

*MTN is successfully
delivering on its vision
to be the leading provider
of telecommunication
services in emerging
markets with operations
now in 21 countries*

Cyril Ramaphosa

Chairman's report



Dear stakeholder

A watershed year

The MTN Group's growth in recent years has been strong, with several acquisitions diversifying the earnings base and providing access to high-growth markets. Organic growth has been achieved by focusing on efficiencies and by delivering better products and services to our growing subscriber base.

A hallmark of this acquisitive growth has been an unwavering operational focus on the smooth integration of processes and people. More recently, operations have been structured along regional lines to optimise performance and maximise synergies.

Apart from a growing footprint in Africa through MTN's own expansion, the primary catalyst for this regional structure was the 2006 acquisition of Investcom LLC at US\$5 billion, one of the largest transactions concluded on the JSE to date.

MTN is successfully delivering on its vision of becoming a leading telecommunications operator in emerging markets. Today, reporting on results for its 12th year, MTN is a multinational group with 21 operations across Africa and the Middle East.

Results for the 12 months to 31 December 2006 – the first full trading period under our new year-end – were excellent.

A 73% increase in subscriber numbers resulted in consolidated revenue of R52 billion and adjusted headline earnings per share of 584,7 cents, increases of 90% and 73% respectively on the nine-month reporting period ended December 2005.

Geopolitical environment

Operating in Africa and the Middle East poses challenges which MTN continually addresses through pro-active involvement in all operational and regulatory spheres that impact on the business and its operations. In this respect the calibre and experience of MTN's board of directors is proving a considerable asset. Equally, our focus on corporate citizenship and social responsibility programmes in each country is adding tangible value to the quality of life of millions of people and strengthening our relationships at government level.

The regulatory environment in a number of MTN's operating countries has not fully evolved. This dictates dynamic response strategies to manage the potential risk. These include strict regulatory compliance, active participation in developing regulatory frameworks and policy debates at legislative, executive and ministerial level. In addition, MTN has experienced legal and regulatory compliance functions in place in each country.

Chairman's report continued

Where applicable, regulatory developments are detailed in the regional and country-specific reviews later on in this report.

Industry developments

Telecommunications is one of the fastest-growing industries in the world today.

Globally, the convergence of applications and technologies is accelerating as manufacturers build more technology and functions into handsets and operators introduce new services such as WiMax.

In South Africa and Nigeria, the intention is to shift the regulatory focus away from restrictive infrastructure-based licences to more technology-neutral licensing.

Convergence has already started to impact on the markets in which MTN operates. The use of internet protocol (IP) to transmit voice and data across unified networks paves the way for companies to deploy applications to boost productivity and reduce costs. A number of new players have entered the traditional mobile market to take advantage of the legalisation of voice over internet protocol (VoIP), with internet service providers entering the voice market and cellular operators looking for opportunities in the data environment. Looking forward, the industry may see closer business relationships between fixed-line operators, internet service providers and mobile operators to give consumers simple access to a bundle of converged products (eg WiFi, GPRS and fixed-line internet access).

In 2006 the telecommunications industry in South Africa faced a number of regulatory challenges, notably preparing for a new competitive environment (mobile virtual network operators), mobile number portability (finally launched on 10 November 2006). In addition to regulatory challenges, South Africa also witnessed the launch of a second fixed-line network operator.

In Nigeria the Group has acquired VGC, a fixed line operator, and a 3G licence to effectively compete in the converging market place and expand corporate market share. In Syria the Group has been awarded a 3G licence on a test basis.

Corporate governance

We believe good governance results in disciplined business management, pervasive ethical standards and, ultimately, sustainable profitability across the organisation. Accordingly, as a multinational group, MTN has an overarching approach to corporate governance, benchmarking itself against global standards and implementing robust structures in every operation to ensure impeccable governance standards.

The recommendations and requirements of the King II report on corporate governance and the requirements of the JSE are integral to our corporate governance framework.

Given the expanded scope of the Group's operations and the concomitant

increase in risk, the MTN Group appointed the former Auditor-General of South Africa, Shauket Fakie, to the Group's executive team as head of Group risk and internal audit at the beginning of 2007. His experience and proven record of disciplined financial management will contribute significantly to the MTN Group's ability to implement diverse and dynamic risk management across numerous countries, governments and cultures.

During the year, the MTN Group board was reconstituted to strengthen representation by independent directors. I welcome the new directors to the board and thank the board members who have resigned during the year for their contribution while serving on the board.

Sustainability performance

The MTN Group reports to stakeholders on an integrated triple bottom-line basis, presenting our economic, social and environmental performance, challenges and targets.

Maintaining the balance between our financial performance and social responsibility in three regions spanning 21 countries is a measured indicator of management's performance. In all operations, our aim is to adhere to industry best practice on sustainable development.

Our starting point in sustainable development must be our own people and ensuring a working environment that enables them to develop to their full

potential. Equally, we are ensuring that our business has the pool of management skills required for future growth. This was clearly demonstrated during the current year when MTN was able to deploy managers to new territories while continuing to attract skilled professionals to the Group.

To date, MTN foundations have been established in three countries (South Africa, Nigeria and Cameroon). In every country, the primary focus is to play a role in addressing developmental challenges and constraints to better enable MTN to conduct its business and ultimately contribute to sustainable development for all stakeholders. It is the Group's intention to establish foundations in all the countries in which it operates.

Appreciation

In my last report, I noted that MTN Group was a vastly different organisation to what it was in 1994. It is in fact a vastly different organisation to what it was last year. However, the spirit of community – the camaraderie and enthusiasm that have become our hallmarks – is unchanged. It has simply spread to more countries and encompassed more stakeholders. I thank all those stakeholders – our shareholders, board members, business partners, loyal customers and, above all, our staff – for enabling us to breathe life into our promise of *everywhere you go*.

Cyril Ramaphosa

28 March 2007