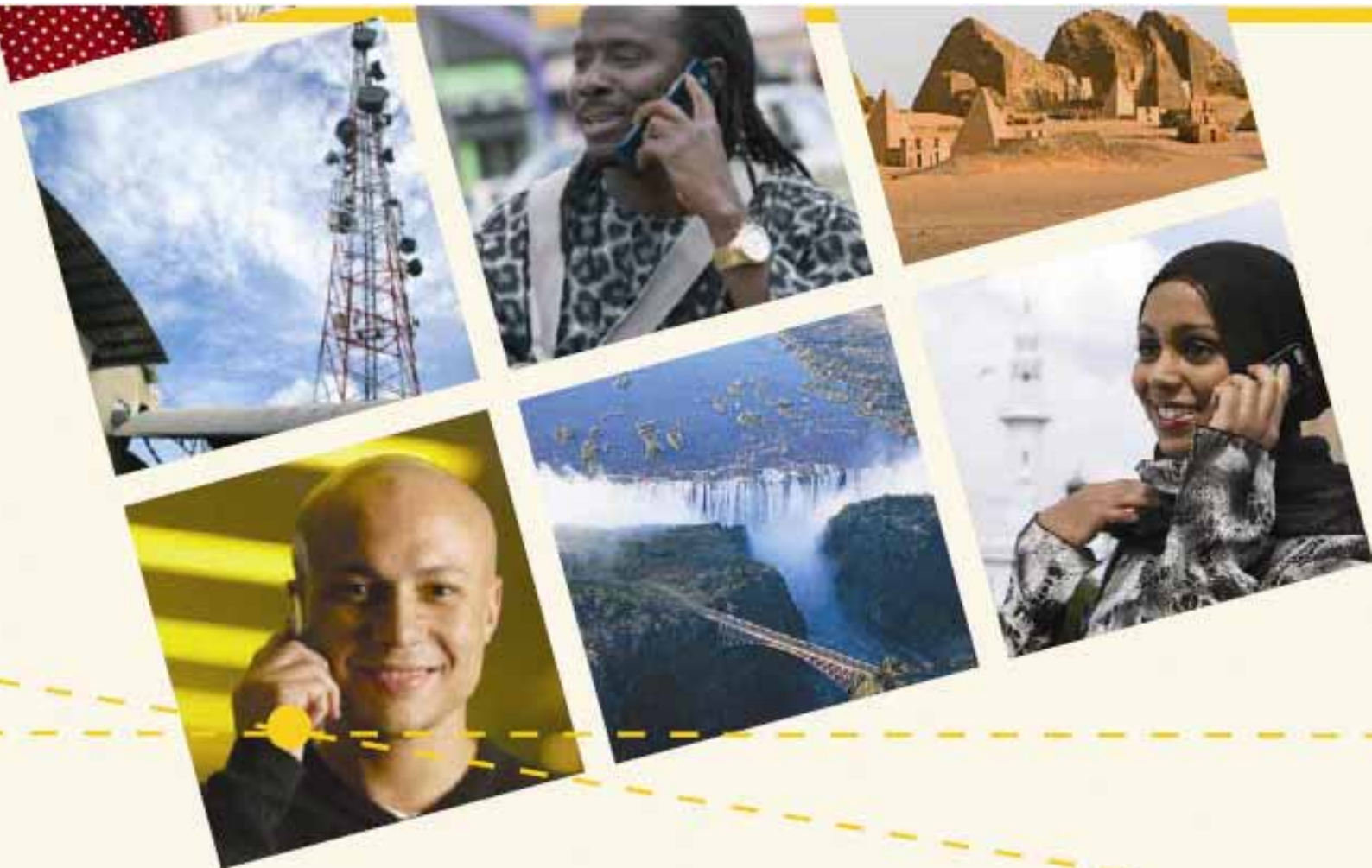




**MTN Group Limited**

**DATE: 29/08/2007**

**MTN Interim Results six months ended  
30 June 2007 Conference Call**





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<p><b>Operator</b></p>	<p>Good afternoon and welcome to the MTN group interim results call. All participants are now in listen-only mode. There will be an opportunity for you to ask your questions at the end of today's presentation. If you should need any assistance during the conference please signal an operator by pressing star and then zero. Please also note that this conference is being recorded. I would now like to turn the conference over to Debbie Miller. Please go ahead.</p>
<p><b>Debbie Miller</b></p>	<p>Good afternoon. It's Debbie, the head of investor relations from MTN. Thanks for joining us for MTN's results for the six months ended 30<sup>th</sup> June 2007. With me here today are Phuthuma Nhleko, group CEO and president, Rob Nesbit the group CFO and Sifiso Dabengwa the group COO. In addition we've also got the regional VP Tim Lowry from the SEA region, Jamal Ramadan from MENA has dialled in from the Middle East and Christian de Faria has dialled in from Ghana and West Africa. They are the two VP's for those regions. Finally we've got Nazeer Patel, Group Executive Finance, who are all on the call to answer your questions following a brief overview of the results from Phuthuma and Rob. These results were made available earlier. In order to keep the main focus on the Q&amp;A part we will try and keep the overview brief. Over to Phuthuma.</p>
<p><b>Phuthuma Nhleko</b></p>	<p>Thank you Debbie. Well afternoon ladies and gentlemen and once again thank you for the time you've made to join us in this call. We are going to present the interim results from the sixth month to June 2007. I would really characterise the results as being quite consistent with where we expect it to be at this time of the year. And you know we do believe that the vision of the group in terms of being the leading provider of telecommunications services in the emerging market is continuing given the performance in particular of the Investcom operations. The key highlights for the period are obviously in the results pack. But the key ones of course are the growth of subscriber numbers from December 2006 to 48.2 million at June 2007. That's a 20% increase since December. And of course comparing for the similar period of six months to June 2006 it would be a 69% increase in revenue to R34.2 billion. And on EBITDA it would be a 75% to R15.2 billion. And more importantly is the increase in the EBITDA margin to 44.4%.</p> <p>The headline earnings per share of 324.7c of course reflects the fairly significant impact of the end of the pioneer status tax holiday in Nigeria. I think when Rob the CFO talks about the results he will deal with that whole pioneer status issue and the impact on the group's financials. There have been quite a number of developments over the year. Of course in Iran, Sudan and Ghana the story there was one of rollout in the sense that in Iran and Sudan in particular we had start-up operations that had quite challenging rollout targets. And in Ghana it was really a case of a fairly</p>



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large market where there was insufficient investment in the network. But I'm glad to say that in all three operations we've made sufficient progress to start addressing some of the demand. We have also during the year worked hard on increasing the efficiencies and extracting the operational synergies across the group. We have also re-branded all the new operations. Well shall I say not all of them, but certainly all the large operations, namely Ghana, Sudan, Yemen and Syria? And that re-branding exercise will continue until all the ex-Investcom operations have been re-branded. We have also leveraged new products into those ex-Investcom markets, particularly in Ghana. And we think that has worked well with the branding exercise.

Of course with the much larger group we have also enjoyed some economies of scale. Having a much larger group we have stuck to what we call the lease-cost operator imitative to find ways of improving efficiencies in al part of the business and incorporating that into the business plan for each financial year. We have during the year also had some changes in shareholding in some of the smaller operations. In Botswana we've increased our shareholding to 53%. And of course Botswana remains a JV with the management contract being held by Portugal Telecom. In Cote d'Ivoire we decreased our shareholding slightly as a result of an arrangement with the minority shareholder who comes from the region. We thought that would enable us to have a goof strategic partner in the company. And of course the last issue under development for the year is the capital structure that I spoke about this morning. And of course there are two areas we are dealing with there. Firstly it's obviously to continue to reduce the debt at the centre of the company at the head office. We go towards meeting our net debt to EBITDA target of about 0.4 by December 2008.

Secondly to obviously maximise the debt in the operations with the debt being in local currency in each operation. So that exercise as far as the capital structure is concerned I think continues to be worked on as work in progress. If we had to then focus on the operational issues firstly we have had very good growth in all the regions, even in the SEA region which is South and East Africa. We have had fairly good growth. We have also appointed a new VP for the region Mr Tim Lowry. And of course in South Africa specifically we believe that the increase to 13.4 million subscribers, which is a 7% increase from December 2006, is quite an acceptable increase given the stage of maturity of this market. The lower denomination vouchers have helped in stimulating the market in the prepaid segment, and increasing the usage. And in some cases it has helped to reduce the dormancy. We are continuously working on a key focus area which is distribution and the intention in South Africa is to have a wider and deeper distribution and more influence over the control of that distribution channel. The issue of transmission in South Africa also remains a topical discussion and in MTN South Africa we are exploring ways of providing some sort of additional capacity and independence in transmission.

The growth in data has been acceptable. We are now at R1.2 billion in



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terms of contribution of data, which is a 58% increase. And more importantly the SMS component of data has now been reduced to around 69% from over 79% previously. The WECA region, which is West and Central Africa, of course continues to be the largest contributor to the group in terms of subscribers as well as EBITDA. Of course Nigeria is the largest contributor within that region with 14 million subscribers, which is a 14% increase since December 2006. Of course the new value proposition and product range introduced in Nigeria around September 2006, which is called the Extra product range, did have a reduction in tariffs, and of course that led to significant take-up in Nigeria. And that has had an impact on quality and capacity in the network in Nigeria. But we are addressing that through an increased rollout of the network in Nigeria. Nigeria did achieve a 59% EBITDA margin. That does reflect quite a number of things. A good part of that being the initiatives that we have taken on cost control in the region. But once again we did say that that sort of EBITDA margin would not be sustainable given the large number of entrants into the Nigerian market in the last year. We would expect those entrants to apply more and more pressure, which of course is likely to result in tariff reductions. So we may see that EBITDA margin going down.

Ghana has had a very good increase in subscribers. This is the second largest operation in West Africa. They added 3.4 million subscribers, which is a 31% increase since December. But of course again the key story there is one of lack of capacity congestion and the need to increase the rollout in Ghana. And we are working on that with a view to adding over 325 sites by the end of this year. As I mentioned earlier with the re-branding in Ghana we have increased the distribution channel as well as new product offerings. Ghana had lost its market share when MTN acquired Investcom. I think the Tigo brand which is part of Millicom has made some inroads into that market share, notwithstanding that Arriba was the market leader. I'm glad to say that not only have we stemmed that market share erosion, but in actual fact Ghana has increased its market share by 2% to 54% since December 2006.

Then moving to the Middle East and Africa region, what we call the MENA region. This now accounts for 35% of the total group subs. Even though it's not the largest contributor it is the highest growth region in terms of new subscribers, primarily because of the low base from which we are growing it in Iran, Sudan and Afghanistan – all being relatively new operations. So that reflects the very high growth. Of course the EBITDA is lower in that region. Firstly because Sudan, Iran and Afghanistan are start-ups. And also because Iran and Syria have got a very significant revenue share as part of the business model there. I'm pleased to say that in Iran we have gained some momentum. The net additions for the six months were 1.8 million. Take into consideration that at the end of December we were only around 100 000 subscribers. At the 20<sup>th</sup> August we were already at 3.2 million subscribers in Iran. So we feel relatively confident that the target of 5.5 million subs will be met in Iran, provided that the take-up that we see does continue during the Ramadan period.



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The network of course again is a key story in Iran. We have now over 1100 live sites in Iran and capacity for over 6.5 million subscribers that we can service. And I must say we do continue at a very high rollout of over 200 base stations per month in Iran. The Iran Cell brand has also increased substantially in awareness and I'd like to believe we have become a household name in many parts of the country, particularly the high-density parts of Iran. And of course we have launched a number of new products and increased the distribution channels to a number of regions in the country. In Sudan, notwithstanding some technical challenges that Sudan had in Q1, it has increased the subscriber base by 42% to 1.5 million subscribers. And strong additions have enabled it to capture 27% of the market share. Of course we have had a challenge in terms of competition from the CDMA player who came in with very low tariffs and very high subsidies for the handsets. But notwithstanding that we do believe that Sudan, with that sort of market share and an EBITDA margin of about 37% at this stage of the start-up is quite acceptable. Of course again in Sudan rolling out the network is quite a challenge given the conditions, and of course some of the challenges in the south of the country. We have now added 720 base stations. And of course Sudan also re-branded recently and we believe that re-branding to MTN has gone down very well. I think finally in the MENA region, Syria has also had a very stable performance and very high growth. The key issue on Syria is that it is highly regulated and controlled competition by the state. So at times we can only move as rapidly as our competitor in terms of putting in new products and so on and capturing customers, as this is controlled by the regulator. But the subscribers since December 2006 have increased by 16% to 2.6 million. And of course coverage continues to be an issue in Syria and we have rolled out a further 124 BTSs in the country.

So in conclusion let me say that we believe that we have established a solid platform for growing the subscriber base and we would really see ourselves as focussing in four key areas. Firstly it's going to be investing and improving the capacity and quality of our network. As I mentioned this morning our problem is not demand, our problem is keeping up with demand in all the key markets. And that really means we have to increase capacity and put in that cap ex into the ground far more rapidly. Second key focus area is operational synergies. Our EBITDA margin is at 44.4%. We had said that our target was 45% for the medium term and I think we're almost there. And of course we have managed that EBITDA margin of 44% including Iran. Initially when we gave this guidance you may recall it excluded Iran. We are happy with the progress and some of the initiatives we have taken are paying off. Our third area of focus is just reaffirming the vision of the group in terms of expansion opportunities that will hopefully also enable us to diversify earnings and ensure that we're not just completely reliant on three big operations but obviously diversify more from Nigeria and South Africa, whose earnings contribution obviously still dominates the group. But we do believe that as we find new markets and explore more opportunities we will end up with a far more desirable diversification of earnings. I think the fourth and last focal area which is key is the capital structure which I mentioned earlier on, in terms of de-



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leveraging the debt at the centre and obviously optimising the debt at the operational level so as to give us an optimum structure, better return on investment as well as a natural currency hedge in those countries.

Finally guidance for 2007 in terms of subscribers. I think the total that we gave last time was 16.5 million subscribers by December 2007. We have revised that figure upwards to 17.5 million subscribers. The way that 17.5 million is made up is 2 million for South Africa, 3.5 million for Nigeria, 1.6 million for Ghana, 5.5 million for Iran, 700 000 for Syria and Sudan 900 000. And that should add up to 17.5 million. If it doesn't it means there are others that balance it that should give you 17.5 million. Thank you very much. I will now ask Rob just to lead you through the analysis of the financials and the trends and deal with the tax issues, and then we will take questions.

**Rob Nesbit**

I'll be very brief to leave time for questions. Just to note that the comparative six months doesn't include Investcom as that acquisition took place in July. So from a comparative perspective the numbers aren't that comparative. In the detail section I'm sure you've seen that we put as much information as we could with regards to Investcom's performance for that period to June 2006 so that you can get an overall idea of the underlying performance of both the MTN operations as well as the old Investcom operations. Just to kick off I'll go through the accounting on the tax side. I'll start with Nigeria. As you are all aware Nigeria came out of its pioneer status on the 1<sup>st</sup> April, and that means from 1<sup>st</sup> April through to June it was effectively out of its tax holiday so tax needs to be provided for. And that caused a reversal of the previous tax asset that had been raised in the balance sheet in prior years. And also for the first three months of the year it was still in its tax holiday period, which gave rise to a tax credit coming through on the income statement. So what that means is when you look at the adjusted headline earnings there are two adjustments coming through because of the Nigerian issue. The one is the decrease of earnings because of the credit that came through. That amount was reflected from a Rand perspective at R223 million. And then the unwind of the previous deferred tax asset also hit the income statement now is the R436 million.

Amortisation I think you're all aware of. The change in ownership Phuthuma did go through. On the forex side the only thing to note is in Guinea the R240 million the effective inter-company [unclear] of that of R220 million ended up in the balance sheet. Looking forward over the next period to December we do expect to decrease our shareholding in Uganda by about 5% to a local investor, and it could potentially be another 5%. It may not take place this year but we are looking at broadening the base of Ugandan shareholdings. The other issue is Nigeria. By December we would like to decrease our shareholding by 7%, and that would be the local market as well. And in Cyprus we're also looking at bringing local partners into the Cyprus operation, and we will most likely sell off about 50% of that although that is a small transaction. We expect that to hopefully take place



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before the end of December. On the exchange rate I think as you're aware if you look at revenue as well as EBITDA they increased by about 10% due to the devaluation of the Rand against the trading currencies of the underlying operations. The major one being Nigeria, where as you can see it devalued 12% against a prior comparative period.

If I just go to the income statement, just on the finance costs. The other items I think are self-explanatory. There is a forex loss that comes through there of about R120 million. If we go through to the income tax expense you can see the effective tax rate of 34%. In the prior year that was 20%. The two key issues there are obviously Nigeria coming through with the R1 billion, which accounts for 10% of that. And then the non-deductibility of the interest on the acquisition of Investcom. That accounted for about 4% and is the differential between 20% and 34%. If we just look at the revenue analysis I think if there are questions on that I'll take questions. On the EBITDA analysis I think you are aware there were some changes that were made on that. They are corrected. Otherwise the head office company at the bottom, instead of being R713 million would have been R291 million and other operations above that would have been R767 million, which from that perspective is really the head office of Investcom that was in [unclear] as opposed to above.

Profit after tax I think again I'm most probably going to let that one lie and we'll just have questions on that one. And then I think just one South Africa with regards to slide 36, you can see the interconnect did decrease from the previous period. That's going from R8.59 million to R7.29 million. Obviously notwithstanding that South Africa did increase its EBITDA margin by about 0.8% which is a good showing. And the majority of that came through on the sales and marketing side. There is no doubt that with increased rollout on 3G the rental utility costs and transmission side is starting to increase quite substantially going forward. On Nigeria I think Phuthuma said that was up at 59%. I think performance for this six month period is not really that different from the last six month period. The period to December 2006 was also in that sort of region, so it's very much in line with that. Obviously compared to the previous six months it's an increase. Intangibles and amortisation. As I said this morning, Debbie has been getting quite a few questions on that. So I'm not going to go through that.

I think on the tax side what is quite important is previously when we did the December results we said we would expect the effective tax rate for Nigeria to be in the high 40%'s to the low 50%'s. Our view now is that it would be in the mid 40%'s, and the reason for that is because the first three months of the year we were still in pioneer status and Nigeria's profitability during those months was high. That obviously weighted the tax-free period relative to the nine months that we see coming through to December 2007. So because we had a higher period of good profits coming through during the tax-free status we expect the overall tax rate to decrease from maybe 52% to 44%. From a group perspective we expect the tax rate to end up being 37% or 38%. Obviously that does depend, as does the Nigerian effective tax rate, on what the performance is in Nigeria for the



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	<p>period from July through to December. On the balance sheet I think everything is very much in line with where it was in December. Just to mention that to date the total investment that we have in Iran is in the region of \$850 million.</p> <p>And on the net debt position you can see that we generate about R2 billion cash for the current six month period with cap ex increasing to the R6 billion mark. But when we look at the capital expenditure slide there is no doubt that we need to get far more cap ex in the ground. In the first six months the spend was some R6 billion out of a total of pre-approved R18 million. We said the full R18 billion wouldn't be spent but since then we have approved additional cap ex. And if you add on the June spend plus the amount committed or approved one can see that the R18 billion has now increased to R22 billion. We still want to expect the full R22 billion to be spent. Potentially the total amount that would be in the ground would most probably be in the region of R17 billion to R18 billion. As I said this morning, if we manage to get all of that in the ground that is a good story and not a bad story. Phuthuma, back to you.</p>
<b>Phuthuma Nhleko</b>	<p>Thanks Rob. Before we take questions let me just clarify. I'm told that there was a Freudian slip where I said Ghana will have 3.4 million added subscribers. I think what we meant to say is that Ghana for the year will add 1.6 million. Ok, can we take questions please?</p>
<b>Operator</b>	<p>Thank you very much sir. Ladies and gentlemen, if you would like to ask a question please press star and then one on your touchtone phone. If you then decide to withdraw your question please press star and then two. Our first question comes from Reece Summerton of City Group. Please go ahead.</p>
<b>Reece Summerton</b>	<p>Hi. Good afternoon. I just wanted to find out about the South African minute so fuse. They seem to have come down from about 124. Your price per minute has moved up by about 12%. I don't know if that is due to the lower denomination scratch card. Can you talk about that? And a second question. Just the accounting for the revenue share in Iran, can you just tell us how you're going about that? You mentioned the \$77 million in this half. And then just a final question, can you give us the on-net traffic? Have there been any changes in South Africa or Nigeria in the first half of this year? Thanks.</p>
<b>Phuthuma Nhleko</b>	<p>On the MOU for South Africa, I think as you get deeper into that market and penetrate, bringing on lower-affording subscribers that MOU will come</p>



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<p><b>Rob Nesbit</b></p>	<p>down. So I mean that has to be the primary reason. The second question was on Iran. I didn't understand the question.</p> <p>The revenue share in Iran effectively runs over a twelve month basis, so the total revenue share ending 10<sup>th</sup> July was \$75 million. So the majority of that was picked up in the June period but a portion of that was picked up from December last year which is about \$15 million. So it really means that of the \$75 million \$60 million was picked up in this period and \$15 million in the prior period. And going forward to July the 10<sup>th</sup> next year, the total minimum revenue share is about \$200 million. Basically the accrual for that isn't on a straight line basis. We basically accrue for that as we see the revenue picking up. So we really look at our forecasted revenue streams coming through over the next twelve months, and that is effectively how we rate the accrual of that \$200 million over the next twelve months.</p>
<p><b>Reece Summerton</b></p>	<p>On the first question, obviously the MUO is going down, but the real question is why is your price per minute going up? Because the prepaid mix is improving? Or is there some other reason behind that?</p>
<p><b>Tim Lowry</b></p>	<p>The figure I see shows that we have a slight price decrease on post-paid with a slight price per minute increase on prepaid. And obviously with the increase of our base on prepaid it is probably skewing it so it looks as though price is going up.</p>
<p><b>Reece Summerton</b></p>	<p>Ok. Perfect. And the third question I had was just on the on-net traffic in Nigeria and South Africa.</p>
<p><b>Tim Lowry</b></p>	<p>I don't think there has been any significant shift there.</p>
<p><b>Rob Nesbit</b></p>	<p>South Africa has only trafficked since March and we will come back to you on that.</p>
<p><b>Reece Summerton</b></p>	<p>Thanks very much.</p>



Speaker	Narrative
<b>Operator</b>	Our next question comes from Shaun Gardener of Morgan Stanley. Please go ahead.
<b>Shaun Gardener</b>	Thank you. Two questions. Firstly on the cap ex. If you can just run through the real reasons behind the delays in Nigeria. I think you've known probably since the fourth quarter of last year you've known about the elasticity, but in the first few months of this year the cap ex spend was still very low. Are you having problems getting hold of equipment or actually putting the equipment in the ground? Where is the hold-up? Secondly on your strategy to expand on opportunities to diversify your earnings, what is your commitment to say within the mobile sphere? Or are you looking at opportunities in the fixed line area, whether it be in broadband or fixed-line in general? Thanks.
<b>Sifiso Dabengwa</b>	In terms of our original budget we clearly budgeted much lower in terms of the growth in traffic. I think the other issue besides the fact that we lowered prices and had a good value proposition introduced in September, there was a general improvement in the economy of Nigeria and a clear improvement in the disposable income. And that also improved or increased the overall traffic that we saw on the network. So clearly those two factors together did create a situation whereby our network capacity was much less than the demand that we experienced.
<b>Shaun Gardener</b>	Can you just talk about the lead times involved in terms of changing your cap ex plans and also ordering equipment for this? Because this problem could come up again in a year's time or something.
<b>Sifiso Dabengwa</b>	We have changed our processes such that we approve cap ex now between six and nine months in advance. We don't think we will experience this kind of problem again, unless obviously there is a major structural change in a particular economy.
<b>Shaun Gardener</b>	Thanks.
<b>Phuthuma Nhleko</b>	Alright I think your second question was on the scope of what we would be prepared to look at in terms of diversifying earnings. I think first and foremost what we are really saying is we are talking really the core business and the impact of West Africa, in particular Nigeria, and of course in Southern Africa particularly South Africa. What we are saying is those two operations are still generating together a very significant percentage respectively. Nevertheless our first priority of focus is to continue to find new markets, even if it happens by consolidation or M&A activity. I think in the second instance this morning we did talk about corporate strategy to



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	<p>say we will start considering other ISPs and so on, such that in formulating a corporate strategy – whether it is in South Africa, Nigeria or elsewhere – we can really grow that part of the business in providing a more integrated solution. Whether it is to the higher chain of corporates or to the SMEs and so on. Of course we’ve also looked at mobile banking. I know it is quite insignificant and not a material number at this stage, but I think mobile banking as well as funds transfer and payments is an area that we will work increasingly hard on. So I don’t know if that answers your question but that’s really what we are looking at.</p>
<p><b>Shaun Gardener</b></p>	<p>So just to sum up there, you’re not looking to do any acquisitions in the fixed-line space but maybe in ISPs or something broadband areas.</p>
<p><b>Phuthuma Nhleko</b></p>	<p>I think what we are saying is, in looking at a corporate strategy and taking into consideration what is happening on the convergence front, most probably it’s the ISPs that we will look at as a priority as opposed to the fixed-line operators. But we’re saying we can’t discount that because it really depends on the situation in that particular market.</p>
<p><b>Shaun Gardener</b></p>	<p>Ok thanks very much.</p>
<p><b>Operator</b></p>	<p>Our next question comes from Herve Drouet of the HSBC. Please go ahead.</p>
<p><b>Herve Drouet</b></p>	<p>Good afternoon. My first question is regarding guidance. Sorry to make you repeat but the connection was not good on my side. Could you repeat your guidance for 2007 in terms of subscribers or net additions if you don’t mind? The second one is on Nigeria in terms of the margins. How long do you think those current high margins are going to be sustainable in Nigeria, and when do you expect much more pressure coming from competition there? And thirdly on Benin. Could you tell us what currently your thinking about Benin is? Are you planning to take any action there and do you think it will impact your financials looking forward? Thank you.</p>
<p><b>Phuthuma Nhleko</b></p>	<p>I think just to repeat the subs numbers; I said that we gave a number of 16.5 million net additions when we did the December 2006 results. We are now revising that number up to 17.5 million. That should be made of South Africa 2 million. Nigeria 3.5 million. Ghana 1.6 million. Iran 5.5 million. Syria 700 000 and Sudan 900 000. And I did say if that didn’t add up then the balance would come from the other smaller operations.</p>
<p><b>Herve Drouet</b></p>	<p>Ok thanks.</p>



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<b>Phuthuma Nhleko</b>	And then I think your second question which is the EBITDA margin in Nigeria. I think we did say that we didn't believe that the EBITDA margin at the 59% level, which is where we have been, is sustainable in the medium to long term. Simply because as there are more competitors in the country there is likely to be pressure on tariffs. And of course you know you said well how long are you going to keep it at these sorts of levels. That is difficult. It won't disappear over night. What we are saying is as that pressure increases over the next eighteen months to two years you could see that coming down. In the long terms what we have given an indication on is an EBITDA margin of around 53%. I know you'll say coming down from 59% to 53% is quite a long way, and we do accept that. But in the long term we suspect that is where we will be heading as an EBITDA margin. But of course we're going to do everything possible to keep those margins as high as possible.
<b>Herve Drouet</b>	Thanks very much. And Benin please.
<b>Phuthuma Nhleko</b>	Yes. As indicated this morning, we are engaging government. We do believe that there is little to debate in terms of the validity of the licence and the fact that the action that has been taken has been in complete breach of those licence conditions and local law. But we would rather engage the government on that directly, and that is precisely what we are doing. So we remain optimistic. I think in terms of impact I think we did address that.
<b>Herve Drouet</b>	Ok. So you are quite optimistic in terms of the probability you maintain your licence right?
<b>Phuthuma Nhleko</b>	We remain cautiously optimistic.
<b>Herve Drouet</b>	Ok. Alright thank you very much.
<b>Operator</b>	Thank you sir. Our next question comes from Nick Kershaw of Investec. Please go ahead.
<b>Nick Kershaw</b>	Hi. Just a couple of quick questions. In South Africa can you give us the breakdown of prepaid and post-paid subscribers and also the churn for both prepaid and post-paid?
<b>Tim Lowry</b>	Let me have a look at the figure. We have 11 million prepaid and 2.355 million post-paid. Churn on prepaid is around about 60% and on post-paid is about 10%.



Speaker	Narrative
<p><b>Nick Kershaw</b></p>	<p>Great. And then just two more questions on West Africa. The first question is, in Cote d'Ivoire there was a big slow down in net additions in the second quarter. The business added 350 000 in Q1 and then only 186 000 in Q2. And the second question for West Africa is this. I know your cap ex hasn't been what it is supposed to be. In Ghana in fact cap ex almost halved where it was in the second half of last year. Given the network issues there I was wondering why the cap ex slowed down so much in this first half in Ghana.</p>
<p><b>Sifiso Dabengwa</b></p>	<p>I mean the cap ex in Ghana, that's more a tiny difference. There has been [unclear] installed during the first half to the extent that we have approved additional cap ex for Ghana. So that is a timing difference. And then in terms of Ivory Coast the competitor Orange was much more aggressive during the second half of the first half i.e. the second quarter. And they really did put some massive discounts in terms of their product offers during that period. That was mainly because we did get into a leadership position from a subscriber numbers point of view from the first quarter and that was their response to that.</p>
<p><b>Nick Kershaw</b></p>	<p>Thanks very much.</p>
<p><b>Operator</b></p>	<p>Our next question comes from Steven Carrott of Credit Suisse. Please go ahead.</p>
<p><b>Steven Carrott</b></p>	<p>Good afternoon. If you look at your Nigerian operation, the ARPUs held up very well in the last quarter of last year and the first quarter of this year. It seems to have come off quite quickly from \$17 in Q1 to \$16 for Q2. So your actual ARPU just for Q2 was probably about \$15 or so. There has been quite a sharp drop there. Can you just explain exactly what has caused that? Has that been due to the high value subscribers that you picked up from other competitors post your price decrease moving back to those competitors? Should we expect those Nigerian ARPUs to carry on drifting down at \$1 per quarter or do you think they're going to stabilise again. The second question is, you have lowered your guidance for the Nigerian income statement effective tax rate. Have you done similarly with your cash tax rate in Nigeria? Previously I think you were talking about 31% or so. And then the last question is, in Sudan are you still being undercut by the CDMA competitor or are you now matching them on price? Thank you.</p>
<p><b>Phuthuma Nhleko</b></p>	<p>Let me ask Sifiso to respond on the ARPU situation in Nigeria and the CDMA player in Sudan. And then Rob will address the effective tax rate in Nigeria.</p>



Speaker	Narrative
<b>Sifiso Dabengwa</b>	I guess there really isn't that much of a concerning drop as far as the ARPU is concerned. This is between very short periods and it's only just for the first half of the year. So it's not as if we're anticipating any significant reduction on the ARPU in Nigeria. On the CDMA side, we didn't drop our prices to as low as the CDMA operator in Sudan, although we did in the introduction of the per second billing bring our prices lower. But we're still not as low as the CDMA player.
<b>Steven Carrott</b>	Are they still 10% below you, 20% below you? What is a rough kind of differential there?
<b>Jamal Ramadan</b>	They have been in the \$11 to \$12 band and that has remained stable for about a six months period. There are no indications that number might change, but thus far we haven't seen any indication in terms of new products put into the market or that number coming off the \$11 to \$12 band. And we remain in the \$14 to \$15 area.
<b>Steven Carrott</b>	Sorry is that cents per minute? Is that a tariff?
<b>Jamal Ramadan</b>	I'm talking ARPUs.
<b>Sifiso Dabengwa</b>	On the tariff side I haven't got the exact numbers but the difference is still greater than about 10%.
<b>Steven Carrott</b>	Thank you. Just the question on the Nigerian cash tax rate.
<b>Rob Nesbit</b>	The Nigerian tax rate doesn't change, other than if you look at the 2010 year. At the moment the projections show a potential increase in cap ex in those years. Obviously if there is an increase in cap ex then your tax rate goes down. So that is really the issue. It's again a play with the amount of cap ex we put into the ground. It's pretty difficult to predict because it's proportionate to your cap ex spend. We do see it going to be a bit lower than what it was previously.
<b>Steven Carrott</b>	So we're still thinking about 30% or so for the cash tax number for 2007.
<b>Rob Nesbit</b>	In 2007 is hasn't moved much at all because we're limited to the extent of the amount of capital allowances you can deduct. So that's why I'm saying in 2010 we have dropped it a bit but in the closer period we haven't moved it much at all.



Speaker	Narrative
<b>Steven Carrott</b>	Thank you very much.
<b>Operator</b>	Our next question comes from William Kirby of Nevsky Capital. Please go ahead.
<b>William Kirby</b>	Hello. I have a number of questions. Firstly could you talk about [unclear]? I asked in order to get your EBITDA number for the MENA region. Some of the EBITDA's for the different geographies on page 23 in your presentation don't match the number on page 35. Is that [unclear] or am I looking at this incorrectly? Secondly, the H1 finance costs were higher than expected. I know you talked about that earlier but could you go over what is included in that? And then finally amortisation in H1, I was wondering if any of that is goodwill or are you not writing goodwill down?
<b>Debbie Miller</b>	I'll just quickly say that I will put this on the site so it's very clear. You are 100% complete. The MENA region in the front, the differential is basically head office companies in the MENA region which is our Dubai head office, which is included in the pie graph on page 22, but not included in the head office companies in the back. So the two will match each other off.
<b>William Kirby</b>	Ok.
<b>Debbie Miller</b>	And your next question...
<b>William Kirby</b>	On that line going forward what can we expect for future years?
<b>Debbie Miller</b>	Head office costs?
<b>Rob Nesbit</b>	From a head office perspective if you look at the revenue streams that are coming in, from that perspective you expect the management fees to go up with the revenue. At the end of the day obviously we are looking at potentially incurring slightly more costs at head office. But overall you should see that margin remain positive or expand relative to the increase in overheads.
<b>William Kirby</b>	Ok. Thank you.
<b>Rob Nesbit</b>	And then your next question was on the finance costs in H1. On the goodwill side to start with, goodwill is not amortised. You do an impairment test in terms of the IAS. You effectively determine whether or not you need to impair goodwill, and you do that on a DCF basis. So no, we're not amortising goodwill. We haven't impaired any goodwill either. The amortisation that you see coming through there is for the licences as well as for the subscriber bases that were raised on the acquisition.



Speaker	Narrative
<b>William Kirby</b>	Right.
<b>Phuthuma Nhleko</b>	Can we take maybe two more questions please?
<b>Operator</b>	Yes of course. We only have two questions left. Our next question comes from Alistair Jones of Newstar Research. Please go ahead.
<b>Alistair Jones</b>	Hi it's Alistair Jones. Just a quick question on Nigeria again, on the market share. I saw in the 2006 presentation you had a market share of around 46%. You're now saying it's around 44%. I was wondering if anything has materially shifted there in terms of competitive dynamics. And also on the pricing offers that your competitors are undertaking. Have there been any aggressive price cuts from your competitors or has it been relatively benign thus far? Secondly on Nigeria as well, I saw your population coverage increased from 70% to 71%. I was wondering, the cap ex spend you're putting in now, is that related to increasing capacity of your existing network or are you still undertaking a pretty aggressive rollout? I was wondering what your objectives are for rollout of your network? Are you aiming to go above 80% at any stage, and if so, when? And then finally you mentioned in your commentary that you're looking at independence in the transmission of your own traffic. I was wondering if you're looking to build that network for transmitting your own traffic is that in your cap ex budget, and if so, how much would that be roughly? Thank you.
<b>Phuthuma Nhleko</b>	Ok. I'll ask Sifiso to respond on the Nigerian question and then Tim will answer the transmission issue in South Africa.
<b>Sifiso Dabengwa</b>	I guess on Nigeria our assumption at the moment is that we have had a slight loss of market share. The competition in Nigeria has been quite significant and both Glow and Celtel did have some slight price reductions in terms of some of their offerings they put into the market. The second question in relation to the network expenditure, yes there is a lot of capacity sites that are coming up at the moment. I would say for this budget this year capacity versus new coverage is in the region of 55% to 45% kind of ratio.
<b>Alistair Jones</b>	Ok. Do you have any targets of where you intend your population coverage to go and in what time frame?
<b>Sifiso Dabengwa</b>	I wouldn't like to give that kind of view, but as long as we are seeing the kind of demand that we are seeing we will probably see our population



Speaker	Narrative
	coverage going up above the 75% or 80% level over the next eighteen months.
<b>Alistair Jones</b>	Thanks.
<b>Tim Lowry</b>	On the South African transmission question we haven't made a final decision yet whether we will build our own transmission capacity in South Africa. We have broken it into two projects. One is the [unclear] and the other one is linking up the major national cities. This year we have about R250 million allocated in our capital budget to start that. The major spend, if we go ahead, would be in 2008 and the first half of 2009. It may all be in 2008 if the contractors that we're looking at are able to do it faster than we currently think they can. But we think it's about an eighteen month project once we get going.
<b>Alistair Jones</b>	Thanks.
<b>Operator</b>	Our final question comes from Sergei Arsenyev of Goldman Sachs. Please go ahead.
<b>Sergei Arsenyev</b>	Hi. Good afternoon. You have very helpfully provided the number of outgoing minutes in your most important markets in the presentation. I'm just wondering if you can give the number of incoming MOU's in Nigeria, Ghana, Sudan and Syria for example.
<b>Debbie Miller</b>	I mean in principle what we have done is try to give you some guidance and I think what we've got is all that we're going to give. So no, we're not going to add to that at this stage.
<b>Sergei Arsenyev</b>	Ok. But can you give an indication at least what the balance of incoming and outgoing minutes is in the most important geographies? Is it roughly 50/50?
<b>Debbie Miller</b>	I would imagine it is varied across the different operations. I mean in principle at this stage we're not giving those numbers and we'll have to come back to you if we're going to change that. Else we'll have to give it out properly to everybody.
<b>Sergei Arsenyev</b>	Thank you very much.



Speaker	Narrative
<b>Operator</b>	Ladies and gentlemen we have no further questions. Would you like to make some closing comments?
<b>Phuthuma Nhleko</b>	Well thank you very much again for attending the call and I'm sure we will see you in April.
<b>Operator</b>	On behalf of the MTN group that concludes this afternoon's conference. Thank you for joining us. You may now disconnect your lines.

END OF TRANSCRIPT