

MTN Group Limited

(Incorporated in the Republic of South Africa)

(Registration number 1994/009584/06)

Share code: MTN

ISIN ZAE000042164

("MTN")

REVIEWED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2010

Highlights

- Group subscribers up 11,4% since 31 December 2009 to 129,2 million
- EBITDA margin up 0,5 percentage points to 43,3%
- Free cash flow up 164% to R6,8 billion
- Adjusted HEPS up 20,6% to 438.6 cents
- Maiden interim dividend of 151 cents per share

Overview

The MTN Group Limited delivered a sound operational performance for the six months ended 30 June 2010, increasing subscribers by 11,4% to 129, 2 million. This was the result of a solid performance in all aspects of the business, aided by high quality networks, robust and competitive distribution channels, attractive segmented product offerings and an increased focus on value added services.

Group revenue decreased by 2,2% to R56,0 billion while earnings before interest, tax, depreciation and amortization ("EBITDA") decreased by 1,1% to R24,2 billion for the current period compared to the prior comparative period.

The average exchange rate of the rand to the USD strengthened from R9.06 in the first half of 2009 to R7.52 in the period under review. This together with the rand's strength against the basket of

currencies in which the group operates has had a dampening effect on the rand reported results.

On a constant currency basis (which restates the current period income statement at the same average exchange rates as were applicable for the first half of 2009) total revenue would have been R8,7 billion higher than reported, a 12,9% increase on the prior reported period. Similarly, EBITDA would have shown growth of 16,3% from the prior comparative period based on a R4,3 billion increase on the reported number. These positive growth rates are more reflective of the underlying organic performance of the company for the period.

MTN's EBITDA margin increased 0,5 percentage points to 43,3% compared to the prior comparative period and by 3,9 percentage points compared to the six months to 31 December 2009. This was mainly attributable to improved margins in MTN South Africa, MTN Irancell and sustained margins in MTN Nigeria.

Adjusted headline earnings per share ("HEPS") increased by 20,6% to 438,6 cents for the period.

Various Group initiatives gained momentum and assisted the various operations in maintaining or improving market share, increasing brand awareness and leveraging product offerings in competitive environments. These key projects included:

- Continued investment in mobile data solutions, accessibility of 3G handsets and aggressive 3G rollout have enabled the Group to increase data revenues by 46% to R2,9 billion compared with the same period last year;
- The formal launch of Mobile Money in Uganda, Ghana, Cote d'Ivoire, Rwanda, Benin and Guinea Bissau. Other countries are in the process of obtaining regulatory approval. At 30 June 2010 there were 2,2 million mobile money subscribers, Uganda accounting for more than 43% of the total;
- The 2010 FIFA World Cup provided significant opportunity for Africa to showcase its ability to host an event of this scale. The positive communications campaign, leading up to and during the 2010 FIFA World Cup, created a meaningful increase in brand awareness for the company;

- Segmentation analysis across MTN's markets has been undertaken. This has facilitated improved product offerings.

Group financial review

Income statement

Revenue growth in local currency remained relatively robust in key markets driven largely by subscriber growth. However, with the strengthening rand, this translated into a decrease in rand reported revenue of 2,2% to R56,0 billion compared to the prior comparable period.

Rand strength also negatively impacted reported EBITDA which decreased by 1,1% to R24,2 billion despite strong EBITDA growth in local currency in key markets including South Africa (15,9%), Nigeria (15,1%) and Iran (67,3%). The Group EBITDA margin increased by 0,5 percentage points to 43,3% primarily due to the improved margin in the South African and Iranian operations.

Net finance costs decreased by 39.4% to R2,2 billion, mainly due to a functional currency gain of R70 million (June 2009: R2,8 billion loss). The movement in the current period was mainly due to the significant reduction in functional currency exposure through capital restructuring. However, foreign currency losses of R957 million were incurred partly as a result of the translation of various Euro-denominated inter-company loans and bank account balances.

MTN Group's depreciation charge increased by 5,5% or R0,3 billion to R6,3 billion compared with June 2009 as a result of higher levels of investment in network infrastructure in prior years.

The Group reported an effective tax rate of 36,8% for the period compared to 33,0% in June 2009. The higher effective tax rate was mainly due to Secondary Tax on Companies ("STC") on the dividend paid in April 2010, foreign withholding taxes and the impact of the increase in the value of the put option in Nigeria. Nigeria and South Africa reported a higher deferred tax charge as a result of the significant capital expenditure in prior reporting periods.

The Group's basic HEPS increased by 4% to 432,1 cents compared to 30 June 2009. Adjusted HEPS (which eliminates the impact of the put option) increased by 20,6% to 438,6 cents primarily due to the functional currency gain compared to the functional currency loss in the prior period.

The Group continues to report adjusted HEPS in addition to the attributable HEPS. The adjustment is in respect of the International Financial Reporting Standards ("IFRS") requirement that the Group accounts for a written put option held by a minority shareholder of one of the Group's subsidiaries, which provides the minority shareholder with the right to require the subsidiary or its holding company to acquire this shareholding at fair value.

Minority or non-controlling interests were 15% down on the previous period mainly due to decreased rand earnings in the Group's non South African operations.

Balance sheet and cash flow analysis

Capital expenditure for the period of R8,5 billion was R7,0 billion lower than the comparative period. The Group's capital expenditure peaked in 2009 due to an extensive network expansion and investment strategy undertaken in the previous years. The reduced spend in the current period reflects a trend as markets mature and growth rates are at a lower level, although a pick up is anticipated in the second half of the year. The strength of the rand also had a marginally positive impact on capital spending of R0,2 billion.

Net debt levels continued to reduce, ending at R5,2 billion for the period and lowering the Group's net debt/EBITDA ratio to 0,11 times. The reduction in net debt was mainly due to higher cash balances across the Group, particularly in Nigeria and Iran, and to a lesser extent in MTN's holding companies. Gross debt remained fairly stable during the period. A focus during the first six months of the year was the refinancing of maturing debt at the holding company and Nigerian levels. This was successfully concluded.

Strong operating cash flows at local operations were sustained for the period and cash available after investing activities improved as expenditure on property plant and equipment (excluding software)

decreased by more than R5,4 billion compared to the prior period. This resulted in R6,8 billion of free cash flow and a R10,2 billion positive movement in cash and cash equivalents for the period. Free cash flow is calculated using cash flow from operating activities less capital expenditure and intangibles.

Nigeria

The sustained quality and capacity of the network together with improved segmented product offerings enabled MTN Nigeria to increase its subscriber base by 14% to 35, 1 million subscribers. Although MTN continued to increase its market share, the overall market has slowed as penetration increased to beyond 45%. MTN ended the period with a market share of over 51%.

Local currency revenue increased by 14, 7% for the period, although this translated into a disappointing 7,7% decline in rand terms to R16,5 billion, due to the continued strengthening of the rand and compounded by the relative weakness of the naira when compared to the prior period. Local currency revenue growth was mainly attributable to an increase in airtime and subscription revenue. These increases were partly offset by a reduction in interconnect revenue following the decrease in interconnect tariffs effective 31 December 2009. Local currency average revenue per user ("ARPU") declined by 10% compared to December 2009, in line with penetration into lower usage segments, with reported ARPU for the period of USD11.

The EBITDA margin was maintained mainly due to the benefit of economies of scale.

Network investments for the first half of the year were significantly lower than the prior period and slightly behind the rollout target. MTN Nigeria completed the rollout of 373 2G and 279 3G Base Transceiver Stations ("BTS's"). Maintenance of network quality remains a priority to ensure appropriate levels of quality to the customer. In addition, approximately 694km of backbone and 45km of metro fibre were deployed. The backbone project is 81% completed to date.

South Africa

MTN South Africa performed well for the period under review, increasing its subscribers by 6,4% to 17,1 million. Market share improved to 36% mainly due to growth in the prepaid segment and a market clean up post Regulation of Interception of Communications and Provision of Communication-Related Information Act ("RICA"). The introduction and refinement of various value propositions, including MTN Zone 100% Mahala and One rate calls, resulted in a 6,5% increase in prepaid subscribers to 13,9 million. The network and billing systems were stable during the period and distribution capacity and efficiency improved, decreasing churn rates and contributing to the success of the six month period.

The postpaid subscriber base increased by 6,1%, mainly due to an increase in hybrid packages.

During the 2010 FIFA World Cup, MTN displayed its ability to meet the high demands, carrying one terabyte of traffic in locations such as stadia, airports and fan parks. In addition, MTN customers accounted for approximately 590 million SMS's and 10 million MMS's in South Africa during the tournament.

The negative impact of RICA on the prepaid subscriber base has now stabilised, with gross additions increasing by 19,7% compared to the second six month period of 2009.

MTN South Africa's revenue increased by 7,1% to R17, 1 billion compared to the previous period. This was mainly a result of an increase in data revenue. Segmented data offerings for the prepaid consumer boosted data revenues by 42%. Prepaid ARPU increased by R9 to R109. Postpaid ARPU decreased by R29, mainly due to the continued lower out-of-bundle usage and migrations to lower-value packages which are both indicative of the slow pace of the recovery of the local economy and a stricter credit policy.

EBITDA growth was much stronger at 15,9% as the EBITDA margin increased by a healthy 2,6 percentage points to 33,9% at 30 June 2010. This was mainly due to lower handset costs, partly as a result of foreign exchange gains on handsets.

MTN South Africa's spend on infrastructure over the six months was mainly on increased 2G rural coverage, improved coverage and capacity of 3G networks and the continued rollout of fibre. During the period 140 2G and 108 3G BTS's were integrated into the network.

The deployment of 220km of fibre on the Southern and Northern rings in the Gauteng area have been completed and this is now carrying all traffic between the core nodes in the Gauteng region. The National Long Distance Fibre deployment has experienced some difficulties that resulted in an extension of the completion date for the project and continued transmission spending. To date, 440km on the Gauteng-Durban route has been trenched. As part of the 2010 FIFA World Cup preparations, MTN activated high capacity solutions within the 10 stadia and fan parks.

Ghana

MTN Ghana delivered a solid operational performance for the period under review, despite the number of competitors in the market. The large capital investment in infrastructure, initiated in 2008, to improve quality and capacity, together with innovative product offerings, enabled MTN Ghana to increase its subscriber base by 9% to 8,7 million for the period and so increased its market share to 56%. Other contributory factors included the improved distribution footprint and 2010 FIFA World Cup promotions.

Revenue in local currency increased by 19,2% for the period. This translated into a 4,8% decrease in rand terms due to the stronger rand. Revenue growth in local currency was mainly due to an increase in airtime and subscription revenue. SMS revenue, following the 2010 FIFA World Cup based SMS promotions, also contributed to revenue growth. Local currency ARPU decreased by 8%, in line with deeper penetration into lower usage segments, while reported ARPU declined by USD1 to USD7.

The EBITDA margin decrease of 2,9 percentage points to 42% was mainly due to an increase in network operating costs, an increase in interconnect and roaming costs due to an increase in off-net calls and investment in value added products.

MTN Ghana added 104 2G and 133 3G BTS's for the period, improving network quality and capacity. Rollout was slower than expected following a ban on new sites by the regulator. The ban has since been lifted and site rollout is expected to continue on track for the year. Data usage continues to gain momentum with data traffic increasing by 45% for the period.

Iran

MTN Irancell recorded strong subscriber growth of 16% to 27,0 million for the period under review. This was due to appealing seasonal and segmented acquisition and usage promotions including WOW and GPRS bolt-on's. A wider electronic distribution channel also contributed to subscriber growth.

Revenue in local currency increased by 42%, although this translated into a 14,7% increase to R9,1 billion in rand terms. MTN's 49% share of MTN Irancell's revenue was R4,5 billion for the six month period, with revenue growth mainly due to higher airtime and subscription revenue. Local currency ARPU increased marginally as a result of increased usage while reported ARPU remained stable at USD8.

The EBITDA margin increased by 6,5 percentage points to 41% as a result of savings on general operational expenditure, local production of SIM's and the launch of multi-pin vouchers. Economies of scale benefits and single vendor maintenance also contributed to the margin improvement.

During the six months under review, MTN Irancell added 728 2G BTS's improving network quality and capacity, especially in key cities such as Tehran. Population coverage also increased to 75%. WIMAX rollout in Tehran and Esfahan remains a priority following its launch last year.

Syria

MTN Syria increased its subscriber base by 4% to 4,4 million. The increase was due to the launch of numerous segmented value propositions and loyalty programmes aimed at the youth and strong a focus on churn management.

Revenue in local currency increased by 12%, although this performance was lower in rand terms, and translated into a 5,0% decrease in rand terms. Revenue growth was partly due to the increase in data uptake. Local currency ARPU decreased by 9% while reported ARPU decreased by USD2 to USD16.

The EBITDA margin declined marginally to 21,6%.

MTN Syria enhanced quality and capacity on its network adding 215 2G BTS's for the six months. In addition, a complete frequency plan was implemented in all main cities allowing for an increase in capacity without adding new sites. Re-engineering of the radio transmission network was completed to ensure additional capacity and availability.

Negotiations are in progress to convert the current build-operate-transfer licence to a normalized licence.

Prospects

As set out in the announcement of 15 July 2010, the board will continue to evaluate and consider value accretive opportunities going forward. However, due to the limited number of such opportunities, the board is confident that growth aspirations can be accommodated within the imperative of improved short term returns to shareholders and by increasing its focus on the following:

- Optimising efficiencies including infrastructure sharing, standardisation of systems and processes, rationalisation of suppliers, cost management and cash optimisation;
- Monitoring infrastructure investments to ensure appropriate levels of capacity and quality of service, incorporating continued investment in fibre and cable requirements to service evolving voice and data requirements;
- Continued engagement with regulatory authorities in the development and refinement of the telecommunications sector in its markets;
- Evaluating options to further improve cash returns to shareholders in addition to an increased payout ratio; and
- Conclusion of our BEE transaction announced on the 15 July 2010.

MTN is well positioned in its markets to compete within a changing competitive and regulatory landscape with a focus on cost management as pressure on the revenue line increases. MTN continues to monitor the economic development of its markets with cautious optimism.

Updated net additions guidance to December 2010 is as follows:

	New ('000)	Old('000)
South Africa	1 800	800
Nigeria	6 350	6 000
Ghana	600	800
Iran	5 000	5 000
Syria	400	400
Rest	7 000	7 000
Total	21 150	20 000

Interim dividend

Shareholders are advised that the MTN board has approved a policy of interim dividend payments. Accordingly, an interim dividend of 151 cents per ordinary share in respect of the period to 30 June 2010, has been declared and is payable to shareholders recorded in the register of MTN at the close of business on Friday, 17 September 2010.

It is MTN's intention to increase its total annual dividend payout ratio to 40% of the full year's adjusted HEPS (after accounting for STC). The maiden interim dividend has been calculated using a 40% payout ratio on 50% of the adjusted HEPS (after accounting for STC) reported for the 2009 financial year.

In compliance with the requirements of Strate, the electronic settlement and custody system used by the JSE Limited, the MTN Group has determined the following salient dates for the payment of the dividend:

Last day to trade cum dividend	Friday, 10 September 2010
Shares commence trading ex	Monday, 13 September 2010

dividend	
Record date	Friday, 17 September 2010
Payment of dividend	Monday, 20 September 2010

Share certificates may not be dematerialised or rematerialised between Monday, 13 September 2010 and Friday, 17 September 2010.

On Monday, 20 September 2010, the dividend will be electronically transferred to the bank accounts of certificated shareholders who make use of this facility. In respect of those who do not use this facility, cheques dated Monday, 20 September 2010 will be posted on or about that date. Shareholders who hold dematerialised shares will have their accounts held by the Central Securities Depository Participant or broker credited on Monday, 20 September 2010.

Condensed consolidated income statements

	Six months ended 30 June 2010 Reviewed Rm	Six months ended 30 June 2009 Reviewed Rm	Variance %	Financial year ended 31 December 2009 Audited Rm
Revenue	55 989	57 269	(2,2)	111 947
Direct network operating costs	(8 320)	(8 059)	(3,2)	(15 925)
Cost of handsets and other accessories	(2 992)	(3 292)	9,1	(6 297)
Interconnect and roaming costs	(6 191)	(7 602)	18,6	(15 166)
Employee benefits	(2 793)	(2 839)	1,6	(5 843)
Selling, distribution and marketing expenses	(7 748)	(7 261)	(6,7)	(14 649)
Other operating expenses	(3 696)	(3 704)	0,2	(8 004)
Depreciation of property, plant and equipment	(6 273)	(5 948)	(5,5)	(11 807)
Amortisation of intangible assets	(1 070)	(1 353)	20,9	(2 668)
Net finance costs	(2 198)	(3 630)	39,4	(5 810)
Share of results of associates	59	—	—	(5)
Profit before income tax	14 767	13 581	8,7	25 773
Income tax expense	(5 430)	(4 488)	(21,0)	(8 612)

Profit after tax	9 337	9 093	2,7	17 161
Attributable to:	9 337	9 093	2,7	17 161
Equity holders of the company	8 094	7 630	6,1	14 650
Non-controlling interest	1 243	1 463	15,0	2 511
Earnings per ordinary share (cents) attributable to equity holders of the company				
- basic	439,7	409,7	7,3	791,4
- diluted	433,5	399,4	8,5	781,5
Dividends per share (cents)	192,0	181,0	6,1	181,0

Condensed consolidated statements of comprehensive income

	Six months ended	Six months ended		Financial year ended
	30 June 2010	30 June 2009		31 December 2009
	Reviewed	Reviewed	Variance	Audited
	Rm	Rm	%	Rm
Profit for the year	9 337	9 093	0,0	17 161
Other comprehensive income:				
Exchange differences on translating foreign operations	(468)	(16 032)	(1,0)	(17 700)
Cash flow hedges	77	(191)	-	(191)
Total comprehensive income/(loss) for the period	8 946	(7 130)	(2,3)	(730)
Attributable to:				
Equity holders of the company	7 791	(7 894)	(2,0)	(2 509)
Non-controlling interest	1 155	764	0,5	1 779
	8 946	(7 130)	(2,3)	(730)

Condensed consolidated balance sheets

	30 June 2010	30 June 2009		31 December 2009
	Reviewed	Reviewed	Variance	Audited

	Rm	Rm	%	Rm
Non-current assets	112 356	104 579	7,4	110 213
Property, plant and equipment	68 711	61 007	12,6	67 541
Goodwill, intangible assets and investment in associates	36 415	37 637	(3,2)	37 526
Other non-current assets	7 230	5 935	21,8	5 146
Current assets	47 204	41 439	13,9	46 024
Bank and cash	30 149	19 503	54,6	23 999
Restricted cash	585	994	(41,2)	742
Other current assets	16 470	20 942	21,4	21 283
Assets	159 560	146 018	9,3	156 237
Total equity	76 975	67 450	14,1	72 866
Non-current liabilities	32 590	31 236	4,3	28 426
Non-current borrowings	23 536	25 537	(7,8)	21 066
Deferred tax and other non-current liabilities	9 054	5 699	58,9	7 360
Current liabilities	49 995	47 332	5,6	54 945
Non-interest bearing liabilities	37 561	37 194	1,0	39 094
Interest bearing liabilities	12 434	10 138	22,6	15 851
Total equity and liabilities	159 560	146 018	9,3	156 237

Condensed consolidated statements of changes in equity

	Six months ended 30 June 2010 Reviewed Rm	Six months ended 30 June 2009 Reviewed Rm	Financial year ended 31 December 2009 Audited Rm
Opening balance	72 866	80 542	80 542
Total comprehensive income/(loss) for the period	8 946	(7 130)	(730)
Dividends paid	(4 689)	(4 818)	(6 122)
Shares issued during the year	2	20 380	20 392

Transactions with non-controlling interest	—	(600)	(43)
Newshelf share buy-back	—	(21 226)	(21 226)
Other reserves	(150)	302	53
Closing balance	76 975	67 450	72 866

Condensed consolidated cash flow statements

	Six months ended 30 June 2010 Reviewed Rm	Six months ended 30 June 2009 Reviewed Rm	Financial year ended 31 December 2009 Audited Rm
Cash inflows from operating activities	15 269	16 899	36 282
Cash outflows from investing activities	(7 206)	(16 942)	(33 192)
Cash outflows from financing activities	(1 801)	(2 771)	(926)
Net movement in cash and cash equivalents	6 262	(2 814)	2 164
Cash and cash equivalents at beginning of period	22 646	25 596	25 596
Effect of exchange rate changes	174	(3 866)	(5 114)
Cash and cash equivalents at end of period	29 082	18 916	22 646

Segmental analysis

	Six months ended 30 June 2010 Reviewed Rm	Six months ended 30 June 2009 Reviewed Rm	Financial year ended 31 December 2009 Audited Rm
REVENUE			
South and East Africa	20 563	19 399	39 669

West and Central Africa	24 721	26 757	50 543
Middle East and North Africa	10 660	11 062	21 525
Head office companies	45	51	210
	55 989	57 269	111 947
EBITDA			
South and East Africa	7 070	6 233	12 701
West and Central Africa	13 375	14 849	27 029
Middle East and North Africa	3 323	2 886	5 782
Head office companies	481	544	551
	24 249	24 512	46 063
Profit after tax			
South and East Africa	3 773	3 339	6 875
West and Central Africa	5 773	6 706	12 026
Middle East and North Africa	1 605	1 091	2 099
Head office companies	(1 814)	(2 043)	(3 839)
	9 337	9 093	17 161

Notes to the condensed consolidated financial statements

1. Independent review by the auditors

These condensed consolidated results have been reviewed by our joint auditors PricewaterhouseCoopers Inc. and SizweNtsaluba VSP, who have performed their review in accordance with the International Standard on Review Engagements 2410. A copy of their unqualified review report is available for inspection at the registered office of the company.

2. General information

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

3. Basis of preparation

The condensed consolidated interim financial information ("interim financial information") was prepared in accordance with International Financial Reporting Standards ("IFRS") IAS 34 - Interim Financial Reporting and in compliance with the Listings Requirements of the JSE Limited and the South African Companies Act (1973), on a consistent basis with that of the prior period.

4. Accounting policies

The accounting policies adopted are consistent with those of the

annual financial statements for the year ended 31 December 2009, as described in the annual financial statements.

During the period under review, the Group adopted all the IFRS and interpretations being effective and deemed applicable to the Group. None of these standards and interpretations had a material impact on the results.

5. Headline earnings per ordinary share

The calculations of basic and adjusted headline earnings per ordinary share are based on basic headline earnings of R7 953 million (2009: R7 739 million) and adjusted headline earnings of R8 072 million (2009: R6 776 million) respectively, and a weighted average number of ordinary shares in issue of 1 840 551 (2009: 1 862 519).

Reconciliation between net profit attributable to the equity holders of the company and headline earnings.

	Six months ended 30 June 2010 Reviewed Rm	Six months ended 30 June 2009 Reviewed Rm	Financial year ended 31 December 2009 Audited Rm
Net profit attributable to company's equity holders	8 094	7 630	14 650
Adjusted for:			
(Profit)/loss on disposal of non-current assets	(48)	109	71
Reversal of impairment of property, plant and equipment and non-current assets	(92)	—	148
Basic headline earnings	7 954	7 739	14 869
Adjustment:			
Reversal of put option in respect of subsidiary:			
- Fair value adjustment	(114)	(553)	(537)
- Finance costs	242	(585)	537
- Foreign exchange loss/(gain)	98	293	(701)

- Non-controlling			
shareholders share of profit	(108)	(118)	(205)
Adjusted headline earnings	8 072	6 776	13 963
Reconciliation of headline earnings per ordinary share (cents)			
Attributable earnings per share (cents)	439,7	409,7	791,4
Adjusted for:			
(Profit)/loss on disposal of non-current assets	(2,6)	0,3	3,8
(Reversal of impairment)/impairment of property, plant and equipment and non-current assets	(5,0)	5,5	8,0
Basic headline earnings per share (cents)	432,1	415,5	803,2
Reversal of put option in respect of subsidiary	6,5	(51,7)	(48,9)
Adjusted headline earnings per share (cents)	438,6	363,8	754,3
Number of ordinary shares in issue:			
- Weighted average ('000)	1 840 551	1 862 519	1 851 260
- At period end ('000)	1 840 616	1 839 868	1 840 536

Adjusted headline earnings adjustments

Put option in respect of subsidiary

IFRS requires the Group to account for a written put option held by a non-controlling shareholder of one of the Group subsidiaries, which provides them with the right to require the subsidiary to acquire its shareholdings at fair value. Prior to the implementation of IFRS the shareholding was treated as a non-controlling shareholder in the subsidiary as all risks and rewards associated with these shares, including dividends, currently accrue to the non-controlling shareholders. 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 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 profit or loss;

(c) the non-controlling shareholder holding the put option no longer be regarded as a non-controlling 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;

(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.

	Six months ended 30 June 2010 Reviewed Rm	Six months ended 30 June 2009 Reviewed Rm	Financial year ended 31 December 2009 Audited Rm
6. Capital expenditure incurred	8 496	15 504	31 248
7. Contingent liabilities and commitments			
Contingent liabilities - upgrade incentives	930	250	1 209
Operating leases - non- cancellable	579	756	832
Finance leases	328	520	348
Other	664	633	749
8. Commitments for property, plant and equipment and intangible assets			
- Contracted for	6 124	23 260	6 780

- Authorised but not contracted for	8 979	3 625	16 819
9. Cash and cash equivalents			
Bank balances deposits and cash	30 149	19 503	23 999
Call borrowings	(1 067)	(587)	(1 353)
	29 082	18 916	22 646
10. Interest-bearing liabilities			
Call borrowings	1 067	587	1 353
Short-term borrowings	11 367	9 551	14 498
Current liabilities	12 434	10 138	15 851
Long-term liabilities	23 536	25 537	21 066
	35 970	35 675	36 917

11. Other non-current liability

The put option in respect of the subsidiary arises from an arrangement whereby the non-controlling shareholders of the Group's subsidiary have the right to put their remaining shareholding in the subsidiary to Group companies.

On initial recognition, the put option was fair valued using effective interest rates as deemed appropriate by management. To the extent that the put option is not exercisable at a fixed strike price the fair value will be determined on an annual basis with movements in fair value being recorded in profit and loss.

12. Post balance sheet events

The directors are not aware of any matter or circumstance arising since the end of the reporting period, not otherwise dealt with herein, which significantly affects the financial position of the Group or the results of its operations or cash flows for the period ended.

Administration

Directorate: MC Ramaphosa (Chairman), PF Nhleko* (Group President and CEO), RS Dabengwa*, N Patel*, KP Kalyan, AT Mikati, MJN Njeke, JHN Strydom, AF van Biljon, J van Rooyen, DDB Band, D Marole, P Mageza, A Harper *Executive

Group secretary: SB Mtshali, 216 - 14th Avenue, Fairland, 2195 ~
Private Bag 9955, Cresta, 2118

Registered office: 216 - 14th Avenue, Fairland, 2195

American Depository Receipt (ADR) programme: Cusip No. 62474M108
ADR to ordinary share 1:1

Depository: The Bank of New York, 101 Barclay Street, New York NY
10286, USA

Office of the South African registrars: Computershare Investor
Services (Proprietary) 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 and
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Fairland

19 August 2010

Sponsor: Deutsche Securities (SA) (Proprietary) Limited