

Group chief operating officer's report *continued*

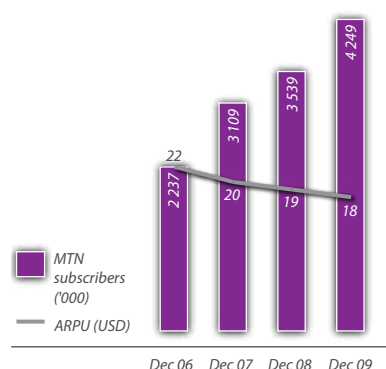
for the year ended 31 December 2009

Middle East and North Africa region *continued*

MTN Syria

ARPU (\$)

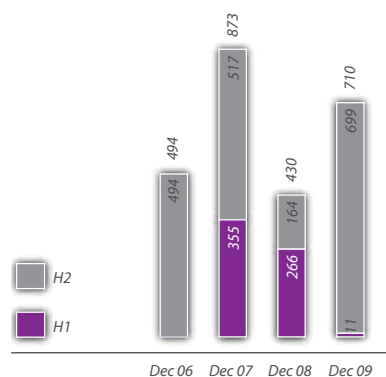
Subscribers ('000)



Outgoing MOU

('000)

Net additions



Launched June 2002, market share 45%, population 20,5 million, forecast market size in 2014 – 12,7 million, shareholding 75%.

MTN Syria revenue and expenses summary

	12 months to December 2009 Rm	12 months to December 2008 Rm	December 2009 vs 2008 %
Airtime and subscription revenue	5 451	5 254	4
Interconnect revenue	514	472	9
Data and SMS	533	397	34
Connection revenue	64	84	(24)
Other	425	301	41
Total revenue	6 987	6 508	7
Direct network operating costs	622	419	48
Regulatory fees – revenue share	3 269	2 789	17
Costs of handsets, SIMs and vouchers	70	38	85
Interconnect and roaming costs	424	460	(8)
Employee benefits and consulting costs	243	216	13
Selling, distribution and marketing costs	342	250	37
Other expenses (general and administration)	644	507	27
Total operating expenses	5 614	4 679	20
EBITDA	1 373	1 829	(25)
EBITDA margin	19,6%	28,1%	(8,5) pts

Overview

The performance of MTN Syria exceeded forecasts in 2009, led by the expansion of its subscriber base by 20% to 4,25 million. The Company's aggressive user acquisition initiatives late in the year, along with network and product enhancements, bolstered net additions to some 710 000 for 2009. This helped drive the Syrian market's mobile penetration to around 46% by year-end, from 38% in 2008.

Local currency revenue increased by 8,2% for the period, slower than subscriber growth, which translated into a 7,4% increase in revenue in rand terms to R7,0 billion. ARPU decreased USD1 to USD18 for the period.

The EBITDA margin decreased by 8,5 percentage points to 19,6%. This was a result of the full year effect of the increase to 50% from 40% in the share of revenue MTN Syria had to pay to the Syrian authorities (effective end-June 2008).

By the end of 2009, MTN Syria had completed the transformation of its infrastructure to the new IP generation, increased its population coverage and further strengthened the MTN brand. This provides a solid basis for future growth in both subscribers and traffic. MTN Syria recorded good progress throughout the year in complying with the highest standards of corporate governance, and is pleased to report significant constructive interaction between the Company and various regulatory entities in the country.

Market environment

The telecoms market in Syria is a heavily regulated one and MTN Syria is one of two companies licensed to provide mobile telecommunications services in the country of 20 million. A third

operator is expected to be licensed by the end of 2010. In 2009, the weaker global economic environment posed a number of challenges to consumers in Syria, particularly those at the lower end of the income pyramid.

Infrastructure

There was a noticeable improvement in the overall quality and performance of the network throughout the year as MTN Syria completed the migration of its core infrastructure from one based on time-division multiplexing to an IP backbone. A new type of HLR (home location register) – NT-HLR – was installed and connected to all nodes and recently came into service. Despite various challenges, MTN Syria rolled out 504 base transceiver stations in the year.

In 2009, MTN enhanced its 3G network, extending the 3G coverage area to more major cities. By implementing 7,2 HSDPA on the network, MTN Syria has also greatly improved the speed with which customers can access the internet.

MTN Syria finalised the outsourcing of the maintenance of its radio sites, which improved network availability, and implemented a new network management system. It upgraded the intelligent network system dedicated to prepaid users, resulting in a more flexible platform designed to improve customer satisfaction. The prepaid calls contact centre was outsourced and various other enhancements were implemented, such as the launch of SMS/MMS filtering and an anti-spam solution.

Products and services

Capitalising on the MTN Group's global sponsorship of the 2010 FIFA World Cup South Africa™, MTN Syria launched several promotions and packages related to the big event. However, the

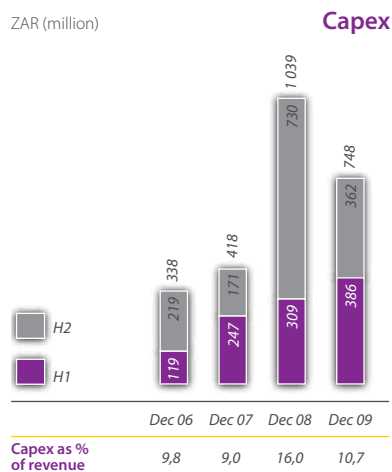
Group chief operating officer's report *continued*

for the year ended 31 December 2009

Middle East and North Africa region *continued*

MTN Syria *continued*

ZAR (million)

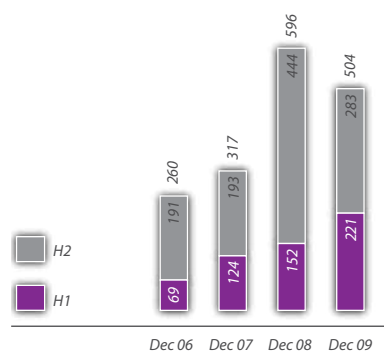


Company maintained a cost-efficient approach, pending the opportunity to convert the current BOT contract into a freehold licence.

During the year, MTN Syria improved its segmented approach to customers, offering products tailored to meet the needs of specific groups. These included Youth and Mini packages. It also focused on strengthening its position in the corporate segment. This was accompanied by offering so-called top-up promotions to induce usage and an extension of validity periods to increase affordability. Another major development was the introduction during 2009 of per-second billing for prepaid subscribers, corresponding to market demand and aiming to increase customers' satisfaction.

While providing high-quality voice service remained MTN Syria's primary role, a more concerted effort was made in 2009 to support the introduction of data solutions. This came as a result of the regulator's approval to launch limited 3G services. MTN Syria introduced a bouquet of mobile broadband (3G) bundles including a pay-as-you-go bundle as it introduced 3G coverage in major cities across Syria. The Company also successfully implemented seamless roaming, while the launch of MTN Mobile Money is still pending regulatory approval.

BTS roll out



Distribution

Recognising the competitive advantage of an efficient and effective distribution network, the Company implemented several initiatives to enhance its market position. Improvements were made to distributors' channels and – with a focus on quality – the number of distributors was reduced to seven from 11. The commission scheme to distributors was further modified to ensure more emphasis on the value and quality of the subscribers.

The validity of some prepaid vouchers was extended to better accommodate customers' needs. To facilitate improved communication with customers, Dealer Link was launched as a web application. This allows for the sending of suggestions, requests, complaints, etc, which are then stored within a database and an appropriate response is generated within 24 hours.

People

Given that the telecoms industry is driven by the rapid change and developments in technology, suitably qualified people are in great demand. Human capital is the most important asset and MTN Syria is continuously investing in developing the right talent and honing strategies to attract, develop and retain talent. Several human resources projects and initiatives were launched in 2009 in co-ordination with the Group function to achieve the Company's strategic objectives. A major focus was on developing employees with multiple skills as well as headcount optimisation in order to achieve optimum efficiency, increase productivity and ensure that all employees are equipped with the knowledge and skills needed to support business growth. An important development initiative is the leadership talent management programme, through which the Company has developed personal development plans for all managers, senior managers and executives.

Regulatory environment

The regulatory environment is evolving and the publication of a new telecoms law and the entrance of a third mobile operator are expected during 2010. MTN Syria continues to engage closely and constructively with the authorities on the possible conversion of its BOT contract (with its stringent conditions, including revenue

share) into a standard mobile operator licence. The Company is pleased to report that there has been some progress in this regard, with the Syrian government giving serious consideration to the issue. In 2009, MTN Syria received an ISP licence, and extensive preparations were made to position the Company as a major ISP in Syria in the years ahead.

Outlook

Although mobile penetration increased during 2009, the pace of growth in this key indicator (and the acquisition of lower income customers) is slowing because of the high costs of revenue sharing and the BOT structure, which prevents any meaningful reduction in tariffs by the market's two operators and constrains roll out. However, the issuing of the new telecoms law, the expected entrance of a third operator into the market and the anticipated conversion of MTN Syria's BOT contract should help in the uptake of subscribers and will stimulate usage. MTN expects to add some 400 000 customers to its network in 2010 and spend some R456 million on capital projects.

Among commercial product launches planned for Syria in 2010 is MTN Mobile Money. Although internet access is the main application of 3G technology, other services are expected to follow later in the year.