the presentation currency, into the Group's presentation currency (and recognised in the foreign currency translation reserve).

A change in the foreign exchange rates to which the Group is exposed at the reporting date would have increased/(decreased) profit before tax by the amounts shown below.

The analysis has been performed on the basis of the change occurring at the start of the reporting period and assumes that all other variables, in particular interest rates, remains constant. The analysis is performed on the same basis for 2006.

GROUP	Increase/(decrease) in profit before tax		
	Change in exchange rate %	Weakening in functional currency, resulting in an increase/(decrease) in profit before tax Rm	Strengthening in functional currency, resulting in an increase/(decrease) in profit before tax Rm
At 31 December 2007			
Denominated: functional currency			
USD:ZAR	1	48,1	(48,1)
USD:SYP	1	22,0	(22,0)
USD:IRR	1	(17,4)	17,4
USD:GHC	1	(6,0)	6,0
USD:SDD	1	(10,2)	10,2
USD:ZMK	1	(3,7)	3,7
USD:EUR	1	2,2	(2,2)
EURO:ZAR	1	18,2	(18,2)
EURO:SYP	1	5,5	(5,5)
EURO:IRR	1	(15,6)	15,6
EURO:SDD	1	(1,9)	1,9
At 31 December 2006			
USD:ZAR	1	84,6	(84,6)
USD:NGN	1	(31,3)	31,3
USD:SYP	1	8,0	(8,0)
USD:IRR	1	(16,4)	16,4
USD:SDD	1	(4,8)	4,8
USD:ZMK	1	(2,3)	2,3
USD:EUR	1	(1,0)	1,0
EURO:ZAR	1	4,0	(4,0)
EURO:SYP	1	3,8	(3,8)
EURO:IRR	1	(1,9)	1,9
EURO:SDD	1	(2,9)	2,9

Principal accounting policies *continued*

for the year ended 31 December 2007

1. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (continued)

1.23 Financial risk management (continued)

1.23.1 Financial risk factors (continued)

Price risk

The Group is not exposed to commodity price risk or material equity securities 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.

Available liquid resources are:

GROUP	Carrying amount		Fair value	
	December 2007 Rm	December 2006 Rm	December 2007 Rm	December 2006 Rm
Cash at bank and on hand; net of overdrafts	15 546	9 008	15 546	9 008
Restricted cash	739	130	739	130
Trade and other receivables	12 586	9 055	12 586	9 055
	28 871	18 193	28 871	18 193
COMPANY				
Cash at bank and on hand; net of overdrafts	31	56	31	56
Trade and other receivables	327	143	327	143
	358	99	358	99

The following are the contractual maturities of financial liabilities, excluding interest payments:

GROUP	Payable within 1 month or on demand Rm	More than 1 month but not exceeding 3 months Rm	More than 3 months but not exceeding 1 year Rm
At 31 December 2007			
Current liabilities			
Borrowings*	1 510	3 188	4 630
Trade and other payables			
– Trade payables	3 541	1 036	1 751
– Sundry creditors	1 074	94	250
– Accrued expenses	5 720	545	1 163
Bank overdraft	1 322	—	—
Derivative financial instruments			
– Inflows	—	(4)	—
– Outflows	58	112	278
Other non-current liabilities			
– Put option in respect of subsidiaries	—	474	—
	13 225	5 445	8 072
	More than 1 year but not exceeding 2 years Rm	More than 2 years but not exceeding 5 years Rm	More than 5 years Rm
Non-current liabilities			
Borrowings*	4 024	17 222	1 761
Other non-current liabilities			
– Put option in respect of subsidiaries	—	2 082	—
– Obligation in respect of licence agreements	85	303	134
– Other non-current liabilities	90	17	10
	4 199	19 624	1 905

*Refer to note 19 for detailed information in respect of interest payments on borrowings.

Principal accounting policies *continued*

for the year ended 31 December 2007

1. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (continued)

1.23 Financial risk management (continued)

1.23.1 Financial risk factors (continued)

GROUP	Payable within 1 month or on demand Rm	More than 1 month but not exceeding 3 months Rm	More than 3 months but not exceeding 1 year Rm
At 31 December 2006			
Current liabilities			
Borrowings*	297	379	2 763
Trade and other payables			
– Trade payables	2 831	808	991
– Sundry creditors	868	96	58
– Accrued expenses	3 938	318	255
Bank overdraft	953	—	—
Derivative financial instruments			
– Inflows	(2)	—	—
– Outflows	120	43	163
	9 005	1 644	4 230
	More than 1 year but not exceeding 2 years Rm	More than 2 years but not exceeding 5 years Rm	More than 5 years Rm
Non-current liabilities			
Borrowings*	10 047	16 972	1 568
Other non-current liabilities			
– Put option in respect of subsidiaries	480	1 524	—
– Obligation in respect of licence agreements	176	224	—
– Other non-current liabilities	424	2	1
	11 127	18 722	1 569

*Refer to note 19 for detailed information in respect of interest payments on borrowings.

COMPANY	Payable within 1 month or on demand Rm	More than 1 month but not exceeding 3 months Rm	More than 3 months but not exceeding 1 year Rm
At 31 December 2007			
<i>Current liabilities</i>			
Trade and other payables			
– Sundry creditors	10	50	—
– Accrued expenses and other payables	5	—	—
	15	50	—
At 31 December 2006			
<i>Current liabilities</i>			
Trade and other payables			
– Sundry creditors	3	—	—
– Accrued expenses and other payables	5	—	—
	8	—	—

Principal accounting policies *continued*

for the year ended 31 December 2007

1. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (continued)

1.23 Financial risk management (continued)

1.23.1 Financial risk factors (continued)

Credit risk

MTN's financial instruments that are exposed to concentrations of credit risk consist primarily of trade receivables (note 15).

The Group has no significant concentrations of credit risk, due to its wide spread of customers across various operations. The Group has policies in place to ensure that retail sales of products and services are made to customers with an appropriate credit history. The recoverability of interconnect debtors in certain international operations is uncertain; however, this is actively managed within acceptable limits (this fact has been incorporated in the assessment of an appropriate revenue recognition policy in this regard (note 1.20.3) and the impairment of trade receivables as applicable). Derivative counterparties and cash transactions are limited to high credit quality financial institutions. The Group actively seeks to limit the amount of credit exposure to any one financial institution.

The Group's maximum exposure to credit risk is represented by the carrying amount of all the financial assets determined to be exposed to credit risk, with the exception of financial guarantees granted by the Group for which the maximum exposure to credit risk is the maximum amount the Group would have to pay if the guarantees are called on.

Capital risk management

The Group's policy is to maximise borrowings at an operating company level, on a non-recourse basis, within an acceptable level of debt for the maturity of the local company. Equity funding for existing operations or new acquisitions is raised centrally, first from excess cash and then from new borrowings while retaining an acceptable level of debt for the consolidated Group. Where funding is not available to the operating company or in specific circumstances where it is more efficient to do so, funding is sourced centrally and on-lent. The Group's policy is to borrow using a mixture of long-term and short-term capital market issues and borrowing facilities from the local and international capital markets as well as multi-lateral organisations together with cash generated to meet anticipated funding requirements. The board of directors has approved three key debt protection ratios, being: Net debt: EBITDA; Net debt: Equity and Net interest: EBITDA. Net debt is defined as cash and cash equivalents less interest-bearing borrowings. Equity approximates share capital and reserves attributable to equity holders of the company.

These internal ratios establish levels of debt that the Group should not exceed other than for relatively short periods of time and are shared with the Group's debt rating agencies, being Moody's and Fitch.

1.23.2 Accounting for derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at fair value and are subsequently re-measured to their fair value through the income statement. Embedded derivatives separated from their host contracts are initially recognised in the balance sheet at the fair value of the consideration received/paid, if any, and are subsequently re-measured to their fair value through the income statement (note 39).

1.23.3 Fair value estimation

The fair value of forward foreign exchange contracts is determined using quoted forward exchange market rates at the balance sheet date. In assessing the fair value of non-traded derivatives and other financial instruments, the Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Quoted market prices or dealer quotes for specific or similar instruments are used for long-term debt. Other techniques, such as option pricing models and estimated discounted value of future cash flows, are used to determine fair value for the remaining financial instruments.

The carrying value (less impairment provisions where relevant) of short-term non-derivative financial instruments is assumed to approximate their fair value. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate available to the Group for similar financial instruments.

1.24 Earnings per ordinary share

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

Headline earnings per ordinary share are calculated using the weighted average number of ordinary shares in issue during the period and are based on the earnings attributable to ordinary shareholders, after excluding those items as required by Circular 8/2007 issued by the South African Institute of Chartered Accountants ("SAICA").

Principal accounting policies *continued*

for the year ended 31 December 2007

1. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (continued)

1.25 New accounting standards and International Financial Reporting Interpretation Committee ("IFRIC") interpretations

Certain new accounting standards, amendments and interpretations to existing standards have been published that are mandatory for accounting periods beginning on or after 1 January 2008 or later periods, and which the Group has elected not to early adopt.

The following standards, amendments and interpretations became effective in 2007:

- *IFRS 7, Financial Instruments: Disclosures, and a complementary amendment to IAS 1, Presentation of Financial Statements – Capital Disclosures and consequential amendments to IFRS 4 implementation guidance.*

IFRS 7 is applicable for annual periods beginning on or after 1 January 2007 and supersedes both IAS 30 "Disclosures in the Financial Statements of Banks and Similar Financial Institutions", and the disclosure requirements of IAS 32 "Financial Instruments: Disclosure and Presentation". The latter has been renamed "Financial Instruments: Presentation" as this standard now deals only with presentation matters, including classification of financial liabilities and equity, compound financial instruments, offsetting and treasury shares. IFRS 7 incorporates many of the requirements previously contained in IAS 30 and IAS 32, but some have been amended, some made less prescriptive and new ones added.

At the same time that IFRS 7 was published, a complementary amendment was made to IAS 1, Presentation of Financial Statements – Capital Disclosures, which adds requirements for all entities to provide information about the level of capital and how the entity manages capital. Disclosure requirements of this standard and relating amendment have been included in these financial statements as deemed appropriate.

- *IFRS 4 Insurance contracts; IFRIC 7 Applying the restatement approach under IAS 29 Financial reporting in hyperinflationary economies.*
This standard and interpretation were not deemed relevant to the Group's operations.
- *IFRIC 8, "Scope of IFRS 2".*
This standard requires consideration of transactions involving the issuance of equity instruments, where the identifiable consideration received is less than the fair value of the equity instruments issued in order to establish whether or not they fall within the scope of IFRS 2. This standard did not have a material impact on the Group's financial statements.
- *IFRIC 10, "Interim financial reporting and impairment".*
This standard prohibits the impairment losses recognised in an interim period on goodwill and investments in equity instruments and in financial assets carried at cost to be reversed at a subsequent balance sheet date. This standard did not have any impact on the Group's financial statements.

The standards and interpretations included hereafter may have an impact on the Group's operations when they become effective. The Group will apply these standards and interpretations in the applicable annual period which they become effective from. An assessment of which is still in the process of being finalised by management:

- *IFRS 8, Operating Segments (effective 1 January 2009)*
IFRS 8 requires an entity to adopt the "management approach" to reporting on the financial performance of its operating segments. The standard sets out requirements for the disclosure of information about an entity's operating segments and also about the entity's products and services, the geographic areas in which it operates, and its major customers. The disclosure should enable users of financial statements to evaluate the nature and financial effects of the business activities in which it engages and the economic environments in which it operates.
- *IFRIC 11, IFRS 2 – Group and Treasury Share Transactions (effective 1 March 2007)*
IFRIC 11 addresses how to apply IFRS 2 to share-based payment arrangements involving an entity's own equity instruments or equity instruments of another entity in the same group (eg equity instruments of its parent).
- *IFRIC 12, Service Concession Arrangements (effective 1 January 2008)*
IFRIC 12 addresses how service concession operators should apply existing IFRS to account for the obligations they undertake and rights they receive in service concession arrangements.
- *IFRIC 13, Customer Loyalty Programmes (effective 1 July 2008)*
IFRIC 13 addresses accounting by entities that grant loyalty award credits to customers who buy other goods or services. Specifically, it explains how such entities should account for their obligations to provide free or discounted goods or services to customers who redeem award credits.
- *IAS 23 (Amendment), Borrowing Costs (effective 1 January 2009)*
The main change from the previous version of IAS 23 is the removal of the option of immediately recognising as an expense borrowing costs that relate to assets that take a substantial period of time to get ready for use or sale.
- *IAS 1R, Presentation of Financial Statements (effective 1 January 2009)*
The objective of this standard is to prescribe the basis for presentation of general purpose financial statements, to ensure comparability both with the entity's financial statements of previous periods and with the financial statements of other entities.

Principal accounting policies *continued*

for the year ended 31 December 2007

1. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (continued)

1.25 New accounting standards and International Financial Reporting Interpretation Committee ("IFRIC") interpretations (continued)

- *IAS 27R, Consolidated and Separate Financial Statements (effective 1 January 2009)*
The objective of this standard is to reduce the alternatives in accounting for subsidiaries in consolidated financial statements and in accounting for investments in the separate financial statements of the parent, venturer or investor. The amendments relate, primarily, to accounting for non-controlling interests and the loss of control of a subsidiary.
- *IFRS 3R, Business Combinations (effective 1 January 2009)*
The objective of this standard is to enhance the relevance, reliability and comparability of the information that an entity provides in its financial statements about a business combination and its effects.
- *IFRS 2R, Share-based Payments (effective 1 January 2009)*
The objective of this standard is to:
 - (a) clarify that vesting conditions are service and performance conditions only
 - (b) all cancellations, whether by the entity or by another party, should receive the same accounting treatment.

The following interpretation is not yet effective nor relevant for the Group's operations:

- *IFRIC 14, IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their interaction (effective 1 January 2008)*
IFRIC 14 provides guidance on assessing the limit in IAS 19 in the amount of the surplus that can be recognised as an asset. It also explains how the pension asset or liability may be affected by a statutory or contractual minimum funding requirement. It is not expected to have any impact on the Group's accounts.

1.26 Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. Actual results may differ from these estimates. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 1.8. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates and the input factors most sensitive to change have been disclosed in note 9. The Group has performed a sensitivity analysis by varying these input factors by a reasonably possible margin and assessing whether the change in input factors results in any of the goodwill allocated to appropriate cash generating units being impaired. Based on the analysis performed, there are no indications that an impairment of goodwill related to any of its cash generating units that have been tested is required at year-end.

Connection incentives and subscriber acquisition costs

Connection incentives paid to service providers are currently expensed by the Group in the period incurred. Service providers utilise the incentives received from the Group to fund a variety of administrative costs and/or to provide incentives to maintain/sign up customers on behalf of the Group, at their own discretion. The portion of the incentive used by the respective service providers as an incentive to retain/obtain existing/new subscribers on behalf of the Group, should be capitalised only to the extent that it is reliably measurable (prepaid discount). In accordance with the framework under IFRS, the Group has resolved not to capitalise these fees due to the portion of incentives utilised to acquire/retain subscribers on behalf of the Group by the respective independent service providers not being reliably measurable.

In accordance with the recognition criteria in terms of IAS 38 Intangible Assets, the Group has also resolved not to capitalise commissions paid to dealers, utilised to acquire new subscribers, as intangible assets (subscriber acquisition cost), due to the portion utilised to acquire subscribers on behalf of the Group not being reliably measurable.

Interconnect revenue recognition

Due to the receipt of interconnect revenue in certain operations not being certain at transaction date, the Group has resolved to recognise interconnect revenue relating to these operations only as the cash is received.

1.27 Critical judgements in applying the entity's accounting policies

Deferred tax assets

Although Irancell Telecommunication Company Services as a start-up enterprise was still loss making at 31 December 2007, management of Irancell Telecommunication Company Services has resolved to raise a deferred tax asset in the amount of R400 million, of which the Group's portion amounts to R196 million (49%), relating to unused losses incurred up to 31 December 2007 (note 13). Management believes that it is probable that future taxable profit will be available against which the unused tax losses will be utilised.

Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many calculations and transactions for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

1.28 Secondary taxation on companies

Secondary taxation on companies ("STC") is provided for at a rate of 10% on the amount by which dividends declared by the Group exceeds dividends received. Deferred tax on unutilised STC credits is recognised to the extent that STC payable on future dividend payments is likely to be available for set-off.

Group income statement

for the year ended 31 December 2007

	Notes	Year ended 31 December 2007 Rm	Year ended 31 December 2006 Rm
Revenue	2	73 145	51 595
Direct network operating costs		(8 525)	(4 628)
Costs of handsets and other accessories		(5 524)	(4 135)
Interconnect and roaming		(9 997)	(7 178)
Employee benefits	3	(3 379)	(2 453)
Selling, distribution and marketing expenses		(9 071)	(7 949)
Other expenses		(4 592)	(2 832)
Impairment of property, plant and equipment	8	(212)	(7)
Depreciation	8	(6 774)	(5 030)
Amortisation of intangible assets	10	(2 199)	(1 289)
Operating profit	3	22 872	16 094
Finance income	4	1 780	1 880
Finance costs	5	(4 953)	(3 307)
Finance costs – net		(3 173)	(1 427)
Share of results of associates after tax	11	8	23
Profit before income tax		19 707	14 690
Income tax expense	6	(7 791)	(2 591)
Profit after tax		11 916	12 099
Attributable to			
Equity holders of the Company		10 608	10 610
Minority interests		1 308	1 489
		11 916	12 099
Earnings per ordinary share (cents) attributable to equity holders of the Company			
– basic	7	569,9	605,4
– diluted	7	559,2	589,1
Dividend per share (cents)	7	90,0	65,0

Group balance sheet

at 31 December 2007

	Notes	December 2007 Rm	December 2006 Rm
ASSETS			
Non-current assets		82 085	76 282
Property, plant and equipment	8	39 463	30 647
Goodwill	9	25 744	27 017
Other intangible assets	10	13 053	13 088
Investments in associates	11	60	73
Loans and other non-current receivables	12	2 433	2 852
Deferred income tax assets	13	1 332	2 605
Current assets		33 501	20 635
Inventories	14	1 167	1 043
Trade and other receivables	15	12 586	9 055
Taxation prepaid		184	60
Restricted cash	26	739	130
Financial assets held at fair value through profit or loss	16	—	362
Current portion of loans and other non-current receivables	12	1 933	—
Available-for-sale financial assets	40	24	24
Cash and cash equivalents	25	16 868	9 961
Total assets		115 586	96 917
EQUITY			
Ordinary shares and share premium	17	23 864	23 804
Retained earnings		38 020	28 974
Other reserves	18	(14 569)	(14 082)
Share capital and reserves attributable to equity holders of the Company		47 315	38 696
Minority interests		4 187	4 033
Total equity		51 502	42 729
LIABILITIES			
Non-current liabilities		29 114	34 203
Borrowings	19	23 007	28 587
Deferred income tax liabilities	13	2 676	2 778
Other non-current liabilities	20	3 431	2 838
Current liabilities		34 970	19 985
Trade and other payables	21	16 603	12 182
Unearned income		2 602	1 165
Provisions and other liabilities and charges	22	925	506
Current income tax liabilities		3 746	1 416
Borrowings	19	9 328	3 439
Derivative financial instruments	39	444	324
Bank overdraft	25	1 322	953
Total liabilities		64 084	54 188
Total equity and liabilities		115 586	96 917

Group statement of changes in equity

for the year ended 31 December 2007

	Share capital Rm	Share premium Rm	Retained earnings Rm	Other reserves Rm	Total Rm	Minority reserves Rm	Total Rm
Balance at 31 December 2005	*	14 272	19 495	(14 051)	19 716	3 380	23 096
Net profit	—	—	10 610	—	10 610	1 489	12 099
Transfers between reserves	—	—	(5)	5	—	—	—
Dividends paid	—	—	(1 083)	—	(1 083)	(1 374)	(2 457)
Dividends out of pre-acquisition reserves	—	—	(43)	—	(43)	—	(43)
Purchase of non-controlling interest	—	—	—	(1 686)	(1 686)	(1 188)	(2 874)
Purchase of controlling interest	—	—	—	—	—	1 187	1 187
Issue of share capital	*	9 532	—	—	9 532	—	9 532
Share-based payments reserve	—	—	—	36	36	—	36
Cash flow hedging reserve	—	—	—	(54)	(54)	—	(54)
Revaluation of shareholders' loans	—	—	—	86	86	—	86
Foreign currency translation differences	—	—	—	1 582	1 582	539	2 121
Balance at 31 December 2006	*	23 804	28 974	(14 082)	38 696	4 033	42 729
Net profit	—	—	10 608	—	10 608	1 308	11 916
Transfers between reserves	—	—	113	(113)	—	—	—
Dividends paid	—	—	(1 675)	—	(1 675)	(1 712)	(3 387)
Disposal of non-controlling interest	—	—	—	179	179	115	294
Purchase of controlling interest	—	—	—	—	—	192	192
Issue of share capital	*	60	—	—	60	—	60
Share-based payments reserve	—	—	—	92	92	—	92
Cash flow hedging reserve	—	—	—	30	30	—	30
Revaluation of shareholders' loans	—	—	—	565	565	—	565
Conversion of shareholders' loans to preference shares	—	—	—	—	—	(192)	(192)
Foreign currency translation differences	—	—	—	(1 240)	(1 240)	443	(797)
Balance at 31 December 2007	*	23 864	38 020	(14 569)	47 315	4 187	51 502

Notes

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*Amounts less than R1 million.

Group cash flow statement

for the year ended 31 December 2007

	Notes	Year ended 31 December 2007 Rm	Year ended 31 December 2006 Rm
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	23	34 334	22 934
Interest received	4	1 013	1 382
Interest paid	5	(3 589)	(1 525)
Dividends paid		(1 675)	(1 083)
Income tax paid	24	(4 233)	(4 086)
Net cash generated from operating activities		25 850	17 622
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(14 458)	(9 379)
– to maintain operations		(1 908)	(586)
– to expand operations		(12 550)	(8 793)
Acquisition of other loans and advances		(891)	(67)
Proceeds from sale of property, plant and equipment and non-current assets		142	102
Acquisition of intangible assets		(1 874)	(417)
Interest received	4	—	4
Disposal/(acquisition) of subsidiaries and joint ventures	43	52	(25 795)
Increase in non-current prepayments		(123)	(159)
Net cash used in investing activities		(17 152)	(35 711)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends to minorities		(1 712)	(1 374)
Proceeds from the issuance of ordinary shares	17	60	67
Decrease in other non-current liabilities		(11)	—
(Decrease)/increase in long-term borrowings		(5 836)	19 066
(Increase)/decrease in restricted cash		(609)	208
Increase in short-term borrowings		5 973	1 026
Net cash (used in)/generated from financing activities		(2 135)	18 993
Net increase in cash and cash equivalents		6 563	904
Cash and cash equivalents at beginning of year		9 008	7 164
Effect of exchange rate changes		(25)	940
Cash and cash equivalents at end of year	25	15 546	9 008

The cash flows shown above are presented net of VAT.

Notes to the Group financial statements

for the year ended 31 December 2007

1. PRIMARY REPORTING FORMAT-GEOGRAPHIC SEGMENTS

December 2007	South and East Africa Rm	West and Central Africa Rm	Middle East and North Africa Rm	Head office companies Rm	Reconciling items Rm	Consolidated Rm
Revenue						
External sales	31 453	30 843	10 779	70	—	73 145
Total revenue	31 453	30 843	10 779	70	—	73 145
Segment result	11 321	16 807	2 536	1 392	—	32 056
Impairment charge	7	(206)	(6)	(7)	—	(212)
Depreciation	(1 659)	(4 045)	(1 065)	(5)	—	(6 774)
Amortisation of intangible assets	(317)	(1 257)	(601)	(24)	—	(2 199)
Finance costs	(640)	(780)	(358)	(3 175)	—	(4 953)
Finance income	278	581	202	719	—	1 780
Share of profits of associates	8	—	—	—	—	8
Income tax expense	(2 843)	(4 571)	23	(399)	—	(7 791)
Net profit for the period	6 155	6 529	730	(1 498)	—	11 916
<i>Other information</i>						
Segment assets****						
Assets	22 373	35 629	14 669	169 091	(126 441)	115 321
Associates	81	—	—	—	—	81
Total assets	22 454	35 629	14 669	169 091	(126 441)	115 402
Segment liabilities****	15 991	16 602	12 018	15 727	—	60 338
Capital expenditure***	3 707	7 915	3 676	50	—	15 348
Average number of employees for the period for each of the Group's principal segments was:	5 911	4 639	4 163	165	—	14 878

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.

***Capital expenditure comprises additions to property, plant and equipment and additions to software.

****Income tax assets and income tax liabilities are not included in total segment assets and liabilities.

1. PRIMARY REPORTING FORMAT-GEOGRAPHIC SEGMENTS (continued)

December 2006*****	South and East Africa Rm	West and Central Africa Rm	Middle East and North Africa Rm	Head office companies Rm	Reconciling items** Rm	Consolidated Rm
Revenue						
External sales	26 586	21 208	3 756	45	—	51 595
Total revenue	26 586	21 208	3 756	45	—	51 595
Segment result	9 346	11 330	1 117	595	—	22 388
Impairment charge	—	25	—	—	—	25
Depreciation	(1 334)	(3 282)	(414)	—	—	(5 030)
Amortisation of intangible assets	(203)	(801)	(284)	(1)	—	(1 289)
Finance costs	(813)	(672)	(74)	(1 938)	190	(3 307)
Finance income	242	623	162	1 043	(190)	1 880
Share of profits of associates	23	—	—	—	—	23
Income tax expense	(2 142)	266	(325)	(390)	—	(2 591)
Net profit for the period	5 119	7 489	182	(691)	—	12 099
<i>Other information</i>						
Segment assets****						
Assets	18 674	28 305	9 465	159 795	(119 455)	96 784
Associates	73	—	—	—	—	73
Total assets	18 747	28 305	9 465	159 795	(119 455)	96 857
Segment liabilities****	(12 966)	(11 438)	(7 263)	(21 105)	—	(52 772)
Capital expenditure***	(3 120)	(4 998)	(1 656)	(4)	—	(9 778)
Average number of employees for the period for each of the Group's principal segments was:	6 875	3 565	1 902	153	—	12 495

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.

**Reconciling items relate to intercompany shareholders' loans.

***Capital expenditure comprises additions to property, plant and equipment and additions to software.

****Income tax assets and income tax liabilities are not included in total segment assets and liabilities.

*****Prior year comparatives have been restated due to the new geographical segmental groups.

Notes to the Group financial statements *continued*

for the year ended 31 December 2007

	Year ended 31 December 2007 Rm	Year ended 31 December 2006 Rm
2. REVENUE		
<i>Wireless telecommunications</i>	67 728	46 822
Airtime and subscription fees	53 340	36 309
Interconnect	13 535	10 159
Connection fees	853	354
<i>Cellular telephones and accessories</i>	3 221	3 096
<i>Other</i>	2 196	1 677
	73 145	51 595
3. OPERATING PROFIT		
The following items have been included in arriving at profit before tax:		
Auditors' remuneration:	(54)	(37)
– Audit fees	(43)	(26)
– Fees for other services	(9)	(11)
– Expenses	(2)	*
Directors' emoluments:	(65)	(59)
– Services as director	(54)	(52)
– Directors' fees	(11)	(7)
– Other expenses	—	—
Operating lease rentals:	(281)	(343)
– Property	(213)	(302)
– Equipment and vehicles	(68)	(41)
Loss on disposal of property, plant and equipment (note 23)	(73)	(55)
Movement in the provisions for inventories (note 14)	20	1
Impairment charge on property, plant and equipment (note 8)	(212)	(7)
Impairment charge on other intangible assets (note 10)***	(77)	—
Reversal of impairment on property, plant and equipment (note 8)**	—	32
Movement in the provision for impairment on trade receivables (note 15)	(91)	136

* Amounts less than R1 million.

** The impairment charge relates to certain network assets in MTN Nigeria Communications Limited which have been identified as being obsolete or no longer in use. During the prior year, a part of the impairment charge previously recorded was reversed due to these assets being re-introduced into the network.

*** The impairment charge relates to the previous Benin licence which was re-issued in accordance with the terms as included in note 36.

	Year ended 31 December 2007 Rm	Year ended 31 December 2006 Rm
3. OPERATING PROFIT (continued)		
Employee benefits:	(3 379)	(2 453)
– Wages and salaries	(2 844)	(2 075)
– Pension costs – defined contribution plans	(153)	(105)
– Share options granted to directors and employees	(90)	(18)
– Other	(309)	(273)
Fees paid for services:	(1 374)	(959)
– Administrative	(433)	(139)
– Management	(357)	(139)
– Professional	(185)	(309)
– Secretarial	(131)	(19)
– Technical	(268)	(353)
Net foreign exchange losses from trading activities	(2)	(3)
	Number	Number
Average number of employees	14 878	12 495
	Rm	Rm
4. FINANCE INCOME		
Interest income on loans and receivables	1 325	1 198
Net fair value gains on financial assets held for trading	—	29
Foreign exchange transaction gains	455	653
	1 780	1 880
<i>Reconciliation of interest received to finance income</i>		
Interest received (operating activities)	1 013	1 382
Interest received (investing activities)	—	4
Unrealised foreign exchange transaction gains	399	74
Interest accrued	368	391
Fair value adjustments	—	29
Finance income recognised in the income statement	1 780	1 880

Notes to the Group financial statements *continued*

for the year ended 31 December 2007

	Year ended 31 December 2007 Rm	Year ended 31 December 2006 Rm
5. FINANCE COSTS		
Interest expense – borrowings	(3 088)	(1 991)
Interest expense – finance leases	(25)	(99)
Finance costs – put option	(286)	(269)
Fair value losses	(619)	—
Foreign exchange transaction losses	(918)	(700)
Other	(17)	(248)
	(4 953)	(3 307)
<i>Reconciliation of interest paid to finance costs</i>		
Interest paid (operating activities)	(3 589)	(1 525)
Arrangement fees	(1)	(44)
Financing costs – put option	(286)	(269)
Fair value adjustments	(619)	(464)
Interest accrued	(142)	(342)
Other	—	(65)
Unrealised foreign exchange transaction losses	(316)	(598)
Finance costs recognised in the income statement	(4 953)	(3 307)
6. INCOME TAX EXPENSE		
Current tax		
Normal tax	(6 174)	(3 163)
Current year	(5 968)	(2 951)
Prior year over/(under) provision	3	(77)
Secondary tax on companies	(209)	(135)
Foreign tax		
Foreign income and withholding taxes**	(256)	(238)
Deferred tax (note 13)	(1 361)	810
Current year	(1 298)	939
Prior year over/(under) provision	17	(110)
Change in tax rate	(80)	(19)
	(7 791)	(2 591)
Secondary tax on companies		
STC relating to dividend to be proposed at the AGM	(254)	(209)

** Taxation for foreign jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

	Year ended 31 December 2007 %	Year ended 31 December 2006 %
6. INCOME TAX EXPENSE (continued)		
Tax rate reconciliation		
The income tax charge for the year is reconciled to the effective rate of taxation in South Africa as follows:		
Tax at standard rate	29,0	29,0
Expenses not deductible for tax purposes	1,8	4,3
Effect of different tax rates in other countries	(1,9)	(0,6)
Prior year tax	0,8	1,2
Income not subject to tax	(2,8)	(0,1)
Effect of pioneer status/tax credit granted	(3,0)	(16,9)
Effect of Nigerian commencement provisions	13,8	—
Withholding taxes	1,2	0,8
Effect of STC	1,1	0,9
Other	(0,5)	(1,0)
	39,5	17,6

The Company holds investments in Afghanistan, Benin, Botswana, Cameroon, Congo Brazzaville, Côte d'Ivoire, Cyprus, Ghana, Guinea Bissau, Guinea Conakry, Iran, Liberia, Nigeria, Rwanda, Sudan, Swaziland, Syria, Uganda, Yemen and Zambia. Taxation for foreign jurisdictions is calculated at the rates prevailing in the respective jurisdictions. The Company is regarded as tax resident in South Africa by the South African Revenue Services (SARS), and as such is subject to tax on its worldwide income in South Africa with only the income properly attributable to the presence in Mauritius being taxed in Mauritius.

7. EARNINGS AND DIVIDEND PER ORDINARY SHARE

7.1 Earnings per ordinary share

The calculation of basic earnings per ordinary share is based on net profit for the year of R10 608 million (December 2006: R10 610 million), and the weighted average number of 1 861 454 696 (December 2006: 1 752 304 867) ordinary shares in issue (excluding treasury shares).

The calculation of basic and adjusted headline earnings per ordinary share is calculated on basic headline earnings of R10 886 million (December 2006: R10 628 million) and adjusted headline earnings of R12 693 million (December 2006: R10 246 million) respectively, and the weighted average number of 1 861 454 696 (December 2006: 1 752 304 867) ordinary shares in issue (excluding treasury shares).

The calculation of diluted, basic headline and adjusted headline earnings per ordinary share is based on the respective earnings as indicated above, and the weighted average number of 1 875 629 522 (December 2006: 1 766 382 068) fully diluted ordinary shares in issue (excluding treasury shares) during the year.

Diluted earnings per share are calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. Dilutive potential ordinary shares are in respect of share options and share appreciation rights. For the share options and the share appreciation rights a calculation is done to determine the number of shares that could be acquired at fair value (determined as the average annual market share price of the company shares) based on the monetary value of the subscription rights attached to the outstanding share options. The number of shares calculated above is compared with the number of shares that would have been issued assuming the exercise of the share options and share appreciation rights.

Notes to the Group financial statements *continued*

for the year ended 31 December 2007

	Year ended 31 December 2007 Rm		Year ended 31 December 2006 Rm	
	Gross	Net*	Gross	Net*
7. EARNINGS AND DIVIDEND PER ORDINARY SHARE (continued)				
7.1 Earnings per ordinary share (continued)				
<i>Reconciliation between net profit attributable to the equity holders of the Company and headline earnings</i>				
Net profit for the period		10 608		10 610
<i>Adjusted for:</i>				
Loss on disposal of property, plant and equipment	73	61	55	40
Impairment/(reversal of impairment) of property, plant and equipment	212	173	(25)	(22)
Other impairments	57	44	—	—
Basic headline earnings		10 886		10 628
<i>Adjusted for:</i>				
Reversal of deferred tax asset	(264)	(223)	(825)	(650)
Reversal of the subsequent utilisation of deferred tax asset	1 968	1 664	—	—
Impact of put options				
– Fair value adjustment	310	262	153	120
– Finance costs	249	210	383	301
– Minority share of profits	(106)	(106)	(153)	(153)
Adjusted headline earnings		12 693		10 246
Earnings per ordinary share (cents)				
– Basic		569,9		605,4
– Basic headline		584,8		606,5
– Adjusted headline		681,9		584,7
Diluted earnings per share (cents)				
– Basic		559,2		589,1
– Basic headline		580,4		590,2
– Adjusted headline		676,8		568,6
		000		000
Weighted average number of shares		1 861 455		1 752 305
<i>Adjusted for:</i>				
– share options		6 947		11 901
– share appreciation rights		7 228		2 176
Weighted average number of shares for diluted earnings per share calculation		1 875 630		1 766 382

* Amounts are stated after taking into account minority interests.

7. EARNINGS AND DIVIDEND PER ORDINARY SHARE (continued)

7.1 Earnings per ordinary share (continued)

Explanation of adjusted headline earnings

Impact of put options

The implementation of IFRS requires the Group to account for a written put option held by a minority shareholder of one of the Group's subsidiaries, which provides them with the right to require the subsidiary to acquire their shareholding at fair value. Prior to the implementation of IFRS, the shareholding was treated as a minority shareholder in the subsidiary as all risks and rewards associated with these shares, including dividends, accrued to the minority shareholder. IAS 32 requires that in the circumstances described in the previous paragraph:

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

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

- (a) the recording of a liability for the present value of the future strike price of the written put option results in the recording of a liability that is inconsistent with the framework, as there is no present obligation for the future strike price; and
- (b) the shares considered to be subject to the contracts that are outstanding, have the same rights as any other shares and should therefore be accounted for as a derivative rather than creating an exception to the accounting required under IAS 39.

7.2 Dividend per share

The dividends paid during the December 2007 and 2006 financial years amounted to R1 675 million and R1 083 million respectively. A dividend in respect of the period ended 31 December 2007 of R1,36 per share, is to be proposed at the annual general meeting on 19 June 2008. These financial statements do not reflect this proposed dividend.

Notes to the Group financial statements *continued*

for the year ended 31 December 2007

	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 19,32) Rm	Capital work-in-progress/other Rm	Total Rm
8. PROPERTY, PLANT AND EQUIPMENT								
8.1 Movement in net book amount At 31 December 2007								
Cost	1 997	588	53 564	3 854	516	655	2 965	64 139
Accumulated depreciation	(219)	(313)	(21 154)	(2 516)	(275)	(126)	(73)	(24 676)
Net book amount	1 778	275	32 410	1 338	241	529	2 892	39 463
<i>The movement in net book amount of property, plant and equipment is:</i>								
Year ended 31 December 2007								
Opening net book amount	1 585	221	26 274	1 244	202	557	564	30 647
Acquisition of business combinations	—	(1)	646	10	10	—	25	690
Additions	372	133	10 775	576	114	—	2 850	14 820
Impairment loss	—	—	(212)	—	—	—	—	(212)
Disposals	(4)	(1)	(167)	(8)	(6)	—	(377)	(563)
Reallocation (to)/from intangible assets*	(119)	14	234	23	1	—	(204)	(51)
Reallocation to prepayments**	—	3	192	18	—	—	(227)	(14)
Depreciation charge	(83)	(106)	(5 846)	(550)	(82)	(28)	(79)	(6 774)
Exchange differences	27	12	514	25	2	—	340	920
Closing net book amount	1 778	275	32 410	1 338	241	529	2 892	39 463
At 31 December 2006								
Cost	1 711	478	42 015	2 953	408	655	569	48 789
Accumulated depreciation	(126)	(257)	(15 741)	(1 709)	(206)	(98)	(5)	(18 142)
Net book amount	1 585	221	26 274	1 244	202	557	564	30 647
<i>The movement in net book amount of property, plant and equipment is:</i>								
Year ended 31 December 2006								
Opening net book amount	1 198	153	17 837	791	107	590	—	20 676
Acquisition of business combinations	47	27	3 577	209	79	—	127	4 066
Additions	431	100	7 859	550	60	—	379	9 379
Impairment loss	—	—	(7)	—	—	—	—	(7)
Reversal of impairment loss	—	—	32	—	—	—	—	32
Disposals	(17)	(3)	(67)	(29)	(9)	—	(32)	(157)
Depreciation charge	(65)	(75)	(4 278)	(512)	(62)	(33)	(5)	(5 030)
Exchange differences	(9)	19	1 321	235	27	—	95	1 688
Closing net book amount	1 585	221	26 274	1 244	202	557	564	30 647

Registers with details of land and buildings are available for inspection by members or their duly authorised representatives at the registered offices of the Company and its respective subsidiaries.

*This relates to software acquired in the prior year that was reallocated to intangible assets in the current financial year.

**This relates to advances made for capital expenditure in the prior financial year.

8. PROPERTY, PLANT AND EQUIPMENT (continued)

8.2 Encumbrances

MTN Côte d'Ivoire

Borrowings by MTN Côte d'Ivoire are secured by a fixed charge over the company's network equipment with a book value of R797 million (December 2006: R590 million) (note 19).

MTN Rwandacell S.A.R.L

The syndicated loan acquired from four local banks was secured by a floating charge on MTN Rwandacell S.A.R.L's fixed assets with a book value of R nil (December 2006: R107 million) (note 19). The loan was subsequently repaid.

MTN Uganda Limited

In terms of the Inter-creditor Security Package, MTN Uganda Limited has provided a first ranking floating charge over all its present and future assets, except its licence. Its property, plant and equipment has a book value of R1 202 million (December 2006: R1 031 million). This serves as security for a syndicated loan made to MTN Uganda Limited by various banks and financial institutions (note 19).

MTN (Proprietary) Limited

Loans from ABSA and RMB are secured by promissory notes in respect of lease rentals relating to Phase 1 and a mortgage bond over Phase 2.

The book values of these secured assets are R231 million and R298 million respectively (December 2006: R247 million and R315 million respectively) (note 19).

Scancom Limited (Ghana)

Borrowings by Scancom Limited are secured by two switches of the operation with a book value of R nil (2006: R6 million) (note 19).

Areeba Limited (Cyprus)

Borrowings by Areeba Limited are secured by motor vehicles with a book value of R0,24 million in 2006 (note 19). The borrowings were subsequently repaid.

MTN Congo SA

Borrowings by MTN Congo SA are secured by motor vehicles with a book value of R12 million (December 2006: R1 million) (note 19).

MTN Nigeria Communications Limited

Borrowings by MTN Nigeria Communications Limited were secured by a fixed charge over the company's fixed assets with a book value of R13 636 million in 2006 (note 19). The borrowings were subsequently repaid.

Irancell Telecommunication Company Services

Borrowings by Irancell Telecommunication Company Services are secured by assets with a book value of R19,64 million (note 19).

Notes to the Group financial statements *continued*

for the year ended 31 December 2007

	December 2007 Rm	December 2006 Rm
9. GOODWILL		
Opening balance		
Cost	27 017	2 650
Accumulated impairment losses	—	—
Net book amount	27 017	2 650
Movement		
Opening net book amount	27 017	2 650
Movement in shareholding in joint ventures and subsidiaries	(122)	—
Additions to goodwill	—	24 319
Exchange differences	(1 151)	48
Closing net book amount	25 744	27 017
End of year		
Cost	25 744	27 017
Accumulated impairment losses	—	—
Net book amount	25 744	27 017
Impairment tests for goodwill		
Goodwill is allocated to the Group's cash generating units ("CGU") identified according to country of operation.		
A summary of the goodwill allocation is presented below:		
MTN Côte d'Ivoire	1 129	1 425
Scancom Limited (Ghana)	11 264	12 772
MTN Sudan Company Limited	5 953	2 253
MTN Yemen	2 876	3 498
Others	4 522	7 069
Total	25 744	27 017

Goodwill is tested annually for impairment.

There was no impairment of any of the CGUs above to which goodwill had been allocated.

During the year under review, the purchase price allocation process as required by IFRS 3 in respect of the prior year acquisition of Investcom LLC and MTN Uganda Limited, was finalised. Upon finalisation, certain of the goodwill amounts previously attributed to the underlying Investcom LLC CGUs were reallocated. The reallocation was done as part of a decision taken to allocate goodwill to the Investcom CGUs based on the CGUs' enterprise valuation in relation to the total purchase consideration paid.

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. The following key assumptions have been used for the value-in-use calculations:

- Growth rate: We have used a steady growth rate to extrapolate revenues beyond the budget period cash flows. The growth rate is consistent with publicly available information relating to long-term average growth rates for each of the markets in which the respective CGU operate. The average growth rates used range from 2% to 4%.
- Discount rate: Discount rates range from 11% to 18%. Discount rates used reflect specific risks relating to the relevant CGU.

These assumptions have been used for the analysis of each CGU.

	Customer relation- ships Rm	Licences Rm	Software Rm	Other intangible assets Rm	Total Rm
10. OTHER INTANGIBLE ASSETS					
At 31 December 2007					
Cost	4 420	11 268	2 059	202	17 949
Accumulated amortisation	(1 698)	(2 176)	(922)	(100)	(4 896)
Net book amount	2 722	9 092	1 137	102	13 053
<i>The movement in the net book amount of intangible assets is:</i>					
Year ended 31 December 2007					
Opening net book amount	3 797	8 442	832	17	13 088
Additions from business combinations	4	32	5	1	42
Additions	—	1 427	528	120	2 075
Amortisation charge	(1 094)	(789)	(286)	(30)	(2 199)
Reallocations	—	—	51	—	51
Impairment losses	—	(77)	—	—	(77)
Amortisation charge from business combinations	—	(1)	—	(1)	(2)
Exchange differences	15	58	7	(5)	75
Closing net book amount	2 722	9 092	1 137	102	13 053
At 31 December 2006					
Cost	4 399	9 837	1 503	73	15 812
Accumulated amortisation	(602)	(1 395)	(671)	(56)	(2 724)
Net book amount	3 797	8 442	832	17	13 088
<i>The movement in the net book amount of intangible assets is:</i>					
Year ended 31 December 2006					
Opening net book amount	314	3 165	542	36	4 057
Additions from business combinations	3 987	5 140	66	—	9 193
Additions	—	481	399	18	898
Amortisation charge	(552)	(509)	(215)	(13)	(1 289)
Exchange differences	48	165	40	(24)	229
Closing net book amount	3 797	8 442	832	17	13 088

Borrowings by MTN Nigeria Communications Limited were secured by a fixed charge over the company's service licence to the value of R1 211 million in 2006 (note 19). The borrowings were subsequently repaid.

Notes to the Group financial statements *continued*

for the year ended 31 December 2007

	December 2007 Rm	December 2006 Rm
11. INVESTMENTS IN ASSOCIATES		
Balance at beginning of period	73	54
Share of results after tax	8	23
Acquisition of associate	—	*
Exchange differences	(21)	—
Change in shareholding – associate to subsidiary	—	(4)
Balance at end of period	60	73
There are no significant contingent liabilities relating to the Group's interest in associates.		
A list of significant investments in associates, including the name, country of incorporation and proportion of interest is given in Annexure 2.		
12. LOANS AND OTHER NON-CURRENT RECEIVABLES		
Loan to Broadband Limited**	75	133
Loan to Iran Electronic Development Company***	354	336
Loan to Irancell Telecommunications Company Services****	2 759	1 939
Non-current advances	469	90
Non-current prepayments	709	354
	4 366	2 852
Less current portion	(1 933)	—
Loan to Broadband Limited**	(25)	—
Loan to Irancell Telecommunications Company Services****	(1 908)	—
	2 433	2 852

*Amounts less than R1 million

**This amount consists of two loans relating to the disposal of a 30% shareholding by MTN International (Mauritius) Limited in MTN Cameroon Limited in prior years:

20% tranche

The USD denominated loan amounting to USD11,1 million (December 2006: USD18,8 million) attracts interest at LIBOR+ 6% per annum (effective rate of 9,18% per annum) (December 2006: effective rate of 8,1% per annum) which is 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 the loan approximates book value.

10% tranche

The USD denominated loan amounting to USD10,1 million is repayable at the higher of (i) 10% of the market value of MTN Cameroon Limited if on sold by the purchaser; and (ii) USD10,1 million plus interest at LIBOR+ 6% per annum. If dividends are declared, an interest charge equal to the dividends is levied.

During the year, dividends relating to the 10% tranche, accounted for as interest, amounted to R6 million (2006: R5 million).

The minority shareholders in MTN Cameroon Limited have provided their shares in the company as security for the above loans.

The recoverability of the loan was assessed at balance sheet date and was not found to be impaired.

12. LOANS AND OTHER NON-CURRENT RECEIVABLES (continued)

***USD58,65 million (December 2006: USD58,65 million) will attract interest at LIBOR+ 4% per annum (effective rate 10,52%) (December 2006: effective rate of 9,3%). Interest is payable six monthly in arrears. The loan is repayable in full on 21 October 2009. The fair value of the loan approximates its book value. No interest payments have been serviced on this loan to date.

The recoverability of the loan was assessed at balance sheet date and was not found to be impaired.

The loans are registered with the Organisation for Investment Economic and Technical Assistance of Iran (OIETAI) under the foreign investment licence obtained by MTN International (Mauritius) Limited and which is covered by the Foreign Investment Promotion and Protection Act (FIPPA).

****This amount consists of three loans:

Loan 1: USD54,4 million (December 2006: USD49,6 million) attracting interest at LIBOR+ 4% per annum (effective rate of 9,1%) (December 2006: effective rate of 9,3%) which will be capitalised against the loan. The loan and capitalised interest is repayable by August 2009. The fair value of the loan approximates the book value.

Loan 2: USD217 million (December 2006: USD198,1 million) will attract interest at LIBOR+ 4% per annum (effective rate of 9,0%) (December 2006: effective rate of 9,3%) which will be capitalised against the loan. The loan and capitalised interest is repayable by November 2009. The fair value of the loan approximates the book value.

Loan 3: EUR40 million will attract interest at EURIBOR+ 4% which will be capitalised against the loan (effective rate 9,8%) (December 2006: effective rate of 7,7%). The loan and capitalised interest is repayable by 31 May 2008. The fair value of the loan approximates the book value.

The recoverability of the loans was assessed at balance sheet date and was found not to be impaired.

The loans are registered with the Organisation for Investment Economic and Technical Assistance of Iran (OIETAI) under the foreign investment licence obtained by MTN International (Mauritius) Limited and which is covered by the Foreign Investment Promotion and Protection Act (FIPPA).

Notes to the Group financial statements *continued*

for the year ended 31 December 2007

Movement	31 December 2005 Rm	Additions business combina- tions Rm	Charged to income statement Rm	Exchange differences Rm	31 December 2006 Rm	Additions business combina- tions Rm	Charged to income statement Rm	Exchange differences Rm	31 December 2007 Rm
13. DEFERRED INCOME TAXES									
Deferred income tax liabilities									
Assessed losses	—	—	5	—	5	—	—	—	5
Tax allowances over book depreciation	(1 019)	(146)	(243)	76	(1 332)	(13)	(169)	13	(1 501)
Other temporary differences	147	(164)	(72)	(253)	(342)	(21)	203	10	(150)
Revaluation of at-acquisition assets	(125)	(1 335)	199	(25)	(1 286)	(2)	49	3	(1 236)
Working capital allowances	144	—	—	33	177	—	29	—	206
	(853)	(1 645)	(111)	(169)	(2 778)	(36)	112	26	(2 676)
Deferred income tax assets									
Provisions and other temporary differences	233	—	(2)	75	306	—	16	180	502
Accelerated tax depreciation	10	—	—	5	15	—	26	38	79
Tax loss carried forward	—	—	44	(*)	44	—	164	(11)	197
Arising due to fair value adjustments on business combinations	—	51	54	—	105	—	3	(7)	101
MTN Nigeria Communications Limited deferred tax asset	1 143	—	825	167	2 135	—	(1 682)	—	453
	1 386	51	921	247	2 605	—	(1 473)	200	1 332
Tax allowances over book depreciation	533	(1 594)	810	78	(173)	(36)	(1 361)	226	(1 344)

The tax holiday ("pioneer status") of MTN Nigeria Communications Limited expired on 31 March 2007. In accordance with tax legislation in Nigeria post pioneer status, the operating profit of MTN Nigeria Communications Limited since expiry of pioneer status to 31 December 2007, forms the basis of calculation of taxable income for MTN Nigeria Communications Limited's first and a portion of its second tax years. At 31 December 2006, the deferred tax asset amounted to R2,2 billion. At 31 March 2007 (end of pioneer status), the deferred tax asset amounted to R2,5 billion. This asset will be released to the income statement to the extent that MTN Nigeria Communications Limited has sufficient taxable income against which the capital allowances on fixed assets (including the capital allowances on the fixed assets acquired during the tax holiday period) may be claimed. Capital allowances for both taxable years were claimed on the qualifying assets for the purposes of calculating the release of the deferred tax asset during the current year. During the year under review, Irancell Telecommunication Company Services recorded a deferred tax asset of R400 million of which the Group's portion is R196 million (49%), relating to unused tax losses incurred up to 31 December 2007. Management believes that it is probable that future taxable profit will be available against which the unused tax losses will be utilised, based on the fact that the business has stabilised and the company is trading well against business objectives; the growth in market share achieved during the year; successful management of initial setbacks; significant subscriber growth and expected future business performance in line with business objectives.

	December 2007 Rm	December 2006 Rm
14. INVENTORIES		
Finished goods (handsets, SIM cards and accessories) – at cost**	1 214	1 122
Consumable stores and maintenance spares – at cost**	25	13
Less: Write-down to net realisable value	(72)	(92)
	1 167	1 043

**Included in inventory in 2006 is an amount of R74,4 million encumbered by borrowings relating to MTN Nigeria Communications Limited (note 19). These borrowings have subsequently been repaid.

	At beginning of period Rm	Additions Rm	Utilised Rm	Unused Rm	Exchange differences Rm	At end of period Rm
<i>Provision movement</i>						
Year ended 31 December 2007						
Movement in provision for inventories	(92)	(9)	9	20	(*)	(72)
Year ended 31 December 2006						
Movement in provision for inventories	(93)	(9)	4	6	(*)	(92)

A write-down of R9 million (December 2006: R3 million) was incurred in the current year. This amount is included in other expenses in the income statement (note 3).

*Amounts less than R1 million.

Notes to the Group financial statements *continued*

for the year ended 31 December 2007

	December 2007 Rm	December 2006 Rm
15. TRADE AND OTHER RECEIVABLES		
Trade receivables**	10 107	7 551
Less: Provision for impairment of trade receivables	(1 071)	(932)
Trade receivables – net	9 036	6 619
Prepayments and other receivables***	2 625	1 272
Sundry debtors and advances****	925	1 164
	12 586	9 055

An impairment charge of R91 million (December 2006: R136 million) was incurred in the current year, and this amount is included in other expenses in the income statement (refer note 3).

**Included in trade receivables in 2006 is an amount of R843,6 million encumbered by borrowings relating to MTN Nigeria Communications Limited (note 19). These borrowings have subsequently been repaid.

***Prepayments and other receivables include prepayments for BTS sites and other property leases.

****Sundry debtors and advances include advances to suppliers and short-term loans.

The fair values of trade and other receivables approximate their book values as shown above.

	At beginning of period Rm	Acquisition At business combina- tions Rm	Additions Rm	Unused Rm	Utilised Rm	Exchange differences Rm	At end of period Rm
<i>Impairment movement</i>							
Year ended 31 December 2007							
Movement in provision for impairment of trade receivables	(932)	(5)	(98)	7	—	(43)	(1 071)
Year ended 31 December 2006							
Movement in provision for impairment of trade receivables	(874)	(105)	(8)	144	—	(89)	(932)

15. TRADE AND OTHER RECEIVABLES (continued)

Analysis of trade receivables that are individually determined to be impaired:

	Inter- connect receivables Rm	Contract receivables Rm	Other receivables Rm	Total Rm
At 31 December 2007				
South Africa	—	53	—	53
Nigeria	438	161	13	612
Rest of Africa and Middle East	108	178	2	288
	546	392	15	953
At 31 December 2006				
South Africa	—	48	—	48
Nigeria	471	86	11	568
Rest of Africa and Middle East	80	92	3	175
	551	226	14	791

MTN's financial instruments that are exposed to concentrations of credit risk consist primarily of trade receivables. Concentrations of credit risk with respect to trade receivables are limited because of the large number of customers and their dispersion across geographic areas.

16. FINANCIAL ASSETS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS

International sinking fund policy — **362**

MTN International (Mauritius) Limited invested an amount of R500 million into an international sinking fund policy with a major financial services institution in South Africa. The accumulated foreign exchange loss incurred upon translating the investment to rand at the ruling spot rate at balance sheet date amounted to R nil in the current year (December 2006: R138 million), which has been included in finance costs (note 5). The term is five years commencing on the inception date (24 October 2002). From time to time, the portfolio of assets in the investment can be restructured to include listed shares in offshore companies on recognised bourses, listed bonds on recognised bourses and investments in various cash instruments and bank deposits.

Notes to the Group financial statements *continued*
for the year ended 31 December 2007

	December 2007 Rm	December 2006 Rm
17. ORDINARY SHARES AND SHARE PREMIUM		
Ordinary share capital		
<i>Authorised share capital</i>		
2 500 000 000 ordinary shares of 0,01 cent each	*	*
<i>Issued and fully paid-up share capital</i>		
1 864 797 807 (December 2006 – 1 860 268 283) ordinary shares of 0,01 cent each	*	*
Share premium		
Balance at beginning of year	23 804	14 272
Options exercised	60	67
Arising on the issue of shares during the year (net of share issue expenses)	—	9 465
Balance at end of year	23 864	23 804

MTN Group Share Option Scheme and Share Appreciation Rights Scheme

The exercise of options and resulting share trades can be viewed under "directors' share dealings" on page 146 of the directors' report. All disclosures as required have been included in the directors' report.

*Amounts less than R1 million.

	December 2007 Rm	December 2006 Rm
18. OTHER RESERVES		
Non-distributable reserves		
Balance at beginning of period	(14 082)	(14 051)
Purchase/sale of non-controlling interests	179	(1 686)
Transfer from distributable reserves	(113)	5
Share-based payment reserve	92	36
Cash flow hedging reserve	30	(54)
Shareholders' loan revaluation reserve	565	86
Foreign currency translation differences of foreign subsidiaries and joint ventures	(1 240)	1 582
Balance at end of period	(14 569)	(14 082)
<i>Consisting of:</i>		
Contingency reserve (as required by insurance regulations)	18	17
Statutory reserve (as required by Rwandan legislation)	(9)	10
Purchase/sale of non-controlling interests	(14 727)	(14 906)
Shareholders' loan revaluation reserve	(288)	(853)
Cash flow hedging reserve	(24)	(54)
Share-based payment reserve	169	77
Other reserves	(88)	7
Foreign currency translation differences of foreign subsidiaries and joint ventures	380	1 620
	(14 569)	(14 082)

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.

Notes to the Group financial statements *continued*

for the year ended 31 December 2007

	December 2007 Rm	December 2006 Rm
19. BORROWINGS		
Unsecured		
<i>MTN Service Provider (Proprietary) Limited</i> 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 previous year varied between 8,5% and 14% per annum. The loan was repaid during the current financial year	—	5
<i>MTN (Proprietary) Limited</i> Various composite short-term facilities, bearing interest at rates determined by the nature of each specific drawdown instrument, payable on demand. Rates are, however, essentially linked to the BA rate, ranging from 8,5% to 14% during the previous financial year. The loan was repaid during the current financial year	—	262
<i>Standard Corporate Merchant Bank term loan</i> Term loan bearing interest at an effective interest rate of 7,88% and payable bi-annually. The loan was repaid during the current financial year	—	100
<i>FNB term loans</i> Term loans bearing interest at effective interest rates ranging between 11,46% and 11,58% per annum (December 2006: 9,13% and 9,18% per annum). The loans are part of a 366 day facility. Repayment of the loans is at the discretion of the Company, however the Company does not intend repaying the loans within 366 days	400	400
<i>Investec loan</i> Loan bearing interest at an effective rate of 8,7% per annum for the previous financial year. The loan was part of a 366 day facility. The loan was repaid during the current financial year	—	100
<i>Nedbank term loans</i> Term loans bearing interest at effective interest rates ranging between 9,3% and 9,45% per annum for the previous financial year. The loans were part of a 366 day facility. The loans were repaid during the current financial year	—	300
<i>Swazi MTN Limited</i> <i>Standard Bank Swaziland Limited</i> The loan bore interest at 12,25% per annum. The loan was repaid during the current financial year	—	6

	December 2007 Rm	December 2006 Rm
19. BORROWINGS (continued)		
Unsecured (continued)		
MTN Sudan Company Limited		
Loan repayable six monthly, denominated in euro bearing interest at LIBOR plus 3% with an effective interest rate of 7,84% (December 2006: 6,8%)	261	347
MTN Holdings (Proprietary) Limited		
<i>Domestic medium-term note programme</i>		
Bond MTN01 bearing interest at an effective interest rate of 10,01% payable six monthly in arrears with a final maturity on 13 July 2010	5 000	5 000
Bond MTN02 bearing interest at an effective interest rate of 10,19% payable six monthly in arrears with a final maturity on 13 July 2014	1 300	1 300
<i>Syndicated loan facilities</i>		
Facility A1		
Five year USD750 million facility repayable in 10 equal bi-annual payments starting December 2007. Interest is charged at LIBOR plus 75bps until the final compliance certificate after which the margin is based on an EBITDA multiple grid	5 087	5 283
Facility A2		
Five year R7 000 million facility repayable in 10 equal bi-annual payments starting January 2008. Interest is charged at JIBAR plus 90bps until the final compliance certificate after which the margin is based on an EBITDA multiple grid	7 000	7 000
Facility B		
Three year revolving credit facility of USD1 250 million bearing interest at an effective interest rate of 6,05% for the previous financial year. The loan was repaid during the current financial year	—	297
MTN Zambia Limited		
<i>Bridge loan</i>		
Loan denominated in ZMK bearing interest at Stanbic rate less 5% and repayable by 29 February 2008 with an effective interest rate of 14% (December 2006: 14%)	28	26
<i>Bridge loan</i>		
Loan denominated in USD bearing interest at LIBOR plus 2% and repayable by 29 February 2008 with an effective interest rate of 7,5% (December 2006: 7,4%)	305	176

Notes to the Group financial statements *continued*

for the year ended 31 December 2007

	December 2007 Rm	December 2006 Rm
19. BORROWINGS (continued)		
Unsecured (continued)		
MTN Cameroon Limited		
<i>Syndicated medium-term loan</i>		
Loan of Communauté Financière Africaine franc (CFA) 35 billion. Repayments are deferred for one year, with the final repayment due on 15 March 2010. The annual interest rate is fixed at 7,35%. This loan was repaid during the current financial year	—	389
<i>Syndicated medium-term loan</i>		
Syndicated loan of CFA44,15 billion. The loan is repayable in bi-annual instalments following a six months' grace period, with the final repayment due on July 2012. The annual interest rate is fixed at 6,85%	653	—
Irancell Telecommunication Company Services		
<i>Local short-term facility</i>		
Denominated in IRR and repayable in August 2008. These loans bear interest at 12%	73	—
<i>Vendor deferred payment facility</i>		
Vendor deferred payment facility denominated in USD and IRR bearing interest at LIBOR plus 2% and 9% respectively with an effective interest rate of 7,40% and 9% respectively. Repayable from 30 June to December 2009	17	—
<i>Bank facility for vendors</i>		
Bank loan denominated in EUR bearing interest at EURIBOR plus 5,25% with effective interest rates ranging from 9,36% to 9,5%. Repayable from 29 February 2008 to 31 March 2008. Certain vendors who are part of these facilities and the bank participate in an intercreditor agreement	638	—
MTN Uganda Limited		
<i>Citibank Uganda</i>		
Short-term facility with Citibank Uganda Limited of USD5 million (December 2006: USD5 million). The facility is utilised through the issue of a Uganda Shilling (UGX) 8,75 (December 2006: UGX8,5) 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% (December 2006: 10%)	34	34
<i>Standard Chartered Bank</i>		
Short-term facility of USD5 million and a bridge loan of USD10 million. As at 31 December 2007, the Company had utilised this facility through the issue of promissory notes to the value of UGX8,750 million and a USD10 million bridge loan. Interest is payable monthly in arrears at effective money market rates averaging 9% (2006: 8%)	103	78

	December 2007 Rm	December 2006 Rm
19. BORROWINGS (continued)		
Unsecured (continued)		
MTN Uganda Limited (continued)		
<i>Stanbic Bank promissory note</i> Short-term facility of UGX11 billion utilised through the issue of promissory notes to the value of UGX9,5 billion (December 2006: UGX10,5 billion). Interest is payable monthly in arrears at an effective money market rate of 11,25% (December 2006: 10%)	38	39
MTN Syria SA Long-term loan from Islamic Development Corporation denominated in USD and bearing interest at an effective interest rate of 7,61% (December 2006: 7,61%). The loan is repayable in bi-annual instalments with the last instalment due on 21 July 2009	41	61
Loan from Societe Generale Paris denominated in USD with an effective interest rate of 6,29% (December 2006: 6,5%)	15	25
Spacotel Benin SA Loan from the State of Benin, denominated in USD is non-interest bearing. It is repayable in annual instalments with the last payment being on 31 October 2009. The loan was renegotiated under new licence terms (note 36)	—	25
Investcom LLC <i>Revolving credit facility</i> Bank long-term loan from Banque Audi SAL denominated in USD and bearing interest at LIBOR plus 2% with an effective interest rate of 6,83% (December 2006: 7,1%). There is no repayment schedule	203	170
<i>Medium-term loan</i> Bank long-term loan from Banque Audi SAL denominated in USD and bearing interest at three month LIBOR plus 2,5% with an effective interest rate of 7,33% (December 2006: 7,6%). The loan is repayable in equal quarterly repayments and expires on 31 December 2010	177	305
MTN Group Management Services (Proprietary) Limited Various composite short-term facilities, bearing interest at rates determined by the nature of each specific drawdown instrument, but essentially linked to the BA rate. Interest rates varied between 7% and 10% per annum	—	*
Mascom Wireless Botswana Limited Non-interest bearing loan from the Botswana Democratic Party	21	21

*Amounts less than R1 million.

Notes to the Group financial statements *continued*

for the year ended 31 December 2007

	December 2007 Rm	December 2006 Rm
19. BORROWINGS (continued)		
Unsecured (continued)		
<i>Areeba Limited (Cyprus)</i>		
Trade finance loan denominated in CYP bearing interest at Lombard plus 2,5% with an effective interest rate of 8% (December 2006: 7%). The loan was repaid during the current financial year	—	39
Bank long-term loan denominated in EUR bearing interest at EURIBOR six month plus 2% with an effective interest rate of 5,84% (December 2006: 5,84%). The loan is repayable by December 2010. Investcom LLC has provided a guarantee for this loan	65	82
Trade finance loan denominated in EUR bearing interest at EURIBOR six month plus 0,45% with an effective interest rate of 3,22% (December 2006: 3,22%). Repayable by August 2010	84	120
<i>MTN Nigeria Communications Limited</i>		
Syndicated medium-term facility totalling approximately USD2 billion and incorporating three tranches:		
<i>i) Underwritten local currency medium-term discounted note issuance facility</i>		
Totalling NGN142 198 million, the loan is repayable in two equal instalments, in October 2010 and October 2012. The interest rate is based on NIBOR plus 1% with an effective interest rate of 14,26%	3 688	—
<i>ii) Local currency revolving medium-term discounted note issuance facility totalling NGN63 886 million, the loan expires in October 2012. The interest rate is based on NIBOR plus 1%</i>	—	—
<i>iii) Foreign currency term loan facility</i>		
Totalling USD400 million, the loan is repayable in eight bi-annual instalments following an 18-month grace period, with the final repayment due on October 2012. The interest rate is based on LIBOR plus 2% with an effective interest rate of 7,13%	1 310	—
<i>Other</i>		
Bank overdraft facilities	1 322	167
Total unsecured	27 863	22 157

	December 2007 Rm	December 2006 Rm
19. BORROWINGS (continued)		
Secured		
MTN Uganda Limited		
<i>Medium-term loan</i>		
Loan agreement with a club of local banks not exceeding USD40 million, or the UGX equivalent thereof. The loan is divided into two tranches both repayable in 16 quarterly instalments following a 15-month grace period, with the final repayment due in September 2012. The interest rate is based on the Ugandan 364 day T-bill rate plus 2,25% with an effective interest rate of 14,79% (2006: 10,8%)	266	176
<i>Standard Bank London/LB KIEL loan</i>		
Facility of USD17 million bearing interest at LIBOR plus 1,25% (effective rate of 6,675% per annum) (December 2006: 5,26% per annum). Facility repayable semi-annually over four years commencing May 2003, with the final payment in May 2007	—	5
The above MTN Uganda loan is secured through an inter-creditor security package contained in debentures comprising a first ranking floating charge over all present and future assets of the company except for the licence (note 8)		
MTN International (Mauritius) Limited		
<i>Syndicated revolving loan</i>		
Facility arranged by Standard Bank London Limited and Sumitomo Mitsui Banking Corporation Europe Limited of USD250 million, bearing interest at LIBOR plus 0,85% per annum, at an effective interest rate of 4,05% per annum (December 2006: effective rate of 4,64% per annum). MTN Holdings and other MTN Group entities provided cross guarantees for this loan facility. The loan was repaid in the current financial year	—	528
<i>Revolving loan</i>		
Facility arranged by Standard Finance (Isle of Man) of USD150 million bearing interest at LIBOR plus 0,55% at an effective interest rate of 7,69%. This loan expires on 30 September 2008. MTN Holdings and other MTN Group entities have provided cross guarantees for this loan facility	763	—
Irancell Telecommunication Company Services		
<i>Bank facility for vendors</i>		
Bank loan denominated in EUR bearing interest at EURIBOR plus 5,25% with effective interest rates ranging from 9,36% to 9,5%. Repayable from 29 February 2008 to 31 March 2008. Certain vendors who are part of these facilities and the bank participate in an intercreditor agreement. The loan is secured by assets with a book value of R19,64 million (note 8)	62	—

Notes to the Group financial statements *continued*

for the year ended 31 December 2007

	December 2007 Rm	December 2006 Rm
19. BORROWINGS (continued)		
Secured (continued)		
<i>MTN Nigeria Communications Limited</i>		
<i>DFI term loan</i>		
A loan of USD30 million from a combined DEG/FMO facility repayable bi-annually from September 2006, maturing in March 2010. The interest rate is linked to LIBOR (effective interest rate of 8,33% per annum) (December 2006: 8,425% per annum). The loan was repaid in the current financial year	—	189
<i>IFC facilities</i>		
These facilities include two loans of USD35 million each, repayable bi-annually from September 2006 to March 2010. Pricing is linked to LIBOR (effective interest rate of 8,33% per annum) (December 2006: 8,43% per annum). The loan was repaid in the current financial year	—	439
<i>Local facility</i>		
USD250 million Naira equivalent commercial paper instrument reducing to 50% of the initial loan value in January 2009. The facility matures in April 2011. Pricing is linked to NIBOR (effective interest rate of 14,02% per annum) (December 2006: 13,56% per annum). The loan was repaid in the current financial year	—	1 824
<i>Local facility</i>		
USD120 million (December 2005: USD120 million) Naira equivalent 90 days commercial paper instrument reducing to 50% of the initial loan value in November 2007. The facility matures in November 2009. Pricing is linked to NIBOR (effective interest rate of 14,28% per annum) (December 2006: 13,83%). The loan was repaid in the current financial year	—	831
<i>Standard Corporate Merchant Bank facility</i>		
USD40 million facility from a combined Export Credit Insurance Corporation of South Africa (ECICSA)/ Standard Corporate Merchant Bank (SCMB) repayable in six equal instalments from September 2005 until March 2008. The interest rate is linked to LIBOR (effective interest rate of 8,33% per annum) (December 2006: 8,43% per annum). The loan was repaid in the current financial year	—	277
All of the above MTN Nigeria Communications Limited 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, receivables and current accounts as well as shares held by MTN International (Mauritius) Limited in MTN Nigeria Communications Limited. The proceeds of the insurance policies are secured in favour of the Security Trustee (notes 8, 10, 16 and 25). These loans were repaid in full in 2007 as part of a refinancing through a new medium-term unsecured facility		

	December 2007 Rm	December 2006 Rm
19. BORROWINGS (continued)		
Secured (continued)		
<i>MTN Côte d'Ivoire</i>		
<i>Bank of Africa</i>		
Loan from Bank of Africa of XOF7,5 billion bearing interest at 9,5% per annum and repayable monthly from July 2003 to March 2007. The loan was repaid during the current financial year	—	10
<i>Ste' Ivoirienne de Banque</i>		
Loan from Ste' Ivoirienne de Banque for XOF10 billion with an effective interest rate of 7,5% (December 2006: 7,5%) repayable quarterly from February 2007 to August 2011	135	142
<i>West African Development Bank</i>		
Loan from West African Development Bank of XOF4 billion bearing interest at 9% per annum and repayable quarterly from July 2004 to July 2008	13	28
<i>Ecobank</i>		
Loan from Ecobank of XOF5 billion bearing interest at 6,8% per annum and repayable monthly from January 2006 to June 2007. The loan was repaid during the current financial year	—	71
<i>Ecobank</i>		
Various XOF short-term facilities from Ecobank and Versus with effective interest rates ranging from 7,25% to 7,5% per annum (December 2006: 7,25% to 8,5% per annum)**	89	149
<i>Standard Chartered Bank</i>		
Loan from Standard Chartered Bank for XOF5,13 billion with an effective interest rate of 7,75% repayable monthly from January 2007 to November 2007. The loan was repaid during the current financial year	—	73
<i>Banque Internationale de L'Afrique de L'Quest</i>		
Loan from Banque Internationale de L'Afrique de L'Quest of XOF5 billion bearing interest at 7,5% per annum and repayable quarterly from March 2007 to September 2008	68	71
<i>Banque Internationale de L'Afrique de L'Quest</i>		
Loan from Banque Internationale de L'Afrique de L'Quest of XOF0,8 billion bearing interest at 7,25% per annum and repayable quarterly from March 2007 to September 2008	9	11

Notes to the Group financial statements *continued*

for the year ended 31 December 2007

	December 2007 Rm	December 2006 Rm
19. BORROWINGS (continued)		
Secured (continued)		
MTN Côte d'Ivoire (continued)		
Loan from Bank of Africa Côte d'Ivoire totalling XOF15 billion at a fixed interest rate of 8,3%. The loan is repayable in quarterly instalments from July 07 to July 2013**	228	—
Ecobank Côte d'Ivoire totalling XOF10 billion at a fixed interest rate of 8,25%. The loan is repayable in quarterly instalments from September 07 to June 2013	152	—
Standard Chartered Bank totalling XOF9 billion at a fixed interest rate of 7,25%. The loan is repayable in monthly instalments from July 07 to June 2013	76	—
West African Development Bank (BOAD) totalling XOF12,5 billion at a fixed interest rate of 8%. The loan is repayable in quarterly instalments from July 2010 until July 2016**	73	—
Other loans	—	4
**The above loans are secured by network equipment with a book value of R797 million (December 2006: R590 million) (note 8). Loans are also secured by cash balances (note 25).		
MTN Zambia Limited, MTN Congo SA, MTN Rwanda Cell S.A.R.L and MTN Yemen		
Other loans (note 8)	4	17
Areeba Limited (Cyprus) (note 8)		
Bank long-term loan denominated in CYP bearing interest at 8,87% with effective interest rate of the same. Repayable by August 2008 and secured over three motor vehicles. The loan was repaid during the current financial year	—	*
Scancom Limited (Ghana) (note 8)		
IFC loan		
IFC loan denominated in USD bearing interest at LIBOR plus 3,5% with an effective interest rate of 5,76% (2006: 10,05%). It is repayable in 13 equal instalments ending on 15 March 2010 and secured by a first ranking charge on two switches of the company, a charge over 51% of the shares held by Investcom Consortium Holding SA and a charge over the debt service reserve account at HSBC	94	141

*Amounts less than R1 million.

	December 2007 Rm	December 2006 Rm
19. BORROWINGS (continued)		
Secured (continued)		
<i>MTN Holdings (Proprietary) Limited</i>		
<i>Standard Corporate Merchant Bank (SCMB) term loan Advance from SCMB under a 91 day notice facility (December 2006: 366 day notice facility) bearing interest at 11,729% (December 2006: JIBAR plus 0,6% and an effective interest rate of 7,46%). MTN Holdings and other MTN subsidiary companies have provided cross guarantees for the SCMB loan facility</i>	3 187	379
<i>MTN (Proprietary) Limited</i>		
<i>Standard Corporate Merchant Bank (SCMB) term loan Advance from SCMB under a 366 day notice facility, bearing interest at JIBAR plus 0,6% per annum (effective interest rate of 7,46%). MTN Holdings and other MTN subsidiary companies entities had provided cross guarantees for the SCMB loan facility. The loan was repaid during the current financial year</i>	—	4 365
<i>ABSA facilities</i>		
<i>Various loans ranging from R70 million to R250 million bearing interest at effective rates between 8,67% and 9,65% during the previous financial year. The loans were part of the 366 days facilities. Repayment of the loan is at the discretion of the Company; the loan was repaid during the current financial year. MTN Holdings and other MTN Group entities had provided cross guarantees for this loan facility</i>	—	500
<i>14th Avenue finance lease – Phase 1</i>		
<i>Finance lease obligation capitalised at an effective interest rate of 11,25% (December 2006: 10%) per annum. The lease term is 10 years with six years remaining, with renewal options of 20 years in total, and instalments payable monthly. The book value of the underlying property is R231 million (December 2006: R247 million). This obligation is secured by the underlying property</i>	260	264
<i>14th Avenue finance lease – Phase 2</i>		
<i>Finance lease obligation capitalised at an effective interest rate of 7,464% per annum. The lease term is 10 years with nine remaining, with renewal options of 10 years in total, and instalments payable monthly. The book value of the underlying property is R298 million (December 2006: R315 million). This obligation is secured by the underlying property</i>	315	328
Total secured borrowings	5 794	10 822
Total borrowings	33 657	32 979

Notes to the Group financial statements *continued*

for the year ended 31 December 2007

	December 2007 Rm	December 2006 Rm
19. BORROWINGS (continued)		
Secured (continued)		
The maturity of the above loans and overdrafts is as follows:		
Payable within one year or on demand	10 650	4 392
Short-term borrowings	9 328	3 439
Bank overdrafts	1 322	953
More than one year but not exceeding two years	4 024	10 047
More than two years but not exceeding five years	17 222	16 972
More than five years	1 761	1 568
	33 657	32 979
<i>Less: amounts included within current liabilities</i>	(10 650)	(4 392)
Amounts included in non-current liabilities	23 007	28 587
The fair values of all borrowings and bank overdrafts approximate their book values.		
The Group has the following undrawn facilities:		
Floating rate	22 220	10 741
Fixed rate	—	—
	22 220	10 741

The facilities expiring within one year are annual facilities subject to review at various dates during 2008.

	December 2007 Rm	December 2006 Rm
19. BORROWINGS (continued)		
South African rand	18 720	20 470
US dollar	8 260	7 921
Nigerian naira	3 688	2 655
Uganda shilling	141	233
Rwanda franc	—	1
Euro	1 110	655
Cypriot pound	1	39
Botswana pula	21	21
Congo Brazzaville Communaute Financière Africaine	4	4
Swaziland emalangenzi	—	6
Syrian pounds	105	—
Iranian rials	84	—
Cameroon Communaute Financière Africaine	653	389
Côte d'Ivoire Communaute Financière Africaine	842	559
Zambian kwacha	28	26
	33 657	32 979

Further details of the Group's finance lease commitments are provided in note 32 to the financial statements.



Notes to the Group financial statements *continued*

for the year ended 31 December 2007

	December 2007 Rm	December 2006 Rm
20. OTHER NON-CURRENT LIABILITIES		
Put options in respect of subsidiaries*	2 556	2 004
Obligation in respect of licence agreements	522	400
Other non-current provisions	236	7
Other non-current liabilities	117	427
	3 431	2 838

*The put options in respect of subsidiaries arise from arrangements whereby certain of the minority shareholders of MTN Côte d'Ivoire and MTN Nigeria Communications Limited have the right to put their remaining shareholding in the respective companies to MTN International (Mauritius) Limited and MTN Nigeria Communications Limited, respectively.

The put options on the Group's own equity resulted in the recognition of a liability at fair value. Subsequent to initial recognition, the liability is measured at amortised cost using the effective interest method. To the extent that the put options are not exercisable at a fixed strike price, the estimated future cash flows change as the fair market value of the underlying equity changes. As the estimated future cash payments change, the net carrying amount of the financial liability will change accordingly. This change in the carrying amount is recognised in profit and loss.

In the absence of an active market for the underlying equity, fair value is estimated based upon a comparison of valuations ascribed to the underlying equity by research analysts, publicly observed trading levels of comparable companies, transaction values paid in comparable transactions, and discounting of all future cash flows of the business to derive a fair present value. The valuation techniques include assumptions in respect of future cash flow growth, discount factor and terminal values.

Refer to note 5 for the impact on profit and loss of the fair valuation in respect of the put option liability.

In addition to the put option outlined above, the IFC has a call option on a minority stake in Areeba Afghanistan. The percentage stake, terms and conditions are currently under negotiation.

21. TRADE AND OTHER PAYABLES		
Trade payables	6 328	4 630
Sundry creditors	1 418	1 022
Accrued expenses	7 428	4 511
Provisions and other payables	1 429	2 019
	16 603	12 182

	At beginning of period Rm	Additional provisions Rm	Additions – Business com- binations Rm	Unused amounts reversed Rm	Utilised Rm	Exchange differences Rm	At end of period Rm
22. PROVISIONS AND OTHER LIABILITIES AND CHARGES							
Year ended 31 December 2007							
Bonus	224	228	2	(2)	(131)	6	327
Decommissioning provision	80	49	—	—	(2)	5	132
Onerous leases/other	165	476	(2)	(1)	(231)	22	429
Licence obligations	214	47	—	—	—	—	261
Total	683	800	—	(3)	(364)	33	1 149
Less non-current portion							(224)
Current portion							925
Year ended 31 December 2006							
Bonus	152	132	1	—	(66)	5	224
Decommissioning provision	42	68	30	—	(65)	5	80
Onerous leases/other	252	78	25	*	(217)	27	165
Licence obligations	—	214	—	—	—	—	214
Total	446	492	56	*	(348)	37	683
Less non-current portion							(177)
Current portion							506

*Amounts less than R1 million.

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.

Licence obligations

Licence obligation provision represents the estimated costs to be incurred in fulfilling the Universal Services obligation. (Note 29).

Onerous leases provision

The Group recognises a provision for onerous contracts when the expected benefits from the contract are less than the unavoidable costs of meeting the obligations under that contract.

Decommissioning provision

This provision relates to the estimate of the costs of dismantling and removing an item of property, plant and equipment and restoring the item and the site on which the item is located. The Group only recognises these decommissioning costs for the proportion of its overall number of sites for which it expects decommissioning to take place. The expected percentage has been based on actual experience in the operations.

Other provisions

These consist of miscellaneous provisions in MTN Nigeria Communications Limited, MTN Cameroon Limited, Irancell Telecommunications Company Services, MTN Rwandacell S.A.R.L, MTN Côte d'Ivoire, MTN Zambia Limited and Investcom's underlying operating entities.

Notes to the Group financial statements *continued*

for the year ended 31 December 2007

	December 2007 Rm	December 2006 Rm
23. CASH GENERATED FROM OPERATIONS		
Profit before tax	19 707	14 690
<i>Adjustments for:</i>		
Share of profits in associates less dividends received (note 11)	(8)	(23)
Finance costs (note 5)	4 953	3 307
Finance income (note 4)	(1 780)	(1 880)
Depreciation of property, plant and equipment (note 8)	6 774	5 030
Amortisation of intangible assets (note 10)	2 199	1 289
Loss on disposal of property, plant and equipment (note 3)	73	55
Share-based payments	97	13
Movement in provisions	247	126
Other	30	45
Forward Exchange Contract movement	—	(54)
Impairment of investment in MTN Mobile Money Holdings (Proprietary) Limited	7	—
Impairment charge on property, plant and equipment (notes 3, 8)	212	(25)
	32 511	22 573
Changes in working capital	1 823	361
Increase in inventories	(146)	(353)
Increase in unearned income	1 437	663
Increase in trade and other receivables	(3 756)	(2 666)
Increase in trade and other payables	4 288	2 717
Cash generated from operations	34 334	22 934
24. INCOME TAX PAID		
Opening balance	(1 356)	(1 808)
Amounts charged to income statement (note 6)	(7 791)	(2 591)
Deferred tax credit (notes 6,13)	1 361	(810)
Exchange differences	(29)	(5)
At acquisition taxes	(41)	—
Taxation previously included in creditors	—	(225)
Withholding taxes not paid	61	—
Taxation overpaid	—	(3)
Closing balance	3 562	1 356
Total tax paid	(4 233)	(4 086)

	December 2007 Rm	December 2006 Rm
25. CASH AND CASH EQUIVALENTS		
For purposes of the cash flow statement, cash and cash equivalents comprise:		
Cash at bank and on hand	16 868	9 961
Bank overdraft	(1 322)	(953)
	15 546	9 008
<i>Included in cash balances is an amount of R23,7 million (December 2006: R31,7 million) encumbered by borrowings relating to MTN Côte d'Ivoire. In 2006, there were amounts of R2 387 million and R53,6 million encumbered by borrowings relating to MTN Nigeria Communications Limited (note 19) and Scancom Limited (Ghana) respectively. The borrowings were subsequently repaid.</i>		
26. RESTRICTED CASH		
Restricted cash deposits	739	130
	739	130
<i>These monies are placed on deposit with banks in Nigeria to secure Letters of Credit, which at year-end were undrawn and not freely available. The amount included in 2006 was encumbered by borrowings relating to MTN Nigeria Communications Limited (note 19). These borrowings were subsequently repaid.</i>		
27. UNDERWRITING ACTIVITIES		
Underwriting activities are conducted through special purpose entities on commercial terms and conditions and at market prices.		
Income statement effect		
– Gross premiums written	143	141
– Outwards reinsurance premiums	(14)	(13)
– Change in unearned premiums	3	40
– Other*	(114)	(92)
	18	76
Balance sheet effect		
Share of technical provision:		
– Outstanding claims	137	90
– Provision for unearned premiums	8	12
	145	102
Receivables	72	62
Payables	(10)	(19)
<i>*Included in "other" are claims incurred, net of reinsurance; commissions paid; net operating costs; net investment income and taxation.</i>		

Notes to the Group financial statements *continued*

for the year ended 31 December 2007

	December 2007 Rm	December 2006 Rm
28. CONTINGENT LIABILITIES		
Upgrade incentives*	957	911

*The Group's present policy is to pay incentives to Service Providers ("SP") for handset upgrades. These upgrades are only payable once the subscribers have completed a 21 month period with the SP since the initial commencement of their contract or previous upgrade and the eligible subscriber has exercised the right to receive an upgrade for a new postpaid contract with minimum terms. The value of the obligation may vary depending on the prevailing business rules at the time of the upgrade. The total number of eligible subscribers who had not yet exercised their right to upgrade at 31 December 2007 was 465 432 (December 2006: 427 903). The estimated contingent liability at 31 December 2007 based on the prevailing business rules on such date amounts to R957 million (December 2006: R911 million).

The Group has however provided for those upgrades which have been made but not yet presented for payment.

29. COMMERCIAL COMMITMENTS

MTN (Proprietary) Limited

The granting of a national cellular telecommunication licence placed an obligation on the Company to set up a Joint Economic Development Plan Agreement with the Postmaster General (now ICASA). This agreement was a condition for the commencement of commercial operations in June 1994 and involves a commitment by the Company to assist in the development of the South African economy and, in particular, the telecommunications industry. The Company had exceeded its obligations imposed in terms of its access to the 900MHz by 31 December 2006.

In January 2005, MTN was granted the right to maintain and use the 1800MHz 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 amounting to approximately R300 million are met. These include:

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

The implementation plans are yet to be approved by ICASA before the Company can commence discharging its obligations. The obligation has been estimated as set out in notes 20 and 22.

MTN Zambia Limited

The licence issued by the Zambian Communications Authority ("ZCA"), a body corporate established under the provisions of the Telecommunications Act, Number 23 of 1994, Laws of Zambia, requires that ten percent (10%) of the issued share capital of MTN Zambia Limited be held by the Zambian public. The approval given by the ZCA for MTN's purchase of 100% of the share equity was on the basis that 10% should be housed in a special purpose vehicle ("SPV") for the beneficial ownership of the Zambian public. The ownership of 10% by the SPV, already formed, and ultimate placement with the Zambian public is in progress. However, the placement did not occur as expected during 2007. MTN has engaged the regulator with regards to resolving certain matters relating to the placement and expects that the placement will take place during 2008.

The shares are to be placed at a price equal to 10% of the purchase consideration including any equity injections by MTN, plus interest from the date of acquisition or injection to the date of disposal.

29. COMMERCIAL COMMITMENTS (continued)

Irancell Telecommunication Company Services

The investment in Irancell Telecommunication Company Services is subject to a number of sovereign, regulatory and commercial risks, which could result in the Group failing to realise full market value for its investment, should it be required to dispose of any portion thereof. In this regard, 21% of Irancell Telecommunication Company Services is required to be offered to members of the Iranian public within approximately three years from the date of the licence. Such offering could have a proportional dilutory effect on MTN International (Mauritius) Limited's 49% shareholding, effectively reducing its shareholding by 10,3% to 38,6%. The substantial terms and conditions of this commitment are yet to be finalised.

Eastern Africa Submarine Cable System ("EASSy")

To address the growing demand for international bandwidth in Africa, the Group, together with various other parties, has entered into a construction and maintenance agreement for the Eastern Africa Submarine Cable System ("EASSy"). The Group's commitment in respect of the contract amounts to USD40 million of which USD4,5 million has been paid at 31 December 2007.

	December 2007 Rm	December 2006 Rm
30. CAPITAL COMMITMENTS		
Capital expenditure contracted at the balance sheet date but not yet incurred is:		
<i>Commitments for the acquisition of property, plant and equipment and intangible assets</i>		
Contracted but not provided for	6 925	2 434
Authorised but not contracted for	21 364	11 093
Group's share of capital commitments of joint ventures:		
<i>Commitments for the acquisition of property, plant and equipment and intangible assets:</i>		
Contracted but not provided for	1 746	834
Authorised but not contracted for	546	2 070
Total commitments	30 581	16 431
Capital expenditure will be funded from operating cash flows, existing borrowing facilities and, where necessary, by raising additional facilities.		
31. OPERATING LEASE COMMITMENTS		
The future aggregate minimum lease payments under non-cancellable operating leases are:		
Not later than one year	197	215
Later than one year and no later than five years	296	479
Later than five years	462	143
	955	837
The future aggregate minimum lease payments under cancellable operating leases are:		
Not later than one year	104	103
Later than one year and no later than five years	302	271
Later than five years	172	206
	578	580
The Group leases various premises/sites under non-cancellable/cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.		

Notes to the Group financial statements *continued*

for the year ended 31 December 2007

	December 2007 Rm	December 2006 Rm
32. FINANCE LEASE COMMITMENTS		
At the balance sheet date, the Group had outstanding commitments under non-cancellable finance leases which fall due as follows:		
Minimum lease payments:		
Not later than one year	112	99
Later than one year and no later than five years	520	496
Later than five years	184	314
	816	909
Less: future finance charges on finance leases	(235)	(317)
Present value of finance lease obligations	581	592
Present value of finance lease obligations are:		
Not later than one year	53	36
Later than one year and no later than five years	367	305
Later than five years	161	251
	581	592
33. OTHER COMMITMENTS		
Soccer sponsorships*	331	458
Orders placed to purchase handsets	42	48
	373	506
<i>*This commitment relates to the FIFA 2010 sponsorship.</i>		
34. INTEREST IN JOINT VENTURES	%	%
The Group had the following effective percentage interests in joint ventures:		
Indirect		
Swazi MTN Limited	30	30
MTN Rwandacell S.A.R.L.**	—	40
MTN Mobile Money Holdings (Proprietary) Limited	50	50
Mascom Wireless Botswana Limited	53	50
Irancell Telecommunication Company Services	49	49
<i>** Additional shares were purchased in MTN Rwandacell S.A.R.L. during the current financial year, resulting in it becoming a subsidiary.</i>		

	December 2007 Rm	December 2006 Rm
34. INTEREST IN JOINT VENTURES (continued)		
The following amounts represent the Group's share of the assets and liabilities, revenue and results of the joint ventures which are included in the consolidated balance sheet and income statement.		
Current assets	(1 392)	720
Non-current assets	(3 260)	2 102
Current liabilities	(2 729)	(767)
Interest bearing	(790)	(110)
Non-interest bearing	(1 939)	(657)
Non-current liabilities	(2 749)	(1 985)
Interest bearing	(2 672)	(1 887)
Non-interest bearing	(77)	(98)
Revenue	2 030	1 028
Expenses	(1 920)	(603)
	Number of employees	Number of employees
Average number of employees relating to joint ventures:		
– Full time	773	1 092
– Part time	351	385

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 tax advisers continue to believe in the soundness of the approach adopted and accordingly consider that there is no necessity to raise a provision for any potential liability in this regard.

Notes to the Group financial statements *continued*

for the year ended 31 December 2007

36. LICENCE AGREEMENTS

MTN Cameroon Limited

The licence authorises MTN Cameroon Limited to set up and run a 900MHz national mobile GSM cellular telephony network within the geographic territory of Cameroon. The licence was granted on 15 February 2000 and is valid for a period of 15 years, renewable for 10 years thereafter. The Group paid an initial licence fee of CFA40,4 billion and an annual licence fee based on 1% of network revenue as defined in the licence agreement for the first two years and 2% on network revenue from the third year onwards. Furthermore, an advance payment of CFA200 000 per year is payable for microwave usage until a general formula of calculation is adopted with the regulatory board.

MTN Nigeria Communications Limited

The licence authorises MTN Nigeria Communications Limited to provide and operate a 900 and 1800MHz second generation digital mobile service within the geographic territory of Nigeria. The licence was granted on 9 February 2001 and is valid for a period of 15 years, renewable for five years thereafter. The Group paid an initial licence fee of USD285 million and pays an annual licence fee based on 2,5% of assessed net revenue as defined in the licence.

A new 3G licence was granted to MTN Nigeria Communications Limited during the year. This licence is a spectrum licence that allows use of specified 3G spectrum (receive 1920 – 1930MHz and transmit 2110 – 2120MHz). The licence was granted on 1 May 2007 and is valid for a period of 15 years, renewable on expiration by mutual agreement of Commission and Licence. There is no automatic renewal. The Group paid an initial fee of USD150 million for the licence and there are no annual fees payable on the licence.

MTN Rwandacell S.A.R.L

The licence authorises MTN Rwandacell S.A.R.L to construct, maintain and operate a 900, 1800 and 1900MHz (including cellular public pay telephones) GSM telecommunication network within the geographic territory of Rwanda. The licence was granted on 2 April 1998 and is valid for 10 years and may be terminated thereafter with a two-year written notice period. The Group paid an initial licence fee of USD200 000 and pays an annual licence fee based on 3% (December 2006: 3%) of network revenue as defined in the licence. Furthermore, a frequency fee of USD2 000 per 1MHz granted and an annual spectrum fee of USD50 000 are payable. In 2008, an amount of USD500 000 was paid for an extension to the old licence. The terms of the renewal are being negotiated.

MTN Uganda Limited

The licence authorises MTN Uganda Limited to construct, maintain and operate a 900 and 1800MHz national 2G digital mobile radio telephony service within the geographic territory of Uganda. The licence was granted on 15 April 1998 and is valid for a period of 20 years. The Group paid an initial licence fee of USD5,8 million and an annual spectrum fee of 1% of network revenue is payable as a contribution to the Rural Communications Development Fund.

Irancell Telecommunication Company Services

The licence authorises Irancell Telecommunication Company Services to construct and operate a GSM-standard mobile radio-communication network for the purpose of providing a full range of licensed services within the Islamic Republic of Iran. The licence was granted on 27 November 2006 and has a validity period of up to 15 years with two renewable periods of five years each.

An initial licence fee of Euro 300 million was paid. An annual spectrum fee of 0,25% of revenue, an annual universal service fee of 3% of revenue and other fixed fees, totalling in aggregate not more than 5% of revenue are payable in each contractual year of the licence. In addition, Irancell Telecommunication Company Services is required to pay 28,1% of revenue in each contractual year, with a minimum guaranteed amount based upon 80% of 28,1% of the revenue amount included in the business plan, subject to certain conditions being met, on an annual basis.

36. LICENCE AGREEMENTS (continued)

Scancom Limited (Ghana)

The licence authorises Scancom Limited to construct, maintain and operate a telecommunications network using 900MHz and 1800MHz frequencies within the region of Ghana. Active coverage is required in all regions by 2011. This licence was effective 2 December 2004 for a period of 15 years, renewable for another 10 years with three months notice. A once off licence fee of USD22,5 million was paid with an annual regulatory fee of USD750 000. An annual fee of 1% of revenue is payable to the Ghana Investment Fund for Telecommunications due on 15 April every year. No exclusivity clause exists and a maximum of two new licences may be awarded during this term.

Areeba Limited (Cyprus)

The licence authorises Areeba Limited to construct and operate a 900MHz and 1800MHz GSM and 3G/UMTS network and requires 50% GSM geographic coverage by year two, and 60% 3G/UMTS coverage by year ten. The licence period commenced in December 2003 for a period of 20 years, renewable. An exclusivity clause is applicable, which lasts until the earlier of 25% market share or five years.

Spacotel Benin SA

Spacotel Benin SA has acquired a new licence for a period of 10 years in order to construct and operate a 900MHz and 1800MHz GSM network to have 100% geographic coverage.

The effective date of the licence is 19 October 2007 and can be extended automatically for another five years without any additional fees if performance levels are met. The expiration date is 18 October 2017.

Areeba Afghanistan

The licence authorises Areeba Afghanistan to construct and operate a 900MHz and 1800MHz GSM network to have 80% geographic coverage within the first year of the commencement date. The licence agreement is effective from October 2006, is applicable for 15 years and is renewable thereafter for an additional 10 years. No exclusivity clause exists.

Spacotel Guinea-Bissau SA

The licence authorises Spacotel Guinea-Bissau SA to construct and operate a 900MHz GSM network to cover 100% of the population. The licence agreement is effective from December 2003 and is applicable for 10 years and renewable thereafter. No exclusivity clause exists.

Areeba Guinea SA

The licence authorises Areeba Guinea SA to construct and operate a 900MHz and 1800MHz GSM network to cover all cities with a population of over 100 000 within one year of commercial launch and cities with a population of less than 100 000 within two years of commercial launch. The licence agreement is effective from August 2005 and is applicable for 13 years, renewable thereafter for five years. There will be a maximum of four operators in total up to 2010.

Lonestar Communications Corporation LLC (Liberia)

The licence authorises Lonestar Communications Corporation LLC to construct and operate a GSM network. There is no minimum coverage clause. The licence agreement is effective from December 1999 and is applicable for 15 years. No exclusivity clause exists.

MTN Sudan Company Limited

The licence authorises MTN Sudan Company Limited to construct and operate a 900MHz and 1800MHz GSM and UMTS network and requires coverage of large cities and main roads within four years of the commencement date. The licence agreement is effective from October 2004 and is applicable for 15 years, renewable thereafter.

Notes to the Group financial statements *continued*

for the year ended 31 December 2007

36. LICENCE AGREEMENTS (continued)

MTN Syria SA

This licence permits MTN Syria SA to build, manage, operate and invest in a GSM network in the Syrian region on both 900MHz and 1800MHz frequencies, capable of servicing 850 000 users. The licence duration is 15 years renewable for another three years at the discretion of the Syrian licensing authority, effective from June 2002. Coverage of 95% of the population is required within four to six years. After the duration of the contract, ownership of the operation will be transferred to the Syrian authorities at no cost.

Upfront licence fees of USD20 million and USD15 million for 900MHz and 1800MHz respectively were applicable. An annual "Frequency Protection Fee" of USD50 000 or SP2,5 million per 1MHz for transmission and reception within the band range of 900MHz or 1800MHz is payable. Revenue share costs are also payable by Areeba on a monthly basis within 15 days after month end. These are 30% of revenue for the first three years of the licence agreement, 40% for the next three years and 50% thereafter. A 60% revenue share would be applicable if the licence term is renewed. The exclusivity clause states that a maximum of two operators will be allowed for a period of eight years.

MTN Yemen

The licence authorises MTN Yemen to construct and operate a GSM network and requires coverage of the main cities and roads within three years. The licence agreement is effective from July 2000 and is applicable for 15 years, renewable thereafter. There is a four year exclusivity clause after which licence parity will apply after five years.

MTN Zambia Limited

The licence authorises MTN Zambia Limited to set up and run a cellular service within the designated bandwidth of 890-960MHz band within the geographic territory of Zambia. The licence was granted on 23 September 1995 and is valid for a period of 15 years, renewable every five years thereafter. An initial licence fee of USD40,000 was paid to acquire the licence and the annual operating licence fees payable are 5% of the assessed new annual revenue. Annual spectrum fees are also payable in respect of transmission.

MTN Côte d'Ivoire

The licence authorises MTN Côte d'Ivoire to construct, maintain and operate a 900MHz and 1800MHz GSM telecommunication network within the geographic territory of Côte d'Ivoire. The licence was granted on 21 December 2001 and is valid for 15 years. An initial licence fee of CFA40 000 million was determined, which is payable from 2001 to 2007.

MTN Congo SA

The licence authorises MTN Congo SA to construct, maintain and operate a 900MHz and 1800MHz GSM telecommunication network within the geographic territory of the Republic of Congo. The licence consists of a mobile licence granted on 15 October 1999 and an international gateway licence granted on 2 February 2006, valid for 15 years. The Group paid an initial licence fee of FCFA 365 million for the mobile licence and FCFA 250 million for the international gateway licence. The annual licence fee is based on 3% of local and 6% of international traffic. Furthermore, a frequency management fee of FCFA100 million, frequency usage fee of FCFA162,2 million and a number licence fee of FCFA60 million are payable annually. The payment for renewal is set at FCFA2,2 billion.

36. LICENCE AGREEMENTS (continued)

Mascom Wireless Botswana Limited

A licence was granted on 17 February 1998 and was valid for a period of 15 years. This licence was replaced with a Public Telecommunication Operator (PTO) licence issued on 13 June 2007 and valid for a period of 15 years. The licence authorises Mascom Wireless Botswana to construct, operate and maintain public telecommunication services within the geographic area of Botswana. The licence may be renewed upon expiry of the licence period provided that the licensee shall apply for such renewal no more than three years but not less than two years prior to the date of expiry. During the licence period and any extended period, the licensee shall pay an annual licence fee of BWP1.080 million for the operation of the licensed system; an annual licence fee of BWP0, 178 million for provision of the licensed service and a turnover related fee equal to 3% of annual net turnover, reported in each quarter.

Swazi MTN Limited

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

Mobile Telephone Networks (Proprietary) Limited

The licence authorises Mobile Telephone Networks (Proprietary) Limited to construct, maintain and use a 900MHz GSM national mobile cellular telecommunication service within the geographic area of South Africa. The licence was granted on 29 October 1993 and is valid for a period of 15 years from 1 June 1994, automatically renewable on *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 2006, MTN was granted the right to maintain and use the 1800MHz 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.

Notes to the Group financial statements *continued*

for the year ended 31 December 2007

	December 2007	December 2006
37. EXCHANGE RATES TO SOUTH AFRICAN RAND		
Year-end closing rates		
United States dollar (USD)	0,15	0,14
Uganda shilling (UGX)	250,41	246,98
Rwanda franc (RWF)	81,95	79,51
Cameroon Communaute Financière Africaine franc (XAF)	67,57	72,49
Nigerian naira (NGN)	17,46	18,23
Iranian riyals (IRR)	1 393,05	1 308,73
Botswana pula (BWP)	0,91	0,84
Ivory Coast Communaute Financière Africaine franc (CFA)	65,73	70,58
Congo Brazzaville Communaute Financière Africaine franc (CFACB)	65,71	70,70
Zambian kwacha (ZMK)	567,78	624,56
Swaziland emalangeni	1	1
Lebanese pound (LBP)	222,32	213,98
Afghanistan afghani (AFN)	7,37	7,10
Euro (EUR)	0,10	0,10
British pound sterling (GBP)	0,07	0,07
Ghana cedi (GHC)	1 445,26	1 312,99
Benin (XOF)	65,71	70,70
Cypriot pounds (CYP)	0,06	0,06
Euro mednet (EURM)	0,10	0,11
Guinea Conakry (GNF)	632,30	922,64
Morocco dirhams (MAD)	—	1,23
Sudanese dinars (SDD)	30,23	28,82
Syrian pound (SYP)	7,08	7,24
Guinea Bissau (XOF)	67,35	71,13
Yemen riyals (YER)	29,44	28,19

	December 2007	December 2006
37. EXCHANGE RATES TO SOUTH AFRICAN RAND (continued)		
Average rates for the year		
United States dollar (USD)	0,14	0,14
Uganda shilling (UGX)	243,56	267,86
Rwanda franc (RWF)	79,77	82,52
Cameroon Communaute Financière Africaine franc (XAF)	70,66	77,21
Nigerian naira (NGN)	17,89	18,70
Iranian riyals (IRR)	1 320,38	1 365,28
Botswana pula (BWP)	0,85	0,86
Ivory Coast Communaute Financière Africaine franc (CFA)	68,20	76,52
Congo Brazzaville Communaute Financière Africaine franc (CFACB)	68,10	77,01
Zambian kwacha (ZMK)	556,97	535,14
Swaziland emalangen	1	1
Lebanese pound (LBP)	216,28	211,98
Afghanistan afghani (AFN)	7,10	7,03
Euro (EUR)	0,10	0,10
British pound sterling (GBP)	0,07	0,07
Ghana cedi (GHC)	1 318,79	1 282,55
Benin (XOF)	72,13	69,96
Cypriot pounds (CYP)	0,06	0,06
Euro mednet (EURM)	0,10	0,11
Guinea Conakry (GNF)	702,43	910,50
Morocco dirhams (MAD)	—	1,23
Sudanese dinars (SDD)	28,69	32,54
Syrian pound (SYP)	7,09	7,20
Guinea Bissau (XOF)	67,74	70,37
Yemen riyals (YER)	28,30	27,91

Notes to the Group financial statements *continued*

for the year ended 31 December 2007

	December 2007 Rm	December 2006 Rm
38. FOREIGN EXCHANGE EXPOSURE		
Included in the Group balance sheet are the following amounts denominated in currencies other than the functional currency of the reporting entities:		
Group		
<i>Assets</i>		
Accounts receivable		
– US dollar	3 124	1 446
– Euro	2 481	550
– Special drawing rights*	37	13
Total assets	5 642	2 009
<i>Liabilities</i>		
Long-term liabilities		
– US dollar	10 290	12 222
<i>Current liabilities</i>		
– US dollar	3 617	2 275
– Pounds sterling	6	11
– Euro	707	370
– Special drawing rights*	43	26
Total liabilities	14 663	14 904

*Unit of payment for international telecommunication transactions.

	Foreign amounts (notional principal amount)		Rand amounts (fair value)	
	December 2007 Rm	December 2006 Rm	December 2007 Rm	December 2006 Rm
39. DERIVATIVE FINANCIAL INSTRUMENTS				
Outstanding forward exchange contracts are:				
US dollar	974	1 364	444	324
Euro	—	3	—	*
Pounds sterling	—	1	—	*
Derivative liability			(444)	(324)
Fair value loss taken to income statement			(444)	(324)

During 2006, the Group entered into a cash flow hedge to hedge foreign exchange risk in respect of the Investcom transaction. The hedged cash flows occurred during 2006 and will only affect profit and loss in the event of disposal or impairment of the investment.

*Amounts less than R1 million.

	December 2007 Rm	December 2006 Rm
40. AVAILABLE-FOR-SALE FINANCIAL ASSETS		
Beginning of year	24	—
Exchange differences	2	*
Acquisition of subsidiary	—	24
Net losses transferred to equity	(2)	*
End of year	24	24
Less: non-current portion	—	—
Current portion	24	24
Available-for-sale financial assets include:		
Unlisted securities		
– Other securities with fixed interest	24	24
	24	24
Available-for-sale financial assets are denominated in:		
US dollar	19	8
Euro	5	16
	24	24

Consists of various investments made via Merrill Lynch, Fortis and HSBC. No impairments have been made relating to available-for-sale financial assets.

* Amounts less than R1 million.

41. POST BALANCE SHEET EVENTS

Broadening of the Nigerian shareholder base of MTN Nigeria Communications Limited

Subsequent to year-end, Nigerian individuals and key institutions have acquired a 9,45% interest in MTN Nigeria Communications Limited from MTN, acting through its wholly owned subsidiary, MTN International (Mauritius) Limited, and other shareholders in MTN Nigeria Communications Limited, pursuant to a private placement.

The main rationale for the transaction is to achieve MTN's stated intention of broadening the ownership of MTN Nigeria Communications Limited among Nigerian citizens and institutions and to reaffirm MTN's commitment of enabling greater Nigerian representation in MTN Nigeria Communications Limited.

MTN disposed of an overall equity interest of 5,96% in MTN Nigeria Communications Limited as part of the private placement for a consideration of USD594,50 million, thereby reducing its interest in MTN Nigeria Communications Limited to 76,08%. The allocation date for the private placement was 8 February 2008 and share transfers have been effected on 18 February 2008.

MTN Côte d'Ivoire put option

The MTN Côte d'Ivoire put option amounting to R474 million (2006: R480 million) was cancelled subsequent to year-end. Upon cancellation, the outstanding balance will be transferred to equity.

Change in tax rate

The company is regarded as a tax resident in South Africa by the South African Revenue Services (SARS) and as such is subject to tax on its worldwide income in South Africa (note 6). On 20 February 2008, the South African Minister of Finance announced a change in the corporate tax rate from 29% to 28%. This change is effective for financial years ending on any date between 1 April 2008 and 31 March 2009.

Notes to the Group financial statements *continued*

for the year ended 31 December 2007

	December 2007 Rm	December 2006 Rm
42. RELATED PARTY TRANSACTIONS		
Various transactions are entered into by the company and its subsidiaries during the year with related parties. The terms of these transactions are at arm's length. Intra-group transactions are eliminated on consolidation.		
Key management compensation		
Salaries and other short-term employee benefits	13	44
Post-employment benefits	1	1
Share-based payments	3	18
Total	17	63

Subsidiaries and joint ventures

Details of investments in subsidiaries and joint ventures are disclosed in Annexure 1 of the financial statements.

Associates

Details of investments in associates are disclosed in Annexure 2 of the financial statements.

Directors

Details of directors' remuneration are disclosed in note 3 of the Group financial statements as well as in the directors' report under the heading "Details of emoluments and related payments".

Shareholders

The principal shareholders of the Company are disclosed in the directors' report under the heading "Shareholders' interests".

43. BUSINESS COMBINATIONS

43.1 The acquisition of additional shares in MTN Rwandacell S.A.R.L

In November 2007, the shareholding in MTN Rwandacell S.A.R.L, a telecommunications company incorporated in Rwanda, was increased from 40% to 55%, for USD40,5 million, converting the joint venture operation into a fully consolidated subsidiary of the Group.

MTN Rwandacell S.A.R.L contributed revenues of R305 million and net profit of R101 million to the Group. If the step-up had occurred on 1 January 2007, the contribution to Group revenue would have been R583 million and the contribution after tax would have been R197 million.

These amounts have been calculated using the Group's accounting policies.

Goodwill is attributable to the synergies expected to arise after the Group gained control of MTN Rwandacell S.A.R.L.

	November 2007 Rm
Total purchase consideration	272
Fair value of net assets acquired	(58)
Goodwill	214

43. BUSINESS COMBINATIONS (continued)

43.1 The acquisition of additional shares in MTN Rwandacell S.A.R.L (continued)

The assets and liabilities arising from the acquisition are:

	Fair value at acquisition date Rm	Acquiree's carrying amount on acquisition date Rm
Cash and cash equivalents	223	223
Property, plant and equipment	254	254
Intangibles	2	2
Investment in subsidiary	4	4
Inventories and receivables	85	85
Payables	(140)	(140)
Net deferred tax liability	(39)	(39)
Net assets acquired	389	389
Minorities	(175)	
Net assets already owned	(156)	
Fair value of assets acquired	58	
Purchase consideration		(272)
Cash and cash equivalent in subsidiary acquired		134
Cash outflow on acquisition		(138)

43.2 The disposal of 8,67% of MTN Côte d'Ivoire

In May 2007, the shareholding in MTN Côte d'Ivoire, a telecommunications company incorporated in Côte d'Ivoire, was reduced from 68,34% to 59,67%, for USD31,2 million. The transaction did not result in loss of control.

The assets and liabilities sold are:

	Carrying value on disposal date Rm
Cash and cash equivalents	31
Property, plant and equipment	88
Intangibles	52
Net deferred tax asset	1
Non-current prepayments	1
Inventories and receivables	35
Payables	(108)
Borrowings	(23)
Net assets disposed of	77
Consideration received	221
Net assets disposed of	(77)
Profit on disposal included in equity on consolidation	144

Notes to the Group financial statements *continued*

for the year ended 31 December 2007

43. BUSINESS COMBINATIONS (continued)

43.3 The acquisition of 100% of Investcom LLC

On 23 May 2006, MTN Group made a cash and shares offer to acquire the entire issued share capital of Investcom LLC, a company whose securities were listed in Dubai and London, for a total consideration of USD5,5 billion. The formal offer was based on an implied MTN Group share price of R59,25 (USD9,79). The purchase offer was partly in cash and partly by the issue of MTN Group shares.

MTN shareholders approved the transaction on 28 June 2006 and it became wholly unconditional on 4 July 2006, the date from which Investcom was consolidated into the MTN Group. In accordance with DFIX rules, settlement of cash and shares took place on 17 and 24 July 2006. In terms of the offer made USD3,7 billion was settled in cash and 183 210 084 MTN Group Limited shares were issued to the previous Investcom LLC shareholders. Investcom LLC was delisted on 15 August 2006.

The acquired business contributed revenues of R5 987 million and net profit of R792 million to the Group for the period from 4 July 2006 to 31 December 2006. If the acquisition had occurred on 1 January 2006, the contribution to Group revenue would have been R10 328 million and the contribution to profit before/after tax would have been R1 069 million.

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

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

Details of the net assets acquired and goodwill as at acquisition are:

	4 July 2006	
Total purchase consideration		33 339
Fair value of net assets acquired		(10 173)
Goodwill		23 166
The assets and liabilities arising from the acquisition are:		
	Fair value 4 July 2006 Rm	Acquiree's carrying amount 4 July 2006 Rm
Cash and cash equivalents	3 175	3 175
Property, plant and equipment	3 600	3 986
Intangibles	8 140	4 156
Inventories and receivables	2 096	2 096
Payables	(3 151)	(3 151)
Borrowings	(1 085)	(1 085)
Net deferred tax liability	(1 272)	(136)
Net assets	11 503	9 041
Minority interests	(1 330)	
Fair value of net assets acquired	10 173	
Purchase consideration settled in cash		(23 941)
Cash and cash equivalents in subsidiary acquired		3 175
Cash outflow on acquisition		(20 766)

43. BUSINESS COMBINATIONS (continued)

43.4 The acquisition of additional shares in MTN Uganda Limited

In July 2006, the shareholding in MTN Uganda Limited, a telecommunications company incorporated in Uganda, was increased from 52,01% to 97,34% for approximately USD221 million, converting the joint venture operation into a fully consolidated subsidiary of the Group.

MTN Uganda Limited contributed revenues of R1 164 million and net profit of R223 million to the Group. If the step-up had occurred on 1 January 2006, the contribution to Group revenue would have been R1 462 million, and the contribution to profit after tax would have been R179 million.

These amounts have been calculated using the Group's accounting policies and by adjusting the results of the acquiree to reflect the additional depreciation and amortisation that would have been charged assuming that the fair value adjustments to property, plant and equipment and intangible assets had been applied from 1 January 2006, together with the consequential tax effects.

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

Details of the net assets acquired and goodwill as at acquisition are:

	1 July 2006 Rm	
Total purchase consideration		1 577
Fair value of net assets acquired		(947)
Goodwill		630
The assets and liabilities arising from the acquisition are:		
	Fair value on acquisition date Rm	Acquiree's carrying amount on acquisition date Rm
Cash and cash equivalents	35	35
Property, plant and equipment	439	439
Intangibles	974	11
Investment in subsidiary	1	1
Inventories and receivables	71	71
Payables	(50)	(50)
Borrowings	(146)	(146)
Net deferred tax liability	(352)	(72)
Net assets acquired	972	289
Minorities	(25)	
Fair value of net assets acquired	947	
Purchase consideration		(1 577)
Cash and cash equivalents in subsidiary acquired		35
Cash outflow on acquisition		(1 542)

Notes to the Group financial statements *continued*

for the year ended 31 December 2007

43. BUSINESS COMBINATIONS (continued)

	Notes	December 2007 Rm	December 2006 Rm
43.5 Reconciliation to the cash flow statement			
Cash outflows as shown above			
The acquisition of additional shares in MTN Rwandacell S.A.R.L.	43.1	(272)	—
The disposal of 8,67% of MTN Côte d'Ivoire	43.2	221	—
The acquisition of 100% of Investcom LLC	43.3	—	(23 941)
The acquisition of additional shares in MTN Uganda Limited	43.4	—	(1 577)
Other disposals/(acquisitions)*		(40)	(3 172)
		(91)	(28 690)
Amounts shown in cash flow statement			
Acquisition of subsidiaries and joint ventures		(91)	(28 690)
Less: Cash balances acquired		143	2 895
		52	(25 795)

*These consist primarily of the disposal of shares in MTN Uganda Limited and MTN Côte d'Ivoire and the acquisition of additional shares in Mascom Wireless Botswana Limited (2006: Additional shares purchased in MTN Nigeria Communications Limited, Mascom Wireless Botswana Limited and MTN Côte d'Ivoire).

Company income statement

for the year ended 31 December 2007

	Notes	December 2007 Rm	December 2006 Rm
Other operating expenses		(1)	(6)
Finance income	2	1 718	1 088
Finance costs		(2)	—
Profit before income tax	1	1 715	1 082
Income tax expense	3	(18)	—
Net profit		1 697	1 082

Company balance sheet

at 31 December 2007

	Notes	December 2007 Rm	December 2006 Rm
ASSETS			
Non-current assets			
		23 693	23 693
Interest in subsidiaries	4	23 693	23 693
Current assets			
		358	199
Trade and other receivables*		327	143
Cash and cash equivalents	5	31	56
Total assets		24 051	23 892
SHAREHOLDERS' EQUITY			
Ordinary shares and share premium	6	23 864	23 804
Retained earnings		23	1
Other reserves		95	77
Total equity		23 982	23 882
LIABILITIES			
Current liabilities			
		69	10
Current tax payable		4	2
Trade and other payables	7	65	8
Total liabilities		69	10
Total equity and liabilities		24 051	23 892

*The entity believes that no impairment allowance is necessary in respect of receivables as no objective evidence existed at year-end to indicate that one or more events may have a negative effect on the estimated future cash flows expected from any individual balance.

Company statement of changes in equity

for the year ended 31 December 2007

	Share capital Rm	Share premium Rm	Other reserves Rm	Retained earnings Rm	Total Rm
Balance at 31 December 2005	*	14 271	41	2	14 314
Net profit	—	—	—	1 082	1 082
Dividends paid	—	—	—	(1 083)	(1 083)
Share-based payment reserve	—	—	36	—	36
Issue of share capital	*	9 533	—	—	9 533
Balance at 31 December 2006	*	23 804	77	1	23 882
Net profit	—	—	—	1 697	1 697
Dividends paid	—	—	—	(1 675)	(1 675)
Share-based payment reserve	—	—	18	—	18
Issue of share capital (conversion of debentures)	*	60	—	—	60
Balance at 31 December 2007	*	23 864	95	23	23 982

Note

6

6

*Amounts less than R1 million.

Company cash flow statement

for the year ended 31 December 2007

	Notes	December 2007 Rm	December 2006 Rm
Cash utilised by operation	8	(130)	(84)
Interest received	2	3	5
Income tax paid	9	(16)	—
Dividends paid		(1 675)	(1 083)
Dividends received	2	1 715	1 083
Net cash used in operating activities		(103)	(79)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of subsidiaries		—	(9 539)
Net cash utilised in investing activities		—	(9 539)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from the issuance of ordinary shares		60	9 532
Increase in provision for share-based payments		18	61
Net cash generated from financing activities		78	9 593
Net decrease in cash and cash equivalents		(25)	(25)
Cash and cash equivalents at beginning of year		56	81
Cash and cash equivalents at end of year	5	31	56

Notes to the company financial statements

for the year ended 31 December 2007

	December 2007 Rm	December 2006 Rm
1. PROFIT BEFORE INCOME TAX		
The following items have been included in arriving at profit before tax:		
Directors' emoluments:	(11)	(7)
– Directors' fees	(11)	(7)
Fees paid for services:	(87)	(42)
– Administrative	(3)	(5)
– Management (note 10)	(83)	(37)
– Technical	(1)	—
Management fees received (note 10)	94	46
2. FINANCE INCOME		
Interest income	3	5
Dividend income	1 715	1 083
	1 718	1 088
3. INCOME TAX EXPENSE		
Current tax		
Secondary tax on companies	18	—
Current year	18	—
South African normal taxation is calculated at 29% (December 2006: 29%) of the estimated taxable income for the year.		
Tax rate reconciliation		
The charge for the year can be reconciled to the effective rate of taxation in South Africa as follows:		
	%	%
Tax at standard rate	29,0	29,0
Exempt income	(29,0)	(29,0)
Effect of STC	1,0	—
Utilisation of assessed losses	(0,3)	(1,3)
Expenses not deductible for tax purposes	0,3	1,3
	1,0	—

	December 2007 Rm	December 2006 Rm
4. INTEREST IN SUBSIDIARIES		
525 757 682 (December 2006: 525 757 682) shares (100%) in Mobile Telephone Networks Holdings (Proprietary) Limited at cost	22 173	22 173
Loan owing by subsidiary**	1 520	1 520
Net interest in subsidiary	23 693	23 693
MTN Group Management Services (Proprietary) Limited	*	*
Net interest in subsidiary	—	—
Total interest in subsidiary companies	23 693	23 693
<i>**This loan account has been subordinated in favour of certain of the Group's lenders. This loan bears no interest and there are no fixed terms of repayment.</i>		
5. CASH AND CASH EQUIVALENTS		
Cash at bank and on hand	31	56
6. ORDINARY SHARES AND SHARE PREMIUM		
Ordinary share capital		
<i>Authorised share capital</i>		
2 500 000 000 ordinary shares of 0,01 cent each	*	*
<i>Issued and fully paid-up share capital</i>		
1 864 797 807 (December 2006: 1 860 268 283) ordinary shares of 0,01 cent each	*	*
Share premium		
Balance at beginning of year	23 804	14 271
Arising on the issue of shares during the year (net of share issue expenses)	60	9 533
Balance at end of year	23 864	23 804

*Amounts less than R1 million.

Notes to the company financial statements *continued*
for the year ended 31 December 2007

	December 2007 Rm	December 2006 Rm
7. TRADE AND OTHER PAYABLES		
Sundry creditors	60	3
Accrued expenses and other payables	5	5
	65	8
8. CASH UTILISED BY OPERATION		
Profit before tax	1 715	1 082
Adjustments for:		
Finance income (note 2)	(1 718)	(1 088)
	(3)	(6)
Changes in working capital	(127)	(78)
Increase in trade and other receivables	(184)	(48)
Increase/(decrease) in trade and other payables	57	(30)
Cash utilised by operation	(130)	(84)
9. INCOME TAX PAID		
Balance at beginning of year	2	2
Amounts charged to income statement	18	—
Balance at end of year	(4)	(2)
Total tax paid	16	—

	December 2007 Rm	December 2006 Rm
10. RELATED PARTY TRANSACTIONS		
Various transactions were entered into by the Company during the period with related parties. The terms of these transactions are documented below.		
The following is a summary of transactions with related parties during the period and balances due at year-end:		
Dividends received:		
– Mobile Telephone Networks Holdings (Proprietary) Limited	1 715	1 083
Management fees paid (note 1):		
– MTN Management Services Company (Proprietary) Limited	83	37
Management fees received (note 1):		
– MTN International (Proprietary) Limited	94	46

Subsidiaries and joint ventures

Details of investments in subsidiaries and joint ventures are disclosed in Annexure 1 of the financial statements.

Associates

Details of investments in associates are disclosed in Annexure 2 of the financial statements.

Directors

Details of directors' remuneration are disclosed in note 3 of the Group financial statements as well as in the directors' report under the heading "Details of emoluments and related payments".

Shareholders

The principal shareholders of the Company are disclosed in the directors' report under the heading "Shareholders' interests".

11. CONTINGENT LIABILITIES AND COMMITMENTS

The company does not have any contingent liabilities or commitments at year-end.

12. POST BALANCE SHEET EVENTS

Change in tax rate

The company is regarded as a tax resident in South Africa by the South African Revenue Services (SARS) and as such is subject to tax on its worldwide income in South Africa (note 3). On 20 February 2008, the South African Minister of Finance announced a change in the corporate tax rate from 29% to 28%. This change is effective for financial years ending on any date between 1 April 2008 and 31 March 2009.

Annexure 1

at 31 December 2007

Interests in subsidiary companies and joint ventures

Subsidiaries and joint ventures in which MTN Group Limited has a direct and indirect interest	Principal activity	Place of incorporation	Effective % interest in issued ordinary share capital		Book value of holding company interest			
			Dec 2007 %	Dec 2006 %	Shares		Indebtedness	
					Dec 2007 Rm	Dec 2006 Rm	Dec 2007 Rm	Dec 2006 Rm
Mobile Telephone Networks Holdings (Proprietary) Limited	Investment holding company	South Africa	100	100	22 173	22 173	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	—	—	—	—
Guardrisk International Limited PCC	Insurance company	Mauritius	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	70	70	—	—	—	—
MTN Nigeria Communications Limited	Network operator	Nigeria	84,57	84,57	—	—	—	—
Mobile Telephone Networks Insurance (Proprietary) Limited	Insurance company	South Africa	100	100	—	—	—	—
M-Tel Insurance (Proprietary) Limited	Insurance company	South Africa	100	100	—	—	—	—
MTN Network Solutions (Proprietary) Limited	Internet service provider	South Africa	100	100	—	—	—	—
MTN Group Management Services (Proprietary) Limited	Management services	South Africa	100	100	*	*	—	—
MTN Rwandacell S.A.R.L.**	Network operator	Rwanda	55	40	—	—	—	—
MTN Uganda Limited	Network operator	Uganda	95,4	97,34	—	—	—	—
Cell Place (Proprietary) Limited	Cellular dealership	South Africa	51	51	—	—	—	—
Nigerian Electronic Funds Transfer Operation	Virtual airtime	Nigeria	50	50	—	—	—	—

* Amounts less than R1 million.

** Joint ventures.

Interests in subsidiary companies and joint ventures (continued)

Subsidiaries and joint ventures in which MTN Group Limited has a direct and indirect interest	Principal activity	Place of incorporation	Effective % interest in issued ordinary share capital		Book value of holding company interest			
					Shares		Indebtedness	
			Dec 2007 %	Dec 2006 %	Dec 2007 Rm	Dec 2006 Rm	Dec 2007 Rm	Dec 2006 Rm
MTN Côte d'Ivoire	Network operator	Ivory Coast	59,67	68,34	—	—	—	—
MTN Congo SA	Network operator	Republic of the Congo	100	100	—	—	—	—
Mascom Wireless Botswana Limited**	Network operator	Botswana	53	50	—	—	—	—
Mobile Botswana Limited	Investment holding company	Mauritius	100	100	—	—	—	—
Econet Wireless Citizens Limited	Investment holding company	Botswana	82,8	75,2	—	—	—	—
Deci (Proprietary) Limited**	Investment holding company	Botswana	33	33	—	—	—	—
MTN Zambia Limited	Network operator	Zambia	100	100	—	—	—	—
MTN Publicom Limited	Payphone services	Uganda	100	100	—	—	—	—
Swazi MTN Limited**	Network operator	Swaziland	30	30	—	—	—	—
MTN Mobile Money Holdings (Proprietary) Limited**	Wireless banking services	South Africa	50	50	—	—	—	—
IranCell Telecommunication Company Services**	Network operator	Iran	49	49	—	—	—	—
Investcom LLC	Investment holding company	Lebanon	100	100	—	—	—	—
VGC	Fixed line and data services	Nigeria	100	100	—	—	—	—
Easy Dial International Limited	Holding company	British Virgin Islands	99	99	—	—	—	—
Investcom Mobile Communication Limited	Holding company	British Virgin Islands	100	100	—	—	—	—
Investcom Consortium Holding SA	Holding company	British Virgin Islands	99	99	—	—	—	—
Satcorp Communications	Holding company	British Virgin Islands	100	100	—	—	—	—

** Joint ventures.



Annexure 1 *continued*

at 31 December 2007

Interests in subsidiary companies and joint ventures (continued)

Subsidiaries and joint ventures in which MTN Group Limited has a direct and indirect interest	Principal activity	Place of incorporation	Effective % interest in issued ordinary share capital		Book value of holding company interest			
					Shares		Indebtedness	
			Dec 2007 %	Dec 2006 %	Dec 2007 Rm	Dec 2006 Rm	Dec 2007 Rm	Dec 2006 Rm
Investcom Mobile Benin	Holding company	British Virgin Islands	99	99	—	—	—	—
Investcom Telecommunications Guinea Limited	Holding company	British Virgin Islands	99	99	—	—	—	—
Investcom Telecommunications Afghanistan Limited	Holding company	British Virgin Islands	100	100	—	—	—	—
SAM Mediterranean Network	Telecommunications	Monaco	99,84	99,84	—	—	—	—
Mediterranean Network Multimedia SAM	Telecommunications	Monaco	99,99	99,99	—	—	—	—
Spacotel UK Limited	Telecommunications	UK	100	100	—	—	—	—
Investcom Telecommunication Yemen	Telecommunications	British Virgin Islands	100	100	—	—	—	—
Prime Call Limited	Telecommunications	British Virgin Islands	100	100	—	—	—	—
Areeba Limited	Telecommunications	Cyprus	100	100	—	—	—	—
Spacotel Africa Limited	Telecommunications	British Virgin Islands	100	100	—	—	—	—
Scancom Limited	Telecommunications	Ghana	97,65	97,65	—	—	—	—
MTN Syria SA	Telecommunications	Syria	75	75	—	—	—	—
Spacotel Benin SA	Telecommunications	Benin	75	75	—	—	—	—
Lonestar Communications Corporation LLC	Telecommunications	Liberia	60	60	—	—	—	—
MTN Sudan Company Limited	Telecommunications	Sudan	85	85	—	—	—	—
Spacotel Guinea Bissau SA	Telecommunications	Guinea Bissau	100	100	—	—	—	—
Areeba Guinea SA	Telecommunications	Guinea	75	75	—	—	—	—
Areeba Afghanistan	Telecommunications	Afghanistan	100	100	—	—	—	—

Interests in subsidiary companies and joint ventures (continued)

			Effective % interest in issued ordinary share capital		Book value of holding company interest				
					Shares		Indebtedness		
			Dec 2007 %	Dec 2006 %	Dec 2007 Rm	Dec 2006 Rm	Dec 2007 Rm	Dec 2006 Rm	
Subsidiaries and joint ventures in which MTN Group Limited has a direct and indirect interest	Principal activity	Place of incorporation							
Investcom Global Limited	Managing and holding company	British Virgin Islands	99	99	—	—	—	—	—
Interserve Overseas Limited	International business	British Virgin Islands	99	99	—	—	—	—	—
Uniglobe SA	Management company	France	99,8	99,8	—	—	—	—	—
Servico SAL	Services and transportation of goods	Lebanon	99,97	99,97	—	—	—	—	—
Inteltec Offshore SAL	Maintenance and engineering services	Lebanon	99,8	99,8	—	—	—	—	—
Inteltec Maroc SA	Maintenance and engineering services	Monaco	99,83	99,83	—	—	—	—	—
Inteltec SAL	Maintenance and engineering services	Lebanon	99,99	99,99	—	—	—	—	—
Investcom Services SAL	Managing and holding company	Lebanon	—	97	—	—	—	—	—
Investcom International Limited	Dormant company	British Virgin Islands	99	99	—	—	—	—	—
Spacotel International Limited	Dormant company	UK	100	100	—	—	—	—	—
Vernis Associates SA	Holding company	Panama	100	100	—	—	—	—	—
Galactic Engineering Projects SA	Holding company	Panama	78	78	—	—	—	—	—
Starcom Global Limited	Holding company	British Virgin Islands	89	89	—	—	—	—	—

Annexure 2

at 31 December 2007

Interests in associated companies

at 31 December 2007

Name of associate	Principal activity	Place of incorporation	Financial year-end	Effective interest in issued ordinary share capital		Group book value of shares	
				Dec 2007 %	Dec 2006 %	Dec 2007 Rm	Dec 2006 Rm
I-Talk Cellular (Proprietary) Limited	Service provider	South Africa	28 Feb	41	41	4	4
Leaf Wireless (Proprietary) Limited	Cellular dealership	South Africa	31 Mar	40	40	16	16
Number Portability	Porting	RSA	31 Dec	33	33	—	—
Total book value of associated companies						20	20

Group's attributable interest in associated companies
at 31 December 2007

	Effective interest		Number Portability		I-Talk		Leaf	
	Dec 2007 Rm	Dec 2006 Rm	Dec 2007 Rm	Dec 2006 Rm	Dec 2007 Rm	Dec 2006 Rm	Dec 2007 Rm	Dec 2006 Rm
ASSETS AND LIABILITIES								
Property, plant and equipment	14	12	20	15	8	7	11	11
Investments and long-term receivables	4	2	—	—	2	1	7	4
Intangible assets	9	9	*	*	—	—	22	23
Deferred tax asset	2	3	—	—	3	6	1	1
Current assets	112	91	8	7	143	147	128	76
Total assets	141	117	28	22	156	161	169	115
Long-term borrowings	21	8	27	23	—	*	30	2
Current liabilities	57	43	1	*	78	83	62	25
Total liabilities	78	51	28	23	78	83	92	27
Attributable net asset value	63	66	*	*	78	78	77	88
Book value	63	66	*	*	78	78	77	88
INCOME STATEMENT								
Revenue	369	259	7	*	475	365	429	282
Net profit (loss) for the year	16	22	*	(*)	18	24	21	31
Dividends	(8)	—	—	—	(20)	—	—	—

*Amounts less than R1 million.

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**A value that embodies the spirit of all at MTN,
Can do is the belief and drive that
we achieve what we set out to do. (Phuthuma Nhleko)**



Notice of the thirteenth annual general meeting

for the year ended 31 December 2007

MTN GROUP LIMITED

Incorporated in the Republic of South Africa

(Registration number 1994/009584/06)

(“the MTN Group” or “the Company”)

JSE code: MTN

ISIN: ZAE000042164

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt about what action you should take, consult your broker, Central Securities Depository Participant (CSDP), banker, financial adviser, accountant or other professional adviser immediately.

If you have disposed of all your shares in MTN Group Limited, please forward this document, together with the enclosed form of proxy to the purchaser of such shares or the broker, banker or other agent through whom you disposed of such shares.

Included in this document are:

- The notice of meeting setting out the resolutions to be proposed, together with explanatory notes. There are also guidance notes if you wish to attend the meeting (for which purpose an AGM location map is included) or to vote by proxy.
- A proxy form for completion, signature and submission to the share registrars by shareholders holding MTN Group Limited ordinary shares in certificated form or recorded in sub-registered electronic form in “own name”.

Shareholders on the South African register who have dematerialised their MTN Group Limited ordinary shares through STRATE, other than those whose shareholding is recorded in their “own name” in the sub-register maintained by their CSDP and who wish to attend the meeting in person, will need to request their CSDP or broker to provide them with the necessary authority in terms of the custody agreement entered into between the dematerialised shareholder and the CSDP or broker.

Notice is hereby given that the thirteenth annual general meeting of shareholders of the Company will be held in the Auditorium, Phase II, 216 – 14th Avenue, Fairland, Gauteng on Thursday, 19 June 2008 at 14:30 (South African time), for the following business:

For the purposes hereof “Group” shall bear the meaning assigned to it by the Listings Requirements of the JSE Limited (“JSE”), which defines “Group” as a holding company, not itself being a wholly owned subsidiary, together with all companies being its subsidiaries, if any.

Shareholders are advised that the chairman of the meeting intends to exercise his discretion as contemplated in Article 57 of the articles of association to require that all resolutions, ordinary and special, be conducted by way of a poll and not by way of a show of hands.

To consider and, if deemed fit to pass, with or without modification resolutions number 1 to 6 as ordinary resolutions and resolution number 7 as a special resolution:



ORDINARY BUSINESS

1. Ordinary resolution number 1

To receive, consider and adopt the annual financial statements of the Group and the Company for the year ended 31 December 2007, including the report of the directors and the external auditors.

2. Ordinary resolution number 2

To re-appoint as director of the company

KP Kalyan

Age: 53

Appointed: 13 June 2006

Educational qualifications: BCom(Law)(Hons), Economic Senior Executive Management Programme

Directorships: Director of the South African Business Trust, South African Bank Note Company of the South African Reserve Bank, South African Mint Company of the South African Reserve Bank and the UK/SA Business Initiative (London).

She is currently an independent non-executive director of MTN Group Limited and serves on the nominations, remuneration, human resources and corporate governance committee.

3. Ordinary resolution number 3

To re-appoint as director of the company

RD Nisbet

Age: 52

Appointed: 1 October 2001

Educational qualifications: BCom, BAcc, CA(SA)

Directorships: Currently the Group finance director of MTN Group Limited and has been with MTN since 1995. As an executive director he serves as a member of the Group executive and steering committee and the tender committee and is a director on various MTN Group subsidiary companies.

4. Ordinary resolution number 4

To re-appoint as director of the company

JHN Strydom

Age: 69

Appointed: 11 March 2004

Educational qualifications: MCom(Acc), CA(SA)

Directorships: Founding partner of Strydoms Incorporated Chartered Accountants (SA) and a director on the boards of Growthpoint Properties Limited, Public Investment Corporation Limited and a senior member of the Special Income Tax Court for taxation appeals.

He is currently a non-executive director of MTN Group Limited and serves on the audit committee.

5. Ordinary resolution number 5

To re-appoint as director of the company

Sheikh ARH Sharbatly

Age: 63

Appointed: 13 June 2006

Directorships: Director of Riyadh Bank in Saudi Arabia, Saudi Company for Hardware, Marketing Services and Commercial Projects Operation Company, Saudi Arabian Refinery Company, South Valley Cement factory. He is also the Chairman of Arabian International Corporation, Saudi Arabian Marketing and Agencies Company Limited and Golden Pyramids Plaza Company.

He is an independent non-executive director of MTN Group Limited.

Notice of the thirteenth annual general meeting *continued* for the year ended 31 December 2007

The reason for the proposed resolutions 2 to 5 is to elect, in accordance with the Company's articles of association and by way of separate ordinary resolutions as required under section 210(1) of the Companies Act, 1973 (Act 61 of 1973), as amended ("the Companies Act"), Ms KP Kalyan, Messrs RD Nisbet, JHN Strydom and Sheikh AH Sharbatly as directors of the Company who retire by rotation at the annual general meeting and being eligible offer themselves for re-election.

6. Ordinary resolution number 6

"RESOLVED THAT, all the unissued ordinary shares of 0,01 cent each in the share capital 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 and/or to undertake to allot, issue or otherwise 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 (save for the unissued ordinary shares which have specifically been reserved for the Company's 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 (the unissued scheme shares), which shall be issued to such person or persons on such terms and conditions in accordance with the terms of such authorising resolutions), subject to the aggregate number of such ordinary shares able to be allotted, issued and otherwise disposed of and/or so undertaken to be allotted, issued or disposed of in terms of this resolution being limited to 10% of the number of ordinary shares in issue as at 31 December 2007 (but excluding, in determining such 10% limit, the unissued scheme shares) and further subject to the provisions applicable from time to time of the Companies Act and the Listings Requirements of the JSE, each as presently constituted and which may be amended from time to time."

A majority of the votes cast by all shareholders or represented by proxy at the annual general meeting will be required to approve ordinary resolutions 1 to 6.

7. Special resolution

To consider and, if deemed fit, to pass the following special resolution with or without amendment:

Preamble

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 Listings Requirements of the JSE Limited. 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.

"RESOLVED THAT the Company, or a subsidiary of the Company, be and is hereby authorised, by way of a general authority contemplated in sections 85(2), 85(3) and 89 of the Companies Act, to repurchase shares issued by the Company upon such terms and conditions and in such amounts as the directors of the Company may from time to time determine, but subject to the applicable provisions of the Companies Act and the Listings Requirements of the JSE Limited, each as presently constituted and which may be amended from time to time; and subject further to the restriction that the repurchase by the Company, or any of its subsidiaries, of shares in the Company of any class hereunder shall not, in aggregate in any one financial year, exceed 10% of the shares in issue in such class as at the commencement of such financial year."

As at the last practicable date, the Listings Requirements provide *inter alia* that:

1. any such repurchase of shares shall be implemented through the order book operated by the JSE Limited's trading system and done without any prior understanding or arrangement between such company and the counter-party (reported trades are prohibited);
2. authorisation thereto is given by the Company's articles of association;
3. at any point in time, such company may only appoint one agent to effect any repurchase(s) on its behalf;
4. the general authority shall be valid only until the Company's next annual general meeting or 15 (fifteen) months from the date of passing of this special resolution, whichever is earlier;
5. when the Company or a subsidiary of the Company has cumulatively repurchased 3% of any class of the Company's shares in issue on the date of passing of this special resolution ("the initial number"), and for each 3% in aggregate of that class of shares acquired thereafter, in each case in terms of this resolution an announcement shall be published on SENS and in the press as soon as possible and not later than 08:30 on the second business day following the day on which the relevant threshold is reached or exceeded, and the announcement shall comply with the requirements of the JSE Listings Requirements;
6. that all general repurchases by the Company of its own shares shall not, in aggregate in any one financial year, exceed 20% of the Company's issued share capital of that class. The terms of the proposed special resolution, however, further restrict this to a maximum of 10% of the issued share capital of a class and not the full 20% allowed under the Listings Requirements of the JSE Limited;
7. that any repurchase by the Company or a subsidiary of the Company of the Company's own shares shall only be undertaken if, after such repurchase, the Company still complies with the shareholder spread requirements as contained in the Listings Requirements of the JSE Limited;
8. that the Company or its subsidiaries may not purchase any of the Company's shares during a prohibited period as defined in the Listings Requirements of the JSE Limited unless they have in place a repurchase programme where the dates and quantities of securities to be traded during the relevant period are fixed (not subject to any variation) and full details of the programme have been disclosed in an announcement over SENS prior to the commencement of the prohibited period.
9. no repurchases may be made at a price which is greater than 10% above the weighted average of the market value for the securities for the five business days immediately preceding the date on which the transaction is effected ("the maximum price"). The JSE will be consulted for a ruling if the applicant's securities have not traded in such five-day period;
10. if the Company enters into derivative transactions that may or will result in the repurchase of shares in terms of this general authority, such transactions will be subject to the requirements in paragraph 2, 3, 4, 6 and 7 above, and the following requirements



Notice of the thirteenth annual general meeting *continued* for the year ended 31 December 2007

7. Special resolution (continued)

- (a) the strike price of any put option written by the Company less the value of the premium received by the Company for that put option may not be greater than the fair value of a forward agreement based on a spot price not greater than the maximum price;
- (b) the strike price and any call option may be greater than the maximum price at the time of entering into the derivative agreement, but the Company may not exercise the call option if it is more than 10% "out the money";
- (c) the strike price of the forward agreement may be greater than the maximum price but limited to the fair value of a forward agreement calculated from a spot price not greater than the maximum price.

This 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. However, it should be noted that, at the request of the board, the chairman intends to exercise his discretion to require that the resolution be voted on by way of a poll and not by way of a show of hands.

For the purpose of considering the special resolution and in compliance with paragraph 11.23 of the Listings Requirements of the JSE Limited, 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 pages 8 and 9, and pages 22 and 23 of this report;
- major shareholders – refer to page 264 of this report;
- directors' interests in securities – refer to page 136 of this report;
- share capital of the Company – refer to page 202 of this report;
- the directors, whose names are set out on pages 8 and 9 of this report, collectively and individually accept full responsibility for the accuracy of the information contained in this special resolution and certify that to the best of their knowledge and belief, there are no other facts, the omission of which, would make any statement false or misleading and that they have made all reasonable enquiries in this regard; and
- there are no legal or arbitration proceedings (including any such proceedings that are pending or threatened of which the Company is aware), which may have or have had a material effect on the Company's financial position over the last 12 months.
- at the date of completing this notice there have been no material changes in the financial or trading position of the Company and its subsidiaries that have occurred since December 2007.

At the present time the directors have no specific intention with regard to the utilisation of this authority which will be used only if the circumstances are appropriate.

The Company will ensure that its sponsor provides the necessary sponsor letter on the adequacy of the working capital in terms of section 2.12 of the JSE Limited Listings Requirements prior to the commencement of any purchases of the Company's shares on the open market.

Reason for and effect of special resolution

The reason for and effect of the special resolution is to grant the Company, or a subsidiary of the Company, a general approval in terms of the Companies Act, for the acquisition of shares of the Company. Such general authority will provide the board with the flexibility, subject to the requirements of the Companies Act and the Listings Requirements of the JSE Limited, 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.

Voting

The directors of the Company decided in 2006 that in order to reflect more accurately the views of all members and best practice, all resolutions and substantive decisions at the annual general meeting were to be put to a vote on a poll, rather than being determined simply on a show of hands. MTN Group Limited has a large number of members and it is not possible for them all to attend the meeting. In view of this and because voting on resolutions at annual general meetings of MTN Group Limited is regarded as of high importance, putting all resolutions to a vote on a poll takes account of the wishes of those members who are unable to attend the meeting in person, but who have completed a form of proxy. A vote on a poll also takes into account the number of shares held by each member, which the board believes is a more democratic procedure. This year, all resolutions will again be put to vote on a poll.

Voting at this year's AGM will be undertaken electronically. An electronic voting handset will be distributed before the start of the meeting to all members who attend in person and are eligible to vote. The registrars will identify each member's individual shareholding so that the number of votes that each member has at the meeting will be linked to the number of votes which each member will be able to exercise via the electronic handset. Members who have completed and returned forms of proxy will not need to vote using a handset at the meeting unless they wish to change their vote.

Proxies

A form of proxy, in which is set out the relevant instructions for its completion, is attached for use by certificated shareholders and dematerialised shareholders with "own name" registration of the Company who wish to appoint a proxy. The instrument appointing a proxy and the authority, if any, under which it is signed must be received by the Company or its registrars at the addresses given below by not later than 14:00 (South African time) on Tuesday, 17 June 2008.



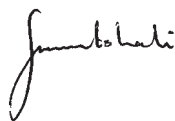
Notice of the thirteenth annual general meeting *continued* for the year ended 31 December 2007

All beneficial owners of shares who have dematerialised their shares through a Central Securities Depository Participant ("CSDP") or broker, other than those shareholders who have dematerialised their shares in "own name" registrations, and all beneficial owners of shares who hold certificated shares through a nominee, must provide their CSDP, broker or nominee with their voting instructions. Voting instructions must reach the CSDP, broker or nominee in sufficient time and in accordance with the agreement between the beneficial owner, and the CSDP, broker or nominee (as the case may be) to allow the CSDP, broker or nominee to carry out the instructions and lodge the requisite authority by 14:00 (South African time) on Tuesday, 17 June 2008.

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 at the registered office of the Company or with the Company's registrars not later than 14:00 (South African time) on Tuesday, 17 June 2008.

By order of the board



SB Mtshali
Group secretary

18 March 2008

Business address and registered office

216 – 14th Avenue
Fairland, 2195
Private Bag X9955, Cresta, 2118

South African registrars

Computershare Investor Services (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 (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 approval at the annual general meeting

For any assistance or information, please phone the MTN Group ShareCare Line on 0800 202 360 or on +27 11 870-8206 if you are phoning from outside South Africa.

Receipt, consideration and adoption of the Group and Company annual financial statements for the period ended 31 December 2007 – ordinary resolution number 1

The directors have to present the annual financial statements to shareholders at the annual general meeting, incorporating the report of the directors, together with the report of the external auditors contained in this annual report.

Re-election of directors retiring at the annual general meeting – ordinary resolutions 2 to 5

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 253 of this 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 December 2007

and

Ordinary resolution number 6

In terms of sections 221 and 222 of 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 Limited.

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.

General authority for the Company and/or a subsidiary to acquire shares in the Company

and

Special resolution (item 7 pages 254 to 256)

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 Listings Requirements of the JSE Limited, 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 poll, by not less than 75% of the number of shareholders of the Company entitled to vote on a poll 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 at the registered offices of the Company or with the Company's registrars, Computershare, at 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107), not less than 48 (forty-eight) hours before the time appointed for holding the meeting. As the meeting is to be held at 14:30 (South African time) on Thursday, 19 June 2008, proxy forms or powers of attorney must be lodged on or before 14:00 (South African time) on Tuesday, 17 June 2008. The names and addresses of the registrars are given on the back of the proxy form as well as on page 258 of this report.
- 2 A shareholder (including certificated shareholders and dematerialised shareholders who hold their shares with "own name" registration) entitled to attend and vote at the meeting may appoint a proxy or proxies to attend, speak and vote in his/her/its stead. A proxy does not have to be a shareholder of the Company. The appointment of a proxy will not preclude the shareholder who appointed that proxy from attending the annual general meeting and speaking and voting in person thereat to the exclusion of any such proxy. A form of proxy for use at the meeting is attached.
- 3 The attention of shareholders is directed to the additional notes relating to the form of proxy attached.
- 4 Dematerialised shareholders other than dematerialised shareholders who hold their shares with "own name" registration, who wish to attend the annual general meeting must 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 must instruct their CSDP or broker as to how they wish to vote in this regard. This must 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:** Thursday, 19 June 2008, at 14:30
- Venue:** The Auditorium, Phase II, 216 – 14th Avenue, Fairland, Gauteng
- Time:** The AGM will start promptly at 14:30 (South African time)

Shareholders wishing to attend are advised to be in the auditorium by not later than 14:15. The meeting will commence with a short information session, informing shareholders of the electronic voting process to be utilised at the meeting. Staff will direct shareholders to the AGM. Refreshments will be served after the meeting.

- Admission:** Shareholders 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 owner's own risk. Mobile telephones should be switched to silent mode for the duration of the proceedings.

PLEASE NOTE

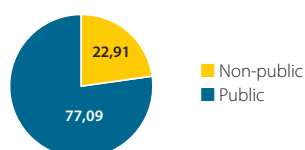
- 1 Certificated shareholders and dematerialised shareholders who hold their shares with "own name" registration**
Shareholders wishing to attend the AGM have to ensure beforehand, with the registrars of the Company, that their shares are in fact registered in their names. Should this not be the case and the shares be registered in any other name or in the name of a nominee company, it is incumbent on shareholders attending the meeting to make the necessary arrangements with that party to be able to attend and vote in their personal capacity. The proxy form contains detailed instructions in this regard.
- 2 Enquiries**
Any shareholders having difficulties or queries in regard to the AGM or the above are invited to contact the Group secretary, SB Mtshali on +27 (0) 11 912-4067 or the ShareCare Line on 0800 202 360 or +27 11 870-8206 if calling from outside South Africa. Calls will be monitored for quality control purposes and customer safety.
- 3 Questions and queries**
In order to facilitate the smooth running of the AGM it is preferred that should shareholders have any questions for directors, management or the auditors, these questions be sent in writing to the chairman of the board by Tuesday, 17 June 2008.

Shareholders' information

as at 31 December 2007

	Number of shareholders	Number of shares	% holding
Public	47 242	1 437 498 643	77,09
Non-public	10	427 299 164	22,91
– Directors of MTN Group Limited and major subsidiaries	6	645 089	0,03
– MTN Group employees shares held by MTN Holdings Share Trust	1	—	—
– MTN Uganda Staff Provident Fund	1	1 500	0,00
– Lombard Odier Darier Hentsch & Cie (M1 Limited)	1	183 152 564	9,82
– Newshelf 664 (Proprietary) Limited	1	243 500 011	13,06
Total issued share capital	47 252	1 864 797 807	100,00

Shareholding (% holding)



Stock exchange performance

	December 2007	December 2006
Closing price (cents per share) as 31 December 2006	12 806	8 530
Highest price (cents per share)	14 250	8 770
Lowest price (cents per share)	7 785	4 830
Total number of shares traded (million)	1 470,04	1 585,91
Total value of shares traded (Rm)	153 298	97 877
Number of issued shares	1 864,8	1 860,3
Number of shares traded as a percentage of issued shares (%)	78,83	85,25
Number of transactions	356 885	263 756
Average weighted trading price (cents per share)	10 337	6 172
Average telecommunications index	53 675	34 437
Average industrial index	28 838	20 803
Average mobile index	165,89	99,67
Dividend yield (%)	0,70	1,02
Earnings yield (%) (headline earnings)	4,75	6,18
Price/earnings multiple (adjusted headline earnings) as at 31 December 2007	21,08	16,18
Market capitalisation as at 31 December 2007 (Rb)	237 706	158 680,9

Administration

Company registration number

1994/009584/06
ISIN code: ZAE 000042164
Share code: MTN

Board of directors

MC Ramaphosa
PF Nhleko*
DDB Band
RS Dabengwa*
KP Kalyan
AT Mikati†
RD Nisbet*
MJN Njeke
ARH Sharbatly‡
JHN Strydom
AF van Biljon
J van Rooyen

*Executive

†Lebanese

‡Saudi

Group secretary

SB Mtshali
216 – 14th Avenue, Fairland, 2195
Private Bag X9955, Cresta, 2118

Registered office

216 – 14th Avenue, Fairland
Gauteng, 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.com>

MTN Group Sharecare line

Toll-free : 0800 202 360 or +27 11 870-8206
if phoning from outside South Africa

Office of the South African registrars

Computershare Investor Services (Pty) Limited
Registration Number 2004/003647/07
70 Marshall Street, Marshalltown
Johannesburg, 2001
PO Box 61051, Marshalltown, 2107

Joint auditors

PricewaterhouseCoopers Inc.
2 Eglin Road, Sunninghill, 2157
Private Bag X36, Sunninghill, 2157
SizweNtsaluba vSP Inc.
1 Woodmead Drive Woodmead Estate
Woodmead, 2157
PO Box 2939, Saxonwold, 2132

Sponsor

Merrill Lynch South Africa (Pty) Limited
Registration Number 1995/001805/07
(Registered sponsor and member of the JSE Limited)
138 West Street, Sandown, Sandton, 2196
PO Box 5591, Johannesburg, 2000

Attorneys

Webber Wentzel Bowens
10 Fricker Road
Illovo Boulevard, Sandton, 2196
PO Box 61771, Marshalltown, 2107



Shareholders' diary

Annual general meeting		19 June 2008
REPORTS		
Dividend declaration		18 March 2008
Summarised annual financial results	Published	31 March 2008
Annual financial statements	Posted	22 May 2008
Interim financial statements		September 2008
Financial year-end		31 December

Please note that these dates are subject to alteration.

Form of proxy

TO BE COMPLETED BY CERTIFICATED SHAREHOLDERS AND DEMATERIALIZED 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 14:30 (South African time) on Thursday, 19 June 2008, in the Auditorium, Phase II, 216 – 14th Avenue, Fairland, Gauteng.

For assistance in completing the proxy form, please phone the MTN Group ShareCare Line on 0800 202 360 or on +27 11 870 8206 if you are phoning from outside South Africa.

A member entitled to attend and vote at the annual general meeting may appoint one or more proxies to attend, vote and speak in his/her stead at the annual general meeting. A proxy need not be a member of the Company.

I/We..... (name in block letters)

of (address)

being a member(s) of the Company, and entitled tovotes, 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 to be held at 14:30 (South African time) on Thursday, 19 June 2008, in the Auditorium, Phase II, 216 – 14th Avenue, Fairland, Gauteng, for the purposes of considering and, if deemed fit, passing, with or without modification, the resolutions to be proposed thereat and at each adjournment or postponement thereof, and to vote for and/or against the resolutions and/or abstain from voting in respect of the shares in the issued share capital of the Company registered in my/our name (see note 2 overleaf) as follows:

ORDINARY RESOLUTIONS	For	Against	Abstain
1 Ordinary resolution number 1 The adoption of the Group annual financial statements for the period ended 31 December 2007			
2 Ordinary resolution number 2: Re-election of KP Kalyan			
3 Ordinary resolution number 3: Re-election of RD Nisbet			
4 Ordinary resolution number 4: Re-election of JHN Strydom			
5 Ordinary resolution number 5: Re-election of ARH Sharbatly			
6 Ordinary resolution number 6 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			
Special resolution			
7 To approve an authority for the Company and/or any of its subsidiary companies to repurchase shares in the Company			

Mark with "X" or insert relevant number of votes, whichever is applicable.

Signed at on..... 2008

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 14:00 on Tuesday, 17 June 2008.
- 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 instructions. The voting instructions must reach the registered holder in sufficient time to allow the registered holder to advise the Company or the Company's registrar of their instructions by no later than 14:00 on Tuesday, 17 June 2008.
- 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 foregoing 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 14:30 on Thursday, 19 June 2008, proxy forms must be lodged on or before 14:00 on Tuesday, 17 June 2008.
- 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 signatory.
- 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 (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

Map

MTN Innovation Centre

